

*(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 Three-Month Period Ended  
31 March 2016**

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

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

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

*This report contains “Independent Accountants’  
Limited Review Report” comprising 2 pages and;  
“Consolidated Financial Statements and Related  
Disclosures and Footnotes” comprising 116 pages.*

## LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

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

### *Introduction*

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

### *Scope of Review*

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

## *Basis for Qualified Conclusion*

The accompanying consolidated financial statements include a general reserve amounting to TL 342,000 thousands as of the balance sheet date, provided by the Group management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

## *Qualified Conclusion*

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

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

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

## *Additional paragraph for English translation:*

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

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



Şule Firuzment Bekçe  
Partner

Istanbul, 27 April 2016

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

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The consolidated interim financial report for the three-month period ended 31 March 2016 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 Interim 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. Limited Review Report
7. Interim Report

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

**Affiliates**

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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**

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

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

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

**Ali Fuat Erbil**  
General Manager

**Aydın Güler**  
Executive Vice President  
Responsible of Financial Reporting

**Aylin Aktürk**  
Coordinator

**Javier Bernal Dionis**  
Audit Committee Member

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

The authorized contact person for questions on this financial report:

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

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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 as a “private bank” and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946.

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

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

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

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

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

Finally, in accordance with the terms of the agreement between BBVA and the Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 thousands and 62,538,000,000 shares by the Doğuş Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank was moved to “Foreign Deposit Banks” category from “Private Deposit Bank” category by the BRSA.

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

#### **BBVA Group**

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

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

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

## Doğuş Group

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

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

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

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

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

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Appointment Date</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
Ferit Faik Şahenk	Chairman	18.04.2001	University	26 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	34 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	28 years
Jorge Saenz Azcunaga Carranza	Independent Member of BOD and Audit Committee	31.03.2016	University	22 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	23 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	26 years
Javier Bernal Dionis	Independent Member of BOD and Audit Committee	27.07.2015	Master	26 years
Inigo Echebarria Garate	Member	31.03.2016	Master	33 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	36 years
Sait Ergun Özen	Member	14.05.2003	University	29 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	24 years

**CEO and Executive Vice Presidents:**

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

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

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

<b>Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
Banco Bilbao Vizcaya Argentaria SA	1,675,800	39.9000%	1,675,800	-
Doğuş Holding AŞ	259,846	6.1868%	259,846	-

According to the decision made at the “General Assembly of Founder Shares Owners” and the “Extraordinary General Shareholders” meetings held on 13 June 2008, the Bank repurchased all the 370 founder share-certificates issued in order to redeem and exterminate them, subsequent to the permissions obtained from the related legal authorities, at a value of TL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5<sup>th</sup> 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 affiliates 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 affiliates**

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 March 2016

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 March 2016			31 December 2015		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH CENTRAL BANK</b>	5.1.1	<b>2,976,843</b>	<b>24,719,847</b>	<b>27,696,690</b>	<b>2,259,681</b>	<b>23,026,956</b>	<b>25,286,637</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	5.1.2	<b>1,736,060</b>	<b>877,076</b>	<b>2,613,136</b>	<b>1,462,619</b>	<b>684,896</b>	<b>2,147,515</b>
2.1	Financial assets held for trading		1,536,634	877,076	2,413,710	1,264,501	684,896	1,949,397
2.1.1	Government securities		200,071	14,004	214,075	102,196	21,974	124,170
2.1.2	Equity securities		58,440	-	58,440	61,002	-	61,002
2.1.3	Derivative financial assets held for trading		1,272,320	859,571	2,131,891	1,095,113	629,983	1,725,096
2.1.4	Other securities		5,803	3,501	9,304	6,190	32,939	39,129
2.2	Financial assets valued at fair value through profit or loss		199,426	-	199,426	198,118	-	198,118
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans	5.1.5	199,426	-	199,426	198,118	-	198,118
2.2.4	Other securities		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	5.1.3	<b>713,791</b>	<b>17,556,024</b>	<b>18,269,815</b>	<b>925,430</b>	<b>15,380,736</b>	<b>16,306,166</b>
<b>IV.</b>	<b>INTERBANK MONEY MARKETS</b>		<b>38,019</b>	<b>-</b>	<b>38,019</b>	<b>18,715</b>	<b>61,651</b>	<b>80,366</b>
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		7,010	-	7,010	-	61,069	61,069
4.3	Receivables from reverse repurchase agreements		31,009	-	31,009	18,715	582	19,297
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>	5.1.4	<b>19,118,151</b>	<b>5,496,329</b>	<b>24,614,480</b>	<b>19,311,243</b>	<b>5,444,527</b>	<b>24,755,770</b>
5.1	Equity securities		38,876	327,721	366,597	36,852	311,899	348,751
5.2	Government securities		18,419,445	517,038	18,936,483	18,582,761	526,266	19,109,027
5.3	Other securities		659,830	4,651,570	5,311,400	691,630	4,606,362	5,297,992
<b>VI.</b>	<b>LOANS</b>	5.1.5	<b>107,420,076</b>	<b>70,167,717</b>	<b>177,587,793</b>	<b>101,287,767</b>	<b>70,467,416</b>	<b>171,755,183</b>
6.1	Loans		106,561,840	69,666,952	176,228,792	100,451,440	69,956,397	170,407,837
6.1.1	Loans to bank's risk group	5.7	597,028	1,764,818	2,361,846	331,184	1,782,214	2,113,398
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		105,964,812	67,902,134	173,866,946	100,120,256	68,174,183	168,294,439
6.2	Loans under follow-up		4,477,559	1,230,799	5,708,358	4,404,025	1,241,788	5,645,813
6.3	Specific provisions (-)		3,619,323	730,034	4,349,357	3,567,698	730,769	4,298,467
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	5.1.6	<b>1,668,017</b>	<b>803,887</b>	<b>2,471,904</b>	<b>1,948,785</b>	<b>934,822</b>	<b>2,883,607</b>
<b>VIII.</b>	<b>INVESTMENTS HELD-TO-MATURITY (Net)</b>	5.1.7	<b>11,668,673</b>	<b>9,016,656</b>	<b>20,685,329</b>	<b>11,980,469</b>	<b>9,336,777</b>	<b>21,317,246</b>
8.1	Government securities		11,654,866	5,554,900	17,209,766	11,966,880	5,810,098	17,776,978
8.2	Other securities		13,807	3,461,756	3,475,563	13,589	3,526,679	3,540,268
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	5.1.8	<b>37,258</b>	<b>3</b>	<b>37,261</b>	<b>37,258</b>	<b>3</b>	<b>37,261</b>
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
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	5.1.9	<b>114,236</b>	<b>1,205</b>	<b>115,441</b>	<b>114,236</b>	<b>1,166</b>	<b>115,402</b>
10.1	Unconsolidated financial investments in affiliates		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments in affiliates		114,236	1,205	115,441	114,236	1,166	115,402
<b>XI.</b>	<b>INVESTMENTS IN JOINT-VENTURES (Net)</b>	5.1.10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	5.1.11	<b>1,476,075</b>	<b>3,677,868</b>	<b>5,153,943</b>	<b>1,475,673</b>	<b>3,575,919</b>	<b>5,051,592</b>
12.1	Financial lease receivables		1,768,543	4,088,854	5,857,397	1,770,905	3,982,718	5,753,623
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		292,468	410,986	703,454	295,232	406,799	702,031
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	5.1.12	<b>46,424</b>	<b>490,622</b>	<b>537,046</b>	<b>89,064</b>	<b>591,933</b>	<b>680,997</b>
13.1	Fair value hedges		29,164	-	29,164	60,616	7,483	68,099
13.2	Cash flow hedges		17,260	490,622	507,882	28,448	584,450	612,898
13.3	Net foreign investment hedges		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	5.1.13	<b>3,267,181</b>	<b>152,073</b>	<b>3,419,254</b>	<b>3,268,338</b>	<b>144,551</b>	<b>3,412,889</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	5.1.14	<b>259,358</b>	<b>23,240</b>	<b>282,598</b>	<b>229,407</b>	<b>24,224</b>	<b>253,631</b>
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		252,970	23,240	276,210	223,019	24,224	247,243
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	5.1.15	<b>298,990</b>	<b>8,627</b>	<b>307,617</b>	<b>298,970</b>	<b>8,125</b>	<b>307,095</b>
<b>XVII.</b>	<b>TAX ASSET</b>		<b>515,329</b>	<b>38,852</b>	<b>554,181</b>	<b>433,905</b>	<b>60,696</b>	<b>494,601</b>
17.1	Current tax asset		9,554	16,627	26,181	9,384	21,594	30,978
17.2	Deferred tax asset	5.1.16	505,775	22,225	528,000	424,521	39,102	463,623
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.1.17	<b>387,037</b>	<b>15,162</b>	<b>402,199</b>	<b>349,074</b>	<b>17,291</b>	<b>366,365</b>
18.1	Asset held for resale		387,037	15,162	402,199	349,074	17,291	366,365
18.2	Assets of discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	5.1.18	<b>3,072,581</b>	<b>2,194,346</b>	<b>5,266,927</b>	<b>2,491,504</b>	<b>1,903,351</b>	<b>4,394,855</b>
	<b>TOTAL ASSETS</b>		<b>154,814,099</b>	<b>135,239,534</b>	<b>290,053,633</b>	<b>147,982,138</b>	<b>131,665,040</b>	<b>279,647,178</b>

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 March 2016**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 March 2016			31 December 2015		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	5.2.1	<b>66,613,433</b>	<b>97,953,341</b>	<b>164,566,774</b>	<b>66,208,826</b>	<b>89,925,605</b>	<b>156,134,431</b>
1.1	Deposits from bank's risk group	5.7	497,619	459,722	957,341	500,462	421,591	922,053
1.2	Other		66,115,814	97,493,619	163,609,433	65,708,364	89,504,014	155,212,378
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	5.2.2	<b>2,107,780</b>	<b>918,873</b>	<b>3,026,653</b>	<b>1,710,457</b>	<b>912,146</b>	<b>2,622,603</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	5.2.3	<b>2,696,790</b>	<b>33,959,431</b>	<b>36,656,221</b>	<b>3,454,721</b>	<b>35,905,174</b>	<b>39,359,895</b>
<b>IV.</b>	<b>INTERBANK MONEY MARKETS</b>		<b>14,221,827</b>	<b>3,519,306</b>	<b>17,741,133</b>	<b>12,971,931</b>	<b>3,595,865</b>	<b>16,567,796</b>
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		995,400	-	995,400	426,678	-	426,678
4.3	Obligations under repurchase agreements	5.2.4	13,226,427	3,519,306	16,745,733	12,545,253	3,595,865	16,141,118
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	5.2.4	<b>5,476,902</b>	<b>10,805,160</b>	<b>16,282,062</b>	<b>4,540,183</b>	<b>10,971,414</b>	<b>15,511,597</b>
5.1	Bills		2,122,529	131,809	2,254,338	1,925,100	160,472	2,085,572
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		3,354,373	10,673,351	14,027,724	2,615,083	10,810,942	13,426,025
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>	5.2.4	<b>7,992,528</b>	<b>1,227,090</b>	<b>9,219,618</b>	<b>7,190,187</b>	<b>1,389,835</b>	<b>8,580,022</b>
<b>VIII.</b>	<b>OTHER EXTERNAL FUNDINGS PAYABLE</b>		<b>2,488,151</b>	<b>2,317,677</b>	<b>4,805,828</b>	<b>2,032,985</b>	<b>1,929,250</b>	<b>3,962,235</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>	5.2.5	-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	5.2.6	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	5.2.7	<b>37,358</b>	<b>379,032</b>	<b>416,390</b>	<b>10,928</b>	<b>239,563</b>	<b>250,491</b>
11.1	Fair value hedges		37,358	290,923	328,281	10,928	210,635	221,563
11.2	Cash flow hedges		-	88,109	88,109	-	28,928	28,928
11.3	Net foreign investment hedges		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	5.2.8	<b>4,629,966</b>	<b>160,542</b>	<b>4,790,508</b>	<b>4,444,409</b>	<b>150,563</b>	<b>4,594,972</b>
12.1	General provisions		3,020,812	74,100	3,094,912	2,957,392	70,584	3,027,976
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		648,752	18,271	667,023	552,104	18,891	570,995
12.4	Insurance technical provisions (Net)		228,813	30,148	258,961	221,605	29,687	251,292
12.5	Other provisions		731,589	38,023	769,612	713,308	31,401	744,709
<b>XIII.</b>	<b>TAX LIABILITY</b>	5.2.9	<b>635,493</b>	<b>37,359</b>	<b>672,852</b>	<b>660,910</b>	<b>38,678</b>	<b>699,588</b>
13.1	Current tax liability		635,493	37,034	672,527	660,910	38,678	699,588
13.2	Deferred tax liability		-	325	325	-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10	-	-	-	-	-	-
14.1	Asset held for sale		-	-	-	-	-	-
14.2	Assets of discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED DEBTS</b>	5.2.11	-	-	-	-	<b>159,792</b>	<b>159,792</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	5.2.12	<b>31,481,166</b>	<b>394,428</b>	<b>31,875,594</b>	<b>30,807,168</b>	<b>396,588</b>	<b>31,203,756</b>
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital reserves		1,927,167	184,691	2,111,858	1,783,549	189,097	1,972,646
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		(263,960)	208,893	(55,067)	(427,264)	143,622	(283,642)
16.2.4	Revaluation surplus on tangible assets		1,758,654	5,480	1,764,134	1,760,634	5,249	1,765,883
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7	Bonus shares of associates, affiliates and joint-ventures		947	-	947	947	-	947
16.2.8	Hedging reserves (effective portion)		(276,052)	(29,682)	(305,734)	(258,346)	40,226	(218,120)
16.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		695,698	-	695,698	695,698	-	695,698
16.3	Profit reserves		24,070,256	209,737	24,279,993	21,016,101	207,491	21,223,592
16.3.1	Legal reserves		1,236,043	27,895	1,263,938	1,199,314	27,314	1,226,628
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		22,140,676	5,695	22,146,371	19,164,305	3,860	19,168,165
16.3.4	Other profit reserves		693,537	176,147	869,684	652,482	176,317	828,799
16.4	Profit or loss		1,046,345	-	1,046,345	3,580,901	-	3,580,901
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		1,046,345	-	1,046,345	3,580,901	-	3,580,901
16.5	Minority interest		237,398	-	237,398	226,617	-	226,617
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>138,381,394</b>	<b>151,672,239</b>	<b>290,053,633</b>	<b>134,032,705</b>	<b>145,614,473</b>	<b>279,647,178</b>

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 March 2016

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2016			31 December 2015		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>163,928,569</b>	<b>251,437,496</b>	<b>415,366,065</b>	<b>150,726,280</b>	<b>239,794,120</b>	<b>390,520,400</b>
<b>I. GUARANTEES AND SURETIES</b>	5.3.1	<b>15,934,881</b>	<b>34,977,609</b>	<b>50,912,490</b>	<b>14,860,696</b>	<b>34,072,026</b>	<b>48,932,722</b>
1.1 Letters of guarantee		15,915,950	17,649,519	33,565,469	14,828,828	17,880,281	32,709,109
1.1.1 Guarantees subject to State Tender Law		-	1,076,680	1,076,680	-	1,099,700	1,099,700
1.1.2 Guarantees given for foreign trade operations		2,252,697	357,699	2,610,396	1,950,896	429,466	2,380,362
1.1.3 Other letters of guarantee		13,663,253	16,215,140	29,878,393	12,877,932	16,351,115	29,229,047
1.2 Bank acceptances		12,654	1,688,372	1,701,026	20,793	1,517,276	1,538,069
1.2.1 Import letter of acceptance		12,654	1,688,372	1,701,026	20,793	1,517,276	1,538,069
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		6,277	15,518,697	15,524,974	11,075	14,565,263	14,576,338
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		6,277	15,518,697	15,524,974	11,075	14,565,263	14,576,338
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		-	121,021	121,021	-	109,206	109,206
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>39,890,987</b>	<b>13,878,331</b>	<b>53,769,318</b>	<b>37,544,577</b>	<b>12,212,173</b>	<b>49,756,750</b>
2.1 Irrevocable commitments		39,698,284	13,334,663	53,032,947	37,406,104	11,856,041	49,262,145
2.1.1 Asset purchase and sale commitments		1,052,529	5,758,820	6,811,349	35,604	3,211,242	3,246,846
2.1.2 Deposit purchase and sale commitments		-	-	-	-	16,628	16,628
2.1.3 Share capital commitments to associates and affiliates		-	5,362	5,362	-	5,297	5,297
2.1.4 Loan granting commitments		6,002,787	6,892,232	12,895,019	6,188,170	7,960,528	14,148,698
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		3,285,066	-	3,285,066	3,063,075	-	3,063,075
2.1.8 Tax and fund obligations on export commitments		21,340	-	20,529	-	-	20,529
2.1.9 Commitments for credit card limits		28,063,791	270,428	28,334,219	26,825,955	240,665	27,066,620
2.1.10 Commitments for credit cards and banking services related promotions		8,561	-	8,561	8,561	-	8,561
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	407,821	1,672,031	1,264,210	421,681	1,685,891
2.2 Revocable commitments		192,703	543,668	736,371	138,473	356,132	494,605
2.2.1 Revocable loan granting commitments		7,353	-	7,353	2,091	-	2,091
2.2.2 Other revocable commitments		185,350	543,668	729,018	136,382	356,132	492,514
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	5.3.2	<b>108,102,701</b>	<b>202,581,556</b>	<b>310,684,257</b>	<b>98,321,007</b>	<b>193,509,921</b>	<b>291,830,928</b>
3.1 Derivative financial instruments held for risk management		7,593,642	25,074,186	32,667,828	7,107,440	16,963,601	24,071,041
3.1.1 Fair value hedges		4,800,638	12,371,545	17,172,183	3,439,355	9,266,494	12,705,849
3.1.2 Cash flow hedges		2,793,004	12,702,641	15,495,645	3,668,085	7,697,107	11,365,192
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		100,509,059	177,507,370	278,016,429	91,213,567	176,546,320	267,759,887
3.2.1 Forward foreign currency purchases/sales		14,044,135	18,365,734	32,409,869	13,657,205	19,440,673	33,097,878
3.2.1.1 Forward foreign currency purchases		7,183,358	8,861,703	16,045,061	5,309,452	11,274,973	16,584,425
3.2.1.2 Forward foreign currency sales		6,860,777	9,504,031	16,364,808	8,347,753	8,165,700	16,513,453
3.2.2 Currency and interest rate swaps		47,091,823	92,769,668	139,861,491	37,602,313	89,917,096	127,519,409
3.2.2.1 Currency swaps-purchases		15,527,808	40,345,226	55,873,034	14,376,034	34,129,707	48,505,741
3.2.2.2 Currency swaps-sales		27,905,209	25,304,062	53,209,271	19,580,059	26,224,265	45,804,324
3.2.2.3 Interest rate swaps-purchases		1,829,403	13,560,190	15,389,593	1,823,110	14,781,562	16,604,672
3.2.2.4 Interest rate swaps-sales		1,829,403	13,560,190	15,389,593	1,823,110	14,781,562	16,604,672
3.2.3 Currency, interest rate and security options		38,833,700	54,724,173	93,557,873	39,582,679	54,883,150	94,465,829
3.2.3.1 Currency call options		16,611,284	24,848,529	41,459,813	16,065,334	26,565,083	42,630,417
3.2.3.2 Currency put options		22,168,140	22,366,335	44,534,475	23,503,191	21,989,969	45,493,160
3.2.3.3 Interest rate call options		-	6,842,715	6,842,715	-	6,260,492	6,260,492
3.2.3.4 Interest rate put options		-	562,400	562,400	-	-	-
3.2.3.5 Security call options		23,023	52,097	75,120	3,466	33,803	37,269
3.2.3.6 Security put options		31,253	52,097	83,350	10,688	33,803	44,491
3.2.4 Currency futures		211,482	395,423	606,905	4,381	283,825	288,206
3.2.4.1 Currency futures-purchases		198,038	22,296	220,334	3,965	3,463	7,428
3.2.4.2 Currency futures-sales		13,444	373,127	386,571	416	280,362	280,778
3.2.5 Interest rate futures		-	11,248	11,248	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	11,248	11,248	-	-	-
3.2.6 Others		327,919	11,241,124	11,569,043	366,989	12,021,576	12,388,565
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>574,516,533</b>	<b>414,012,934</b>	<b>988,529,467</b>	<b>548,874,581</b>	<b>417,680,618</b>	<b>966,555,199</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>49,868,174</b>	<b>33,857,754</b>	<b>83,725,928</b>	<b>48,947,357</b>	<b>33,749,852</b>	<b>82,697,209</b>
4.1 Customers' securities held		14,029,392	-	14,029,392	14,374,137	-	14,374,137
4.2 Investment securities held in custody		20,259,405	13,550,465	33,809,867	19,795,650	13,838,529	33,634,179
4.3 Checks received for collection		12,915,579	2,586,745	15,502,324	12,307,476	2,576,003	14,883,479
4.4 Commercial notes received for collection		2,373,427	1,212,548	3,585,975	2,234,925	1,215,680	3,450,605
4.5 Other assets received for collection		74,635	13,531,134	13,605,769	71,631	13,190,928	13,262,559
4.6 Assets received through public offering		-	68,710	68,710	-	70,813	70,813
4.7 Other items under custody		215,736	2,908,155	3,123,891	163,538	2,857,899	3,021,437
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>524,648,359</b>	<b>380,155,180</b>	<b>904,803,539</b>	<b>499,927,224</b>	<b>383,930,766</b>	<b>883,857,990</b>
5.1 Securities		4,343,776	627,103	4,970,879	4,292,190	319,059	4,611,249
5.2 Guarantee notes		38,621,544	12,579,824	51,201,368	39,074,083	13,088,941	52,163,024
5.3 Commodities		5,652	-	5,652	3,142	-	3,142
5.4 Warranties		-	275,143	275,143	-	292,681	292,681
5.5 Real estates		118,520,504	70,191,383	188,711,887	113,104,394	71,837,629	184,942,023
5.6 Other pledged items		363,156,713	296,481,119	659,637,832	343,453,245	298,391,829	641,845,074
5.7 Pledged items-depository		170	608	778	170	627	797
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>738,445,102</b>	<b>665,450,430</b>	<b>1,403,895,532</b>	<b>699,600,861</b>	<b>657,474,738</b>	<b>1,357,075,599</b>

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 March 2016**

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2016- 31 March 2016	PRIOR PERIOD 1 January 2015- 31 March 2015
<b>I. INTEREST INCOME</b>	5.4.1	<b>5,321,936</b>	<b>4,238,253</b>
1.1 Interest income on loans		4,051,964	3,257,311
1.2 Interest income on reserve deposits		42,886	6,615
1.3 Interest income on banks		41,403	45,346
1.4 Interest income on money market transactions		986	1,911
1.5 Interest income on securities portfolio		965,262	741,358
1.5.1 Trading financial assets		6,117	6,780
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		543,419	419,866
1.5.4 Investments held-to-maturity		415,726	314,712
1.6 Financial lease income		106,558	90,421
1.7 Other interest income		112,877	95,291
<b>II. INTEREST EXPENSE</b>	5.4.2	<b>2,556,201</b>	<b>2,072,985</b>
2.1 Interest on deposits		1,732,879	1,389,562
2.2 Interest on funds borrowed		282,154	287,944
2.3 Interest on money market transactions		272,450	161,393
2.4 Interest on securities issued		254,144	220,924
2.5 Other interest expenses		14,574	13,162
<b>III. NET INTEREST INCOME (I - II)</b>		<b>2,765,735</b>	<b>2,165,268</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>821,616</b>	<b>759,443</b>
4.1 Fees and commissions received		1,062,538	956,538
4.1.1 Non-cash loans		80,421	72,272
4.1.2 Others		982,117	884,266
4.2 Fees and commissions paid		240,922	197,095
4.2.1 Non-cash loans		743	543
4.2.2 Others		240,179	196,552
<b>V. DIVIDEND INCOME</b>	5.4.3	<b>101</b>	<b>-</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	5.4.4	<b>(251,246)</b>	<b>5,524</b>
6.1 Trading account income/losses (Net)		34,892	258,930
6.2 Income/losses from derivative financial instruments (Net)		(392,331)	(1,359,879)
6.3 Foreign exchange gains/losses (Net)		106,193	1,106,473
<b>VII. OTHER OPERATING INCOME</b>	5.4.5	<b>505,382</b>	<b>493,191</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>3,841,588</b>	<b>3,423,426</b>
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	5.4.6	<b>814,783</b>	<b>632,637</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	5.4.7	<b>1,689,011</b>	<b>1,630,100</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1,337,794</b>	<b>1,160,689</b>
<b>XII. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>	5.4.8	<b>1,337,794</b>	<b>1,160,689</b>
<b>XVI. PROVISION FOR TAXES (±)</b>	5.4.9	<b>280,661</b>	<b>275,916</b>
16.1 Current tax charge		378,639	379,218
16.2 Deferred tax charge/(credit)		(97,978)	(103,302)
<b>XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)</b>	5.4.10	<b>1,057,133</b>	<b>884,773</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, affiliates and joint-ventures		-	-
18.3 Others		-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures		-	-
19.3 Others		-	-
<b>XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>	5.4.8	<b>-</b>	<b>-</b>
<b>XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	5.4.9	<b>-</b>	<b>-</b>
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
<b>XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)</b>	5.4.10	<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	5.4.11	<b>1,057,133</b>	<b>884,773</b>
23.1 Equity holders of the bank		1,046,345	876,475
23.2 Minority interest		10,788	8,298
<b>Earnings per Share</b>		<b>0.249</b>	<b>0.209</b>

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 March 2016**

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2016 - 31 March 2016	PRIOR PERIOD 1 January 2015 - 31 March 2015
<b>I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"</b>	283,008	(209,688)
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	289	-
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	40,523	11,708
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)</b>	(97,026)	14,786
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	(12,495)	1,759
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	-	-
<b>IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES</b>	(32,594)	26,884
<b>X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)</b>	181,705	(154,551)
<b>XI. CURRENT PERIOD PROFIT/LOSSES</b>	1,057,133	884,773
1.1 Net changes in fair value of securities (transferred to income statement)	450	80,755
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(36,676)	(26,694)
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	1,093,359	830,712
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)</b>	1,238,838	730,222

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 Changes in Shareholders' Equity**  
**At 31 March 2016**

		THOUSANDS OF TURKISH LIRA (TL)																	
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Inflation Adjustment to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
<b>PRIOR PERIOD - 1 January-31 March 2015</b>																			
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	-	3,647,404	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	-	3,647,404	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015
<b>Changes during the period</b>																			
IV. Mergers	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(179,477)	-	-	-	-	(179,477)	(18)	(179,495)
VI. Hedging reserves		-	-	-	-	-	-	-	(3,278)	-	-	-	-	-	13,236	-	9,958	-	9,958
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	11,829	-	11,829	-	11,829
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(3,278)	-	-	-	-	-	1,407	-	(1,871)	-	(1,871)
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	331	-	(14)	14,669	-	-	-	-	-	-	-	14,986	-	14,986
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	876,475	-	-	-	-	-	-	876,475	8,298	884,773
XX. Profit distribution		-	-	-	-	-	-	-	-	-	(14,747)	-	-	-	-	-	-	-	-
20.1. Dividends		-	-	-	-	532	-	14,215	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	532	-	14,215	-	-	(14,747)	-	-	-	-	-	-	-	-
20.3. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,180,817	-	16,177,392	425,951	876,475	3,632,657	(90,696)	175,034	947	(173,787)	-	27,189,224	202,013	27,391,237
<b>CURRENT PERIOD - 1 January-31 March 2016</b>																			
I. Balances at beginning of the period	5.5	4,200,000	772,554	11,880	-	1,226,628	-	19,168,165	751,943	-	3,580,901	(283,642)	1,765,883	947	(218,120)	-	30,977,139	226,617	31,203,756
<b>Changes during the period</b>																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	228,575	-	-	-	-	228,575	(7)	228,568
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(87,617)	-	(87,617)	-	(87,617)
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(77,621)	-	(77,621)	-	(77,621)
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(9,996)	-	(9,996)	-	(9,996)
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	5,132	-	-	-	-	(4,901)	-	-	-	231	-	231
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	599	-	(159)	40,080	-	-	-	-	-	3	-	40,523	-	40,523
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		-	-	-	-	-	-	766	-	-	-	-	(766)	-	-	-	-	-	-
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	1,046,345	-	-	-	-	-	-	1,046,345	10,788	1,057,133
XVIII. Profit distribution		-	-	-	-	36,711	-	2,972,467	805	-	(3,580,901)	-	3,918	-	-	-	(567,000)	-	(567,000)
18.1. Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)	-	(567,000)
18.2. Transfers to reserves		-	-	-	-	36,711	-	2,972,467	-	-	(3,009,178)	-	-	-	-	-	-	-	-
18.3. Others		-	-	-	-	-	-	-	805	-	(4,723)	-	3,918	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,263,938	-	22,146,371	792,828	1,046,345	-	(55,067)	1,764,134	947	(305,734)	-	31,638,196	237,398	31,875,594

(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 March 2016**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2016 31 March 2016	1 January 2015 31 March 2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	5.6	<b>2,031,976</b>	<b>911,523</b>
1.1.1 Interests received		4,860,679	4,097,617
1.1.2 Interests paid		(2,558,912)	(2,264,517)
1.1.3 Dividend received		101	-
1.1.4 Fees and commissions received		1,062,538	956,538
1.1.5 Other income		532,928	726,361
1.1.6 Collections from previously written-off loans and other receivables		49,381	32,785
1.1.7 Payments to personnel and service suppliers		(1,335,867)	(1,311,614)
1.1.8 Taxes paid		(476,499)	(478,941)
1.1.9 Others		(102,373)	(846,706)
<b>1.2 Changes in operating assets and liabilities</b>	5.6	<b>3,623,472</b>	<b>(3,884,776)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(55,186)	(154,688)
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		2,885,925	(1,410,756)
1.2.4 Net (increase) decrease in loans		(6,293,977)	(10,935,362)
1.2.5 Net (increase) decrease in other assets		(566,891)	(824,682)
1.2.6 Net increase (decrease) in bank deposits		(247,870)	(1,231,346)
1.2.7 Net increase (decrease) in other deposits		8,679,366	8,946,398
1.2.8 Net increase (decrease) in funds borrowed		(1,672,596)	970,389
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		894,701	755,271
<b>I. Net cash flow from banking operations</b>	5.6	<b>5,655,448</b>	<b>(2,973,253)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	5.6	<b>1,101,370</b>	<b>2,578,124</b>
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(119,355)	(39,514)
2.4 Sales of tangible assets		37,861	28,637
2.5 Cash paid for purchase of financial assets available-for-sale, net		(1,058,388)	(3,129,062)
2.6 Cash obtained from sale of financial assets available-for-sale, net		1,519,344	3,599,722
2.7 Cash paid for purchase of investments held-to-maturity		(114,463)	(525,793)
2.8 Cash obtained from sale of investments held-to-maturity		836,371	2,644,134
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>756,490</b>	<b>120,546</b>
3.1 Cash obtained from funds borrowed and securities issued		2,530,781	1,721,981
3.2 Cash used for repayment of funds borrowed and securities issued		(1,774,291)	(1,601,317)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		-	(118)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(304,132)</b>	<b>393,558</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	5.6	<b>7,209,176</b>	<b>118,975</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	5.6	<b>11,740,582</b>	<b>9,999,761</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	5.6	<b>18,949,758</b>	<b>10,118,736</b>

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

## **3 Accounting Policies**

### **3.1 Basis of presentation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

During the consolidation of foreign affiliates, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expenses and other equity items, are recognized under other profit reserves of the shareholders' equity.

The foreign currency risk arising from net investments in foreign affiliates are hedged with long-term foreign currency borrowings and the currency translation differences arising from the conversion of net investments in foreign affiliates and long-term foreign currency borrowings into TL are accounted for other profit reserves and hedging reserves, respectively in equity.

### **3.3 Information on consolidated affiliates**

As of 31 March 2016, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Kredi Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in October 1990 to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.30%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

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

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

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

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

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

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

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

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

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

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale 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**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A financial asset is derecognized only when the contractual rights to the cash flows from this asset expire, or when the financial asset and substantially all its risks and rewards of ownership are transferred to another party. If all the risks and rewards of ownership are neither transferred nor retained 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, assets of discontinued operations and related liabilities**

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

A discontinued operation is a part of the Bank’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in 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 other intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their initial purchase costs.

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

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

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

The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

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

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

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

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

### **3.13 Tangible assets**

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

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

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

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

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

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

Depreciation rates and estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

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

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

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

#### *Investment properties*

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

Investment properties accounted at fair value are not depreciated.

### **3.14 Leasing activities**

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

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

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

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

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

### **3.16 Contingent assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank 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:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Net Effective Discount Rate	2.99%	2.99%
Discount Rate	10.30%	10.30%
Expected Rate of Salary Increase	8.60%	8.60%
Inflation Rate	7.10%	7.10%

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

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

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

#### *Retirement benefit obligations*

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

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

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

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

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

a) Benefits transferable to SSF

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

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

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

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") had applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the article 73 and the first

paragraph of the provisional Article 20 added to the law no. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

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

**b) Other benefits not transferable to SSF**

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

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

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

## **3.18 Taxation**

### **3.18.1 Corporate tax**

In Turkey, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax 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 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

*Tax applications for foreign branches*

**NORTHERN CYPRUS**

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

**MALTA**

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

**LUXEMBOURG**

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 7% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 7.50% of the taxable income. The tax returns do not include any tax amounts to be paid. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

*Tax applications for foreign financial affiliates*

**THE NETHERLANDS**

In the Netherlands, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

#### *RUSSIA*

The applicable corporate tax rate in Russia is 20% (2% federal and 18% regional). The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for a longer period.

#### *ROMANIA*

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

### **3.18.2 Deferred taxes**

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

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

The deferred tax assets and liabilities of the Bank and its consolidated affiliates are reported as net in their individual financial statements.

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

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

### **3.18.3 Transfer pricing**

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

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

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

### **3.19 Funds borrowed**

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

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

### **3.20 Shares and share issuances**

None.

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

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

### **3.22 Government incentives**

As of 31 March 2016, 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>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	1,419,893	1,264,726	68,882	1,087,986	3,841,487
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,419,893</b>	<b>1,264,726</b>	<b>68,882</b>	<b>1,087,986</b>	<b>3,841,487</b>
Net Operating Profit	215,869	372,734	5,804	743,286	1,337,693
Income from Associates and Affiliates	-	-	-	101	101
<b>Net Operating Profit</b>	<b>215,869</b>	<b>372,734</b>	<b>5,804</b>	<b>743,387</b>	<b>1,337,794</b>
Provision for Taxes	-	-	-	(280,661)	(280,661)
<b>Net Profit</b>	<b>215,869</b>	<b>372,734</b>	<b>5,804</b>	<b>462,726</b>	<b>1,057,133</b>
Segment Assets	56,066,521	120,817,859	82,311,692	30,704,859	289,900,931
Investments in Associates and Affiliates	-	-	-	152,702	152,702
<b>Total Assets</b>	<b>56,066,521</b>	<b>120,817,859</b>	<b>82,311,692</b>	<b>30,857,561</b>	<b>290,053,633</b>
Segment Liabilities	103,861,346	62,809,272	70,477,795	21,029,626	258,178,039
Shareholders' Equity	-	-	-	31,875,594	31,875,594
<b>Total Liabilities and Shareholders' Equity</b>	<b>103,861,346</b>	<b>62,809,272</b>	<b>70,477,795</b>	<b>52,905,220</b>	<b>290,053,633</b>

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	1,374,082	1,081,134	296,882	671,328	3,423,426
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>1,374,082</b>	<b>1,081,134</b>	<b>296,882</b>	<b>671,328</b>	<b>3,423,426</b>
Net Operating Profit	24,421	563,135	208,904	364,229	1,160,689
Income from Associates and Affiliates	-	-	-	-	-
<b>Net Operating Profit</b>	<b>24,421</b>	<b>563,135</b>	<b>208,904</b>	<b>364,229</b>	<b>1,160,689</b>
Provision for Taxes	-	-	-	(275,916)	(275,916)
<b>Net Profit</b>	<b>24,421</b>	<b>563,135</b>	<b>208,904</b>	<b>88,313</b>	<b>884,773</b>
Segment Assets	54,964,113	115,782,773	79,127,377	29,620,252	279,494,515
Investments in Associates and Affiliates	-	-	-	152,663	152,663
<b>Total Assets</b>	<b>54,964,113</b>	<b>115,782,773</b>	<b>79,127,377</b>	<b>29,772,915</b>	<b>279,647,178</b>
Segment Liabilities	99,097,088	57,963,972	71,210,474	20,171,888	248,443,422
Shareholders' Equity	-	-	-	31,203,756	31,203,756
<b>Total Liabilities and Shareholders' Equity</b>	<b>99,097,088</b>	<b>57,963,972</b>	<b>71,210,474</b>	<b>51,375,644</b>	<b>279,647,178</b>

### 3.24 Other disclosures

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

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

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

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

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

<i>31 March 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign Exchange Gains/Losses (net)	1,104,134	2,339	1,106,473
Other Operating Expense	1,541,953	88,147	1,630,100
Provision for Taxes	293,078	(17,162)	275,916
<b>Current Period Net Profit/Loss</b>	<b>953,419</b>	<b>(68,646)</b>	<b>884,773</b>

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

### 4.1 Consolidated total capital

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

#### 4.1.1 Components of consolidated total capital

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	23,454,831	
Other Comprehensive Income according to TAS	2,958,127	
Profit	1,217,083	
Current Period Profit	1,217,083	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	947	
Minority Interest	50,511	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>32,665,933</b>	
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	954,660	
Leasehold Improvements on Operational Leases (-)	111,088	
Goodwill Netted with Deferred Tax Liabilities	3,833	6,388
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	135,120	225,200
Net Deferred Tax Asset/Liability (-)	12,800	21,334
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	-	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,664	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
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 (-)	-	-
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 (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1,219,165</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>31,446,768</b>	-
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Items to be Deducted from Tier I Capital During the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	92,635	-
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 (-)	8,534	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>31,345,599</b>	-
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	2,667,378	-
<b>Total Deductions from Tier II Capital</b>	<b>2,667,378</b>	-
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
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 (-)	1,054,631	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>1,054,631</b>	-
<b>Total Tier II Capital</b>	<b>1,612,747</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>32,958,346</b>	
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	84	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	20,571	
Other items to be Defined by the BRSA (-)	48,509	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
<b>CAPITAL</b>		
Total Capital ( Total of Tier I Capital and Tier II Capital )	32,889,182	-
Total Risk Weighted Assets	241,378,077	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET1 Capital Ratio (%)	13.03	-
Consolidated Tier I Capital Ratio (%)	12.99	-
Consolidated Capital Adequacy Ratio (%)	13.63	-
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio	5.654	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.529	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	5.626	-
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014<sup>(*)</sup></i>
Net Deferred Tax Assets arising from Temporary Differences	523,356	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	3,094,912	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,667,378	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

#### **4.1.2 Items included in capital calculation**

None.

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

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report (*)</i>	<i>Explanation of the differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	2,111,858	(786,275)	1,325,583	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Other Comprehensive Income According to TAS	2,099,031	(786,275)	1,312,756	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Securities Value Increase Fund	(55,067)	11,790	(43,277)	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Revaluation Surplus on Tangible Assets	1,764,134	(30,886)	1,733,248	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(305,734)	5,286	(300,448)	Items not included in the calculation as per Regulation's Article 9-1-f
Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	-	-	-	
Other Capital Reserves	695,698	(772,466)	(76,768)	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*) and Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	947	-	947	
Share Premium	11,880	-	11,880	
Profit Reserves	24,279,993	(134,452)	24,145,541	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Profit or Loss	1,046,345	170,738	1,217,083	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	1,046,345	170,738	1,217,083	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Minority Interest	237,398	(186,887)	50,511	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Deductions from Common Equity Tier I Capital (-)	-	-	264,504	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>31,875,594</b>		<b>31,446,768</b>	

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report (*)</i>	<i>Explanation of the differences</i>
Subordinated Debts			-	
Deductions from Tier I Capital (-)			101,169	Deductions from Tier I Capital as per the Regulation
<b>Tier I Capital</b>			<b>31,345,599</b>	
Subordinated Debts			-	
General Provisions			2,667,378	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			1,054,631	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>1,612,747</b>	
Deductions from Total Capital (-)			69,164	Deductions from Capital as per the Regulation
<b>Total</b>			<b>32,889,182</b>	

(\*) According to "Bank Capital Regulation" article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks calculated their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated without including insurance subsidiary is lesser than the consolidated capital calculated with including insurance subsidiary, when proceeding from consolidated financial statements to consolidated capital report there is an adjustment for excluding insurance company from consolidation.

#### 4.2 Consolidated credit risk

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

#### 4.3 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 March 2016, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 10,756,308 thousands (31 December 2015: TL 7,939,559 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 11,567,698 thousands (31 December 2015: TL 9,437,913 thousands), while net foreign currency long open position amounts to TL 811,390 thousands (31 December 2015: TL 1,498,354 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:

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

*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,615,538	15,698,285	4,406,024	24,719,847
Banks	4,552,018	12,400,516	603,490	17,556,024
Financial Assets at Fair Value through Profit/Loss	132,358	331,791	26,170	490,319
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	2,328,606	3,093,368	74,355	5,496,329
Loans (*)	29,500,483	43,530,277	2,491,256	75,522,016
Investments in Associates, Affiliates and Joint-Ventures	703	-	505	1,208
Investments Held-to-Maturity	96,340	8,920,316	-	9,016,656
Derivative Financial Assets Held for Risk Management	-	1,381	-	1,381
Tangible Assets	70,657	192	72,279	143,128
Intangible Assets	-	-	-	-
Other Assets (**)	3,226,523	3,702,046	103,468	7,032,037
<b>Total Assets</b>	<b>44,523,226</b>	<b>87,678,172</b>	<b>7,777,547</b>	<b>139,978,945</b>
<b>Liabilities</b>				
Bank Deposits	1,502,323	1,709,411	523,415	3,735,149
Foreign Currency Deposits	30,146,936	58,350,610	4,577,909	93,075,455
Interbank Money Market Takings	449,034	2,784,199	286,073	3,519,306
Other Fundings	11,350,333	22,422,695	186,403	33,959,431
Securities Issued	2,015,660	7,898,889	890,611	10,805,160
Miscellaneous Payables	145,179	819,448	262,463	1,227,090
Derivative Financial Liabilities Held for Risk Management	31,158	253,687	94,187	379,032
Other Liabilities (***)	489,837	2,415,208	1,129,585	4,034,630
<b>Total Liabilities</b>	<b>46,130,460</b>	<b>96,654,147</b>	<b>7,950,646</b>	<b>150,735,253</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(1,607,234)</b>	<b>(8,975,975)</b>	<b>(173,099)</b>	<b>(10,756,308)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>938,538</b>	<b>9,643,372</b>	<b>985,788</b>	<b>11,567,698</b>
Derivative Assets	19,277,804	50,165,372	9,327,847	78,771,023
Derivative Liabilities	(18,339,266)	(40,522,000)	(8,342,059)	(67,203,325)
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>42,557,470</b>	<b>85,807,550</b>	<b>8,192,768</b>	<b>136,557,788</b>
<b>Total Liabilities</b>	<b>44,136,917</b>	<b>92,755,644</b>	<b>7,604,786</b>	<b>144,497,347</b>
<b>Net 'On Balance Sheet' Position</b>	<b>(1,579,447)</b>	<b>(6,948,094)</b>	<b>587,982</b>	<b>(7,939,559)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>2,017,703</b>	<b>7,542,704</b>	<b>(122,494)</b>	<b>9,437,913</b>
Derivative Assets	18,087,595	48,947,401	8,290,949	75,325,945
Derivative Liabilities	(16,069,892)	(41,404,697)	(8,413,443)	(65,888,032)
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 5,354,299 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 372,672 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 1,142,737 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

#### 4.4 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 Assessment Committee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,411,080	-	-	-	-	26,285,610	<b>27,696,690</b>
Banks	9,979,121	2,464,254	2,019,485	5,921	-	3,801,034	<b>18,269,815</b>
Financial Assets at Fair Value through Profit/Loss (**)	44,906	80,326	36,030	57,193	35,024	2,160,231	<b>2,413,710</b>
Interbank Money Market Placements	31,000	7,000	-	-	-	19	<b>38,019</b>
Financial Assets Available-for-Sale	1,078,380	6,046,298	8,030,387	4,044,690	3,745,919	1,668,806	<b>24,614,480</b>
Loans (**)	42,209,769	29,215,876	48,241,495	42,534,780	11,909,503	3,675,796	<b>177,787,219</b>
Investments Held-to-Maturity	2,543,869	3,046,381	2,626,331	3,859,340	6,706,491	1,902,917	<b>20,685,329</b>
Other Assets	1,372,973	798,114	2,031,052	2,761,332	320,419	11,264,481	<b>18,548,371</b>
<b>Total Assets</b>	<b>58,671,098</b>	<b>41,658,249</b>	<b>62,984,780</b>	<b>53,263,256</b>	<b>22,717,356</b>	<b>50,758,894</b>	<b>290,053,633</b>
<b>Liabilities</b>							
Bank Deposits	3,697,326	1,011,697	149,403	-	-	1,852,151	<b>6,710,577</b>
Other Deposits	82,915,059	23,116,389	17,030,001	1,807,361	5,201	32,982,186	<b>157,856,197</b>
Interbank Money Market Takings	15,494,024	944,349	1,047,440	192,366	38,172	24,782	<b>17,741,133</b>
Miscellaneous Payables	-	-	-	-	-	9,219,618	<b>9,219,618</b>
Securities Issued	1,394,671	1,513,479	3,225,937	6,771,612	3,022,132	354,231	<b>16,282,062</b>
Other Fundings	12,882,046	15,538,091	3,467,629	4,379,556	180,922	207,977	<b>36,656,221</b>
Other Liabilities	2,743	18,181	7,333	913	-	45,558,655	<b>45,587,825</b>
<b>Total Liabilities</b>	<b>116,385,869</b>	<b>42,142,186</b>	<b>24,927,743</b>	<b>13,151,808</b>	<b>3,246,427</b>	<b>90,199,600</b>	<b>290,053,633</b>
<b>On Balance Sheet Long Position</b>	-	-	<b>38,057,037</b>	<b>40,111,448</b>	<b>19,470,929</b>	-	<b>97,639,414</b>
<b>On Balance Sheet Short Position</b>	<b>(57,714,771)</b>	<b>(483,937)</b>	-	-	-	<b>(39,440,706)</b>	<b>(97,639,414)</b>
<b>Off-Balance Sheet Long Position</b>	<b>7,774,657</b>	<b>16,595,694</b>	<b>5,319,248</b>	<b>6,112,830</b>	<b>2,373,686</b>	-	<b>38,176,115</b>
<b>Off-Balance Sheet Short Position</b>	<b>(3,569,970)</b>	<b>(11,176,340)</b>	<b>(2,020,273)</b>	<b>(12,627,974)</b>	<b>(9,036,238)</b>	-	<b>(38,430,795)</b>
<b>Total Position</b>	<b>(53,510,084)</b>	<b>4,935,417</b>	<b>41,356,012</b>	<b>33,596,304</b>	<b>12,808,377</b>	<b>(39,440,706)</b>	<b>(254,680)</b>

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

(\*\*) Loans amounting to TL 199,426 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>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	237,533	-	-	-	-	25,049,104	<b>25,286,637</b>
Banks	7,922,534	2,103,704	2,260,840	8,924	-	4,010,164	<b>16,306,166</b>
Financial Assets at Fair Value through Profit/Loss (**)	12,065	62,686	34,492	64,627	34,813	1,740,714	<b>1,949,397</b>
Interbank Money Market Placements	80,360	-	-	-	-	6	<b>80,366</b>
Financial Assets Available-for-Sale	1,064,920	8,307,301	5,615,120	4,521,806	3,910,727	1,335,896	<b>24,755,770</b>
Loans (**)	41,509,895	23,332,111	49,834,084	42,221,450	11,525,190	3,530,571	<b>171,953,301</b>
Investments Held-to-Maturity	878,945	1,839,476	5,475,789	4,164,735	7,166,113	1,792,188	<b>21,317,246</b>
Other Assets	1,133,112	1,547,350	1,871,848	2,719,019	323,575	10,403,391	<b>17,998,295</b>
<b>Total Assets</b>	<b>52,839,364</b>	<b>37,192,628</b>	<b>65,092,173</b>	<b>53,700,561</b>	<b>22,960,418</b>	<b>47,862,034</b>	<b>279,647,178</b>
<b>Liabilities</b>							
Bank Deposits	3,493,949	1,433,808	253,033	-	-	1,779,391	<b>6,960,181</b>
Other Deposits	76,676,068	24,774,342	15,012,882	1,221,025	5,862	31,484,071	<b>149,174,250</b>
Interbank Money Market Takings	13,576,686	221,243	2,520,164	190,026	39,310	20,367	<b>16,567,796</b>
Miscellaneous Payables	-	-	-	-	-	8,580,022	<b>8,580,022</b>
Securities Issued	1,272,460	1,431,663	2,416,522	6,933,473	3,117,821	339,658	<b>15,511,597</b>
Other Fundings	14,293,797	14,500,177	4,855,756	5,461,252	185,718	222,987	<b>39,519,687</b>
Other Liabilities	2,596	40,791	9,322	-	-	43,280,936	<b>43,333,645</b>
<b>Total Liabilities</b>	<b>109,315,556</b>	<b>42,402,024</b>	<b>25,067,679</b>	<b>13,805,776</b>	<b>3,348,711</b>	<b>85,707,432</b>	<b>279,647,178</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>40,024,494</b>	<b>39,894,785</b>	<b>19,611,707</b>	<b>-</b>	<b>99,530,986</b>
<b>On Balance Sheet Short Position</b>	<b>(56,476,192)</b>	<b>(5,209,396)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,845,398)</b>	<b>(99,530,986)</b>
<b>Off-Balance Sheet Long Position</b>	<b>5,715,518</b>	<b>8,832,982</b>	<b>11,606,458</b>	<b>5,418,346</b>	<b>2,626,080</b>	<b>-</b>	<b>34,199,384</b>
<b>Off-Balance Sheet Short Position</b>	<b>(1,973,392)</b>	<b>(5,600,588)</b>	<b>(9,071,991)</b>	<b>(10,429,335)</b>	<b>(7,396,845)</b>	<b>-</b>	<b>(34,472,151)</b>
<b>Total Position</b>	<b>(52,734,066)</b>	<b>(1,977,002)</b>	<b>42,558,961</b>	<b>34,883,796</b>	<b>14,840,942</b>	<b>(37,845,398)</b>	<b>(272,767)</b>

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

(\*\*) Loans amounting to TL 198,118 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.48	-	3.77
Banks	0.03-2.00	0.05-2.95	-	8.51-13.90
Financial Assets at Fair Value through Profit/Loss	2.48	5.23	-	7.06-14.61
Interbank Money Market Placements	-	-	-	10.18-12.50
Financial Assets Available-for-Sale	1.04-4.88	2.79-11.88	-	9.89-14.47
Loans	0.25-16.78	0.84-10.08	3.24	10.00-16.25
Investments Held-to-Maturity	0.19	5.52	-	11.04
<b>Liabilities</b>				
Bank Deposits	0.03-1.12	0.38-1.43	-	10.40-10.90
Other Deposits	0.01-9.00	0.01-4.50	1.18	6.00-16.02
Interbank Money Market Takings	0.05-0.15	0.30-2.62	1.49	6.00-14.06
Miscellaneous Payables	-	-	-	-
Securities Issued	3.32	4.88	1.02	10.50-11.68
Other Fundings	0.20-6.25	0.92-5.44	-	10.86-14.70

<i>Prior Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.35	-	2.90
Banks	0.13-1.75	0.05-7.53	-	10.05-14.70
Financial Assets at Fair Value through Profit/Loss	4.66	4.64	-	7.07-14.56
Interbank Money Market Placements	-	0.55-2.25	-	10.00-10.29
Financial Assets Available-for-Sale	0.46-5.50	2.79-11.88	-	9.89-14.47
Loans	0.20-14.00	0.67-11.00	3.04	10.00-15.85
Investments Held-to-Maturity	0.19	5.49	-	10.76
<b>Liabilities</b>				
Bank Deposits	0.10-1.13	0.35-1.37	-	10.69-10.80
Other Deposits	0.95-9.00	1.43-3.75	1.19	7.00-11.41
Interbank Money Market Takings	0.05-0.15	0.75-2.75	1.49	6.00-13.72
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94-11.92
Other Fundings	0.25-6.25	0.90-5.44	1.50	11.06-15.75

#### 4.5 Consolidated position risk of equity securities

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

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

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

<i>Current Period</i>		Comparison	
Equity Securities (shares)	Carrying Value	Fair Value	Market Value
<b>1 Investment in Shares- Grade A</b>	<b>123,721</b>	-	-
Quoted Securities	-	-	-
<b>2 Investment in Shares- Grade B</b>	<b>27,097</b>	-	-
Quoted Securities	-	-	-
<b>3 Investment in Shares- Grade C</b>	<b>822</b>	-	-
Quoted Securities	-	-	-
<b>4 Investment in Shares- Grade D</b>	<b>-</b>	-	-
Quoted Securities	-	-	-
<b>5 Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
Quoted Securities	-	-	-
<b>6 Investment in Shares- Grade F</b>	<b>48</b>	-	-
Quoted Securities	-	-	-

<i>Prior Period</i>		Comparison	
Equity Securities (shares)	Carrying Value	Fair Value	Market Value
<b>1 Investment in Shares- Grade A</b>	<b>123,682</b>	-	-
Quoted Securities	-	-	-
<b>2 Investment in Shares- Grade B</b>	<b>27,097</b>	-	-
Quoted Securities	-	-	-
<b>3 Investment in Shares- Grade C</b>	<b>822</b>	-	-
Quoted Securities	-	-	-
<b>4 Investment in Shares- Grade D</b>	<b>-</b>	-	-
Quoted Securities	-	-	-
<b>5 Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
Quoted Securities	-	-	-
<b>6 Investment in Shares- Grade F</b>	<b>48</b>	-	-
Quoted Securities	-	-	-

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

<i>Current Period</i>		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	Gains/Losses in Current Period	Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1 Private Equity Investments	-	-	-	-	-	-
2 Quoted Shares	-	-	-	11,449	-	11,449
3 Other Shares	-	215,929	215,929	-	-	-
<b>Total</b>	<b>-</b>	<b>215,929</b>	<b>215,929</b>	<b>11,449</b>	<b>-</b>	<b>11,449</b>

<i>Prior Period</i>		Revaluation Surpluses		Unrealized Gains and Losses			
Portfolio		Gains/Losses in Current Period	Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	11,203	-	11,203
3	Other Shares	-	213,303	213,303	-	-	-
<b>Total</b>		-	<b>213,303</b>	<b>213,303</b>	<b>11,203</b>	-	<b>11,203</b>

#### 4.5.4 Capital requirement as per equity shares

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	152,702	152,702	12,216
<b>Total</b>		<b>152,702</b>	<b>152,702</b>	<b>12,216</b>

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	152,663	152,663	12,213
<b>Total</b>		<b>152,663</b>	<b>152,663</b>	<b>12,213</b>

#### 4.6 Consolidated liquidity risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. As of the reporting date, high quality liquid assets are composed of 5.28% cash, 54.46% deposits in central banks and 40.26% securities considered as high quality liquid assets.

The Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 67.32% deposits, 22.25% funds borrowed and money market borrowings and 6.66% securities issued.

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

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

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

<i>Current Period</i>	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>			<b>40,116,125</b>	<b>27,157,570</b>
1			40,116,125	27,157,570
<b>Cash Outflows</b>				
2 Retail deposits and deposits from small business customers, of which:	104,782,374	51,231,722	9,070,666	4,755,930
3 Stable deposits	28,151,434	7,344,839	1,407,572	367,242
4 Less stable deposits	76,630,940	43,886,882	7,663,094	4,388,688
5 Unsecured wholesale funding, of which:	50,817,314	30,421,376	29,374,732	16,436,192
6 Operational deposits	-	-	-	-
7 Non-operational deposits	37,992,315	25,682,058	18,929,733	12,890,203
8 Unsecured funding	12,824,999	4,739,318	10,444,999	3,545,989
9 Secured wholesale funding			360,379	360,379
10 Other cash outflows of which:	52,585,538	15,554,806	9,754,432	7,727,512
11 Outflows related to derivative exposures and other collateral requirements	6,494,772	6,644,861	6,494,772	6,991,028
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	46,090,766	8,909,945	3,259,660	736,484
14 Other revocable off-balance sheet commitments and contractual obligations	679,167	511,678	33,958	25,584
15 Other irrevocable or conditionally revocable off-balance sheet obligations	49,372,557	33,876,886	2,468,628	1,693,844
16 <b>Total Cash Outflows</b>			<b>51,062,795</b>	<b>30,999,441</b>
<b>Cash Inflows</b>				
17 Secured receivables	25,530	-	-	-
18 Unsecured receivables	22,071,732	9,474,769	15,753,030	7,668,915
19 Other cash inflows	688,384	1,312,649	677,293	1,305,964
20 <b>Total Cash Inflows</b>	<b>22,785,646</b>	<b>10,787,418</b>	<b>16,430,323</b>	<b>8,974,879</b>
			<b>Total Adjusted Values</b>	
21 <b>Total HQLA</b>			<b>40,116,125</b>	<b>27,157,570</b>
22 <b>Total Net Cash Outflows</b>			<b>34,632,472</b>	<b>22,024,562</b>
23 <b>Liquidity Coverage Ratio (%)</b>			<b>115.76%</b>	<b>123.31%</b>

(\*) The average of last three month's month-end consolidated liquidity ratios.

The table below presents the last three months' consolidated liquidity ratios:

Period	TL+FC	FC
31 January 2016	117.77%	124.02%
29 February 2016	115.66%	122.26%
31 March 2016	113.85%	123.65%

<i>Prior Period</i>	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>		
	TL+FC	FC	TL+FC	FC	
<b>High-Quality Liquid Assets</b>			<b>39,416,728</b>	<b>27,406,063</b>	
1			39,416,728	27,406,063	
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	100,556,598	48,941,016	8,499,088	4,340,569
3	Stable deposits	31,131,436	11,070,653	1,556,572	553,533
4	Less stable deposits	69,425,162	37,870,363	6,942,516	3,787,036
5	Unsecured wholesale funding, of which:	48,665,532	29,472,577	29,276,756	16,915,052
6	Operational deposits	-	-	-	-
7	Non-operational deposits	35,289,145	23,871,372	18,171,273	12,386,455
8	Unsecured funding	13,376,387	5,601,205	11,105,483	4,528,597
9	Secured wholesale funding			288,203	288,203
10	Other cash outflows of which:	51,403,023	14,852,599	9,692,156	7,208,597
11	Outflows related to derivative exposures and other collateral requirements	6,497,322	6,094,576	6,497,322	6,422,203
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	44,905,701	8,758,023	3,194,834	786,394
14	Other revocable off-balance sheet commitments and contractual obligations	16,748,440	11,718,247	837,422	585,912
15	Other irrevocable or conditionally revocable off-balance sheet obligations	32,151,508	22,252,881	1,607,575	1,112,644
16	<b>Total Cash Outflows</b>			<b>50,201,200</b>	<b>30,450,977</b>
<b>Cash Inflows</b>					
17	Secured receivables	19,618	194	194	194
18	Unsecured receivables	21,630,616	8,738,676	15,428,076	6,814,208
19	Other cash inflows	751,334	290,107	744,547	286,962
20	<b>Total Cash Inflows</b>	<b>22,401,568</b>	<b>9,028,977</b>	<b>16,172,817</b>	<b>7,101,364</b>
				<b>Total Adjusted Values</b>	
21	<b>Total HQLA</b>			<b>39,416,728</b>	<b>27,406,063</b>
22	<b>Total Net Cash Outflows</b>			<b>34,028,384</b>	<b>23,349,613</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>116.04%</b>	<b>118.08%</b>

(\*) The average of last three months' month-end consolidated liquidity ratios.

Period	TL+FC	FC
31 October 2015	104.50%	108.78%
30 November 2015	123.34%	115.35%
31 December 2015	120.27%	130.13%

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	8,140,049	19,556,641	-	-	-	-	-	27,696,690
Banks	5,399,415	6,952,324	942,562	1,476,953	3,498,561	-	-	18,269,815
Financial Assets at Fair Value through Profit/Loss (**)	26,732	442,334	377,554	769,530	492,384	305,176	-	2,413,710
Interbank Money Market Placements	-	31,009	7,010	-	-	-	-	38,019
Financial Assets Available-for-Sale	366,597	10,120	240,759	3,581,863	8,897,419	11,517,722	-	24,614,480
Loans (**)	281,274	32,264,232	16,364,949	43,670,859	60,848,955	20,749,305	3,607,645	177,787,219
Investments Held-to-Maturity	-	125,302	3,153	723,684	7,098,661	12,734,529	-	20,685,329
Other Assets	3,760,891	2,567,059	820,249	1,876,223	3,193,237	492,991	5,837,721	18,548,371
<b>Total Assets</b>	<b>17,974,958</b>	<b>61,949,021</b>	<b>18,756,236</b>	<b>52,099,112</b>	<b>84,029,217</b>	<b>45,799,723</b>	<b>9,445,366</b>	<b>290,053,633</b>
<b>Liabilities</b>								
Bank Deposits	1,905,199	3,641,863	1,014,026	149,489	-	-	-	6,710,577
Other Deposits	38,043,704	77,551,670	23,184,738	17,113,131	1,948,762	14,192	-	157,856,197
Other Fundings	-	1,883,037	6,053,202	9,585,700	13,933,195	5,201,087	-	36,656,221
Interbank Money Market Takings	-	15,511,487	946,169	1,052,603	192,546	38,328	-	17,741,133
Securities Issued	-	1,345,134	1,461,603	3,287,949	6,991,558	3,195,219	599	16,282,062
Miscellaneous Payables	1,840,137	7,352,263	16,239	9,445	-	303	1,231	9,219,618
Other Liabilities (***)	3,827,277	950,104	802,720	1,230,146	669,415	482,556	37,625,607	45,587,825
<b>Total Liabilities</b>	<b>45,616,317</b>	<b>108,235,558</b>	<b>33,478,697</b>	<b>32,428,463</b>	<b>23,735,476</b>	<b>8,931,685</b>	<b>37,627,437</b>	<b>290,053,633</b>
<b>Liquidity Gap</b>	<b>(27,641,359)</b>	<b>(46,286,537)</b>	<b>(14,722,461)</b>	<b>19,670,649</b>	<b>60,293,741</b>	<b>36,868,038</b>	<b>(28,182,071)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>199,379</b>	<b>(78,056)</b>	<b>(402,252)</b>	<b>126,702</b>	<b>98,320</b>	<b>-</b>	<b>(55,907)</b>
Derivative Financial Assets	-	44,814,737	24,282,510	43,299,148	11,755,728	1,588,479	-	125,740,602
Derivative Financial Liabilities	-	44,615,358	24,360,566	43,701,400	11,629,026	1,490,159	-	125,796,509
<b>Non-Cash Loans</b>	<b>-</b>	<b>6,512,800</b>	<b>2,599,266</b>	<b>8,624,109</b>	<b>1,150,199</b>	<b>251,197</b>	<b>85,544,237</b>	<b>104,681,808</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>14,502,821</b>	<b>58,138,733</b>	<b>17,791,403</b>	<b>49,866,067</b>	<b>84,702,069</b>	<b>45,508,194</b>	<b>9,137,891</b>	<b>279,647,178</b>
<b>Total Liabilities</b>	<b>42,572,000</b>	<b>98,859,842</b>	<b>30,284,090</b>	<b>36,940,489</b>	<b>25,072,261</b>	<b>9,049,355</b>	<b>36,869,141</b>	<b>279,647,178</b>
<b>Liquidity Gap</b>	<b>(28,069,179)</b>	<b>(40,721,109)</b>	<b>(12,492,687)</b>	<b>12,925,578</b>	<b>59,629,808</b>	<b>36,458,839</b>	<b>(27,731,250)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(9,927)</b>	<b>(59,699)</b>	<b>(650,163)</b>	<b>32,032</b>	<b>87,117</b>	<b>-</b>	<b>(600,640)</b>
Derivative Financial Assets	-	46,286,344	20,165,592	38,984,741	12,510,105	1,344,295	-	119,291,077
Derivative Financial Liabilities	-	46,296,271	20,225,291	39,634,904	12,478,073	1,257,178	-	119,891,717
<b>Non-Cash Loans</b>	<b>-</b>	<b>4,256,442</b>	<b>1,122,260</b>	<b>8,073,184</b>	<b>1,221,929</b>	<b>126,820</b>	<b>83,888,837</b>	<b>98,689,472</b>

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

(\*\*) Loans amounting to TL 199,426 thousands (31 December 2015: TL 198,118 thousands) 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.

#### 4.7 Consolidated leverage ratio

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

The Bank’s leverage ratio calculated by taking average of end of month leverage ratios for prior three-month period is 7.81% (31 December 2015: 7.85%). Main reason for variance is the increase in off balance sheet items’ exposure higher than other items. Where the capital increased by 3.95% as a result of increase in net profits and the balance sheet exposure increased by 3.85%, off balance sheet exposure increased by 6.03%. Therefore, the current period leverage ratio dropped by 4 basis points compared to prior period.

		Current Period <sup>(***)</sup>	Prior Period <sup>(***)</sup>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> <sup>(**)</sup>	274,837,997	288,571,245
2	The difference between total assets prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” <sup>(**)</sup>	4,809,191	2,118,224
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	(7,401,771)	(7,361,166)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	17,292,002	13,578,561
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	7,002	3,948
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
7	Total risk amount	402,617,672	385,659,874

<sup>(\*)</sup> Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué “Preparation of Consolidated Financial Statements.”

<sup>(\*\*)</sup> For the current period consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2015 and for the prior period consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 30 September 2015 are used.

<sup>(\*\*\*)</sup> Amounts in the table are three-month average amounts.

		<i>Current Period<sup>(*)</sup></i>	<i>Prior Period<sup>(*)</sup></i>
<b>On-balance sheet assets</b>			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	285,185,442	274,606,088
2	(Assets deducted in determining Tier I capital)	(359,514)	(299,347)
3	Total on-balance sheet risks (sum of lines 1 and 2)	284,825,928	274,306,741
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	2,569,940	2,589,359
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7,411,056	7,379,472
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,980,996	9,968,831
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (excluding on-balance sheet)	1,556,696	1,173,806
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,556,696	1,173,806
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	106,261,055	100,214,444
11	(Adjustments for conversion to credit equivalent amounts)	(7,002)	(3,948)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	106,254,053	100,210,496
<b>Capital and total risks</b>			
13	Tier I capital	31,466,021	30,270,121
14	Total risks (sum of lines 3, 6, 9 and 12)	402,617,673	385,659,874
<b>Leverage ratio</b>			
15	Leverage ratio	7.82%	7.85%

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

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

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

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

None.

#### **4.10 Risk management objectives and policies**

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

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

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

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

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

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

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

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

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

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

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

Risk exposure of the Bank managed by providing effective control environment and monitoring limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that cause the risk.

#### 4.10.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	207,666,283	212,036,161	16,613,303
2	Of which standardised approach (SA)	207,666,283	212,036,161	16,613,303
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4,367,279	2,769,808	349,382
5	Of which standardised approach for counterparty credit risk (SA-CCR)	4,367,279	2,769,808	349,382
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	18,781	16,339	1,502
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	6,890,925	6,826,925	551,274
17	Of which standardised approach (SA)	6,890,925	6,826,925	551,274
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	21,096,899	18,707,904	1,687,752
20	Of which basic indicator approach	21,096,899	18,707,904	1,687,752
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	1,337,910	1,157,480	107,033
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	241,378,077	241,514,617	19,310,246

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

## 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	1,355,086	778,168	1,313,085	886,047
Central Bank of Turkey	1,621,757	22,897,399	946,596	21,896,042
Others	-	1,044,280	-	244,867
<b>Total</b>	<b>2,976,843</b>	<b>24,719,847</b>	<b>2,259,681</b>	<b>23,026,956</b>

#### Balances with the Central Bank of Turkey

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

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

#### 5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	11,768	-	11,930	-
Assets Subject to Repurchase Agreements	-	-	8,814	-
<b>Total</b>	<b>11,768</b>	<b>-</b>	<b>20,744</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	275,163	77,202	242,997	45,551
Swap Transactions	522,137	640,765	373,851	457,241
Futures	20	27,064	126	34
Options	434,041	94,191	442,563	106,896
Others	40,959	20,349	35,576	20,261
<b>Total</b>	<b>1,272,320</b>	<b>859,571</b>	<b>1,095,113</b>	<b>629,983</b>

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

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

### 5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	644,756	2,551,535	880,565	857,677
Foreign banks	69,035	15,004,489	44,865	14,523,059
Foreign headoffices and branches	-	-	-	-
<b>Total</b>	<b>713,791</b>	<b>17,556,024</b>	<b>925,430</b>	<b>15,380,736</b>

The placements at foreign banks include blocked accounts amounting TL 7,384,391 (31 December 2015: TL 7,554,736 thousands) of which TL 111,191 thousands (31 December 2015: TL 96,799 thousands) and TL 66,139 thousands (31 December 2015: TL 65,058 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,207,061 thousands (31 December 2015: TL 7,392,879 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 165,194 thousands (31 December 2015: TL 153,035 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	2,599,194	25,525	2,170,335	30,909
Assets subject to Repurchase Agreements	10,389,734	1,272,536	10,879,108	1,220,819
<b>Total</b>	<b>12,988,928</b>	<b>1,298,061</b>	<b>13,049,443</b>	<b>1,251,728</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>23,022,500</b>	<b>23,594,194</b>
Quoted at Stock Exchange	22,391,147	22,960,201
Unquoted at Stock Exchange	631,353	633,993
<b>Common Shares/Investment Fund</b>	<b>84,161</b>	<b>83,886</b>
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	76,492	76,217
<b>Value Increase/Impairment Losses (-)</b>	<b>1,507,819</b>	<b>1,077,690</b>
<b>Total</b>	<b>24,614,480</b>	<b>24,755,770</b>

### 5.1.5 Loans

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	<b>101</b>	<b>237,448</b>	<b>146</b>	<b>408,529</b>
Corporates	101	237,448	146	408,529
Real Persons	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	<b>2,357,061</b>	<b>241,815</b>	<b>2,113,052</b>	<b>263,954</b>
<b>Loans to Employees</b>	<b>253,727</b>	<b>102</b>	<b>250,323</b>	<b>88</b>
<b>Total</b>	<b>2,610,889</b>	<b>479,365</b>	<b>2,363,521</b>	<b>672,571</b>

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

<i>Current Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
Cash Loans		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Loans</b>	<b>168,024,362</b>	<b>2,860,364</b>	<b>255,183</b>	<b>8,403,856</b>	<b>3,297,851</b>	<b>730,004</b>
Working Capital Loans	19,450,044	585,462	338	982,976	409,879	93,529
Export Loans	7,655,725	94,025	-	186,770	82,918	22,773
Import Loans	511,026	-	-	-	-	-
Loans to Financial Sector (*)	7,425,980	53,816	-	-	-	-
Consumer Loans	38,818,087	1,660,425	40,836	1,905,798	650,242	57,999
Credit Cards	16,500,071	-	177,100	667,494	-	464,220
Others	77,663,429	466,636	36,909	4,660,818	2,154,812	91,483
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>168,024,362</b>	<b>2,860,364</b>	<b>255,183</b>	<b>8,403,856</b>	<b>3,297,851</b>	<b>730,004</b>

(\*) Loans amounting to TL 199,426 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".

<i>Prior Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
Cash Loans		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
<b>Loans</b>	<b>162,686,478</b>	<b>2,291,261</b>	<b>276,436</b>	<b>7,919,477</b>	<b>3,230,745</b>	<b>629,728</b>
Working Capital Loans	17,872,912	180,074	247	946,741	358,070	85,849
Export Loans	7,800,944	9,384	-	143,651	67,004	35,188
Import Loans	556,941	-	-	-	-	-
Loans to Financial Sector (*)	6,982,885	58,193	-	132	-	-
Consumer Loans	37,734,044	1,646,397	41,238	1,785,596	625,868	54,626
Credit Cards	16,489,862	-	233,976	590,080	-	406,106
Others	75,248,890	397,213	975	4,453,277	2,179,803	47,959
<b>Specialization Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>162,686,478</b>	<b>2,291,261</b>	<b>276,436</b>	<b>7,919,477</b>	<b>3,230,745</b>	<b>629,728</b>

(\*) Loans amounting to TL 198,118 thousands included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans to Financial Sector".

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

*Collaterals received for loans under follow-up*

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	15,493	2,545	-	18,038
Loans Collateralized by Mortgages	3,091,401	783,348	-	3,874,749
Loans Collateralized by Pledged Assets	786,556	60,293	-	846,849
Loans Collateralized by Cheques and Notes	84,059	600,749	-	684,808
Loans Collateralized by Other Collaterals	1,206,508	58,684	-	1,265,192
Unsecured Loans	646,547	400,179	667,494	1,714,220
<b>Total</b>	<b>5,830,564</b>	<b>1,905,798</b>	<b>667,494</b>	<b>8,403,856</b>

<i>Prior Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	17,538	2,356	-	19,894
Loans Collateralized by Mortgages	2,863,780	690,628	-	3,554,408
Loans Collateralized by Pledged Assets	779,317	59,788	-	839,105
Loans Collateralized by Cheques and Notes	86,223	574,200	-	660,423
Loans Collateralized by Other Collaterals	1,420,354	55,544	-	1,475,898
Unsecured Loans	376,589	403,080	590,080	1,369,749
<b>Total</b>	<b>5,543,801</b>	<b>1,785,596</b>	<b>590,080</b>	<b>7,919,477</b>

*Delinquency periods of loans under follow-up*

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	457,620	686,169	165,861	1,309,650
61-90 days	88,389	246,740	58,970	394,099
Other	5,284,555	972,889	442,663	6,700,107
<b>Total</b>	<b>5,830,564</b>	<b>1,905,798</b>	<b>667,494</b>	<b>8,403,856</b>

<i>Prior Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	205,542	638,582	152,905	997,029
61-90 days	62,063	237,112	46,294	345,469
Other	5,276,196	909,902	390,881	6,576,979
<b>Total</b>	<b>5,543,801</b>	<b>1,785,596</b>	<b>590,080</b>	<b>7,919,477</b>

*Loans and other receivables with extended payment plans*

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	2,362,136	3,074,494
3, 4 or 5 times	242,577	216,194
Over 5 times	255,651	7,163
<b>Total</b>	<b>2,860,364</b>	<b>3,297,851</b>

<i>Prior Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	2,075,566	2,931,843
3, 4 or 5 times	113,500	282,995
Over 5 times	102,195	15,907
<b>Total</b>	<b>2,291,261</b>	<b>3,230,745</b>

<i>Current Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	447,048	656,997
6 - 12 months	648,809	148,817
1 - 2 years	1,179,230	422,290
2 - 5 year	566,973	1,507,074
5 years and over	18,304	562,673
<b>Total</b>	<b>2,860,364</b>	<b>3,297,851</b>

<i>Prior Period</i>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>Extention Periods</b>		
0 - 6 months	415,294	568,609
6 - 12 months	384,555	149,541
1 - 2 years	906,567	393,138
2 - 5 year	518,517	1,595,093
5 years and over	66,328	524,364
<b>Total</b>	<b>2,291,261</b>	<b>3,230,745</b>

### 5.1.5.3 *Maturity analysis of cash loans*

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>817,443</b>	<b>37,153,321</b>	<b>37,970,764</b>
Housing Loans	25,958	19,192,712	19,218,670
Automobile Loans	37,075	1,562,944	1,600,019
General Purpose Loans	754,258	16,397,665	17,151,923
Others	152	-	152
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>162,913</b>	<b>162,913</b>
Housing Loans	-	161,883	161,883
Automobile Loans	-	2	2
General Purpose Loans	-	1,028	1,028
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>166,885</b>	<b>1,847,809</b>	<b>2,014,694</b>
Housing Loans	2,062	827,345	829,407
Automobile Loans	19	8,870	8,889
General Purpose Loans	6,619	740,396	747,015
Others	158,185	271,198	429,383
<b>Retail Credit Cards – TL</b>	<b>14,185,759</b>	<b>587,072</b>	<b>14,772,831</b>
With Installment	6,689,205	587,070	7,276,275
Without Installment	7,496,554	2	7,496,556
<b>Retail Credit Cards – FC</b>	<b>68,680</b>	<b>96,888</b>	<b>165,568</b>
With Installment	3,246	-	3,246
Without Installment	65,434	96,888	162,322
<b>Personnel Loans – TL</b>	<b>17,078</b>	<b>76,250</b>	<b>93,328</b>
Housing Loan	-	1,115	1,115
Automobile Loans	-	81	81
General Purpose Loans	17,078	75,054	92,132
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>101</b>	<b>315</b>	<b>416</b>
Housing Loans	-	315	315
Automobile Loans	-	-	-
General Purpose Loans	101	-	101
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,080</b>	<b>59,444</b>	<b>60,524</b>
Housing Loans	108	23,503	23,611
Automobile Loans	4	-	4
General Purpose Loans	215	28,644	28,859
Others	753	7,297	8,050
<b>Personnel Credit Cards – TL</b>	<b>95,490</b>	<b>567</b>	<b>96,057</b>
With Installment	38,890	567	39,457
Without Installment	56,600	-	56,600
<b>Personnel Credit Cards – FC</b>	<b>1,303</b>	<b>2,100</b>	<b>3,403</b>
With Installment	61	-	61
Without Installment	1,242	2,100	3,342
<b>Deposit Accounts– TL (Real Persons)</b>	<b>421,246</b>	<b>-</b>	<b>421,246</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15,775,065</b>	<b>39,986,679</b>	<b>55,761,744</b>

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans – TL</b>	<b>686,529</b>	<b>36,127,574</b>	<b>36,814,103</b>
Housing Loans	25,062	18,582,778	18,607,840
Automobile Loans	37,616	1,522,036	1,559,652
General Purpose Loans	623,722	16,022,760	16,646,482
Others	129	-	129
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>170,849</b>	<b>170,849</b>
Housing Loans	-	168,194	168,194
Automobile Loans	-	2	2
General Purpose Loans	-	2,653	2,653
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>240,634</b>	<b>1,642,295</b>	<b>1,882,929</b>
Housing Loans	2,222	767,902	770,124
Automobile Loans	22	7,551	7,573
General Purpose Loans	5,065	714,582	719,647
Others	233,325	152,260	385,585
<b>Retail Credit Cards – TL</b>	<b>14,279,715</b>	<b>566,447</b>	<b>14,846,162</b>
With Installment	6,850,008	566,447	7,416,455
Without Installment	7,429,707	-	7,429,707
<b>Retail Credit Cards – FC</b>	<b>65,391</b>	<b>97,835</b>	<b>163,226</b>
With Installment	2,685	-	2,685
Without Installment	62,706	97,835	160,541
<b>Personnel Loans – TL</b>	<b>17,241</b>	<b>74,439</b>	<b>91,680</b>
Housing Loan	-	1,055	1,055
Automobile Loans	-	86	86
General Purpose Loans	17,241	73,298	90,539
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>141</b>	<b>330</b>	<b>471</b>
Housing Loans	-	330	330
Automobile Loans	-	-	-
General Purpose Loans	141	-	141
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>1,082</b>	<b>61,862</b>	<b>62,944</b>
Housing Loans	137	22,904	23,041
Automobile Loans	-	-	-
General Purpose Loans	238	32,620	32,858
Others	707	6,338	7,045
<b>Personnel Credit Cards – TL</b>	<b>92,376</b>	<b>460</b>	<b>92,836</b>
With Installment	37,692	460	38,152
Without Installment	54,684	-	54,684
<b>Personnel Credit Cards – FC</b>	<b>804</b>	<b>1,586</b>	<b>2,390</b>
With Installment	86	-	86
Without Installment	718	1,586	2,304
<b>Deposit Accounts– TL (Real Persons)</b>	<b>496,664</b>	<b>-</b>	<b>496,664</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15,880,577</b>	<b>38,743,677</b>	<b>54,624,254</b>

**5.1.5.5 Installment based commercial loans and corporate credit cards**

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,570,123</b>	<b>10,270,950</b>	<b>11,841,073</b>
Real Estate Loans	3,131	748,769	751,900
Automobile Loans	82,908	1,963,586	2,046,494
General Purpose Loans	1,484,084	7,558,595	9,042,679
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>144,685</b>	<b>1,965,169</b>	<b>2,109,854</b>
Real Estate Loans	143	53,302	53,445
Automobile Loans	4,716	572,476	577,192
General Purpose Loans	139,826	1,339,391	1,479,217
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>765,372</b>	<b>1,462,329</b>	<b>2,227,701</b>
Real Estate Loans	-	778	778
Automobile Loans	34	11,575	11,609
General Purpose Loans	369	42,537	42,906
Others	764,969	1,407,439	2,172,408
<b>Corporate Credit Cards – TL</b>	<b>2,113,013</b>	<b>6,990</b>	<b>2,120,003</b>
With Installment	994,997	6,990	1,001,987
Without Installment	1,118,016	-	1,118,016
<b>Corporate Credit Cards – FC</b>	<b>9,703</b>	<b>-</b>	<b>9,703</b>
With Installment	174	-	174
Without Installment	9,529	-	9,529
<b>Deposit Accounts– TL (Corporates)</b>	<b>906,492</b>	<b>-</b>	<b>906,492</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,509,388</b>	<b>13,705,438</b>	<b>19,214,826</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>1,335,639</b>	<b>9,681,444</b>	<b>11,017,083</b>
Real Estate Loans	3,237	725,187	728,424
Automobile Loans	88,500	1,968,503	2,057,003
General Purpose Loans	1,243,902	6,987,754	8,231,656
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>160,480</b>	<b>1,885,722</b>	<b>2,046,202</b>
Real Estate Loans	369	53,546	53,915
Automobile Loans	3,355	542,030	545,385
General Purpose Loans	156,756	1,290,146	1,446,902
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>785,391</b>	<b>1,455,176</b>	<b>2,240,567</b>
Real Estate Loans	-	925	925
Automobile Loans	84	12,304	12,388
General Purpose Loans	76	33,446	33,522
Others	785,231	1,408,501	2,193,732
<b>Corporate Credit Cards – TL</b>	<b>1,963,886</b>	<b>3,750</b>	<b>1,967,636</b>
With Installment	953,402	3,750	957,152
Without Installment	1,010,484	-	1,010,484
<b>Corporate Credit Cards – FC</b>	<b>7,692</b>	<b>-</b>	<b>7,692</b>
With Installment	61	-	61
Without Installment	7,631	-	7,631
<b>Deposit Accounts– TL (Corporates)</b>	<b>831,746</b>	<b>-</b>	<b>831,746</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,084,834</b>	<b>13,026,092</b>	<b>18,110,926</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	165,362,005	159,973,425
Foreign Loans (*)	11,066,213	10,632,530
<b>Total</b>	<b>176,428,218</b>	<b>170,605,955</b>

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

**5.1.5.8 Loans to associates and affiliates**

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	4,686	200
Indirect Lending	-	-
<b>Total</b>	<b>4,686</b>	<b>200</b>

**5.1.5.9 Specific provisions for loans**

<b>Specific Provisions</b>	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	488,326	687,181
Doubtful Loans and Receivables	941,444	661,583
Uncollectible Loans and Receivables	2,919,587	2,949,703
<b>Total</b>	<b>4,349,357</b>	<b>4,298,467</b>

**5.1.5.10 Non-performing loans (NPLs) (net)**

*Non-performing loans and other receivables restructured or rescheduled*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	232,974	340,226	738,446
Rescheduled Loans and Receivables	26,995	96,957	29,069
<b>Total</b>	<b>259,969</b>	<b>437,183</b>	<b>767,515</b>
<b>Prior Period</b>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	369,957	237,457	668,876
Rescheduled Loans and Receivables	8,678	2,694	33,007
<b>Total</b>	<b>378,635</b>	<b>240,151</b>	<b>701,883</b>

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b>Current Period</b>	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<b>Balances at Beginning of Period</b>	<b>1,123,595</b>	<b>889,101</b>	<b>3,633,117</b>
Additions during the Period (+)	691,195	6,969	35,475
Transfer from Other NPL Categories (+)	1,882	825,656	369,041
Transfer to Other NPL Categories (-)	867,758	327,093	1,729
Collections during the Period (-)	140,947	67,449	108,514
Write-offs (-) <sup>(*)</sup>	-	214	353,969
Corporate and Commercial Loans	-	64	147,502
Retail Loans	-	-	116,921
Credit Cards	-	150	89,546
Others	-	-	-
<b>Balances at End of Period</b>	<b>807,967</b>	<b>1,326,970</b>	<b>3,573,421</b>
Specific Provisions (-)	488,326	941,444	2,919,587
<b>Net Balance on Balance Sheet</b>	<b>319,641</b>	<b>385,526</b>	<b>653,834</b>

<sup>(\*)</sup> 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
<b>Balances at Beginning of Period</b>	<b>675,966</b>	<b>919,137</b>	<b>2,790,951</b>
Additions during the Period (+)	2,586,434	179,228	210,323
Transfer from Other NPL Categories (+)	25,850	1,610,011	1,585,241
Transfer to Other NPL Categories (-)	1,637,208	1,568,587	15,308
Collections during the Period (-)	454,957	247,350	578,638
Write-offs (-) (*)	72,490	3,338	359,452
Corporate and Commercial Loans	72,430	3,276	185,777
Retail Loans	57	8	125,888
Credit Cards	3	54	47,787
Others	-	-	-
<b>Balances at End of Period</b>	<b>1,123,595</b>	<b>889,101</b>	<b>3,633,117</b>
Specific Provisions (-)	687,181	661,583	2,949,703
<b>Net Balance on Balance Sheet</b>	<b>436,414</b>	<b>227,518</b>	<b>683,414</b>

(\*) 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
<b>Balances at End of Prior Period</b>	<b>1,826,030</b>	<b>1,486,364</b>	<b>986,073</b>	<b>4,298,467</b>
Additions during the Period (+)	285,612	220,520	128,587	634,719
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	54,118	120,886	55,047	230,051
Write-Offs (-) (**)	147,164	116,918	89,696	353,778
<b>Balances at End of Period</b>	<b>1,910,360</b>	<b>1,469,080</b>	<b>969,917</b>	<b>4,349,357</b>

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<b>Balances at End of Prior Period</b>	<b>1,512,557</b>	<b>1,065,533</b>	<b>707,657</b>	<b>3,285,747</b>
Additions during the Period (+)	825,317	932,704	535,337	2,293,358
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	253,083	387,875	208,972	849,930
Write-Offs (-) (**)	258,761	123,998	47,949	430,708
<b>Balances at End of Period</b>	<b>1,826,030</b>	<b>1,486,364</b>	<b>986,073</b>	<b>4,298,467</b>

(\*) Foreign affiliates' foreign exchange rate changes are included in the collections during the period line.

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

*Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
<b>Balance at End of Period</b>	<b>380,375</b>	<b>405,569</b>	<b>1,322,942</b>
Specific Provisions (-)	160,871	259,121	932,774
<b>Net Balance at Balance Sheet</b>	<b>219,504</b>	<b>146,448</b>	<b>390,168</b>
<i>Prior Period</i>			
<b>Balance at End of Period</b>	<b>518,143</b>	<b>170,186</b>	<b>1,307,310</b>
Specific Provisions (-)	226,212	92,719	982,861
<b>Net Balance at Balance Sheet</b>	<b>291,931</b>	<b>77,467</b>	<b>324,449</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period (Net)</i>			
	<b>319,641</b>	<b>385,526</b>	<b>653,834</b>
Loans to Individuals and Corporates (Gross)	807,967	1,326,970	3,572,105
Specific Provision (-)	488,326	941,444	2,918,271
Loans to Individuals and Corporates (Net)	319,641	385,526	653,834
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	<b>436,414</b>	<b>227,518</b>	<b>683,414</b>
Loans to Individuals and Corporates (Gross)	1,123,595	889,101	3,631,801
Specific Provision (-)	687,181	661,583	2,948,387
Loans to Individuals and Corporates (Net)	436,414	227,518	683,414
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-

*Collaterals received for non-performing loans*

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	15,407	150	-	15,557
Loans Collateralized by Mortgages	1,030,137	93,722	-	1,123,859
Loans Collateralized by Pledged Assets	437,367	42,208	-	479,575
Loans Collateralized by Cheques and Notes	313,725	8,396	-	322,121
Loans Collateralized by Other Collaterals	823,942	1,058,087	-	1,882,029
Unsecured Loans	453,874	458,775	972,568	1,885,217
<b>Total</b>	<b>3,074,452</b>	<b>1,661,338</b>	<b>972,568</b>	<b>5,708,358</b>

<i>Prior Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	16,662	201	-	16,863
Loans Collateralized by Mortgages	1,046,662	90,285	-	1,136,947
Loans Collateralized by Pledged Assets	444,581	53,690	-	498,271
Loans Collateralized by Cheques and Notes	369,173	9,390	-	378,563
Loans Collateralized by Other Collaterals	641,807	1,072,225	-	1,714,032
Unsecured Loans	459,543	453,027	988,567	1,901,137
<b>Total</b>	<b>2,978,428</b>	<b>1,678,818</b>	<b>988,567</b>	<b>5,645,813</b>

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

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

**5.1.5.12** *Write-off policy*

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

**5.1.6** **Factoring receivables**

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

## 5.1.7 Investments held-to-maturity

### 5.1.7.1 Investment subject to repurchase agreements and provided as collateral/blocked

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

### 5.1.7.2 Government securities held-to-maturity

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

### 5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>18,814,954</b>	<b>19,522,643</b>
Quoted at Stock Exchange	18,338,743	19,106,455
Unquoted at Stock Exchange	476,211	416,188
<b>Valuation Increase / (Decrease)</b>	<b>1,870,375</b>	<b>1,794,603</b>
<b>Total</b>	<b>20,685,329</b>	<b>21,317,246</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>21,317,246</b>	<b>20,667,042</b>
Foreign Currency Differences on Monetary Assets	(334,917)	2,034,482
Purchases during the Period	142,967	1,149,619
Disposals through Sales/Redemptions (*)	(518,622)	(2,971,993)
Valuation Effect	78,655	438,096
<b>Balances at End of Period</b>	<b>20,685,329</b>	<b>21,317,246</b>

In the current period,

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

## 5.1.8 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 <sup>(1)</sup>	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ <sup>(1)</sup>	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ <sup>(1)</sup>	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(2)</sup>	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(1)</sup>	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	8,699	7,503	1,325	190	1	316	367	-
2	68,358	29,660	42,971	1,019	-	3,869	3,490	-
3	555,153	73,728	3,595	9,706	1,234	(1,951)	(645)	-
4	7,092,438	911,026	96,978	217,407	16,228	174,728	121,492	-
5	894,830	820,064	164,429	22,859	94	256,910	94,146	-
6	154,333	113,004	81,803	4,870	1	34,774	21,834	-
7	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
8	303,701	299,527	5,345	15,574	-	5,484	10,288	-

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

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

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

#### *Unconsolidated investments in associates sold during the current period*

None.

#### *Unconsolidated investments in associates acquired during the current period*

None.

### 5.1.8.2 Consolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ	İstanbul / Turkey	-	3.30

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	36,115	35,827	37	120	885	1,004	11	21,120

(\*) 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>
<b>Balance at Beginning of Period</b>	<b>686</b>	<b>792</b>
<b>Movements during the Period</b>	<b>12</b>	<b>(106)</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	12	(106)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>698</b>	<b>686</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of Period (%)</b>	<b>-</b>	<b>-</b>

*Valuation methods of consolidated investments in associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	698	686
Valued by Equity Method of Accounting	-	-

*Sectoral distribution of consolidated investments and associates*

<b>Associates</b>	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	698	686
Other Associates	-	-

*Quoted consolidated investments in associates*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	698	686
Quoted at International Stock Exchanges	-	-

*Investments in associates sold during the current period*

None.

*Investments in associates acquired during the current period*

None.

### 5.1.9 Investments in affiliates

*Information on capital adequacy of major affiliates*

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

<i>Prior Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Holding BV</b>
<b>COMMON EQUITY TIER I CAPITAL</b>			
Paid-in Capital to be Entitled for Compensation after All Creditors	438,130	357,848	1,168,942
Share Premium	-	-	41,090
Share Cancellation Profits	-	-	-
Reserves	859,634	329,714	(327,914)
Other Comprehensive Income according to TAS	406,771	75,795	27,141
Current and Prior Periods' Profits	34,395	110,292	58,156
General Reserve for Possible Losses	-	12,000	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,738,930</b>	<b>885,649</b>	<b>967,415</b>
<b>Deductions From Common Equity Tier I Capital</b>			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	92,365	399	231,882
Leasehold Improvements on Operational Leases (-)	-	113	9,148
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	6,285	2,351	73,220
Net Deferred Tax Asset/Liability (-)	-	-	6,768
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>98,650</b>	<b>2,863</b>	<b>321,018</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,640,280</b>	<b>882,786</b>	<b>646,397</b>
<b>Total Deductions From Tier I Capital</b>	<b>9,427</b>	<b>3,527</b>	<b>119,982</b>
<b>Total Tier I Capital</b>	<b>1,630,853</b>	<b>879,259</b>	<b>526,415</b>
<b>TIER II CAPITAL</b>	<b>253,368</b>	<b>-</b>	<b>57,607</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>1,884,221</b>	<b>879,259</b>	<b>584,022</b>
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	-	-
<b>TOTAL CAPITAL</b>	<b>1,884,221</b>	<b>879,259</b>	<b>584,022</b>

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

**5.1.9.1 Unconsolidated investments in affiliates**

	<b>Affiliates</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group's Share (%)</b>
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
8	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>	<b>Amount of Equity Requirement</b>
1	67,518	61,509	51	555	932	2,404	3,450	-	-
2	22,695	18,104	1,425	151	101	(54)	200	-	-
3	8,423	8,126	32	-	170	(288)	928	-	-
4	2,458	1,658	547	-	12	(8)	42	-	-
5	3,960	3,786	1	72	29	340	377	-	-
6	44	45	37	-	-	(1)	(1)	-	-
7	804,269	67,725	701,364	5	-	(6,905)	8,408	-	-
8	790	952	-	-	-	110	(63)	-	-

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

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

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

**5.1.9.2 Movement of consolidated investments in affiliates**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>4,342,264</b>	<b>3,604,139</b>
<b>Movements during the Period</b>	<b>250,216</b>	<b>738,125</b>
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	215,418	470,481
Currency Differences on Foreign Affiliates	34,798	267,644
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balance at End of Period</b>	<b>4,592,480</b>	<b>4,342,264</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) Except for quoted affiliates, value increases/(decreases) are based on the results of equity accounting application.

*Valuation methods of consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	4,592,480	4,342,264

(\*) Except for quoted affiliates, the balances are as per the results of equity accounting application.

*Sectoral distribution of consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,868,499	1,764,623
Insurance Companies	965,383	916,536
Factoring Companies	140,654	135,644
Leasing Companies	908,669	871,165
Finance Companies	709,275	654,296
Other Affiliates	-	-

Except for quoted affiliates, the balances are as per the results of equity accounting application.

*Quoted consolidated investments in affiliates*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	140,654	135,644
Quoted at International Stock Exchanges	-	-

*Other information on consolidated investments in affiliates*

	<b>Affiliates</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Shares of Other Consolidated Affiliates (%)</b>	<b>Method of Consolidation</b>
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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (*)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1	4,971,629	908,694	100,924	99,813	-	35,444	28,800	-
2	2,553,174	171,872	5,532	64,844	-	6,110	5,973	-
3	103,436	57,722	10,358	175	1,050	10,255	575	-
4	46,371	41,741	5,051	1,037	-	2,471	2,113	-
5	1,481,721	1,136,952	36,065	34,324	1,106	57,579	47,753	-
6	16,441,156	1,738,884	85,336	128,799	27,722	28,593	48,107	-
7	293,815	129,826	23,279	2,337	3,156	(162)	1,573	-
8	1,039,645	1,039,517	-	-	-	(40)	(41)	-
9	1,083,045	932,953	-	16	-	372	932	-
10	6,742,920	807,026	57,765	67,491	9,490	7,995	13,606	-
11	451,106	65,035	4,651	7,189	-	2,260	1,729	-
12	278,372	59,480	3,919	10,915	-	3,987	3,616	-

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

*Consolidated investments in affiliates disposed during the current period*

None.

*Consolidated investments in affiliates acquired during the current period*

None.

**5.1.10 Investments in joint-ventures**

None.

### 5.1.11 Lease receivables

#### 5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	2,236,787	1,927,888	2,192,663	1,883,470
Between 1-5 Years	3,253,895	2,881,752	3,194,715	2,824,748
Longer than 5 Years	366,715	344,303	366,245	343,374
<b>Total</b>	<b>5,857,397</b>	<b>5,153,943</b>	<b>5,753,623</b>	<b>5,051,592</b>

#### 5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	5,857,397	5,753,623
Unearned Income on Financial Lease Receivables (-)	(703,454)	(702,031)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>5,153,943</b>	<b>5,051,592</b>

#### 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	29,164	-	60,616	7,483
Cash Flow Hedges	17,260	490,622	28,448	584,450
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>46,424</b>	<b>490,622</b>	<b>89,064</b>	<b>591,933</b>

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

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	27,609,697	47,805	322,203	18,791,415	101,340	120,219
-TL	5,800,638	46,424	37,358	5,239,355	89,064	10,928
-FC	21,809,059	1,381	284,845	13,552,060	12,276	109,291
Cross Currency Swaps	5,058,131	489,241	94,187	5,279,626	579,657	130,272
-TL	1,793,004	-	-	1,868,085	-	-
-FC	3,265,127	489,241	94,187	3,411,541	579,657	130,272
<b>Total</b>	<b>32,667,828</b>	<b>537,046</b>	<b>416,390</b>	<b>24,071,041</b>	<b>680,997</b>	<b>250,491</b>

#### 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	166,628	4,182	(171,493)	(683)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	4,488	9	(1,335)	3,162
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	31,187	24,973	(61,266)	(17,759)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(14,203)	-	(94,187)	(108,390)

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

**5.1.12.1.2 Cash flow hedge accounting**

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	(109)	(188)	(37)	(7)
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	17,260	(84,732)	(64,960)	(290)	(1,383)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,381	(3,268)	(1,252)	(660)	(496)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	228,921	-	(5,508)	(9,866)	2
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	260,320	-	(23,919)	(24,804)	865

In the current period, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 thousands (31 December 2015: a gain of TL 1,238 thousands). In the prior period, the loss recognised in the shareholders' equity amounted to TL 619 thousands (31 March 2016: -).

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

#### **5.1.13 Tangible assets**

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

#### **5.1.14 Intangible assets**

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

#### **5.1.15 Investment property**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Net Book Value at Beginning Period</b>	<b>307,095</b>	<b>296,191</b>
Additions	20	-
Transfers to Tangible Assets	-	(18,009)
Fair Value Change	-	29,279
Net Currency Translation Differences on Foreign Affiliates	502	(366)
<b>Net Book Value at End of Current Period</b>	<b>307,617</b>	<b>307,095</b>

The investment property is held for operational leasing purposes.

As of 31 December 2015, a total gain of TL 25,734 thousands from revaluation of investment property is included in other operating income.

#### **5.1.16 Deferred tax asset**

As of 31 March 2016, on a consolidated basis the Bank has a deferred tax asset of TL 528,000 thousands (31 December 2015: TL 463,623 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 March 2016, there is a deferred tax asset of TL 763,128 thousands (31 December 2015: TL 701,422 thousands) and deferred tax liability of TL 235,128 thousands (31 December 2015: TL 237,799 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions (*)	959,055	193,064	849,242	170,497
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,021,472	234,803	725,454	172,572
Revaluation Differences on Real Estates	(1,737,614)	(27,236)	(1,810,410)	(27,620)
Other	652,663	127,369	823,326	148,174
<b>Deferred Tax Asset, Net</b>	<b>895,576</b>	<b>528,000</b>	<b>587,612</b>	<b>463,623</b>

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

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

As of 31 March 2016, TL 97,978 thousands of deferred tax income (31 March 2015: TL 103,302 thousands) and TL 32,594 thousands of deferred tax expense (31 December 2015: TL 100,910 thousands of deferred tax income) 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>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>375,548</b>	<b>186,179</b>
<b>Accumulated Depreciation</b>	<b>(9,183)</b>	<b>(7,972)</b>
<b>Net Book Value</b>	<b>366,365</b>	<b>178,207</b>
<b>End of Current Period</b>		
Additions	68,134	279,871
Disposals (Cost)	(29,701)	(90,648)
Disposals (Accumulated Depreciation)	248	3,886
Reversal of Impairment / Impairment Losses (-)	(1,291)	(1,583)
Depreciation Expense for Current Period (-)	(1,969)	(5,097)
Currency Translation Differences on Foreign Operations	413	1,729
<b>Cost</b>	<b>413,103</b>	<b>375,548</b>
<b>Accumulated Depreciation (-)</b>	<b>(10,904)</b>	<b>(9,183)</b>
<b>Net Book Value</b>	<b>402,199</b>	<b>366,365</b>

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

#### 5.1.18 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, Affiliates and Joint – Ventures	-	-
Sale of Real Estates	-	-
Sale of Other Assets	3,127	3,127
<b>Total</b>	<b>3,127</b>	<b>3,127</b>

##### 5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	475,321	440,202
Prepaid Taxes	26,181	30,978

## 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	Accumulating Deposit	Total
<b>Saving Deposits</b>	7,352,275	-	2,851,420	34,148,190	1,035,837	368,685	458,929	4,354	46,219,690
<b>Foreign Currency</b>	22,383,486	-	6,752,602	39,701,722	3,519,657	4,715,679	15,949,266	53,043	93,075,455
Residents in Turkey	15,774,930	-	6,172,270	35,374,184	2,134,107	1,158,164	905,629	51,948	61,571,232
Residents in Abroad	6,608,556	-	580,332	4,327,538	1,385,550	3,557,515	15,043,637	1,095	31,504,223
<b>Public Sector Deposits</b>	1,347,523	-	2,384	41,550	95	414	27	-	1,391,993
<b>Commercial Deposits</b>	5,778,793	-	3,269,859	4,222,093	267,107	431,164	70,626	-	14,039,642
<b>Others</b>	175,461	-	89,710	868,535	9,780	802,341	40,853	-	1,986,680
<b>Precious Metal</b>	1,006,166	-	-	25,739	-	347	110,485	-	1,142,737
<b>Bank Deposits</b>	1,905,199	-	3,187,903	431,341	918,893	150,779	116,462	-	6,710,577
Central Bank of Turkey	-	-	2,300,670	-	-	-	-	-	2,300,670
Domestic Banks	6,425	-	338,715	140,907	6	62	2,044	-	488,159
Foreign Banks	784,410	-	548,518	290,434	918,887	150,717	114,418	-	2,807,384
Special Financial	1,114,364	-	-	-	-	-	-	-	1,114,364
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>39,948,903</b>	<b>-</b>	<b>16,153,878</b>	<b>79,439,170</b>	<b>5,751,369</b>	<b>6,469,409</b>	<b>16,746,648</b>	<b>57,397</b>	<b>164,566,774</b>

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
<b>Saving Deposits</b>	7,210,589	-	3,017,987	34,280,140	1,118,714	331,736	481,267	4,699	46,445,132
<b>Foreign Currency</b>	21,211,733	-	7,390,379	31,760,376	4,087,063	4,362,671	14,824,285	56,573	83,693,080
Residents in Turkey	14,335,218	-	6,434,951	28,233,795	2,651,959	1,081,183	839,169	55,408	53,631,683
Residents in Abroad	6,876,515	-	955,428	3,526,581	1,435,104	3,281,488	13,985,116	1,165	30,061,397
<b>Public Sector Deposits</b>	624,252	-	7,629	26,642	43	144	31	-	658,741
<b>Commercial Deposits</b>	6,173,951	-	3,647,512	4,528,359	176,380	389,619	17,802	-	14,933,623
<b>Others</b>	210,284	-	89,689	1,147,371	268,316	3,434	524,269	-	2,243,363
<b>Precious Metal</b>	1,087,124	-	106	11,175	-	57	101,849	-	1,200,311
<b>Bank Deposits</b>	1,824,611	-	2,119,796	1,078,563	1,708,201	100,524	128,486	-	6,960,181
Central Bank of Turkey	-	-	700,209	-	-	-	-	-	700,209
Domestic Banks	3,158	-	862,517	436,397	2,080	24	4	-	1,304,180
Foreign Banks	719,751	-	557,070	642,166	1,706,121	100,500	128,482	-	3,854,090
Special Financial	1,101,702	-	-	-	-	-	-	-	1,101,702
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38,342,544</b>	<b>-</b>	<b>16,273,098</b>	<b>72,832,626</b>	<b>7,358,717</b>	<b>5,188,185</b>	<b>16,077,989</b>	<b>61,272</b>	<b>156,134,431</b>

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

**5.2.1.1.1 Deposits exceeding insurance limit**

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	24,856,254	24,403,854	21,023,284	22,487,622
Foreign Currency Saving Deposits	16,773,881	15,714,350	34,596,104	9,930,605
Other Saving Deposits	539,718	590,229	783,780	1,282,499
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

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

**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	711,664	673,677
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	650,957	662,161
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	230,813	82,525	218,374	131,764
Swap Transactions	1,481,951	660,104	1,101,708	602,757
Futures	14	116	32	3,320
Options	354,043	156,788	354,764	154,904
Others	40,959	19,340	35,579	19,401
<b>Total</b>	<b>2,107,780</b>	<b>918,873</b>	<b>1,710,457</b>	<b>912,146</b>

**5.2.3 Funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	748,860	1,332,064	1,047,230	1,255,372
Foreign Banks, Institutions and Funds	1,947,930	32,627,367	2,407,491	34,649,802
<b>Total</b>	<b>2,696,790</b>	<b>33,959,431</b>	<b>3,454,721</b>	<b>35,905,174</b>

**5.2.3.1 Maturities of funds borrowed**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	873,554	2,509,802	1,094,237	2,447,861
Medium and Long-Term	1,823,236	31,449,629	2,360,484	33,457,313
<b>Total</b>	<b>2,696,790</b>	<b>33,959,431</b>	<b>3,454,721</b>	<b>35,905,174</b>

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

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

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

**5.2.4 Other external funds**

**5.2.4.1 Securities issued**

<i>Current Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
	Nominal	2,173,632	3,557,359	131,356
Cost	2,076,319	3,347,267	131,356	10,908,746
Carrying Value (*)	2,122,529	3,354,373	131,809	10,673,351

<i>Prior Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
	Nominal	1,968,860	2,790,047	160,141
Cost	1,885,919	2,635,443	160,141	11,089,721
Carrying Value (*)	1,925,100	2,615,083	160,472	10,810,942

(\*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 183,858 thousands (31 December 2015: TL 162,821 thousands) and foreign currency securities with a total face value of TL 581,325 thousands (31 December 2015: TL 638,989 thousands) and netted off such securities in the accompanying consolidated financial statements.

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

**5.2.4.2 Funds provided through repurchase transactions**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Domestic Transactions</b>	<b>13,225,874</b>	<b>-</b>	<b>12,545,178</b>	<b>-</b>
Financial Institutions and Organizations	13,162,466	-	12,475,300	-
Other Institutions and Organizations	32,939	-	36,759	-
Individuals	30,469	-	33,119	-
<b>Foreign Transactions</b>	<b>553</b>	<b>3,519,306</b>	<b>75</b>	<b>3,595,865</b>
Financial Institutions and Organizations	-	3,519,306	-	3,595,865
Other Institutions and Organizations	500	-	-	-
Individuals	53	-	75	-
<b>Total</b>	<b>13,226,427</b>	<b>3,519,306</b>	<b>12,545,253</b>	<b>3,595,865</b>

**5.2.4.3 Miscellaneous payables**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Payables from credit card transactions	7,094,997	59,521	6,886,185	57,684
Payables from insurance transactions	22,303	173	20,858	238
Other	875,228	1,167,396	283,144	1,331,913
<b>Total</b>	<b>7,992,528</b>	<b>1,227,090</b>	<b>7,190,187</b>	<b>1,389,835</b>

**5.2.5 Factoring payables**

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

**5.2.6 Lease payables**

**5.2.6.1 Financial lease payables**

None.

**5.2.6.2 Operational lease agreements**

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

**5.2.7 Derivative financial liabilities held for risk management**

<b>Derivative Financial Liabilities Held for Risk Management</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	37,358	290,923	10,928	210,635
Cash Flow Hedges	-	88,109	-	28,928
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>37,358</b>	<b>379,032</b>	<b>10,928</b>	<b>239,563</b>

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>
<b>General Provision for</b>	<b>3,094,912</b>	<b>3,027,976</b>
Loans and Receivables in Group I	2,581,555	2,521,714
- Additional Provision for Loans and Receivables with Extended Maturities	108,899	111,213
Loans and Receivables in Group II	359,673	354,149
- Additional Provision for Loans and Receivables with Extended Maturities	91,905	96,507
Non-Cash Loans	153,684	152,113
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	68,394	29,733
Medium and Long Term Loans	22,157	11,412
<b>Total</b>	<b>90,551</b>	<b>41,145</b>

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

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

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

### 5.2.8.4 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	342,000	342,000

#### 5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	667,023	570,995
Insurance Technical Provisions, Net	258,961	251,292
Provision for Promotion Expenses of Credit Cards (*)	94,532	89,757
Provision for Lawsuits	44,188	41,734
Other Provisions	177,220	169,109
<b>Total</b>	<b>1,241,924</b>	<b>1,122,887</b>

(\*) The Bank provides full allowance for the committed promotion expenses of credit cards as of the balance sheet date.

*Recognized liability for defined benefit plan obligations*

The Bank obtained an actuarial report dated 7 December 2015 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 2,408,349 thousands at 31 December 2015 as details are given in the table below.

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

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

	<i>31 December 2015</i>
<b>Transferable Pension and Medical Benefits:</b>	
Net present value of pension benefits transferable to SSF	(608,796)
Net present value of medical benefits and health premiums transferable to SSF	528,011
General administrative expenses	(33,702)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(114,487)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>2,522,836</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>2,408,349</b>
<b>Non-Transferable Benefits:</b>	
Other pension benefits	(592,937)
Other medical benefits	(478,453)
<b>Total Non-Transferable Benefits (4)</b>	<b>(1,071,390)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>1,336,959</b>
<b>Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)</b>	<b>(528,011)</b>
<b>Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))</b>	<b>808,948</b>

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

	<i>31 December 2015</i>
	%
Discount Rate (*)	10.30
Inflation Rate (*)	7.10
Future Real Salary Increase Rate	1.5
Medical Cost Trend Rate	40% above inflation
Future Pension Increase Rate (*)	7.10

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

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

## **5.2.9 Tax liability**

### **5.2.9.1 Current tax liability**

#### **5.2.9.1.1 Tax liability**

As of 31 March 2016, the corporate tax liability amounts to TL 401,046 thousands (31 December 2015: TL 376,241 thousands) after offsetting with prepaid taxes.

#### **5.2.9.1.2 Taxes payable**

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	401,046	376,241
Taxation on Securities Income	111,123	110,210
Taxation on Real Estates Income	3,953	3,396
Banking Insurance Transaction Tax	100,009	100,514
Foreign Exchange Transaction Tax	106	74
Value Added Tax Payable	11,028	13,190
Others	36,350	87,846
<b>Total</b>	<b>663,615</b>	<b>691,471</b>

#### **5.2.9.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	2,500	2,701
Social Security Premiums-Employer	2,383	2,206
Bank Pension Fund Premium-Employees	189	18
Bank Pension Fund Premium-Employer	267	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,149	1,021
Unemployment Insurance-Employer	2,390	2,132
Others	34	21
<b>Total</b>	<b>8,912</b>	<b>8,117</b>

#### **5.2.9.2 Deferred tax liability**

As of 31 March 2016, the deferred tax liability amounts to TL 325 thousands (31 December 2015: -).

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

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

## **5.2.11 Subordinated debts**

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

## 5.2.12 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

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Investments in Associates, Affiliates and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(263,960)</b>	<b>208,893</b>	<b>(427,264)</b>	<b>143,622</b>
Valuation Difference	(263,960)	208,893	(427,264)	143,622
Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(263,960)</b>	<b>208,893</b>	<b>(427,264)</b>	<b>143,622</b>

**5.2.12.9 Revaluation surplus**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Movables	-	-	-	-
Real Estates	1,582,239	5,480	1,587,371	5,249
Gain on Sale of Investments in Associates and Affiliates and Real Estates to be used for Capital Increases	176,415	-	173,263	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
<b>Total</b>	<b>1,758,654</b>	<b>5,480</b>	<b>1,760,634</b>	<b>5,249</b>

**5.2.12.10 Bonus shares of associates, affiliates 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	1,014,666	1,013,056
II. Legal Reserve	249,272	213,572
Special Reserves	-	-
<b>Total</b>	<b>1,263,938</b>	<b>1,226,628</b>

**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	22,146,371	19,168,165
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
<b>Total</b>	<b>22,146,371</b>	<b>19,168,165</b>

**5.2.12.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>226,617</b>	<b>193,733</b>
Profit Share of Affiliates Net Profits	10,788	34,213
Prior Period Dividend Payment	-	(1,354)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(7)	25
<b>Balance at End of Period</b>	<b>237,398</b>	<b>226,617</b>

### 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 6,811,349 thousands (31 December 2015: TL 3,246,846 thousands), commitments for cheque payments of TL 3,285,066 thousands (31 December 2015: TL 3,063,075 thousands) and commitments for credit card limits of TL 28,334,219 thousands (31 December 2015: TL 27,066,620 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	17,649,519	17,880,281
Letters of Guarantee in TL	15,915,950	14,828,828
Letters of Credit	15,524,974	14,576,338
Bills of Exchange and Acceptances	1,701,026	1,538,069
Prefinancings	-	-
Other Guarantees	121,021	109,206
<b>Total</b>	<b>50,912,490</b>	<b>48,932,722</b>

A specific provision of TL 111,672 thousands (31 December 2015: TL 102,109 thousands) is made for unliquidated non-cash loans of TL 333,338 thousands (31 December 2015: TL 313,985 thousands) recorded under the off-balance sheet items as of 31 March 2016.

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

##### 5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	4,348,812	4,157,201
<i>With Original Maturity of 1 Year or Less</i>	<i>471,754</i>	<i>454,207</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>3,877,058</i>	<i>3,702,994</i>
Other Non-Cash Loans	46,563,678	44,775,521
<b>Total</b>	<b>50,912,490</b>	<b>48,932,722</b>

##### 5.3.1.4 Other information on non-cash loans

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

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

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

#### 5.3.2 Financial derivative instruments

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

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

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

**5.3.4 Contingent liabilities and assets**

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

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

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

## 5.4 Consolidated income statement

### 5.4.1 Interest income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	1,262,981	73,655	935,572	88,020
Medium and long-term loans	1,896,820	801,312	1,486,570	732,476
Loans under follow-up	15,353	1,843	12,263	2,410
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3,175,154</b>	<b>876,810</b>	<b>2,434,405</b>	<b>822,906</b>

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

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	2,982	-	-
Domestic Banks	20,640	905	22,803	4,752
Foreign Banks	585	16,291	4,350	13,441
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>21,225</b>	<b>20,178</b>	<b>27,153</b>	<b>18,193</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	5,656	462	6,449	331
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	480,486	62,933	365,094	54,772
Investments Held-to-Maturity	291,014	124,711	197,319	117,393
<b>Total</b>	<b>777,156</b>	<b>188,106</b>	<b>568,862</b>	<b>172,496</b>

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Affiliates	303	131

## 5.4.2 Interest expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	87,748	123,571	114,359	118,288
Central Bank of Turkey	-	-	-	206
Domestic Banks	16,248	7,064	23,662	13,258
Foreign Banks	71,500	116,507	90,697	104,824
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	70,835	-	55,297
<b>Total</b>	<b>87,748</b>	<b>194,406</b>	<b>114,359</b>	<b>173,585</b>

(\*) Includes also fees and commissions expenses on borrowings

### 5.4.2.2 Interest expenses paid to associates and affiliates

	Current Period	Prior Period
Interest Paid to Investments in Associates and Affiliates	728	473

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	282	34,708	-	146	364	-	-	35,500
Saving Deposits	167	65,894	926,876	27,776	7,262	11,271	-	1,039,246
Public Sector Deposits	-	176	1,065	2	5	1	-	1,249
Commercial Deposits	42,042	72,114	131,516	5,832	9,367	13,686	-	274,557
Others	-	3,107	37,348	3,678	12,049	6,466	-	62,648
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>42,491</b>	<b>175,999</b>	<b>1,096,805</b>	<b>37,434</b>	<b>29,047</b>	<b>31,424</b>	<b>-</b>	<b>1,413,200</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	11,085	14,971	175,755	14,311	18,715	78,448	202	313,487
Bank Deposits	3,579	1,965	152	57	52	51	-	5,856
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	12	-	-	324	-	336
<b>Total FC</b>	<b>14,664</b>	<b>16,936</b>	<b>175,919</b>	<b>14,368</b>	<b>18,767</b>	<b>78,823</b>	<b>202</b>	<b>319,679</b>
<b>Grand Total</b>	<b>57,155</b>	<b>192,935</b>	<b>1,272,724</b>	<b>51,802</b>	<b>47,814</b>	<b>110,247</b>	<b>202</b>	<b>1,732,879</b>

<i>Prior Period</i>	<b>Demand Deposits</b>	<b>Time Deposits</b>					<b>Accumulating Deposit Accounts</b>	<b>Total</b>
		<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>Over 1 Year</b>		
<b>Turkish Lira</b>								
Bank Deposits	256	18,311	-	-	-	-	-	18,567
Saving Deposits	35	75,755	684,075	39,209	22,810	15,454	-	837,338
Public Sector Deposits	-	142	517	3	-	1	-	663
Commercial Deposits	75	56,209	120,853	10,324	5,950	14,507	-	207,918
Others	4	3,933	36,228	511	4,243	5,039	-	49,958
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>370</b>	<b>154,350</b>	<b>841,673</b>	<b>50,047</b>	<b>33,003</b>	<b>35,001</b>	<b>-</b>	<b>1,114,444</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	10,480	14,720	128,827	22,596	28,700	55,603	236	261,162
Bank Deposits	-	12,294	451	725	80	40	-	13,590
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	5	-	28	-	4	329	-	366
<b>Total FC</b>	<b>10,485</b>	<b>27,014</b>	<b>129,306</b>	<b>23,321</b>	<b>28,784</b>	<b>55,972</b>	<b>236</b>	<b>275,118</b>
<b>Grand Total</b>	<b>10,855</b>	<b>181,364</b>	<b>970,979</b>	<b>73,368</b>	<b>61,787</b>	<b>90,973</b>	<b>236</b>	<b>1,389,562</b>

#### 5.4.2.5 *Interest expense on repurchase agreements*

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

#### 5.4.2.6 *Financial lease expenses*

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

#### 5.4.2.7 *Interest expenses on factoring payables*

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

#### 5.4.3 **Dividend income**

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

#### 5.4.4 **Trading income/losses (net)**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>18,329,872</b>	<b>29,686,783</b>
Trading Account Income	568,119	795,240
Derivative Financial Instruments	3,593,908	4,595,408
Foreign Exchange Gain	14,167,845	24,296,135
<b>Losses (-)</b>	<b>18,581,118</b>	<b>29,681,259</b>
Trading Account Losses	533,227	536,310
Derivative Financial Instruments	3,986,239	5,955,287
Foreign Exchange Losses	14,061,652	23,189,662
<b>Total</b>	<b>(251,246)</b>	<b>5,524</b>

TL 1,417,630 thousands (31 March 2015: TL 2,263,295 thousands) of foreign exchange gains and TL 1,094,324 thousands (31 March 2015: TL 1,977,891 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 values and terms. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TAS 39.

In this respect; the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 1,075,756 thousands, USD 1,021,150,069 and EUR 156,885,339 and for its bonds with a total face value of TL 1,325,000 thousands and USD 265,400,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 171,116 thousands and TL 14,961 thousands (31 March 2015: TL 63,106 thousands and TL 28,010 thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under trading income/losses in the income statement, respectively.

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

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

One of the Bank's consolidated affiliate 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 affiliate applied fair value hedge accounting for fixed rate eurobonds with a total face value of USD 170,193,000 and EUR 145,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, net gains of TL 12,173 thousands (31 March 2015: -) resulting from the related fair value calculations for the hedged bonds were accounted for under trading income/losses in the income statement.

One of the Bank's consolidated affiliate enters into interest rate 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 affiliate applied cash flow hedge accounting for its funds borrowed amounting to USD 145,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a net loss of TL 1,799 thousands (31 March 2015: -) resulting from interest rate swap agreements were recognised under shareholders' equity.

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

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 334,179 thousands (31 March 2015: TL 79,220 thousands) were sold for a consideration of TL 30,810 thousands (31 March 2015: TL 14,653 thousands). Considering the related provisions of TL 333,801 thousands (31 March 2015: TL 79,073 thousands) in the financial statements, a gain of TL 30,426 thousands (31 March 2015: TL 14,506 thousands) is recognized under “other operating income”.

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 11,135 thousands (31 March 2015: TL 19,951 thousands) were sold for a consideration of TL 1,459 thousands (31 March 2015: TL 2,349 thousands). A gain from this sale amounting to TL 1,459 thousands (31 March 2015: TL 2,349 thousands) is recognized under “other operating income” considering that full provision (31 March 2015: TL 19,951 thousands) had been provided against in the accompanying consolidated financial statements in prior periods. The revenues earned from subsequent collections of the sold receivables in prior period, amounting to TL 13 thousands (31 March 2015: TL 532 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	<b>677,750</b>	<b>369,115</b>
<i>Loans and receivables in Group III</i>	422,667	308,625
<i>Loans and receivables in Group IV</i>	33,663	16,295
<i>Loans and receivables in Group V</i>	221,420	44,195
General Provisions	<b>74,282</b>	<b>194,099</b>
Provision for Possible Losses	-	<b>35,000</b>
Impairment Losses on Financial Assets	<b>36</b>	<b>5,007</b>
<i>Financial assets at fair value through profit or loss</i>	36	4,989
<i>Financial assets available-for-sale</i>	-	18
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	<b>62,715</b>	<b>29,416</b>
<b>Total</b>	<b>814,783</b>	<b>632,637</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	694,317	591,735
Reserve for Employee Termination Benefits	16,374	13,366
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	3	1,034
Depreciation Expenses of Tangible Assets	58,866	53,482
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	20,420	14,841
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,312	508
Depreciation Expenses of Assets to be Disposed	1,969	1,180
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	597,377	555,119
<i>Operational lease related expenses</i>	101,409	85,760
<i>Repair and maintenance expenses</i>	12,473	11,238
<i>Advertisement expenses</i>	36,574	26,131
<i>Other expenses (*)</i>	446,921	431,990
Loss on Sale of Assets	1,084	2,564
Others (**)(***)	297,289	396,271
<b>Total</b>	<b>1,689,011</b>	<b>1,630,100</b>

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

(\*\*) Includes saving-deposits-insurance-fund related expenses of TL 60,545 thousands (31 March 2015: TL 46,656 thousands) and insurance-business claim losses of TL 21,481 thousands (31 March 2015: TL 10,697 thousands) in the current period.

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

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

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

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

As of 31 March 2016, on a consolidated basis, the Bank recorded a current tax expense of TL 378,639 thousands (31 March 2015: TL 379,218 thousands) and a deferred tax benefit of TL 97,978 thousands (31 March 2015: TL 103,302 thousands).

*Deferred tax benefit/charge on timing differences*

<b>Deferred tax (benefit)/charge on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(82,550)	(191,637)
Decrease in Tax Deductable Timing Differences (-)	13,692	71,731
Increase in Taxable Timing Differences (-)	29,240	35,373
Decrease in Taxable Timing Differences (+)	(58,360)	(18,769)
<b>Total</b>	<b>(97,978)</b>	<b>(103,302)</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	(74,778)	(131,107)
(Increase)/Decrease in Taxable Timing Differences (net)	(29,120)	16,604
(Increase)/Decrease in Tax Losses (net)	5,920	11,201
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>(97,978)</b>	<b>(103,302)</b>

**5.4.10 Net operating profit/loss after taxes including net profit/loss from discontinued operations**

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

**5.4.11 Net profit/loss**

**5.4.11.1 Any further explanation on operating results needed for better understanding of 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	10,788	8,298

**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**

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

## **5.6 Consolidated statement of cash flows**

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

## 5.7 Related party risks

### 5.7.1 Transactions with parent bank's risk group;

#### 5.7.1.1 Loans and other receivables

*Current Period:*

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	33,129	3,616	57,550	827,462	2,184,276	472,865
Balance at end of period	35,706	5,696	64,010	721,709	2,462,175	451,709
Interest and Commission Income	1,540	1	134	2	37,930	99

*Prior Period:*

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Balance at end of period	33,129	3,616	57,550	827,462	2,184,276	472,865
Interest and Commission Income	401	3	84	2	26,039	63

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	31,511	28,674	337,764	649,010	552,778	351,510
Balance at end of period	32,063	31,511	438,099	337,764	487,179	552,778
Interest Expenses	728	473	158	1,150	1,317	3,109

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	12,675	2,789	16,403,422	10,825,180	-	5,770
Balance at end of period	12,829	12,675	15,906,758	16,403,422	40,572	-
Total Profit/(Loss)	182	(54)	(81,039)	(266,665)	1,543	56
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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

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

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

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

The cash loans of the risk group amounting TL 2,361,846 thousands (31 December 2015: TL 2,113,398 thousands) compose 1.33% (31 December 2015: 1.23%) of the Bank's total consolidated cash loans and 0.81% (31 December 2015: 0.76%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,561,891 thousands (31 December 2015: TL 2,274,955 thousands) compose 0.88% (31 December 2015: 0.81%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,179,114 thousands (31 December 2015: TL 1,303,943 thousands) compose 2.32% (31 December 2015: 2.66%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 957,341 thousands (31 December 2015: TL 922,053 thousands) compose 0.58% (31 December 2015: 0.59%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 12,860 thousands (31 December 2015: TL 12,669 thousands) compose 0.04% (31 December 2015: 0.03%) 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 32,744 thousands (31 December 2015: TL 44,741 thousands). A total rent income of TL 967 thousands (31 March 2015: TL 863 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 2,845 thousands as of 31 March 2016 (31 March 2015: TL 1,008 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 636 thousands (31 March 2015: TL 33 thousands) for the IT services rendered and banking services fee income of TL 243 thousands (31 March 2015: TL 654 thousands) were recognized from the related parties.

Fixed-rate securities brokerage fee of TL 180 thousands (31 March 2015: -) were received from the affiliates.

Operating expenses of TL 802 thousands (31 March 2015: TL 1,999 thousands) for advertisement and broadcasting services, of TL 9,021 thousands (31 March 2015: TL 9,456 thousands) for operational leasing services, and of TL 1,604 thousands (31 March 2015: TL 2,009 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 163 thousands (31 March 2016: -) was recognized as income for the services rendered by the affiliates in the same period of prior year.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 39,184 thousands as of 31 March 2016 (31 March 2015: TL 34,978 thousands) including compensations paid to key management personnel who left their position during the year.

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

None.

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

None.

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

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

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

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

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

**5.9 Matters arising subsequent to the balance sheet date**

None.

## 5.10 Other Disclosures on Activities

### 5.10.1 Information on international risk ratings

#### 5.10.1.1 Parent bank's international risk ratings

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

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

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

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

##### FITCH RATINGS (July 2015)

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

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

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

**5.10.1.2 International risk ratings of Garanti Bank International NV, a consolidated affiliate**

**MOODY'S (March 2016) (\*)**

Long Term FC Deposit	A3
Short Term FC Deposit	Prime-2
Baseline Credit Assessment	baa2
Long Term Credit Assessment	A2
Short Term Credit Assessment	Prime-1
Outlook	Negative

(\*) Latest date in risk ratings or outlooks.

**5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate**

**FITCH RATINGS (July 2015) (\*)(\*\*)**

<b>Foreign Currency</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
<b>National</b>	
Outlook	Stable

(\*) Latest date in risk ratings or outlooks.

(\*\*) Under positive follow-up.

**5.10.14 International risk ratings of Garanti Finansal Kiralama, a consolidated affiliate**

**FITCH RATINGS (July 2015) (\*)(\*\*)**

<b>Foreign Currency</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
<b>Turkish Lira</b>	
Long Term	BBB
Short Term	F2
Outlook	Stable
<b>National</b>	
Outlook	Stable

(\*) Latest date in risk ratings or outlooks.

(\*\*) Under positive follow-up.

**STANDARD AND POORS (August 2015) (\*)**

<b>Foreign Currency</b>	
Long Term	BB+
Short Term	B
Outlook	Negative
<b>Turkish Lira</b>	
Long Term	BB+
Short Term	B
Outlook	Negative

(\*) Latest date in risk ratings or outlooks.

**5.10.1.5 International risk ratings of Garanti Bank SA, a consolidated affiliate**

**FITCH RATINGS (July 2015) (\*)**

<b>Foreign Currency</b>	
Long Term	BBB-
Short Term	F3
Financial Capacity	b+
Support	2
Outlook	Stable

(\*) Latest date in risk ratings or outlooks.

**5.10.2 Dividend**

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

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

**5.10.3 Other disclosures**

None.

## **6 Limited Review Report**

### **6.1 Disclosure on limited review report**

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

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

None.

## 7 Interim Report

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

#### 7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey’s second largest private bank** with consolidated assets of US\$ 103.1 billion as of March 31, 2016.

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

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

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

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

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its **custom-tailored solutions** and **wide product variety** play a key role in reaching US\$ 81.3 billion cash and non-cash loans. The **high asset quality** attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

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

#### 7.1.2 Capital and shareholding structure

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

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

**7.1.3 The amendments in the Articles of Association during period of 31.12.2015-31.03.2016**

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

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

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

Holder of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.	Holder of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.
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You may access the Information Document, the Profit Distribution Statement, the Meeting Minutes and the Resolutions of the Ordinary General Meeting of Shareholders of the Bank for the 2015 accounting period that was held on March 31, 2016 from Garanti Investor Relations website at the link below:

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

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

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

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

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

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

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

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

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

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

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

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

**In the first quarter of 2016, Garanti Bank reached a total asset size of TL 290.1 billion and a net income of TL 1 billion 57 million**

**Türkiye Garanti Bankası A.Ş.**, announced its financial statements dated March 31, 2016. Based on the consolidated financials, in the first quarter of 2016, the Bank posted a consolidated **net income** of TL 1 billion 57 million 133 thousand. Garanti's **asset size** reached TL 290 billion 53 million 633 thousand, while its contribution to the economy through **cash and non-cash lending** totaled TL 228 billion 500 million 283 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 14.8% and an **ROAA** (Return on Average Assets) of 1.6%.

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

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

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

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

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

**Selected Figures of Garanti Bank’s Consolidated Financial Statements (March 31, 2016)**

Profit before Taxes and Provisions	TL 2,170.3 million	Cash Loans	TL 177,587.8 million
Profit before Taxes	TL 1,337.8 million	Non-Cash Loans	TL 50,912.5 million
Net Income	TL 1,057.1 million	Total Assets	TL 290,053.6 million
Deposits	TL 164,566.8 million	Shareholders’ Equity	TL 31,875.6 million

**Highlights from Garanti Bank's Consolidated Financials**

- Net income was TL 1 billion 57 million and 133 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 1 billion 113 million 133 thousand was reserved for tax provisions, loans and other provisions.
- Total assets increased by 3.7% year-to-date and reached TL 290 billion 53 million 633 thousand.
- Return on Average Assets (ROAA) reached 1.6% as of March 31, 2016.
- Shareholders’ equity increased by 2.2% year-to-date and reached TL 31.9 billion.
- Return on Average Equity (ROAE) reached 14.8% as of March 31, 2016.
- Contribution made to the real economy through cash and non-cash loans increased by 3.5% year-to-date and reached TL 228 billion 500 million 283 thousand as of March 31, 2016.
- Total loan market share, TL loan market share and FC loan market share reached respectively 12.0%, %11.0 and 14.0%.
- Mortgage loans market share increased to 14.3% and consumer loans market share increased to 15.0%.
- Total customer deposits increased by 5.8% year-to-date and reached TL 157 billion 856 million and 197 thousand, while market share in total customer deposits reached 12.0%.
- Capital adequacy ratio (CAR) reached 13.63%, while non-performing loan (NPL) ratio decreased to 3.14%.

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

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

<b>Selected Sector Figures (TL million)</b>	<b>31.12.2015</b>	<b>01.04.2016</b>	<b>QtD Δ</b>
<b>Total Deposits</b>	<b>1,245,289</b>	<b>1,281,633</b>	<b>2.9%</b>
Bank Deposits	73,920	79,500	7.5%
Customer Deposits	1,171,369	1,202,133	2.6%
TL Deposits	675,001	690,798	2.3%
FC Deposits (US\$ mn)	171,343	181,820	6.1%
Customer Demand Deposits	218,182	222,817	2.1%
<b>Total Loans</b>	<b>1,346,865</b>	<b>1,364,805</b>	<b>1.3%</b>
TL Loans	927,992	944,453	1.8%
FC Loans (US\$ mn)	144,597	149,579	3.4%
Retail Loans*	571,934	575,105	0.6%
Housing	137,893	141,145	2.4%
Auto	20,329	20,002	-1.6%
General Purpose Loans	320,123	321,162	0.3%
Credit Cards	93,589	92,796	-0.8%
<i>Loans/Deposits</i>	<i>108.2%</i>	<i>106.5%</i>	
<b>Gross NPL</b>	<b>42,705</b>	<b>45,332</b>	<b>6.2%</b>
<i>NPL ratio</i>	<i>3.1%</i>	<i>3.2%</i>	
<i>NPL coverage</i>	<i>75.4%</i>	<i>76.4%</i>	
Gross NPL in retail loans	17,056	18,451	8.2%
<i>NPL ratio in retail loans</i>	<i>2.9%</i>	<i>3.1%</i>	
Gross NPL in credit cards	7,416	7,578	2.2%
<i>NPL ratio in credit cards</i>	<i>7.3%</i>	<i>7.5%</i>	
<b>F/X Position, net (US\$ mn)</b>	<b>300</b>	<b>974</b>	
on B/S	(31,435)	(26,163)	
off B/S	31,735	27,136	
Source: BRSA weekly sector data, commercial banks only			
*Including consumer and commercial installment loans			

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

#### 7.1.6 Forward looking statements regarding the expectations

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

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

## 7.2 Information regarding management and corporate governance practices

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

#### **Audit Committee Members:**

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

#### Managers of Internal Systems Units:

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

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

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

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

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

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

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

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

### 7.3 Assessment of financial information and risk management

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

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

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

- As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2016. You may access the related presentation from Garanti Bank Investor Relations website at [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com) under the [Operating Plan Guidance Presentations](#) section.

- It is resolved by our Board of Directors that the Loans Executive Vice President position to be re-named as “Chief Credit Risk Officer” reporting to CEO and Ali Temel be appointed as “Chief Credit Risk Officer” following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.
- In our Bank’s public disclosure dated January 22, 2016, we disclosed that the annulment action filed by our Bank before the 13th Council of State regarding Turkish Competition Board's decision dated 07.03.2011 and no. 11-13/243-78 on imposing administrative fine against our Bank has been rejected and our Bank will appeal the aforementioned decision. Our Bank has appealed such decision before Council of State, Plenary Session of Administrative Law Chambers on February 22, 2016.
- Our Bank has sold its non-performing loan portfolio receivables arising from credit cards, general purpose loans, overdraft loans and expenses in the total principal amount of 175,174,390.38-TL as of February 29, 2016, to Sümer Varlık Yönetim A.Ş. for a total consideration of TL 28,000,000.00; and non-performing portfolio commercial receivables arising from commercial loans, credit cards, cheque accounts, overdraft loans and expenses in the total principal amount of 158,740,833.91-TL as of March 4, 2016 to Turkasset Varlık Yönetim A.Ş. for a total consideration of TL 2,250,000.00.
- The Board of Directors of our Bank resolved on March 03, 2016 that the Head Office be authorized to held Ordinary General Meeting of Shareholders of T. Garanti Bankası A.Ş. on March 31, 2016 Thursday, at 10:00 a.m. at Levent, Nispetiye Mahallesi, Aytar Caddesi No:2, Besiktas – Istanbul.

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

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

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

#### AGENDA

1. Opening, formation and authorization of the Board of Presidency for signing the minutes of the Ordinary General Meeting of Shareholders,
2. Reading and discussion of the Board of Directors’ Annual Activity Report,
3. Reading and discussion of the Independent Auditors’ Reports,
4. Reading, discussion and ratification of the Financial Statements,
5. Amendment to Article7 of the Bank’s Articles of Association,
6. Release of the Board Members,
7. Submission for approval of the appointments of the Board Members for the remaining term of office of the Board Membership position vacated during the year, and informing the shareholders regarding the external duties conducted by such Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,
8. Determination of the number of the Board Members, election of new Board Member and informing the shareholders regarding the external duties conducted by the new Board Members and the grounds thereof in accordance with the Corporate Governance Principle no. 4.4.7 promulgated by Capital Markets Board of Turkey,
9. Determination of profit usage and the amount of profit to be distributed according to the Board of Directors’ proposal,
10. Determination of the remuneration of the Board Members,

11. Election of the Independent Auditor in accordance with Article 399 of Turkish Commercial Code,
  12. Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board of Turkey,
  13. Informing the shareholders with regard to charitable donations realized in 2015, and determination of an upper limit for the charitable donations to be made in 2016 in accordance with the banking legislation and Capital Markets Board regulations,
  14. Authorization of the Board Members to conduct business with the Bank in accordance with Articles 395 and 396 of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law,
  15. Informing the shareholders regarding significant transactions executed in 2015 which may cause conflict of interest in accordance with the Corporate Governance Principle no. 1.3.6 promulgated by Capital Markets Board of Turkey.
- You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on 31.03.2016 from Garanti Bank Investor Relations web site.  
[https://www.garantiinvestorrelations.com/en/corporate-governance/Ordinary-General\\_Shareholders-Meetings/Ordinary-General-Meeting-of-Shareholders/102/0/0](https://www.garantiinvestorrelations.com/en/corporate-governance/Ordinary-General_Shareholders-Meetings/Ordinary-General-Meeting-of-Shareholders/102/0/0)
  - At our Bank's Board of Directors meeting held on March 31 2016, it was resolved that;
    - Muammer Cüneyt Sezgin be appointed as Responsible Member of the Board of Directors for Internal Systems to carry out the duties and responsibilities within the scope of internal systems, except the duties of "Risk Management" which were transferred to the "Risk Committee" established by the Board of Directors' Resolution dated December 4, 2015 numbered 2345 and the functions based on the views, evaluations and relevant transactions of the Audit Committee;
    - Javier Bernal Dionis and Jorge Saenz Azcunaga Carranza be elected as Audit Committee Members, vacated as a result of the resignation of Muammer Cüneyt Sezgin from Audit Committee membership and the resignation of Manuel Pedro Galatas Sanchez-Harguindey from the Board of Directors' membership.
    - Javier Bernal Dionis and Jorge Saenz Azcunaga Carranza be elected as Corporate Governance Committee members, and Independent Board Member Belkis Sema Yurdum and the Director of Investor Relations Department continue duties as Corporate Governance Committee members in accordance with the Corporate Governance Communiqué of the Capital Markets Board.
  - At our Bank's Board of Directors meeting held on March 31 2016, it was resolved that Avni Aydın Düren, who is in charge of Legal Services Executive Vice President and Corporate Secretary be appointed as "Consumer Relations Coordination Officer" to replace Osman Tüzün, following the official notification to the Banking Regulation and Supervision Agency and the provision of the relevant consents.

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

- It has been announced that our Bank has commenced operations for the issuance of discounted bond with a nominal value of TL 100,000,000 and a term of 368 days to qualified investors. In this context; the issuance of the discounted bond with a nominal value of TL 100,000,000 and a term of 368 days to qualified investors has been realized as of 28.01.2016.

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

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

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

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

- Pursuant to the approval of the Capital Markets Board on August 11, 2015 regarding the issuance of all kinds of debt instruments locally including but not limited to bills/ bonds and/ or credit risk-based debt instruments and other structured debt instruments in Turkish Liras in an amount up to TL 2,000,000,000 (two billion Turkish Liras) subject to fixed or variable interest rate, different maturity dates with the purpose of selling to qualified investors; the issuance of the structured note with a nominal value of TL 18,594,376 and a term of 67 days to qualified investors has been realized as of 18.03.2016.

- Upon the approval of the Capital Markets Board dated Jan. 7, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Jan.12-13-14, 2016.

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

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

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

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

- The 119-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Sep.11, 2015 by public offering on Sep.18, 2015 with bookbuilding on Sep. 15-16-17, 2015 with TRQGRAN11616 ISIN code, and 123,199,219 TL nominal value, is redeemed on 15/01/2016.

The 368-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Dec.25, 2014 by public offering on Jan.12, 2015 with bookbuilding on Jan.7-8-9, 2015 with TRSGRAN11612 ISIN code, and 1,952,612 TL nominal value, is redeemed on 15/01/2016.

- Upon the approval of the Capital Markets Board dated Jan. 29, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Feb. 9-10-11, 2016.

Total nominal amount of TL 358,852,671, with a maturity of 94 days, dated 16/05/2016, Garanti Bank Bond:

- ISIN code of TRQGRAN51638;
- Annual Compound Rate 10.88128%
- Simple Rate 10.46759%
- Issue Price 97.375

Total nominal amount of TL 61,955,942, with a maturity of 160 days, dated 21/07/2016, Garanti Bank Bond:

- ISIN code of TRQGRAN71610;
- Annual Compound Rate 10.88180%
- Simple Rate 10.56689%
- Issue Price 95.573

Total nominal amount of TL 459,469,290 with a maturity of 370 days, dated 16/02/2017, Discounted Bond:

- ISIN code of TRSGRAN21728;
- Simple Rate 11.50438%
- Annual Compound Rate 11.49566%
- Issue Price 89.556

- The 175-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Aug.14, 2015 by public offering on Aug.21, 2015 with bookbuilding on Aug.18-19-20, 2015 with TRQGRAN21615 ISIN code, and 9,012,933 TL nominal value, is redeemed on 12/02/2016.

The 81-day maturity bank bond which was issued upon the approval of the Capital Markets Board dated Nov.10, 2015 by public offering on Nov.23, 2015 with bookbuilding on Nov. 18-19-20, 2015 with TRQGRAN21623 ISIN code, and 525,524,383 TL nominal value, is redeemed on 12/02/2016.

The 368-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Jan.23, 2015 by public offering on Feb.09, 2015 with bookbuilding on Feb.4-5-6, 2015 with TRSGRAN21611 ISIN code, and 369,944,526 TL nominal value, is redeemed on 12/02/2016.

- Upon the approval of the Capital Markets Board dated Mar. 11, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Mar. 8-14, 2016.

Total nominal amount of TL 4,959,148 with a maturity of 90 days, dated 13/06/2016, Garanti Bank Bond;

- ISIN code of TRQGRAN61611;
- Annual Compound Rate 10.50055%;
- Simple rate 10.10896%;
- Issue Price 97.568

Total nominal amount of TL 334,701,455, with a maturity of 366 days, dated 16/03/2017, Discounted Bond;

- ISIN code of TRSGRAN31719;
- Annual Compound Rate 11.19988%
- Simple rate 11.20154%
- Issue Price 89.902

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

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

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

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

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