

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

**Türkiye Garanti Bankası Anonim Şirketi
And Its Financial Affiliates
Consolidated Financial Statements
As of and For the Year Ended
31 December 2015**

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

With Independent Auditors' Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
2 February 2016

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and
Footnotes" comprising 129 pages.*

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

Mersis No: 0291001097600016
Ticari Sicil No : 304099

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates (together will be referred as "the Group") as at 31 December 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Basis For Qualified Opinion

Subsequent to the reversal of TL 73,000 thousands in the current period the accompanying consolidated financial statements include a general reserve amounting to TL 342,000 thousands as of the balance sheet date, provided by the Bank management in prior periods in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Qualified Opinion

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş. and its consolidated financial affiliates as at 31 December 2015 and the results of its operations and its cash flows for the year ended in accordance with the BRSA Accounting and Reporting Regulations.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

Additional paragraph for English translation

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

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



Şule Firuzment Bekçe
Partner

Istanbul, 2 February 2016

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL AFFILIATES
CONSOLIDATED FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

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

Affiliates

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

Special Purpose Entities

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

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

Ferit F. Şahenk
Board of Directors Chairman

Ali Fuat Erbil
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial Reporting

Aylin Aktürk
Coordinator

M. Cüneyt Sezgin
Audit Committee Member

Manuel Pedro
Galatas Sanchez -Harguindey
Audit Committee Member

The authorized contact person for questions on this financial report:

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 and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 971 domestic branches, nine foreign branches and three representative offices abroad. The Bank’s head office is located in Istanbul.

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

As of 31 December 2015, group of companies under Banco Bilbao Vizcaya Argentaria SA (“BBVA”) that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğuř 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 Doğuř Holding AŞ (the Doğuř Group).

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

Finally, in accordance with the terms of the agreement between BBVA and Doğuř 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 Doğuř Group to BBVA, has been completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank has reached to 39.90% and BBVA has become the main shareholder. The Bank has moved to “Foreign Deposit Banks” category from “Private Deposit Bank” category by BRSA.

Accordingly, as of balance sheet date, the Doğuř Group’s interest in the share capital of the Bank is at 10%.

BBVA Group

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

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

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

Doğuş Group

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

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

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

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	25 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Independent Member of BOD and Audit Committee	30.06.2004	PhD	27 years
Manuel Pedro Galatas Sanchez Harguindey	Independent Member of BOD and Audit Committee	05.05.2011	University	31 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	22 years
Maria Isabel Goiri Lartitegui	Member	27.07.2015	Master	25 years
Javier Bernal Dionis	Member	27.07.2015	Master	25 years
Belkıs Sema Yurdum	Independent Member	30.04.2013	University	35 years
Sait Ergun Özen	Member	14.05.2003	University	28 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	23 years

CEO and Executive Vice Presidents^(*):

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ali Fuat Erbil	CEO	02.09.2015	PhD	23 years
Gökhan Erün	EVP-Corporate Banking and Treasury Deputy CEO	01.09.2005	Master	21 years
Onur Genç	EVP-Retail Banking Deputy CEO	20.03.2012	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	33 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	40 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	25 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	21 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	21 years
Osman Nuri Tüzün	EVP- Human Resources, Customer Satisfaction and Support Services	19.08.2015	Master	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	20 years

(*) Ali Temel was appointed as EVP responsible for “Credit Risk Management Head” and Aydın Güler was appointed as EVP responsible for “Finance and Accounting”. The processes regarding legal authorizations have not been finalized yet.

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

1.4 Information on parent bank’s qualified shareholders

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

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

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

1.5 Summary information on parent bank's activities and services

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

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits 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 December 2015

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2015			31 December 2014		
			TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK		5.1.1	2,259,681	23,026,956	25,286,637	1,760,060	23,432,509	25,192,569
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		5.1.2	1,462,619	684,896	2,147,515	1,144,139	723,777	1,867,916
2.1 Financial assets held for trading			1,264,501	684,896	1,949,397	942,754	723,777	1,666,531
2.1.1 Government securities			102,196	21,974	124,170	73,423	8,112	81,535
2.1.2 Equity securities			61,002	-	61,002	72,940	-	72,940
2.1.3 Derivative financial assets held for trading			1,095,113	629,983	1,725,096	755,168	693,013	1,448,181
2.1.4 Other securities			6,190	32,939	39,129	41,223	22,652	63,875
2.2 Financial assets valued at fair value through profit or loss			198,118	-	198,118	201,385	-	201,385
2.2.1 Government securities			-	-	-	-	-	-
2.2.2 Equity securities			-	-	-	-	-	-
2.2.3 Loans		5.1.5	198,118	-	198,118	201,385	-	201,385
2.2.4 Other securities			-	-	-	-	-	-
III. BANKS		5.1.3	925,430	15,380,736	16,306,166	1,796,433	11,066,991	12,863,424
IV. INTERBANK MONEY MARKETS			18,715	61,651	80,366	25,692	84,551	110,243
4.1 Interbank money market placements			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements			-	61,069	61,069	-	80,446	80,446
4.3 Receivables from reverse repurchase agreements			18,715	582	19,297	25,692	4,105	29,797
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)		5.1.4	19,311,243	5,444,527	24,755,770	19,276,594	4,253,710	23,530,304
5.1 Equity securities			36,852	311,899	348,751	34,867	63,742	98,609
5.2 Government securities			18,582,761	526,266	19,109,027	17,500,522	871,296	18,371,818
5.3 Other securities			691,630	4,606,362	5,297,992	1,741,205	3,318,672	5,059,877
VI. LOANS		5.1.5	101,287,767	70,467,416	171,755,183	86,092,273	57,945,413	144,037,686
6.1 Loans			100,451,440	69,956,397	170,407,837	85,465,405	57,471,974	142,937,379
6.1.1 Loans to bank's risk group		5.7	331,184	1,782,214	2,113,398	153,890	1,402,013	1,555,903
6.1.2 Government securities			-	-	-	-	-	-
6.1.3 Other			100,120,256	68,174,183	168,294,439	85,311,515	56,069,961	141,381,476
6.2 Loans under follow-up			4,404,025	1,241,788	5,645,813	3,300,829	1,085,225	4,386,054
6.3 Specific provisions (-)			3,567,698	730,769	4,298,467	2,673,961	611,786	3,285,747
VII. FACTORING RECEIVABLES		5.1.6	1,948,785	934,822	2,883,607	2,270,223	688,726	2,958,949
VIII. INVESTMENTS HELD-TO-MATURITY (Net)		5.1.7	11,980,469	9,336,777	21,317,246	13,387,953	7,279,089	20,667,042
8.1 Government securities			11,966,880	5,810,098	17,776,978	13,360,951	4,641,023	18,001,974
8.2 Other securities			13,589	3,526,679	3,540,268	27,002	2,638,066	2,665,068
IX. INVESTMENTS IN ASSOCIATES (Net)		5.1.8	37,258	3	37,261	37,258	3	37,261
9.1 Associates consolidated under equity accounting			-	-	-	-	-	-
9.2 Unconsolidated associates			37,258	3	37,261	37,258	3	37,261
9.2.1 Financial investments in associates			33,329	-	33,329	33,329	-	33,329
9.2.2 Non-financial investments in associates			3,929	3	3,932	3,929	3	3,932
X. INVESTMENTS IN SUBSIDIARIES (Net)		5.1.9	114,236	1,166	115,402	114,236	847	115,083
10.1 Unconsolidated financial investments in affiliates			-	-	-	-	-	-
10.2 Unconsolidated non-financial investments in affiliates			114,236	1,166	115,402	114,236	847	115,083
XI. INVESTMENTS IN JOINT-VENTURES (Net)		5.1.10	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting			-	-	-	-	-	-
11.2 Unconsolidated joint-ventures			-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures			-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures			-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		5.1.11	1,475,673	3,575,919	5,051,592	1,249,559	2,904,844	4,154,403
12.1 Financial lease receivables			1,770,905	3,982,718	5,753,623	1,506,256	3,280,332	4,786,588
12.2 Operational lease receivables			-	-	-	-	-	-
12.3 Others			-	-	-	-	-	-
12.4 Unearned income (-)			295,232	406,799	702,031	256,697	375,488	632,185
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		5.1.12	89,064	591,933	680,997	46,202	120,050	166,252
13.1 Fair value hedges			60,616	7,483	68,099	31,158	83	31,241
13.2 Cash flow hedges			28,448	584,450	612,898	15,044	119,967	135,011
13.3 Net foreign investment hedges			-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		5.1.13	3,268,338	144,551	3,412,889	1,413,743	136,620	1,550,363
XV. INTANGIBLE ASSETS (Net)		5.1.14	229,407	24,224	253,631	212,982	24,370	237,352
15.1 Goodwill			6,388	-	6,388	6,388	-	6,388
15.2 Other intangibles			223,019	24,224	247,243	206,594	24,370	230,964
XVI. INVESTMENT PROPERTY (Net)		5.1.15	298,970	8,125	307,095	296,191	-	296,191
XVII. TAX ASSET			433,905	60,696	494,601	432,739	52,202	484,941
17.1 Current tax asset			9,384	21,594	30,978	58	9,231	9,289
17.2 Deferred tax asset		5.1.16	424,521	39,102	463,623	432,681	42,971	475,652
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		5.1.17	349,074	17,291	366,365	172,449	5,758	178,207
18.1 Asset held for resale			349,074	17,291	366,365	172,449	5,758	178,207
18.2 Assets of discontinued operations			-	-	-	-	-	-
XIX. OTHER ASSETS		5.1.18	2,491,504	1,903,351	4,394,855	2,185,569	424,375	2,609,944
TOTAL ASSETS			147,982,138	131,665,040	279,647,178	131,914,295	109,143,835	241,058,130

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 31 December 2015

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2015			31 December 2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	66,208,826	89,925,605	156,134,431	61,920,631	71,505,248	133,425,879
1.1 Deposits from bank's risk group	5.7	500,462	421,591	922,053	541,060	488,134	1,029,194
1.2 Other		65,708,364	89,504,014	155,212,378	61,379,571	71,017,114	132,396,685
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	1,710,457	912,146	2,622,603	1,073,132	1,027,639	2,100,771
III. FUNDS BORROWED	5.2.3	3,454,721	35,905,174	39,359,895	5,740,980	32,047,561	37,788,541
IV. INTERBANK MONEY MARKETS		12,971,931	3,595,865	16,567,796	4,900,797	7,120,368	12,021,165
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		426,678	-	426,678	-	-	-
4.3 Obligations under repurchase agreements	5.2.4	12,545,253	3,595,865	16,141,118	4,900,797	7,120,368	12,021,165
V. SECURITIES ISSUED (Net)	5.2.4	4,540,183	10,971,414	15,511,597	4,843,784	9,594,572	14,438,356
5.1 Bills		1,925,100	160,472	2,085,572	2,038,716	-	2,038,716
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,615,083	10,810,942	13,426,025	2,805,068	9,594,572	12,399,640
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	7,190,187	1,389,835	8,580,022	6,101,705	799,831	6,901,536
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		2,032,985	1,929,250	3,962,235	1,818,236	666,031	2,484,267
IX. FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X. LEASE PAYABLES (Net)	5.2.6	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	10,928	239,563	250,491	99,572	179,811	279,383
11.1 Fair value hedges		10,928	210,635	221,563	99,572	111,931	211,503
11.2 Cash flow hedges		-	28,928	28,928	-	67,880	67,880
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	4,444,409	150,563	4,594,972	3,988,461	120,827	4,109,288
12.1 General provisions		2,957,392	70,584	3,027,976	2,395,297	62,255	2,457,552
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		552,104	18,891	570,995	519,406	28,852	548,258
12.4 Insurance technical provisions (Net)		221,605	29,687	251,292	239,160	-	239,160
12.5 Other provisions		713,308	31,401	744,709	834,598	29,720	864,318
XIII. TAX LIABILITY	5.2.9	660,910	38,678	699,588	670,717	36,446	707,163
13.1 Current tax liability		660,910	38,678	699,588	670,717	36,446	707,163
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1 Asset held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	5.2.11	-	159,792	159,792	-	140,766	140,766
XVI. SHAREHOLDERS' EQUITY	5.2.12	30,807,168	396,588	31,203,756	26,528,862	132,153	26,661,015
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		1,783,549	189,097	1,972,646	820,188	(11,063)	809,125
16.2.1 Share premium		11,880	-	11,880	11,880	-	11,880
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		(427,264)	143,622	(283,642)	82,677	6,104	88,781
16.2.4 Revaluation surplus on tangible assets		1,760,634	5,249	1,765,883	175,034	-	175,034
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, affiliates and joint-ventures		947	-	947	947	-	947
16.2.8 Hedging reserves (effective portion)		(258,346)	40,226	(218,120)	(169,856)	(17,167)	(187,023)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		695,698	-	695,698	719,506	-	719,506
16.3 Profit reserves		21,016,101	207,491	21,223,592	17,667,537	143,216	17,810,753
16.3.1 Legal reserves		1,199,314	27,314	1,226,628	1,157,675	22,279	1,179,954
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		19,164,305	3,860	19,168,165	16,161,553	1,638	16,163,191
16.3.4 Other profit reserves		652,482	176,317	828,799	348,309	119,299	467,608
16.4 Profit or loss		3,580,901	-	3,580,901	3,647,404	-	3,647,404
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,580,901	-	3,580,901	3,647,404	-	3,647,404
16.5 Minority interest		226,617	-	226,617	193,733	-	193,733
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		134,032,705	145,614,473	279,647,178	117,686,877	123,371,253	241,058,130

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 31 December 2015

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2015			PRIOR PERIOD 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		150,726,280	239,794,120	390,520,400	124,389,720	179,316,627	303,706,347
I. GUARANTEES AND SURETIES	5.3.1	14,860,696	34,072,026	48,932,722	12,149,325	25,579,872	37,729,197
1.1 Letters of guarantee		14,828,828	17,880,281	32,709,109	12,138,798	15,379,775	27,518,573
1.1.1 Guarantees subject to State Tender Law		-	1,099,700	1,099,700	-	883,228	883,228
1.1.2 Guarantees given for foreign trade operations		1,950,896	429,466	2,380,362	1,467,460	487,126	1,954,586
1.1.3 Other letters of guarantee		12,877,932	16,351,115	29,229,047	10,671,338	14,009,421	24,680,759
1.2 Bank acceptances		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.1 Import letter of acceptance		20,793	1,517,276	1,538,069	9,600	806,287	815,887
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		11,075	14,565,263	14,576,338	927	9,307,108	9,308,035
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		11,075	14,565,263	14,576,338	927	9,307,108	9,308,035
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	109,206	109,206	-	86,702	86,702
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		37,544,577	12,212,173	49,756,750	37,592,345	10,396,512	47,988,857
2.1 Irrevocable commitments		37,406,104	11,856,041	49,262,145	37,484,500	10,293,302	47,777,802
2.1.1 Asset purchase and sale commitments		35,604	3,211,242	3,246,846	1,584,514	3,862,326	5,446,840
2.1.2 Deposit purchase and sale commitments		-	16,628	16,628	-	-	-
2.1.3 Share capital commitments to associates and affiliates		-	5,297	5,297	-	6,059	6,059
2.1.4 Loan granting commitments		6,188,170	7,960,528	14,148,698	6,093,560	5,201,258	11,294,818
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		3,063,075	-	3,063,075	2,874,791	-	2,874,791
2.1.8 Tax and fund obligations on export commitments		20,529	-	20,529	15,861	-	15,861
2.1.9 Commitments for credit card limits		26,825,955	240,665	27,066,620	25,642,813	156,788	25,799,601
2.1.10 Commitments for credit cards and banking services related promotions		8,561	-	8,561	8,751	-	8,751
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,264,210	421,681	1,685,891	1,264,210	1,066,871	2,331,081
2.2 Revocable commitments		138,473	356,132	494,605	107,845	103,210	211,055
2.2.1 Revocable loan granting commitments		2,091	-	2,091	42,009	-	42,009
2.2.2 Other revocable commitments		136,382	356,132	492,514	65,836	103,210	169,046
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	98,321,007	193,509,921	291,830,928	74,648,050	143,340,243	217,988,293
3.1 Derivative financial instruments held for risk management		7,107,440	16,963,601	24,071,041	8,124,272	9,306,282	17,430,554
3.1.1 Fair value hedges		3,439,355	9,266,494	12,705,849	4,034,049	4,802,991	8,837,040
3.1.2 Cash flow hedges		3,668,085	7,697,107	11,365,192	4,090,223	4,503,291	8,593,514
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		91,213,567	176,546,320	267,759,887	66,523,778	134,033,961	200,557,739
3.2.1 Forward foreign currency purchases/sales		13,657,205	19,440,673	33,097,878	10,086,437	12,426,784	22,513,221
3.2.1.1 Forward foreign currency purchases		5,309,452	11,274,973	16,584,425	4,430,102	6,884,095	11,314,197
3.2.1.2 Forward foreign currency sales		8,347,753	8,165,700	16,513,453	5,656,335	5,542,689	11,199,024
3.2.2 Currency and interest rate swaps		37,602,313	89,917,096	127,519,409	34,360,421	83,087,805	117,448,226
3.2.2.1 Currency swaps-purchases		14,376,034	34,129,707	48,505,741	10,210,965	37,447,942	47,658,907
3.2.2.2 Currency swaps-sales		19,580,059	26,224,265	45,804,324	19,879,952	25,536,137	45,416,089
3.2.2.3 Interest rate swaps-purchases		1,823,110	14,781,562	16,604,672	2,134,752	10,051,863	12,186,615
3.2.2.4 Interest rate swaps-sales		1,823,110	14,781,562	16,604,672	2,134,752	10,051,863	12,186,615
3.2.3 Currency, interest rate and security options		39,582,679	54,883,150	94,465,829	22,051,233	29,737,878	51,789,111
3.2.3.1 Currency call options		16,065,334	26,565,083	42,630,417	9,817,575	13,833,684	23,651,259
3.2.3.2 Currency put options		23,503,191	21,989,969	45,493,160	12,227,334	12,568,861	24,796,195
3.2.3.3 Interest rate call options		-	6,260,492	6,260,492	-	3,317,397	3,317,397
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		3,466	33,803	37,269	3,384	8,968	12,352
3.2.3.6 Security put options		10,688	33,803	44,491	2,940	8,968	11,908
3.2.4 Currency futures		4,381	283,825	288,206	19,583	19,928	39,511
3.2.4.1 Currency futures-purchases		3,965	3,463	7,428	-	19,099	19,099
3.2.4.2 Currency futures-sales		416	280,362	280,778	19,583	829	20,412
3.2.5 Interest rate futures		-	-	-	-	92,200	92,200
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	92,200	92,200
3.2.6 Others		366,989	12,021,576	12,388,565	6,104	8,669,366	8,675,470
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		548,874,581	417,680,618	966,555,199	506,774,603	374,807,156	881,581,759
IV. ITEMS HELD IN CUSTODY		48,947,357	33,749,852	82,697,209	42,007,900	24,449,530	66,457,430
4.1 Customers' securities held		14,374,137	-	14,374,137	8,268,224	-	8,268,224
4.2 Investment securities held in custody		19,795,650	13,838,529	33,634,179	21,117,192	6,385,801	27,502,993
4.3 Checks received for collection		12,307,476	2,576,003	14,883,479	10,523,739	2,096,471	12,620,210
4.4 Commercial notes received for collection		2,234,925	1,215,680	3,450,605	1,974,573	895,388	2,869,961
4.5 Other assets received for collection		71,631	13,190,928	13,262,559	67,738	13,485,525	13,553,263
4.6 Assets received through public offering		-	70,813	70,813	-	56,584	56,584
4.7 Other items under custody		163,538	2,857,899	3,021,437	56,434	1,529,761	1,586,195
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		499,927,224	383,930,766	883,857,990	464,766,703	350,357,626	815,124,329
5.1 Securities		4,292,190	319,059	4,611,249	3,621,592	14,069	3,635,661
5.2 Guarantee notes		39,074,083	13,088,941	52,163,024	41,904,628	12,401,652	54,306,280
5.3 Commodities		3,142	-	3,142	2,234	-	2,234
5.4 Warranties		-	292,681	292,681	-	771,718	771,718
5.5 Real estates		113,104,394	71,837,629	184,942,023	94,933,475	69,794,029	164,727,504
5.6 Other pledged items		343,453,245	298,391,829	641,845,074	324,304,604	267,375,657	591,680,261
5.7 Pledged items-depository		170	627	797	170	501	671
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		699,600,861	657,474,738	1,357,075,599	631,164,323	554,123,783	1,185,288,106

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Income Statement
At 31 December 2015

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2015- 31 December 2015	PRIOR PERIOD 1 January 2014- 31 December 2014
I. INTEREST INCOME	5.4.1	18,945,730	16,518,449
1.1 Interest income on loans		14,296,710	11,807,301
1.2 Interest income on reserve deposits		65,562	3,656
1.3 Interest income on banks		162,585	202,074
1.4 Interest income on money market transactions		5,905	5,378
1.5 Interest income on securities portfolio		3,609,862	3,818,985
1.5.1 Trading financial assets		21,770	35,468
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		1,971,919	2,091,457
1.5.4 Investments held-to-maturity		1,616,173	1,692,060
1.6 Financial lease income		397,158	354,267
1.7 Other interest income		407,948	326,788
II. INTEREST EXPENSE	5.4.2	8,687,681	8,147,616
2.1 Interest on deposits		5,827,205	5,292,865
2.2 Interest on funds borrowed		1,165,403	1,228,320
2.3 Interest on money market transactions		734,010	767,805
2.4 Interest on securities issued		942,191	846,976
2.5 Other interest expenses		18,872	11,650
III. NET INTEREST INCOME (I - II)		10,258,049	8,370,833
IV. NET FEES AND COMMISSIONS INCOME		2,964,732	2,989,885
4.1 Fees and commissions received		3,901,833	3,796,761
4.1.1 Non-cash loans		303,717	271,934
4.1.2 Others		3,598,116	3,524,827
4.2 Fees and commissions paid		937,101	806,876
4.2.1 Non-cash loans		3,312	1,391
4.2.2 Others		933,789	805,485
V. DIVIDEND INCOME	5.4.3	5,399	2,066
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	(830,631)	(60,275)
6.1 Trading account income/losses (Net)		590,974	5,714
6.2 Income/losses from derivative financial instruments (Net)		(2,318,751)	(1,106,098)
6.3 Foreign exchange gains/losses (Net)		897,146	1,040,109
VII. OTHER OPERATING INCOME	5.4.5	1,509,520	1,073,935
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		13,907,069	12,376,444
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	2,642,365	2,185,140
X. OTHER OPERATING EXPENSES (-)	5.4.7	6,605,217	5,421,599
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,659,487	4,769,705
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	4,659,487	4,769,705
XVI. PROVISION FOR TAXES (±)	5.4.9	1,044,373	1,090,824
16.1 Current tax charge		830,414	1,449,083
16.2 Deferred tax charge/(credit)		213,959	(358,259)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,615,114	3,678,881
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, affiliates and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, affiliates and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11	3,615,114	3,678,881
23.1 Equity holders of the bank		3,580,901	3,647,404
23.2 Minority interest		34,213	31,477
Earnings per Share		0.853	0.868

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 31 December 2015

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2015 - 31 December 2015	PRIOR PERIOD 1 January 2014 - 31 December 2014
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(480,125)	716,176
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	1,605,420	730
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	332,435	(203,184)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	82,023	(55,876)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(120,894)	55,535
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(23,788)	(52,792)
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	100,910	(120,067)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	1,495,981	340,522
XI. CURRENT PERIOD PROFIT/LOSSES	3,615,114	3,678,881
1.1 Net changes in fair value of securities (transferred to income statement)	109,041	54,416
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	55,132	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,450,941	3,624,465
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	5,111,095	4,019,403

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

(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 December 2015

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																	
			Paid-In Capital	Inflation Adjustment to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD - 1 January-31 December 2014																				
I.	Balances at beginning of the period		4,200,000	772,554	11,880	-	1,153,154	-	13,315,508	632,351	-	3,314,434	(494,431)	174,304	947	(227,350)	-	22,853,351	162,818	23,016,169
II.	Correction made as per TAS 8		-	-	-	-	-	-	(41,747)	-	-	51,775	-	-	-	40,600	-	50,628	-	50,628
2.1.	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of changes in accounting policies		-	-	-	-	-	-	(41,747)	-	-	51,775	-	-	-	40,600	-	50,628	-	50,628
III.	Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880	-	1,153,154	-	13,273,761	632,351	-	3,366,209	(494,431)	174,304	947	(186,750)	-	22,903,979	162,818	23,066,797
	Changes during the period	5.5																		
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-	-	-	-	-	583,212	-	-	-	-	583,212	26	583,238
VI.	Hedging reserves		-	-	-	-	-	-	-	(55,444)	-	-	-	-	-	(273)	-	(55,717)	-	(55,717)
6.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(44,701)	-	(44,701)	-	(44,701)
6.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(55,444)	-	-	-	-	-	44,428	-	(11,016)	-	(11,016)
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	730	-	-	-	730	-	730
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	(2,752)	-	(81)	(144,907)	-	-	-	-	-	-	-	(147,740)	-	(147,740)
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from 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		-	-	-	-	-	-	11,900	(51,486)	-	-	-	-	-	-	-	(39,586)	(403)	(39,989)
XIX.	Current period net profit/loss		-	-	-	-	-	-	-	-	3,647,404	-	-	-	-	-	-	3,647,404	31,477	3,678,881
XX.	Profit distribution		-	-	-	-	29,552	-	2,877,611	34,046	-	(3,366,209)	-	-	-	-	-	(425,000)	(185)	(425,185)
20.1.	Dividends		-	-	-	-	-	-	-	-	-	(425,000)	-	-	-	-	-	(425,000)	(185)	(425,185)
20.2.	Transfers to reserves		-	-	-	-	29,552	-	2,877,611	-	-	(2,907,163)	-	-	-	-	-	-	-	-
20.3.	Others		-	-	-	-	-	-	-	34,046	-	(34,046)	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)			4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	3,647,404	-	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015
CURRENT PERIOD - 1 January-31 December 2015																				
I.	Balances at beginning of the period	5.5	4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	-	3,647,404	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015
Changes during the period																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities		-	-	-	-	-	-	-	-	-	(372,423)	-	-	-	-	-	(372,423)	5	(372,418)
IV.	Hedging reserves		-	-	-	-	-	-	-	191,954	-	-	-	-	-	(31,097)	-	160,857	-	160,857
4.1.	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	65,618	-	65,618	-	65,618
4.2.	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	191,954	-	-	-	-	-	(96,715)	-	95,239	-	95,239
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	1,590,849	-	-	-	1,590,849	-	1,590,849
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	2,875	-	315	137,291	-	-	-	-	-	-	-	140,481	-	140,481
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from 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		-	-	-	-	-	-	-	(23,808)	-	-	-	-	-	-	-	(23,808)	20	(23,788)
XVII.	Current period net profit/loss		-	-	-	-	-	-	-	-	3,580,901	-	-	-	-	-	-	3,580,901	34,213	3,615,114
XVIII.	Profit distribution		-	-	-	-	43,799	-	3,004,659	31,946	-	(3,647,404)	-	-	-	-	-	(567,000)	(1,354)	(568,354)
18.1.	Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)	(1,354)	(568,354)
18.2.	Transfers to reserves		-	-	-	-	43,799	-	3,004,659	-	-	(3,048,458)	-	-	-	-	-	-	-	-
18.3.	Others		-	-	-	-	-	-	-	31,946	-	(31,946)	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)			4,200,000	772,554	11,880	-	1,226,628	-	19,168,165	751,943	3,580,901	-	(283,642)	1,765,883	947	(218,120)	-	30,977,139	226,617	31,203,756

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 Cash Flows
At 31 December 2015

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2015 31 December 2015	1 January 2014 31 December 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	4,295,892	5,740,267
1.1.1 Interests received		18,093,803	15,609,682
1.1.2 Interests paid		(9,051,033)	(7,664,660)
1.1.3 Dividend received		5,399	2,066
1.1.4 Fees and commissions received		3,901,833	3,796,761
1.1.5 Other income		1,988,138	719,982
1.1.6 Collections from previously written-off loans and other receivables		91,969	110,429
1.1.7 Payments to personnel and service suppliers		(5,519,024)	(4,547,330)
1.1.8 Taxes paid		(1,139,790)	(1,314,614)
1.1.9 Others		(4,075,403)	(972,049)
1.2 Changes in operating assets and liabilities	5.6	(1,684,836)	(3,827,950)
1.2.1 Net (increase) decrease in financial assets held for trading		(12,079)	27,153
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(1,782,004)	(984,630)
1.2.4 Net (increase) decrease in loans		(29,603,414)	(16,411,843)
1.2.5 Net (increase) decrease in other assets		(2,594,373)	(2,464,570)
1.2.6 Net increase (decrease) in bank deposits		(140,250)	372,881
1.2.7 Net increase (decrease) in other deposits		22,825,800	13,766,556
1.2.8 Net increase (decrease) in funds borrowed		6,564,452	(523,626)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		3,057,032	2,390,129
I. Net cash flow from banking operations	5.6	2,611,056	1,912,317
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(2,328,036)	(4,347,134)
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	(150)
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(561,310)	(401,097)
2.4 Sales of tangible assets		129,503	97,596
2.5 Cash paid for purchase of financial assets available-for-sale, net		(8,206,716)	(16,575,537)
2.6 Cash obtained from sale of financial assets available-for-sale, net		6,616,005	17,443,736
2.7 Cash paid for purchase of investments held-to-maturity		(3,277,512)	(6,563,021)
2.8 Cash obtained from sale of investments held-to-maturity		2,971,994	1,651,339
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		463,710	3,149,692
3.1 Cash obtained from funds borrowed and securities issued		8,742,941	12,431,655
3.2 Cash used for repayment of funds borrowed and securities issued		(7,710,787)	(8,856,710)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(568,354)	(425,185)
3.5 Payments for financial leases		(90)	(68)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		994,091	500,784
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	1,740,821	1,215,659
VI. Cash and cash equivalents at beginning of period	5.6	9,999,761	8,784,102
VII. Cash and cash equivalents at end of period (V+VI)	5.6	11,740,582	9,999,761

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

3 Accounting Policies

3.1 Basis of presentation

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

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial 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 December 2015, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale 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 real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

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

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

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

3.8 Impairment of financial assets

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

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

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

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

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

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

3.9.2 Derecognition of financial assets

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	31 December 2015	31 December 2014
Net Effective Discount Rate	2.99%	2.36%
Discount Rate	10.30%	8.60%
Expected Rate of Salary Increase	8.60%	7.60%
Inflation Rate	7.10%	6.10%

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

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

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

Retirement benefit obligations

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

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

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

	31 December 2015	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

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

Tax applications for foreign financial affiliates

THE NETHERLANDS

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

RUSSIA

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

ROMANIA

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

3.18.2 Deferred taxes

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

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

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

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

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

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

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2015, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	4,908,424	4,544,172	1,342,593	3,106,481	13,901,670
Other	-	-	-	-	-
Total Operating Profit	4,908,424	4,544,172	1,342,593	3,106,481	13,901,670
Net Operating Profit	(191,414)	2,103,688	1,005,203	1,736,611	4,654,088
Income from Associates and Affiliates	-	-	-	5,399	5,399
Net Operating Profit	(191,414)	2,103,688	1,005,203	1,742,010	4,659,487
Provision for Taxes	-	-	-	1,044,373	1,044,373
Net Profit	(191,414)	2,103,688	1,005,203	697,637	3,615,114
Segment Assets	54,964,113	115,782,773	79,127,377	29,620,252	279,494,515
Investments in Associates and Affiliates	-	-	-	152,663	152,663
Total Assets	54,964,113	115,782,773	79,127,377	29,772,915	279,647,178
Segment Liabilities	99,097,088	57,963,972	71,210,474	20,171,888	248,443,422
Shareholders' Equity	-	-	-	31,203,756	31,203,756
Total Liabilities and Shareholders' Equity	99,097,088	57,963,972	71,210,474	51,375,644	279,647,178

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,867,463	4,035,498	1,557,509	2,913,908	12,374,378
Other	-	-	-	-	-
Total Operating Profit	3,867,463	4,035,498	1,557,509	2,913,908	12,374,378
Net Operating Profit	366,142	2,028,080	981,835	1,391,582	4,767,639
Income from Associates and Affiliates	-	-	-	2,066	2,066
Net Operating Profit	366,142	2,028,080	981,835	1,393,648	4,769,705
Provision for Taxes	-	-	-	1,090,824	1,090,824
Net Profit	366,142	2,028,080	981,835	302,824	3,678,881
Segment Assets	48,782,409	95,669,419	73,992,308	22,461,650	240,905,786
Investments in Associates and Affiliates	-	-	-	152,344	152,344
Total Assets	48,782,409	95,669,419	73,992,308	22,613,994	241,058,130
Segment Liabilities	83,063,109	50,345,874	64,438,463	16,549,669	214,397,115
Shareholders' Equity	-	-	-	26,661,015	26,661,015
Total Liabilities and Shareholders' Equity	83,063,109	50,345,874	64,438,463	43,210,684	241,058,130

3.24 Other disclosures

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

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

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

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

The Bank presented the clients' investments in pension funds amounting to TL 6,164,056 thousands (31 December 2013: TL 4,309,289 thousands) accounted under assets of its affiliate in pension business and the corresponding liabilities to those clients amounting to TL 6,164,056 thousands (31 December 2013: TL 4,309,289 thousands) on a net basis as per the requirements of TAS 39 .

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

<i>31 December 2014</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Investment Property	120,258	175,933	296,191
Deferred Tax Asset	450,957	24,695	475,652
Other Assets	8,803,533	(6,193,589)	2,609,944
Total Assets	247,051,091	(5,992,961)	241,058,130
Miscellaneous Payables	13,020,070	(6,118,534)	6,901,536
Other Provisions	772,691	91,627	864,318
Hedging Reserve (Effective Portion)	(216,607)	29,584	(187,023)
Extraordinary Reserves	16,153,163	10,028	16,163,191
Current Period Net Profit/Loss	3,684,547	(5,666)	3,678,881
Total Liabilities and Shareholders' Equity	247,051,091	(5,992,961)	241,058,130
Foreign Exchange Gains/Losses (net)	1,026,340	13,769	1,040,109
Other Operating Income	1,035,874	38,059	1,073,935
Other Operating Expense	5,355,550	66,049	5,421,599
Provision for Taxes	1,099,377	(8,553)	1,090,824
Current period net profit/loss	3,684,547	(5,666)	3,678,881

<i>31 December 2013</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Investment Property	121,671	137,873	259,544
Deferred Tax Asset	213,620	13,232	226,852
Other Assets	7,672,784	(4,333,163)	3,339,621
Total Assets	221,482,286	(4,182,058)	217,300,228
Miscellaneous Payables	10,014,836	(4,269,686)	5,745,150
Other Provisions	660,149	37,000	697,149
Hedging Reserve (Effective Portion)	(227,350)	40,600	(186,750)
Extraordinary Reserves	13,315,508	(41,747)	13,273,761
Current Period Net Profit/Loss	3,314,434	51,775	3,366,209
Total Liabilities and Shareholders' Equity	221,482,286	(4,182,058)	217,300,228
Foreign Exchange Gains/Losses (net)	286,262	(40,600)	245,662
Other Operating Income	936,109	172,881	1,108,990
Other Operating Expense	4,796,858	100,633	4,897,491
Provision for Taxes	1,030,946	(20,127)	1,010,819
Current period net profit/loss	3,338,793	51,775	3,390,568

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

As per the revised “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” effective from 1 July 2012, the Bank’s consolidated capital adequacy ratio is 13.53% as of 31 December 2015 (31 December 2014: 13.86%) (unconsolidated capital adequacy ratio 15.03% (31 December 2014: 15.23%)).

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.28756 dated 5 September 2013.

In the calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as “trading book” and “banking book” according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivatives classified in the banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

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

4.1.2 Consolidated capital adequacy ratio

Current Period	Risk Weights								
	Parent Bank Only								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	-	2,133,044	24,121,583	28,762,481	111,416,563	9,250,035	19,141,730	1,617,358
Exposure Categories	55,176,759	-	10,665,220	48,243,166	38,349,975	111,416,563	6,166,690	9,570,865	646,943
Conditional and unconditional exposures to central governments or central banks	52,618,239	-	14	7,141,275	-	329,113	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,354	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	53,434	-	-	-
Conditional and unconditional exposures to multilateral development banks	215,512	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,252,936	10,283,992	-	8,711	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,352,315	3,501,515	-	94,600,733	-	-	-
Conditional and unconditional retail exposures	-	-	2,290	5,232	38,349,975	5,665,900	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	27,305,418	-	-	-	-	-
Past due items	-	-	-	5,734	-	554,834	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	37,894	6,166,690	9,570,865	646,943
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	34,434	-	-	-	-	16,339	-	-	-
Other items	2,308,574	-	311	-	-	10,149,605	-	-	-

<i>Prior Period</i>	Risk Weights								
	Parent Bank Only								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
Value at Credit Risk	-	-	1,994,956	19,039,877	25,107,898	86,887,374	6,390,335	24,511,860	1,308,088
Exposure Categories	52,312,514	-	9,974,782	38,079,754	33,477,197	86,887,374	4,260,223	12,255,930	523,235
Conditional and unconditional exposures to central governments or central banks	49,904,231	-	13	7,253,564	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,913	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	46,942	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	8,333,300	7,456,944	-	8,024	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,578,473	2,294,483	-	75,926,104	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	4,868	33,477,197	4,930,885	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	21,066,535	-	-	-	-	-
Past due items	-	-	-	3,360	-	435,309	-	-	-
Items in regulatory high-risk categories	-	-	-	-	-	15,394	4,260,223	12,255,930	523,235
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	33,877	-	-	-	-	20,574	-	-	-
Other items	2,374,388	-	209	-	-	5,504,139	-	-	-

<i>Current Period</i>	Risk Weights								
	Consolidated								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
Value at Credit Risk	-	-	2,437,234	27,116,748	30,212,965	122,578,041	10,131,806	20,901,790	1,999,465
Exposure Categories	59,223,592	-	12,186,170	54,233,496	40,283,953	122,578,041	6,754,537	10,450,895	799,786
Conditional and unconditional exposures to central governments or central banks	56,526,946	-	55,111	7,649,467	-	329,113	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,355	21,831	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	75,128	-	-	-
Conditional and unconditional exposures to multilateral development banks	218,523	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	10,366,258	13,459,983	-	121,499	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,704,845	4,336,629	-	109,192,496	-	-	-
Conditional and unconditional retail exposures	-	-	2,290	7,122	40,283,953	5,678,550	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	28,740,396	-	-	-	-	-
Past due items	-	-	-	12,996	-	893,427	-	-	-
Items in regulatory high-risk categories	-	-	-	5,072	-	78,397	6,754,537	10,450,895	799,786
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	34,434	-	-	-	-	16,339	-	-	-
Other items	2,443,689	-	311	-	-	6,193,092	-	-	-

<i>Prior Period</i>	Risk Weights								
	Consolidated								
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>200%</i>	<i>250%</i>
Value at Credit Risk	-	-	2,213,814	21,416,054	26,159,304	97,444,184	7,005,683	26,179,756	1,650,978
Exposure Categories	55,778,982	-	11,069,072	42,832,107	34,879,074	97,444,184	4,670,455	13,089,878	660,391
Conditional and unconditional exposures to central governments or central banks	53,247,959	-	13	7,580,693	-	3	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	57,914	28,904	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	18	-	-	-	-	74,890	-	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	9,536,626	10,260,700	-	59,084	-	-	-
Conditional and unconditional exposures to corporates	-	-	1,469,436	2,613,734	-	88,829,927	-	-	-
Conditional and unconditional retail exposures	-	-	4,874	5,575	34,879,074	4,944,567	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	22,319,792	-	-	-	-	-
Past due items	-	-	-	7,361	-	687,841	-	-	-
Items in regulatory high-risk categories	-	-	-	15,348	-	249,823	4,670,455	13,089,878	660,391
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	33,877	-	-	-	-	20,574	-	-	-
Other items	2,494,306	-	209	-	-	2,577,475	-	-	-

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	<i>Current Period</i>	<i>Prior Period^(*)</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	15,715,423	13,219,231
Capital Requirement for Market Risk (MRCR)	538,475	367,344
Capital Requirement for Operational Risk (ORCR)	1,352,494	1,187,245
Total Capital	33,079,379	28,116,657
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	15.03%	15.23%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.08%	14.17%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	14.12%	14.24%

	Consolidated	
	<i>Current Period</i>	<i>Prior Period^(*)</i>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	17,230,244	14,565,582
Capital Requirement for Market Risk (MRCR)	594,293	335,458
Capital Requirement for Operational Risk (ORCR)	1,496,632	1,312,809
Total Capital	32,666,510	28,096,277
Total Capital/((CRCR+MRCR+ORCR) * 12.5) * 100	13.53%	13.86%
Total Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.82%	12.77%
Common Equity Tier I Capital/(CRCR+MRCR+ORCR) * 12.5) * 100	12.88%	12.86%

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.4 Components of consolidated total capital

	<i>Current Period</i>	<i>Prior Period^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Reserves	20,601,493	17,253,772
Other Comprehensive Income according to TAS	2,898,321	368,368
Profit	3,584,869	3,508,591
Current Period Profit	3,584,869	3,508,591
Prior Period Profit	-	-
General Reserves for Possible Losses	342,000	415,000
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	947	947
Minority Interests	52,967	60,262
Common Equity Tier I Capital Before Deductions	32,465,031	26,591,374
Deductions From Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1,149,635	368,736
Leasehold Improvements on Operational Leases (-)	112,593	109,750
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	82,299	39,781
Net Deferred Tax Asset/Liability (-)	10,702	6,352
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,424	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	1,356,653	524,619
Total Common Equity Tier I Capital	31,108,378	26,066,755
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Additional Tier I Capital before Deductions	-	-

	<i>Current Period</i>	<i>Prior Period^(*)</i>
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Deductions from Tier I Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	123,450	159,123
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	16,053	25,414
Total Tier I Capital	30,968,875	25,882,218
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	125,559	125,501
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	2,692,226	2,275,872
Shares of Third Parties in Tier II Capital	-	-
Tier II Capital before Deductions	2,817,785	2,401,373
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,817,785	2,401,373

	<i>Current Period</i>	<i>Prior Period^(*)</i>
CAPITAL BEFORE DEDUCTIONS		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	84	87
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	60,286	32,423
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	92,294	72,811
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	50,949	25,448
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	916,537	56,545
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	32,666,510	28,096,277
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	453,572	430,950

(*) The effects of restatements in prior years' financial statements as disclosed under Note 3.24 are not reflected.

4.1.5 Components of total capital subject to temporary applications

<i>Current Period</i>	Parent Bank Only		Consolidated	
	Amount Included in Total Capital Calculation	Total Amount	Amount Included in Total Capital Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	125,559	158,355	125,559	158,355

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

The Bank's process of internal capital requirements is assessed both on bank-only and consolidated basis separately under the regulation on the "Internal Systems and Internal Capital Adequacy Assessment Processes of Banks" (ICAAP) published in the Official Gazette no. 29057 dated 11 July 2014. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Bank's strategies, lending growth expectations, asset-liability structure, future funding sources and liquidity, fluctuations in capital depending on dividend distribution policy and economics, in compliance with its risk profile and appetite.

Accordingly, the Bank's prospective internal capital requirements as per its current capital structure and the targets and strategies for the future are assessed considering its operations and risks every year-end covering the next three years and reported to the BRSA in the month of March.

This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit, counterparty and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

4.2 Consolidated credit risk

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

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

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

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

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

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

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

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

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

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

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Above Average	39.60	40.26
Average	50.04	53.43
Below Average	10.36	6.31
Total	100.00	100.00

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Exposure Categories	Current Period ^(*)	Average ^(**)
Conditional and unconditional exposures to central governments or central banks	70,609,578	67,653,950
Conditional and unconditional exposures to regional governments or local authorities	81,536	86,096
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	76,402	73,306
Conditional and unconditional exposures to multilateral development banks	1,095,933	558,742
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	40,142,857	37,650,416
Conditional and unconditional exposures to corporates	127,818,761	123,112,954
Conditional and unconditional retail exposures	46,270,013	44,971,714
Conditional and unconditional exposures secured by real estate property	28,757,418	26,368,855
Past due items	921,533	802,981
Items in regulatory high-risk categories	18,201,102	18,229,194
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	50,773	49,314
Other items	8,637,092	6,571,012

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

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

Exposure Categories	Prior Period ^(*)	Average ^(**)
Conditional and unconditional exposures to central governments or central banks	65,170,583	64,677,767
Conditional and unconditional exposures to regional governments or local authorities	86,876	96,514
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	81,755	81,711
Conditional and unconditional exposures to multilateral development banks	2,822	4,311
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	30,440,546	30,875,668
Conditional and unconditional exposures to corporates	102,754,591	98,186,208
Conditional and unconditional retail exposures	40,660,815	37,941,317
Conditional and unconditional exposures secured by real estate property	22,411,223	21,524,664
Past due items	696,156	665,905
Items in regulatory high-risk categories	18,839,063	17,923,701
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	54,451	50,297
Other items	5,071,990	4,718,653

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

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

The parent Bank and its financial affiliates’ largest 100 and 200 cash loan customers compose 23.57% (31 December 2014: 22.53%) and 30.59% (31 December 2014: 29.22%) of the total cash loan portfolio, respectively.

The parent Bank and its financial affiliates’ largest 100 and 200 non-cash loan customers compose 54.19% (31 December 2014: 52.00%) and 63.20% (31 December 2014: 61.76%) of the total non-cash loan portfolio, respectively.

The parent Bank and its financial affiliates’ largest 100 ve 200 cash and non-cash loan customers represent 8.46% (31 December 2014: 7.92%) and 10.87% (31 December 2014: 10.31%) of the total “on and off balance sheet” assets, respectively.

The general provision for consolidated credit risk amounts to TL 3,027,976 thousands (31 December 2014: TL 2,457,552 thousands).

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> ^(****)	Exposure Categories ^(*)							
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	64,918,516	15,668,165	107,985,847	45,171,400	27,313,408	16,588,646	8,803,337	286,449,319
European Union (EU) Countries	5,125,240	20,873,507	7,314,859	893,674	1,422,581	1,407,526	1,642,582	38,679,969
OECD Countries ^(**)	45	303,900	2,874,992	5,001	3,301	13,380	21,496	3,222,115
Off-Shore Banking Regions	-	2,483	356,369	1,882	-	54,060	5,830	420,624
USA, Canada	726	1,814,080	2,061,866	2,523	6,666	2,512	9,472	3,897,845
Other Countries	565,051	1,477,488	1,774,067	195,533	11,462	134,978	369,085	4,527,664
Associates, Subsidiaries and Joint –Ventures	-	3,234	5,450,761	-	-	-	11,467	5,465,462
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	70,609,578	40,142,857	127,818,761	46,270,013	28,757,418	18,201,102	10,863,269	342,662,998

<i>Prior Period</i> ^(****)	Exposure Categories ^(*)							
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Other	Total
Domestic	61,223,463	7,296,808	87,389,617	39,775,729	21,167,494	17,277,434	5,490,110	239,620,655
European Union (EU) Countries	3,616,793	19,018,630	5,747,295	673,827	1,233,598	1,334,284	444,929	32,069,356
OECD Countries ^(**)	34	1,823,818	1,552,226	3,456	1,830	129	-	3,381,493
Off-Shore Banking Regions	-	24,845	390,581	2,699	-	37,620	15	455,760
USA, Canada	628	1,614,735	1,525,778	32,567	2,912	6,174	9,814	3,192,608
Other Countries	329,665	648,203	1,418,419	172,537	5,389	183,422	38,037	2,795,672
Associates, Subsidiaries and Joint –Ventures	-	13,507	4,730,675	-	-	-	11,145	4,755,327
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	65,170,583	30,440,546	102,754,591	40,660,815	22,411,223	18,839,063	5,994,050	286,270,871

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes asset and liability items that can not be allocated on a consistent basis.

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

4.2.2 Risk profile by sectors or counterparties

Current Period (**)	Exposure Categories (*)																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agriculture	-	7,835	-	-	-	-	782,937	464,363	390,236	39,906	73,510	-	-	-	-	-	1,097,788	660,999	1,758,787
Farming and Stockbreeding	-	-	-	-	-	-	646,516	410,751	359,198	39,575	67,386	-	-	-	-	-	1,012,149	511,277	1,523,426
Forestry	-	7,835	-	-	-	-	34,614	33,426	18,643	113	774	-	-	-	-	-	29,214	66,191	95,405
Fishery	-	-	-	-	-	-	101,807	20,186	12,395	218	5,350	-	-	-	-	-	56,425	83,531	139,956
Manufacturing	5	-	4	-	-	-	51,086,181	4,426,128	3,830,229	320,016	394,744	-	-	-	-	-	16,055,855	44,001,452	60,057,307
Mining and Quarrying	-	-	-	-	-	-	1,671,336	191,110	134,900	53,229	16,480	-	-	-	-	-	573,579	1,493,476	2,067,055
Production	-	-	3	-	-	-	26,895,150	4,161,823	3,561,264	236,006	373,747	-	-	-	-	-	13,539,294	21,688,699	35,227,993
Electricity, Gas and Water	5	-	1	-	-	-	22,519,695	73,195	134,065	30,781	4,517	-	-	-	-	-	1,942,982	20,819,277	22,762,259
Construction	-	40	209	-	-	-	6,968,450	1,906,155	2,869,988	73,910	184,239	-	-	-	-	-	6,283,384	5,719,607	12,002,991
Services	405	211	25,989	1,095,933	-	39,313,339	57,714,265	10,685,498	10,627,059	345,416	1,289,151	-	-	-	50,773	-	49,608,331	71,539,708	121,148,039
Wholesale and Retail Trade	366	-	319	-	-	-	24,707,308	8,174,887	5,246,480	225,190	608,593	-	-	-	-	-	21,410,618	17,552,525	38,963,143
Accommodation and Dining	-	-	298	-	-	-	3,568,482	543,114	2,332,252	49,259	80,657	-	-	-	-	-	1,857,626	4,716,436	6,574,062
Transportation and Telecommunication	-	211	4	-	-	-	10,435,918	1,387,036	854,310	35,635	97,271	-	-	-	-	-	3,223,989	9,586,396	12,810,385
Financial Institutions	-	-	-	1,095,933	-	39,313,339	12,896,746	76,859	59,425	8,373	446,408	-	-	-	50,773	-	20,297,583	33,650,273	53,947,856
Real Estate and Rental Services	-	-	-	-	-	-	4,026,164	140,476	1,632,391	6,531	13,395	-	-	-	-	-	1,212,179	4,606,778	5,818,957
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	2	-	25,085	-	-	-	437,330	85,278	200,020	8,863	11,054	-	-	-	-	-	599,075	168,557	767,632
Health and Social Services	37	-	283	-	-	-	1,642,317	277,848	302,181	11,565	31,773	-	-	-	-	-	1,007,261	1,258,743	2,266,004
Others	70,609,168	73,450	50,200	-	-	829,518	11,266,928	28,787,869	11,039,906	142,285	16,259,458	-	-	-	-	8,637,092	102,203,336	45,492,538	147,695,874
Total	70,609,578	81,536	76,402	1,095,933	-	40,142,857	127,818,761	46,270,013	28,757,418	921,533	18,201,102	-	-	-	50,773	8,637,092	175,248,694	167,414,304	342,662,998

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitisation positions
- 14- Short term exposures to banks, brokerage houses and corporates
- 15- Exposures in the form of collective investment undertakings
- 16- Other receivables

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

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

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

Prior Period (**)	Exposure Categories (*)																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agriculture	-	3,733	-	-	-	-	1,000,943	513,196	323,523	19,995	52,122	-	-	-	-	-	991,573	921,939	1,913,512
Farming and Stockbreeding	-	-	-	-	-	-	924,812	475,743	307,267	19,576	50,612	-	-	-	-	-	950,949	827,061	1,778,010
Forestry	-	3,733	-	-	-	-	16,689	28,001	10,516	354	813	-	-	-	-	-	23,843	36,263	60,106
Fishery	-	-	-	-	-	-	59,442	9,452	5,740	65	697	-	-	-	-	-	16,781	58,615	75,396
Manufacturing	4	663	4	-	-	-	47,662,777	4,079,907	3,254,275	213,371	516,680	-	-	-	-	-	14,265,232	41,462,449	55,727,681
Mining and Quarrying	-	-	-	-	-	-	1,377,444	195,966	115,940	16,914	63,732	-	-	-	-	-	494,256	1,275,740	1,769,996
Production	-	663	3	-	-	-	27,151,188	3,811,312	2,983,800	195,122	444,236	-	-	-	-	-	12,214,483	22,371,841	34,586,324
Electricity, Gas and Water	4	-	1	-	-	-	19,134,145	72,629	154,535	1,335	8,712	-	-	-	-	-	1,556,493	17,814,868	19,371,361
Construction	-	-	18	-	-	-	4,634,959	1,786,385	1,836,063	65,622	144,105	-	-	-	-	-	5,072,015	3,395,137	8,467,152
Services	288	275	44,255	2,822	-	29,609,251	40,885,291	9,503,386	8,336,583	265,157	1,167,135	-	-	-	54,451	-	32,906,241	56,962,653	89,868,894
Wholesale and Retail Trade	277	-	358	-	-	-	13,727,206	7,256,530	4,090,821	166,084	517,287	-	-	-	-	-	17,132,252	8,626,311	25,758,563
Accomodation and Dining	-	-	374	-	-	-	2,810,298	467,613	1,910,122	46,831	55,985	-	-	-	-	-	1,406,485	3,884,738	5,291,223
Transportation and Telecommunication	-	275	29	-	-	-	8,854,583	1,205,475	649,243	34,087	88,667	-	-	-	-	-	2,714,622	8,117,737	10,832,359
Financial Institutions	-	-	-	2,822	-	29,609,251	10,097,283	96,997	35,028	896	434,958	-	-	-	54,451	-	9,280,663	31,051,023	40,331,686
Real Estate and Rental Services	-	-	-	-	-	-	3,412,583	96,110	1,246,935	5,941	10,907	-	-	-	-	-	846,436	3,926,040	4,772,476
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	3	-	31,384	-	-	-	342,276	77,544	172,062	850	29,902	-	-	-	-	-	523,539	130,482	654,021
Health and Social Services	8	-	12,110	-	-	-	1,641,062	303,117	232,372	10,468	29,429	-	-	-	-	-	1,002,244	1,226,322	2,228,566
Others	65,170,291	82,205	37,478	-	-	831,295	8,570,621	24,777,941	8,660,779	132,011	16,959,021	-	-	-	-	5,071,990	87,452,617	42,841,015	130,293,632
Total	65,170,583	86,876	81,755	2,822	-	30,440,546	102,754,591	40,660,815	22,411,223	696,156	18,839,063	-	-	-	54,451	5,071,990	140,687,678	145,583,193	286,270,871

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitisation positions
- 14- Short term exposures to banks, brokerage houses and corporates
- 15- Exposures in the form of collective investment undertakings
- 16- Other receivables

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

<i>Current Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	6,881,816	20,527,333	223,550	3,497,122	34,014,294	5,465,463	70,609,578
2	Conditional and unconditional exposures to regional governments or local authorities	4,299	15	1,186	733	74,954	349	81,536
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,315	2,349	1,761	41,811	28,404	762	76,402
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	1,095,933	-	1,095,933
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	14,445,998	2,951,136	3,435,926	3,655,692	14,973,596	680,509	40,142,857
7	Conditional and unconditional exposures to corporates	9,813,989	10,419,058	11,392,679	21,222,867	73,870,577	1,099,591	127,818,761
8	Conditional and unconditional retail exposures	10,842,651	4,230,092	6,257,224	4,131,880	14,600,094	6,208,072	46,270,013
9	Conditional and unconditional exposures secured by real estate property	702,404	1,333,229	1,844,071	2,644,252	22,181,094	52,368	28,757,418
10	Past due items	-	-	-	-	-	921,533	921,533
11	Items in regulatory high-risk categories	224,368	476,605	6,363	1,031,201	16,187,077	275,488	18,201,102
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	50,773	50,773
16	Other items	-	-	-	-	-	8,637,092	8,637,092
Total		42,916,840	39,939,817	23,162,760	36,225,558	177,026,023	23,392,000	342,662,998

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

<i>Prior Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	5,760,555	22,030,952	416,771	29,228	32,012,805	4,920,272	65,170,583
2	Conditional and unconditional exposures to regional governments or local authorities	-	-	9,028	526	75,097	2,225	86,876
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1,083	761	161	12,485	63,769	3,496	81,755
4	Conditional and unconditional exposures to multilateral development banks	-	-	-	-	2,822	-	2,822
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	9,584,309	2,885,114	1,763,313	1,241,635	12,250,055	2,716,120	30,440,546
7	Conditional and unconditional exposures to corporates	10,319,144	7,880,380	9,122,021	9,813,187	62,404,892	3,214,967	102,754,591
8	Conditional and unconditional retail exposures	13,558,351	4,363,918	3,563,635	3,396,081	12,383,002	3,395,828	40,660,815
9	Conditional and unconditional exposures secured by real estate property	551,155	520,317	921,962	1,510,903	17,117,147	1,789,739	22,411,223
10	Past due items	-	-	-	-	-	696,156	696,156
11	Items in regulatory high-risk categories	167,931	403,188	57,153	894,359	17,066,573	249,859	18,839,063
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	54,451	54,451
16	Other items	-	-	-	-	-	5,071,990	5,071,990
Total		39,942,528	38,084,630	15,854,044	16,898,404	153,376,162	22,115,103	286,270,871

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

4.2.4 Exposure categories

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

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

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

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

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

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

4.2.5 Exposures by risk weights

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

<i>Current Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	66,022,413	-	19,754,057	63,019,892	40,582,050	135,167,182	6,807,219	10,510,399	799,786	1,191,520
Exposures after Credit Risk Mitigation	59,223,592	-	12,186,170	54,233,496	40,283,953	122,578,041	6,754,537	10,450,895	799,786	1,191,520

<i>Prior Period</i>										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Exposures before Credit Risk Mitigation	60,001,936	-	16,914,646	47,777,259	35,668,322	107,341,211	4,729,252	13,177,710	660,535	257,325
Exposures after Credit Risk Mitigation	55,778,982	-	11,069,072	42,832,107	34,879,074	97,444,184	4,670,455	13,089,878	660,391	257,325

4.2.6 Information by major sectors and type of counterparties

As per the TAS and TFRS;

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

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

<i>Current Period</i>	Credit Risks			
Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture	162,877	19,405	336	82,426
Farming and Stockbreeding	155,940	15,102	318	80,775
Forestry	1,391	3,877	10	986
Fishery	5,546	426	8	665
Manufacturing	1,291,030	381,753	1,203	776,092
Mining and Quarrying	186,656	14,860	43	122,345
Production	953,722	363,375	1,126	535,138
Electricity, Gas and Water	150,652	3,518	34	118,609
Construction	366,991	211,757	1,213	177,843
Services	1,575,966	752,466	7,036	934,594
Wholesale and Retail Trade	1,003,876	447,330	2,418	568,179
Accommodation and Dining	213,135	97,933	466	117,046
Transportation and Telecommunication	255,542	141,892	3,963	195,881
Financial Institutions	32,396	2,926	12	19,465
Real Estate and Rental Services	25,267	14,867	35	11,064
Professional Services	11	-	-	11
Educational Services	18,101	20,692	40	6,375
Health and Social Services	27,638	26,826	102	16,573
Others	3,007,290	3,160,820	134,043	2,675,031
Total	6,404,154	4,526,201	143,831	4,645,986

<i>Prior Period</i>	Credit Risks			
Major Sectors/Counterparties	Impaired Credits	Past Due Credits	Value Adjustments	Specific Provisions
Agriculture	69,009	26,508	131	32,115
Farming and Stockbreeding	66,825	26,114	127	30,947
Forestry	1,335	243	1	823
Fishery	849	151	3	345
Manufacturing	1,196,511	272,212	1,070	693,824
Mining and Quarrying	130,064	10,860	45	54,584
Production	1,060,997	246,348	903	635,909
Electricity, Gas and Water	5,450	15,004	122	3,331
Construction	280,195	163,573	1,390	138,422
Services	1,183,754	565,451	2,658	689,303
Wholesale and Retail Trade	806,039	353,486	1,884	464,788
Accommodation and Dining	159,880	69,711	131	97,955
Transportation and Telecommunication	148,077	72,058	430	91,197
Financial Institutions	9,672	1,329	10	7,984
Real Estate and Rental Services	15,357	6,999	22	7,873
Professional Services	6	1,336	-	6
Educational Services	16,428	31,105	31	3,025
Health and Social Services	28,295	29,427	150	16,475
Others	2,292,651	2,864,077	152,329	2,043,417
Total	5,022,120	3,891,821	157,578	3,597,081

4.2.7 Movements in value adjustments and provisions

	<i>Current Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1	Specific Provisions	3,597,081	2,307,222	1,243,523	(14,794)	4,645,986
2	General Provisions	2,457,552	597,780	31,956	4,600	3,027,976

	<i>Prior Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1	Specific Provisions	2,994,372	1,797,152	982,344	(212,099)	3,597,081
2	General Provisions	2,037,837	461,191	37,789	(3,687)	2,457,552

(*) Includes foreign exchange differences, mergers, acquisitions and disposals of subsidiaries.

4.3 Consolidated market risk

The Bank's risk management activities are managed under the responsibility of the board of directors in compliance with "the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks".

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks" published in the Official Gazette no. 29057 dated 11 July 2014.

The top management is responsible for applying risk policies, principles and application procedures approved by the board of directors, ensuring timely and reliable reporting to the board of directors about the important risks identified, assessing internal control, internal audit and risk reports prepared for departments and either eliminating risks, deficiencies or defects identified in these departments or taking the necessary precautions to prevent those, and participating in determination of risk limits.

The board of directors monitors the effectiveness of risk management systems through audit committee, related other committees and top management, and in the light of various risk reports and the assessments made by the audit committee.

The risk policies and application procedures have been approved by the board of directors and regularly revisited. The market risk is also managed by risk mitigations through hedging transactions beside measuring the risks in compliance with international standards, limiting such risk and allocating capital accordingly.

Market risks arising from trading portfolios are measured as per "standard" and "value at risk (VaR)" methods. The measurements as per the standard method are performed on a monthly basis, and taken into consideration in the calculation of capital adequacy. Whereas, the measurements as per VaR method are performed on a daily basis. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Beside the VaR limits, the limits on transaction, dealer, desk, stop-loss approved by the board of directors for trading portfolio are also applied for limiting the market risk.

4.3.1 Value at market risk on a consolidated basis

	<i>Current Period</i>	<i>Prior Period</i>
(I) Capital Requirement against General Market Risk - Standard Method	80,670	77,151
(II) Capital Requirement against Specific Risks - Standard Method	40,006	35,626
Capital Requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement against Currency Position Risk - Standard Method	213,384	55,346
(IV) Capital Requirement against Commodity Risks - Standard Method	15,459	4,651
(V) Capital Requirement against Clearing Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	196,635	145,470
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	48,139	17,214
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	594,293	335,458
(X) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))	7,428,663	4,193,225

4.3.2 Average consolidated values at market risk

	<i>Current Period</i>			<i>Prior Period</i>		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	107,076	115,846	101,975	87,676	113,280	66,015
Equity-Shares Position Risk	14,613	20,341	11,002	24,001	34,726	14,719
Currency Position Risk	133,436	213,384	52,160	70,440	102,687	55,346
Commodity Risk	11,268	19,601	4,239	8,783	13,100	4,651
Clearing Risk	-	-	-	-	-	-
Option Market Risk	175,167	196,651	149,504	86,940	134,332	58,925
Counterparty Credit Risk	39,502	56,241	25,889	20,630	40,047	11,733
Total Value at Risk	481,062	622,064	344,769	298,470	438,172	211,389

4.3.3 Quantitative information on counterparty risk

For repurchase transactions, security and commodity lendings and derivative transactions, counterparty credit risks are calculated. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amounts. The replacement costs are calculated valuing the contracts at their fair values and the potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

	<i>Current Period^(*)(**)</i>	<i>Prior Period^(*)(**)</i>
Interest-Rate Contracts	12,317	923
Foreign-Exchange-Rate Contracts	404,679	188,844
Commodity Contracts	62,433	4,165
Equity-Shares Related Contracts	3,718	935
Other	-	-
Gross Positive Fair Values	760,217	310,557
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	6,840	9,853
Net Derivative Position	1,236,524	495,571

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

(**) TL 239 thousands (31 December 2014: TL 556 thousands) of repurchase and reverse repurchase agreements are not included in the above table.

4.4 Consolidated operational risk

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

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

Current Period	31 December 2012	31 December 2013	31 December 2014	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	8,588,400	10,180,473	11,163,774	9,977,549	15	1,496,632
Value at Operational Risk (Total x % 12.5)						18,707,904

Prior Period	31 December 2011	31 December 2012	31 December 2013	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	7,487,310	8,588,400	10,180,473	8,752,061	15	1,312,809
Value at Operational Risk (Total x % 12.5)						16,410,114

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2015, the Bank and its financial affiliates’ net ‘on balance sheet’ foreign currency short position amounts to TL 7,939,559 thousands (31 December 2014: TL 8,520,155 thousands), net ‘off-balance sheet’ foreign currency long position amounts to TL 9,437,913 thousands (31 December 2014: TL 5,983,223 thousands), while net foreign currency long open position amounts to TL 1,498,354 thousands (31 December 2014: a net foreign currency short open position of TL 2,536,932 thousands).

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

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

	USD	EUR
The Bank’s foreign currency purchase rate at balance sheet date	2.9080	3.1671
<u>Foreign currency rates for the days before balance sheet date;</u>		
Day 1	2.9170	3.1826
Day 2	2.9020	3.1703
Day 3	2.9020	3.1809
Day 4	2.8950	3.1703
Day 5	2.8900	3.1672
Last 30-days arithmetical average rate	2.8976	3.1589

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,479,340	13,978,671	4,568,945	23,026,956
Banks	4,599,542	9,770,944	1,010,250	15,380,736
Financial Assets at Fair Value through Profit/Loss	114,351	264,784	10,351	389,486
Interbank Money Market Placements	-	61,651	-	61,651
Financial Assets Available-for-Sale	2,147,100	3,147,848	149,579	5,444,527
Loans (*)	28,007,671	45,575,944	2,301,252	75,884,867
Investments in Associates, Affiliates and Joint-Ventures	675	-	494	1,169
Investments Held-to-Maturity	19,034	9,317,743	-	9,336,777
Derivative Financial Assets Held for Risk Management	520	11,756	-	12,276
Tangible Assets	65,571	184	69,647	135,402
Intangible Assets	-	-	-	-
Other Assets (**)	3,123,666	3,678,025	82,250	6,883,941
Total Assets	42,557,470	85,807,550	8,192,768	136,557,788
Liabilities				
Bank Deposits	1,474,869	3,082,510	474,835	5,032,214
Foreign Currency Deposits	28,181,667	51,261,589	4,249,824	83,693,080
Interbank Money Market Takings	475,204	2,829,546	291,115	3,595,865
Other Fundings	11,498,689	24,362,527	203,750	36,064,966
Securities Issued	1,902,077	8,193,035	876,302	10,971,414
Miscellaneous Payables	153,182	1,002,496	234,157	1,389,835
Derivative Financial Liabilities Held for Risk Management	-	109,291	130,272	239,563
Other Liabilities (***)	451,229	1,914,650	1,144,531	3,510,410
Total Liabilities	44,136,917	92,755,644	7,604,786	144,497,347
Net 'On Balance Sheet' Position	(1,579,447)	(6,948,094)	587,982	(7,939,559)
Net 'Off-Balance Sheet' Position	2,017,703	7,542,704	(122,494)	9,437,913
Derivative Assets	18,087,595	48,947,401	8,290,949	75,325,945
Derivative Liabilities	(16,069,892)	(41,404,697)	(8,413,443)	(65,888,032)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	30,380,279	75,807,110	7,564,841	113,752,230
Total Liabilities	38,104,417	76,427,383	7,740,585	122,272,385
Net 'On Balance Sheet' Position	(7,724,138)	(620,273)	(175,744)	(8,520,155)
Net 'Off-Balance Sheet' Position	6,299,162	(1,445,207)	1,129,268	5,983,223
Derivative Assets	17,565,924	34,692,951	7,075,484	59,334,359
Derivative Liabilities	(11,266,762)	(36,138,158)	(5,946,216)	(53,351,136)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,417,451 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 483,438 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) The gold deposits of TL 1,200,311 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.6 Consolidated interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on- and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the Weekly 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.

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

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

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

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

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	25,192,569	25,192,569
Banks	5,970,447	1,557,156	2,346,613	7,987	-	2,981,221	12,863,424
Financial Assets at Fair Value through Profit/Loss (**)	40,143	80,705	38,472	44,917	3,017	1,459,277	1,666,531
Interbank Money Market Placements	106,130	-	4,020	-	-	93	110,243
Financial Assets Available-for-Sale	1,620,940	7,853,238	5,100,213	3,826,108	3,714,380	1,415,425	23,530,304
Loans (**)	36,716,523	20,034,744	38,340,469	38,377,337	7,856,625	2,913,373	144,239,071
Investments Held-to-Maturity	382,838	4,177,637	5,589,374	3,296,123	5,864,176	1,356,894	20,667,042
Other Assets	1,500,848	1,258,872	1,616,711	2,282,061	222,781	5,907,673	12,788,946
Total Assets	46,337,869	34,962,352	53,035,872	47,834,533	17,660,979	41,226,525	241,058,130
Liabilities							
Bank Deposits	2,017,075	2,714,693	444,184	-	-	1,939,453	7,115,405
Other Deposits	62,887,422	25,714,373	10,368,301	1,343,164	3,907	25,993,307	126,310,474
Interbank Money Market Takings	8,614,319	1,312,906	18,973	2,050,954	-	24,013	12,021,165
Miscellaneous Payables	-	-	-	-	-	6,901,536	6,901,536
Securities Issued	1,661,600	1,614,249	2,493,319	5,881,773	2,488,846	298,569	14,438,356
Other Fundings	13,603,408	14,014,507	5,182,282	4,204,863	375,516	548,731	37,929,307
Other Liabilities	12,247	25,887	20,409	-	-	36,283,344	36,341,887
Total Liabilities	88,796,071	45,396,615	18,527,468	13,480,754	2,868,269	71,988,953	241,058,130
On Balance Sheet Long Position	-	-	34,508,404	34,353,779	14,792,710	-	83,654,893
On Balance Sheet Short Position	(42,458,202)	(10,434,263)	-	-	-	(30,762,428)	(83,654,893)
Off-Balance Sheet Long Position	5,370,748	7,011,731	5,434,846	5,187,759	1,296,240	-	24,301,324
Off-Balance Sheet Short Position	(1,395,648)	(3,538,302)	(5,402,290)	(10,009,906)	(4,315,227)	-	(24,661,373)
Total Position	(38,483,102)	(6,960,834)	34,540,960	29,531,632	11,773,723	(30,762,428)	(360,049)

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

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

4.6.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	0.35	-	2.90
Banks	0.13-1.75	0.05-7.53	-	10.05-14.70
Financial Assets at Fair Value through Profit/Loss	4.66	4.64	-	7.07-14.56
Interbank Money Market Placements	-	0.55-2.25	-	10.00-10.29
Financial Assets Available-for-Sale	0.46-5.50	2.79-11.88	-	9.89-14.47
Loans	0.20-14.00	0.67-11.00	3.04	10.00-15.85
Investments Held-to-Maturity	0.19	5.49	-	10.76
Liabilities				
Bank Deposits	0.1-1.13	0.35-1.37	-	10.69-10.80
Other Deposits	0.95-9.00	1.43-3.75	1.19	7.00-11.41
Interbank Money Market Takings	0.05-0.15	0.75-2.75	1.49	6.00-13.72
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94-11.92
Other Fundings	0.25-6.25	0.90-5.44	1.50	11.06-15.75

<i>Prior Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	0.53
Banks	0.40-3.61	0.34-4.60	-	9.00-12.40
Financial Assets at Fair Value through Profit/Loss	4.63	8.49	-	8.02-14.02
Interbank Money Market Placements	-	0.45-4.00	-	-
Financial Assets Available-for-Sale	0.72-5.67	3.22-11.88	-	9.44-13.82
Loans	0.72-15.00	0.90-14.55	2.42-5.04	8.34-24.84
Investments Held-to-Maturity	-	5.41	-	9.27-9.96
Liabilities				
Bank Deposits	0.10-2.26	0.30-2.28	-	5.75-9.35
Other Deposits	1.23-7.00	1.43-10.25	1.68	6.50-10.79
Interbank Money Market Takings	0.50-0.70	0.65-2.07	1.49	6.00-8.33
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	4.62	0.98	8.77-10.05
Other Fundings	0.67-4.64	0.80-4.38	2.03	9.05-14.70

4.6.3 Interest rate risk on banking book

4.6.3.1 Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

The interest rate risk resulting from the banking book is assessed in terms of repricing risk, yield-curve risk, base risk and option risk, measured as per international standards and managed through limitations and mitigations through hedging transactions.

The interest sensitivity of assets, liabilities and off balance-sheet items are evaluated at the weekly Asset-Liability Committee meetings considering also the market developments.

The measurement process of interest rate risk resulting from the banking book, is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data.

Duration gaps, gaps by maturity brackets and sensitivity analysis are used in monitoring of repricing risk resulting from maturity mismatch. The duration gap and sensitivity analysis are carried out every two weeks.

In the duration gap analysis, net present values of the interest-rate sensitive assets and liabilities are calculated by using yield curves developed from the market interest rates. In case of instruments with no maturities, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

The interest rate risk resulting from the banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulting from the Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulting from the banking book.

The interest rate risk on the interest-rate-sensitive financial instruments of the trading portfolio is evaluated as part of the market risk.

The market risks of branches and business lines are transferred to the Asset Liability Management department through transfer pricing. This department applies a centralised market risk management and uses the balance sheet (long-term borrowing) and off balance sheet (derivative instruments) methods.

4.6.3.2 Economic value differences resulted from interest rate instabilities calculated on a bank-only basis according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,581,363)	(10.83)%
2	TL	(-) 400 bps	3,477,727	10.51%
3	USD	(+) 200 bps	(766,486)	(2.32)%
4	USD	(-) 200 bps	1,031,044	3.12%
5	EUR	(+) 200 bps	(52,426)	(0.16)%
6	EUR	(-) 200 bps	50,223	0.15%
Total (of negative shocks)			4,558,994	13.78%
Total (of positive shocks)			(4,400,275)	(13.30)%

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(3,213,578)	(11.43)%
2	TL	(-) 400 bps	3,139,075	11.16%
3	USD	(+) 200 bps	(730,443)	(2.60)%
4	USD	(-) 200 bps	977,780	3.48%
5	EUR	(+) 200 bps	54,777	0.19%
6	EUR	(-) 200 bps	(82,307)	(0.29)%
	Total (of negative shocks)		4,034,548	14.35%
	Total (of positive shocks)		(3,889,244)	(13.84)%

4.7 Consolidated position risk of equity securities

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

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

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	123,363	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- Grade B	27,097	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- Grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

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

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

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	13,915	-	13,915
3	Other Shares	-	648	648	-	-	-
	Total	-	648	648	13,915	-	13,915

4.8 Consolidated liquidity risk

Liquidity Risk is managed by Asset and Liability Management Department (ALMD) and Asset and Liability Committee (ALCO) in line with risk management policies and risk appetite approved by the board of directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.8.1 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	4,947,376	20,339,261	-	-	-	-	-	25,286,637
Banks	5,998,036	4,456,587	663,680	739,590	4,448,273	-	-	16,306,166
Financial Assets at Fair Value through Profit/Loss (**)	15,528	362,388	264,481	594,467	501,816	210,717	-	1,949,397
Interbank Money Market Placements	-	80,366	-	-	-	-	-	80,366
Financial Assets Available-for-Sale	348,751	50,307	110,527	3,560,910	9,156,003	11,529,272	-	24,755,770
Loans (**)	283,252	30,206,871	15,189,324	42,657,032	60,146,379	20,020,300	3,450,143	171,953,301
Investments Held-to-Maturity	-	537,564	-	308,605	7,245,690	13,225,387	-	21,317,246
Other Assets	2,909,878	2,105,389	1,563,391	2,005,463	3,203,908	522,518	5,687,748	17,998,295
Total Assets	14,502,821	58,138,733	17,791,403	49,866,067	84,702,069	45,508,194	9,137,891	279,647,178
Liabilities								
Bank Deposits	1,824,611	3,445,344	1,435,845	254,381	-	-	-	6,960,181
Other Deposits	36,517,933	71,359,826	24,840,185	15,022,502	1,417,750	16,054	-	149,174,250
Other Fundings	-	2,067,156	1,915,198	14,457,556	15,629,045	5,450,732	-	39,519,687
Interbank Money Market Takings	-	13,586,552	221,457	2,530,104	190,164	39,519	-	16,567,796
Securities Issued	-	338,132	1,367,420	3,364,126	7,141,292	3,300,627	-	15,511,597
Miscellaneous Payables	1,341,182	7,199,449	9,996	27,316	-	-	2,079	8,580,022
Other Liabilities (***)	2,888,274	863,383	493,989	1,284,504	694,010	242,423	36,867,062	43,333,645
Total Liabilities	42,572,000	98,859,842	30,284,090	36,940,489	25,072,261	9,049,355	36,869,141	279,647,178
Liquidity Gap	(28,069,179)	(40,721,109)	(12,492,687)	12,925,578	59,629,808	36,458,839	(27,731,250)	-
Net Off-Balance Sheet Position	-	(9,927)	(59,699)	(650,163)	32,032	87,117	-	(600,640)
Derivative Financial Assets	-	46,286,344	20,165,592	38,984,741	12,510,105	1,344,295	-	119,291,077
Derivative Financial Liabilities	-	46,296,271	20,225,291	39,634,904	12,478,073	1,257,178	-	119,891,717
Non-Cash Loans	-	4,256,442	1,122,260	8,073,184	1,221,929	126,820	83,888,837	98,689,472
Prior Period								
Total Assets	12,019,795	52,324,534	17,621,384	37,668,454	70,731,868	44,355,972	6,336,123	241,058,130
Total Liabilities	34,197,177	80,299,235	34,238,378	28,704,177	23,941,625	7,880,922	31,796,616	241,058,130
Liquidity Gap	(22,177,382)	(27,974,701)	(16,616,994)	8,964,277	46,790,243	36,475,050	(25,460,493)	-
Net Off-Balance Sheet Position	-	(21,737)	(154,383)	(143,302)	(288,967)	(55,747)	-	(664,136)
Derivative Financial Assets	-	36,670,987	14,873,658	28,377,777	11,184,590	840,044	-	91,947,055
Derivative Financial Liabilities	-	36,692,724	15,028,040	28,521,078	11,473,557	895,791	-	92,611,191
Non-Cash Loans	-	6,072,845	2,482,443	1,455,840	1,295,092	55,941	74,355,893	85,718,054

(*) Certain assets on the balance sheet that are necessary for the banking operations but not 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 198,118 thousands (31 December 2014: TL 201,385 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

Contractual maturity analysis of liabilities according to remaining maturities

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

<i>Current Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	6,960,181	6,954,324	1,824,605	3,442,881	1,433,805	253,033	-	-
Other Deposits	149,174,250	148,600,117	36,490,362	71,075,634	24,708,119	14,905,302	1,404,773	15,927
Other Fundings	39,519,687	39,396,379	-	2,002,970	1,828,112	14,413,379	15,627,055	5,524,863
Interbank Money Market Takings	16,567,796	16,547,426	-	13,576,686	221,241	2,520,164	190,025	39,310
Securities Issued	15,511,597	15,171,939	-	331,132	1,353,146	3,343,310	7,026,530	3,117,821
Total	227,733,511	226,670,185	38,314,967	90,429,303	29,544,423	35,435,188	24,248,383	8,697,921

<i>Prior Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	7,115,405	7,093,925	1,906,709	2,017,006	2,421,000	749,210	-	-
Other Deposits	126,310,474	125,774,343	29,979,852	58,360,056	25,705,290	10,329,424	1,386,956	12,765
Other Fundings	37,929,307	37,382,199	-	3,047,408	2,506,087	14,094,655	13,026,692	4,707,357
Interbank Money Market Takings	12,021,165	11,997,153	-	8,614,319	1,312,907	18,973	2,050,954	-
Securities Issued	14,438,356	14,139,787	-	901,321	1,544,778	2,546,650	6,658,192	2,488,846
Total	197,814,707	196,387,407	31,886,561	72,940,110	33,490,062	27,738,912	23,122,794	7,208,968

4.9 Consolidated securitisation positions

None.

4.10 Consolidated credit risk mitigation techniques

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

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

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

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

<i>Current Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	71,651,114	6,086,591	-	-
Conditional and unconditional exposures to regional governments or local authorities	82,296	2,350	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	87,563	2,433	-	-
Conditional and unconditional exposures to multilateral development banks	1,095,933	908,323	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	44,481,277	17,171,938	-	-
Conditional and unconditional exposures to corporates	153,698,675	17,496,385	-	-
Conditional and unconditional retail exposures	73,202,388	359,397	-	-
Conditional and unconditional exposures secured by real estate property (*)	29,685,760	23,298	-	-
Past due items	921,604	15,110	-	-
Items in regulatory high-risk categories	18,267,608	112,438	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	50,773	-	-	-
Other items	8,637,092	-	-	-

<i>Prior Period</i>	Amount (**)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Exposure Categories				
Conditional and unconditional exposures to central governments or central banks	66,208,931	4,346,883	-	-
Conditional and unconditional exposures to regional governments or local authorities	87,260	117	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	103,416	13,771	-	-
Conditional and unconditional exposures to multilateral development banks	2,822	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	36,757,188	11,086,247	-	-
Conditional and unconditional exposures to corporates	122,034,964	12,515,119	-	-
Conditional and unconditional retail exposures	66,323,632	1,074,028	-	-
Conditional and unconditional exposures secured by real estate property (*)	23,287,776	95,539	-	-
Past due items	696,183	954	-	-
Items in regulatory high-risk categories	18,882,845	153,339	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	54,451	-	-	-
Other items	5,071,990	-	-	-

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

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

4.11 Risk management objectives and policies

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

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

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

The risk management activities are structured under the responsibility of the Bank's board of directors. Monitoring of corporate risk management policies and applications; including capital adequacy, planning and liquidity coverage is under the responsibility of Risk Committee composed of the members of board. The top management is responsible to the board of directors for monitoring and managing of risks. Besides, the following departments participate in monitoring of risks, independent from the departments having operational activities; Internal Control, Risk Management, Compliance and Internal Audit.

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

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

4.12 Consolidated leverage ratio

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

		<i>Current Period</i> (***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	288,571,245
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" (**)	2,118,224
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(7,361,166)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	13,578,561
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	3,948
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-
7	Total risk amount	65
		385,659,874

(*) Consolidated financial statements prepared in compliance with the Article 6 of the communiqué 5 "Preparation of Consolidated Financial Statements."

(**) Consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 30 September 2015 is used.

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

		<i>Current Period</i> (*)
On-balance sheet assets		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	274,606,088
2	(Assets deducted in determining Tier 1 capital)	(299,347)
3	Total on-balance sheet risks (sum of lines 1 and 2)	274,306,741
Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	2,589,359
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7,379,472
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	9,968,831
Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets	1,173,806
8	Risks from brokerage activities related exposures	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,173,806
Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	100,214,444
11	(Adjustments for conversion to credit equivalent amounts)	(3,948)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	100,210,496
Capital and total risks		
13	Tier 1 capital	30,270,121
14	Total risks (sum of lines 3, 6, 9 and 12)	385,659,874
Leverage ratio		
15	Leverage ratio	7.85%

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

4.13 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
Financial Assets	257,255,487	224,108,139	258,793,913	226,231,334
Interbank Money Market Placements	80,366	110,243	80,366	110,243
Banks (*)	39,148,804	35,561,479	39,148,804	35,561,479
Financial Assets Available-for-Sale	24,755,770	23,530,304	24,755,770	23,530,304
Investments Held-to-Maturity	21,317,246	20,667,042	21,467,440	21,920,197
Loans (**)	171,953,301	144,239,071	173,341,533	145,109,111
Financial Liabilities	236,313,533	204,716,243	236,313,533	204,716,243
Bank Deposits	6,960,181	7,115,405	6,960,181	7,115,405
Other Deposits	149,174,250	126,310,474	149,174,250	126,310,474
Other Fundings from Financial Institutions	56,087,483	49,950,472	56,087,483	49,950,472
Securities Issued	15,511,597	14,438,356	15,511,597	14,438,356
Miscellaneous Payables	8,580,022	6,901,536	8,580,022	6,901,536

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

(**) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under "Loans".

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses the financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	18,457,898	5,724,174	573,698	24,755,770
Financial Assets Held for Trading	192,976	31,325		224,301
Derivative Financial Assets Held for Trading	285	1,724,811	-	1,725,096
Loans	-	198,118	-	198,118
Derivative Financial Assets Held for Risk Management	-	680,997	-	680,997
Financial Assets at Fair Value	18,651,159	8,359,425	573,698	27,584,282
Derivative Financial Liabilities Held for Trading	3,617	2,618,986	-	2,622,603
Funds Borrowed	-	5,688,704	-	5,688,704
Derivative Financial Liabilities Held for Risk Management	-	250,491	-	250,491
Financial Liabilities at Fair Value	3,617	8,558,181	-	8,561,798

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	18,825,886	3,646,998	1,057,420	23,530,304
Financial Assets Held for Trading	195,582	22,768		218,350
Derivative Financial Assets Held for Trading	18	1,448,163	-	1,448,181
Loans	-	201,385	-	201,385
Derivative Financial Assets Held for Risk Management	-	166,252	-	166,252
Financial Assets at Fair Value	19,021,486	5,485,566	1,057,420	25,564,472
Derivative Financial Liabilities Held for Trading	699	2,100,072	-	2,100,771
Funds Borrowed	-	4,899,376	-	4,899,376
Derivative Financial Liabilities Held for Risk Management	-	279,383	-	279,383
Financial Liabilities at Fair Value	699	7,278,831	-	7,279,530

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

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

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

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

None.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,313,085	886,047	1,089,266	709,177
Central Bank of Turkey	946,596	21,896,042	670,794	22,027,261
Others	-	244,867	-	696,071
Total	2,259,681	23,026,956	1,760,060	23,432,509

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	946,596	1,556,782	670,794	2,431,663
Unrestricted Time Deposits	-	5	-	-
Restricted Time Deposits	-	20,339,255	-	19,595,598
Total	946,596	21,896,042	670,794	22,027,261

The reserve deposits kept as per the 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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	11,930	-	10,744	265,254
Assets Subject to Repurchase Agreements	8,814	-	3,639	-
Total	20,744	-	14,383	265,254

5.1.2.2 Positive differences on derivative financial assets held for trading

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	242,997	45,551	113,870	25,446
Swap Transactions	373,851	457,241	441,452	621,374
Futures	126	34	9	-
Options	442,563	106,896	199,834	37,613
Others	35,576	20,261	3	8,580
Total	1,095,113	629,983	755,168	693,013

5.1.2.3 Financial assets at fair value through profit/loss

The Bank classified certain fixed-rate loans amounting to TL 200,000 thousands at initial recognition under financial assets at fair value through profit/loss to eliminate accounting inconsistency. The carrying value of these financial assets and the related current period loss amounted to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) and TL 3,267 thousands (31 December 2014: a gain of TL 2,607 thousands), respectively.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	880,565	857,677	1,563,265	1,057,721
Foreign banks	44,865	14,523,059	233,168	10,009,270
Foreign headoffices and branches	-	-	-	-
Total	925,430	15,380,736	1,796,433	11,066,991

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
EU Countries	5,362,730	3,570,899	7,174,776	5,822,718
USA, Canada	1,341,532	495,602	314,902	126,420
OECD Countries (1)	14,604	20,226	-	1,263
Off-shore Banking Regions	222,589	62,780	65,058	50,066
Others	71,733	92,464	-	-
Total	7,013,188	4,241,971	7,554,736	6,000,467

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

The placements at foreign banks include blocked accounts amounting TL 7,554,736 (31 December 2014: TL 6,000,467 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,392,879 thousands (31 December 2014: TL 5,841,991 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 153,035 thousands (31 December 2014: TL 123,681 thousands) as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,170,335	30,909	5,463,784	183,146
Assets subject to Repurchase Agreements	10,879,108	1,220,819	5,024,297	1,240,802
Total	13,049,443	1,251,728	10,488,081	1,423,948

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	23,594,194	22,130,726
Quoted at Stock Exchange	22,960,201	20,487,066
Unquoted at Stock Exchange	633,993	1,643,660
Common Shares/Investment Fund	83,886	61,050
Quoted at Stock Exchange	7,669	7,669
Unquoted at Stock Exchange	76,217	53,381
Value Increase/Impairment Losses (-)	1,077,690	1,338,528
Total	24,755,770	23,530,304

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	146	408,529	786	175,423
Corporates	146	408,529	786	175,423
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	2,113,052	263,954	1,554,137	534,359
Loans to Employees	250,323	88	255,971	107
Total	2,363,521	672,571	1,810,894	709,889

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

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

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

<i>Prior Period</i>	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Cash Loans						
Loans	138,847,612	1,698,614	272,472	4,291,152	1,999,696	338,147
Working Capital Loans	11,904,635	150,355	234	765,462	390,281	84,424
Export Loans	6,913,680	1,238	-	107,215	50,771	36,519
Import Loans	624,368	-	-	-	-	-
Loans to Financial Sector (*)	5,167,694	7,162	-	-	-	-
Consumer Loans	33,622,555	1,228,653	45,622	1,353,068	406,082	26,503
Credit Cards	14,551,502	-	225,215	345,148	-	127,602
Others	66,063,178	311,206	1,401	1,720,259	1,152,562	63,099
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	138,847,612	1,698,614	272,472	4,291,152	1,999,696	338,147

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

As of 31 December 2015, loans amounting to TL 5,781,904 thousands (31December 2014: TL 4,462,373 thousands) are collateralized under funding transactions.

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,540	1,335	-	3,875
Loans Collateralized by Mortgages	1,967,561	406,621	-	2,374,182
Loans Collateralized by Pledged Assets	41,111	39,802	-	80,913
Loans Collateralized by Cheques and Notes	56,016	290,926	-	346,942
Loans Collateralized by Other Collaterals	713,580	52,949	-	766,529
Unsecured Loans	2,762,993	993,963	590,080	4,347,036
Total	5,543,801	1,785,596	590,080	7,919,477

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	55,698	2,557	-	58,255
Loans Collateralized by Mortgages	1,479,090	523,901	-	2,002,991
Loans Collateralized by Pledged Assets	65,498	53,246	-	118,744
Loans Collateralized by Cheques and Notes	36,397	464,607	-	501,004
Loans Collateralized by Other Collaterals	624,926	15,369	-	640,295
Unsecured Loans	331,327	293,388	345,148	969,863
Total	2,592,936	1,353,068	345,148	4,291,152

Delinquency periods of loans under follow-up

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

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	79,098	527,104	166,123	772,325
61-90 days	73,990	230,454	50,677	355,121
Other	2,439,848	595,510	128,348	3,163,706
Total	2,592,936	1,353,068	345,148	4,291,152

Loans and other receivables with extended payment plans

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

<i>Prior Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	1,520,890	1,943,366
3, 4 or 5 times	96,574	44,149
Over 5 times	81,150	12,181
Total	1,698,614	1,999,696

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

<i>Prior Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	774,677	299,463
6 - 12 months	208,004	60,275
1 - 2 years	460,501	166,395
2 - 5 year	196,670	747,346
5 years and over	58,762	726,217
Total	1,698,614	1,999,696

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Current Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	51,817,627	605,695	1,127,976	602,501
Loans	51,817,627	605,695	1,127,976	602,501
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	110,868,851	1,962,002	6,791,501	3,257,972
Loans	110,868,851	1,962,002	6,791,501	3,257,972
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	162,686,478	2,567,697	7,919,477	3,860,473

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Prior Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	44,641,542	222,286	555,425	164,390
Loans	44,641,542	222,286	555,425	164,390
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	94,206,070	1,523,585	3,735,727	2,173,453
Loans	94,206,070	1,523,585	3,735,727	2,173,453
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	138,847,612	1,745,871	4,291,152	2,337,843

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

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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	690,325	32,082,213	32,772,538
Housing Loans	19,660	15,359,984	15,379,644
Automobile Loans	21,705	1,341,922	1,363,627
General Purpose Loans	127,056	2,240,482	2,367,538
Others	521,904	13,139,825	13,661,729
Consumer Loans – FC-indexed	-	172,451	172,451
Housing Loans	-	168,056	168,056
Automobile Loans	-	60	60
General Purpose Loans	-	3,235	3,235
Others	-	1,100	1,100
Consumer Loans – FC	198,682	1,293,210	1,491,892
Housing Loans	1,822	549,973	551,795
Automobile Loans	12	5,355	5,367
General Purpose Loans	4,411	603,111	607,522
Others	192,437	134,771	327,208
Retail Credit Cards – TL	12,837,030	470,688	13,307,718
With Installment	5,992,626	470,688	6,463,314
Without Installment	6,844,404	-	6,844,404
Retail Credit Cards – FC	76,879	69,203	146,082
With Installment	15,931	-	15,931
Without Installment	60,948	69,203	130,151
Personnel Loans – TL	16,348	62,853	79,201
Housing Loan	-	967	967
Automobile Loans	-	57	57
General Purpose Loans	4,382	11,834	16,216
Others	11,966	49,995	61,961
Personnel Loans - FC-indexed	211	279	490
Housing Loans	-	279	279
Automobile Loans	-	-	-
General Purpose Loans	211	-	211
Others	-	-	-
Personnel Loans – FC	1,573	85,508	87,081
Housing Loans	111	31,802	31,913
Automobile Loans	4	12	16
General Purpose Loans	260	39,492	39,752
Others	1,198	14,202	15,400
Personnel Credit Cards – TL	77,254	475	77,729
With Installment	30,149	475	30,624
Without Installment	47,105	-	47,105
Personnel Credit Cards – FC	1,316	2,894	4,210
With Installment	304	-	304
Without Installment	1,012	2,894	3,906
Deposit Accounts– TL (Real Persons)	371,970	-	371,970
Deposit Accounts– FC (Real Persons)	-	-	-
Total	14,271,588	34,239,774	48,511,362

5.1.5.5 Installment based commercial loans and corporate credit cards

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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,428,068	8,727,986	10,156,054
Real Estate Loans	1,767	643,270	645,037
Automobile Loans	72,896	1,724,661	1,797,557
General Purpose Loans	1,353,405	6,353,477	7,706,882
Others	-	6,578	6,578
Installment-based Commercial Loans - FC-indexed	149,234	1,373,897	1,523,131
Real Estate Loans	-	53,175	53,175
Automobile Loans	4,288	343,744	348,032
General Purpose Loans	144,946	976,978	1,121,924
Others	-	-	-
Installment-based Commercial Loans – FC	615,145	1,022,908	1,638,053
Real Estate Loans	-	1,088	1,088
Automobile Loans	20	6,725	6,745
General Purpose Loans	205	14,248	14,453
Others	614,920	1,000,847	1,615,767
Corporate Credit Cards – TL	1,353,768	515	1,354,283
With Installment	654,951	514	655,465
Without Installment	698,817	1	698,818
Corporate Credit Cards – FC	6,628	-	6,628
With Installment	136	-	136
Without Installment	6,492	-	6,492
Deposit Accounts– TL (Corporates)	716,754	-	716,754
Deposit Accounts– FC (Corporates)	-	-	-
Total	4,269,597	11,125,306	15,394,903

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	866,521	976,922
Private Sector (*)	169,739,434	142,161,842
Total	170,605,955	143,138,764

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Private Sector”.

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	159,973,425	134,845,900
Foreign Loans (*)	10,632,530	8,292,864
Total	170,605,955	143,138,764

(*) Loans amounting to TL 198,118 thousands (31 December 2014: TL 201,385 thousands) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under “Foreign Loans”.

5.1.5.8 Loans to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	200	980
Indirect Lending	-	-
Total	200	980

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	687,181	397,288
Doubtful Loans and Receivables	661,583	685,249
Uncollectible Loans and Receivables	2,949,703	2,203,210
Total	4,298,467	3,285,747

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	369,957	237,457	668,876
Rescheduled Loans and Receivables	8,678	2,694	33,007
Total	378,635	240,151	701,883
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	143,326	209,992	366,158
Rescheduled Loans and Receivables	11,327	4,415	44,798
Total	154,653	214,407	410,956

Movements in non-performing loan groups

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

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

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	506,189	519,170	2,579,725
Additions during the Period (+)	1,565,667	243,886	235,895
Transfer from Other NPL Categories (+)	160,533	1,282,345	931,770
Transfer to Other NPL Categories (-)	1,257,391	873,644	243,613
Collections during the Period (-)	289,465	232,267	245,194
Write-offs (-) (*)	9,567	20,353	467,632
Corporate and Commercial Loans	8,894	20,009	196,924
Retail Loans	673	344	75,436
Credit Cards	-	-	195,272
Others	-	-	-
Balances at End of Period	675,966	919,137	2,790,951
Specific Provisions (-)	397,288	685,249	2,203,210
Net Balance on Balance Sheet	278,678	233,888	587,741

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

Movements in specific loan provisions

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

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,303,085	750,498	630,255	2,683,838
Additions during the Period (+)	599,643	637,421	430,093	1,667,157
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-) (*)	171,482	245,933	157,419	574,834
Write-Offs (-) (**)	218,689	76,453	195,272	490,414
Balances at End of Period	1,512,557	1,065,533	707,657	3,285,747

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

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	518,143	170,186	1,307,310
Specific Provisions (-)	226,212	92,719	982,861
Net Balance at Balance Sheet	291,931	77,467	324,449
<i>Prior Period</i>			
Balance at End of Period	294,892	212,253	1,224,945
Specific Provisions (-)	101,987	109,988	905,212
Net Balance at Balance Sheet	192,905	102,265	319,733

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>	436,414	227,518	683,414
Loans to Individuals and Corporates (Gross)	1,123,595	889,101	3,631,801
Specific Provision (-)	687,181	661,583	2,948,387
Loans to Individuals and Corporates (Net)	436,414	227,518	683,414
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>	278,678	233,888	587,741
Loans to Individuals and Corporates (Gross)	675,966	919,137	2,784,059
Specific Provision (-)	397,288	685,249	2,196,318
Loans to Individuals and Corporates (Net)	278,678	233,888	587,741
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,581
Specific Provision (-)	-	-	6,581
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

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

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	14,452	235	-	14,687
Loans Collateralized by Mortgages	903,364	72,867	-	976,231
Loans Collateralized by Pledged Assets	436,743	52,212	-	488,955
Loans Collateralized by Cheques and Notes	303,295	7,650	-	310,945
Loans Collateralized by Other Collaterals	329,550	750,007	-	1,079,557
Unsecured Loans	477,060	328,785	709,834	1,515,679
Total	2,464,464	1,211,756	709,834	4,386,054

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,933,647	847,500	2,268,464	610,479
Medium and Long-Term	15,138	87,322	1,759	78,247
Total	1,948,785	934,822	2,270,223	688,726

5.1.7 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	4,956,015	2,108,752	6,708,961	718,432
Investments subject to Repurchase Agreements	4,081,537	317,809	1,996,759	4,612,969
Total	9,037,552	2,426,561	8,705,720	5,331,401

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,776,978	18,001,974
Treasury Bills	-	-
Other Government Securities	-	-
Total	17,776,978	18,001,974

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	19,522,643	19,308,134
Quoted at Stock Exchange	19,106,455	18,319,254
Unquoted at Stock Exchange	416,188	988,880
Valuation Increase / (Decrease)	1,794,603	1,358,908
Total	21,317,246	20,667,042

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	20,667,042	13,773,794
Foreign Currency Differences on Monetary Assets	2,034,482	103,897
Purchases during the Period (*)	1,149,619	7,523,758
Disposals through Sales/Redemptions (**)	(2,971,993)	(1,651,339)
Valuation Effect	438,096	916,932
Balances at End of Period	21,317,246	20,667,042

In the current period,

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

In the prior period,

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

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

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	5.25	5.28
5	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara/ Turkey	1.75	1.75

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	9,726	7,188	1,476	745	4	383	8	-
2	65,901	35,309	39,402	744	-	9,605	7,882	-
3	680,072	73,721	3,606	7,561	923	(791)	(346)	-
4	7,631,265	869,063	95,407	155,708	11,816	132,453	96,179	-
5	914,837	852,713	135,958	15,246	61	289,559	113,940	-
6	129,527	104,842	62,914	3,663	1	26,782	18,547	-
7	371,590,359	38,642,079	654,695	4,032,420	2,313,892	8,529,957	13,198,929	-
8	316,348	313,416	5,500	9,906	-	19,899	10,212	-

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

(1) Financial information is as of 30 September 2015.

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

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.8.2 Consolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	35,172	34,823	32	484	1,456	282	1,961	20,800

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

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.30%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	792	643
Movements during the Period	(106)	149
Acquisitions and Capital Increases	-	15
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(106)	134
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	686	792
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value	686	792
Valued by Equity Method of Accounting	-	-

Sectoral distribution of consolidated investments and associates

Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	686	792
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	686	792
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in affiliates

Information on capital adequacy of major affiliates

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

<i>Prior Period</i>	Garanti Bank International NV	Garanti Finansal Kiralama AŞ	Garanti Holding BV
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	386,379	357,848	1,029,352
Share Premium	-	-	36,183
Share Cancellation Profits	-	-	-
Reserves	956,232	238,680	(507,545)
Other Comprehensive Income according to TAS	19,907	-	33,626
Current and Prior Periods' Profits	139,784	91,034	18,788
Common Equity Tier I Capital Before Deductions	1,502,302	687,562	610,404
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	85,138	287	2,253
Leasehold Improvements on Operational Leases (-)	-	-	12,053
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3,378	833	32,486
Net Deferred Tax Asset/Liability (-)	-	-	6,048
Total Deductions from Common Equity Tier I Capital	88,516	1,120	52,840
Total Common Equity Tier I Capital	1,413,786	686,442	557,564
Total Deductions From Tier I Capital	13,513	3,332	154,137
Total Tier I Capital	1,400,273	683,110	403,427
TIER II CAPITAL	83,667	-	50,797
CAPITAL BEFORE DEDUCTIONS	1,483,940	683,110	454,224
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	6	-
TOTAL CAPITAL	1,483,940	683,104	454,224

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	65,075	59,105	57	1,357	3,333	8,843	13,978	-	-
2	27,271	18,157	1,622	862	670	962	912	-	-
3	8,843	8,414	29	-	528	2,306	2,464	-	-
4	2,950	1,680	561	-	18	772	140	-	-
5	4,287	3,446	1	-	273	379	774	-	-
6	44	45	36	-	-	(1)	(1)	-	-
7	827,334	73,632	715,989	114	-	25,604	43,708	-	-
8	1,533	842	-	-	-	(15)	-	-	-

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

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

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

5.1.9.2 Movement of consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	3,781,037	3,521,952
Movements during the Period	738,125	259,085
Acquisitions and Capital Increases	-	543
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	470,481	431,768
Currency Differences on Foreign Affiliates	267,644	(173,226)
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	4,519,162	3,781,037
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Valuation methods of consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	4,519,162	3,781,037

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

Sectoral distribution of consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Banks	1,764,623	1,521,057
Insurance Companies	916,536	751,095
Factoring Companies	135,644	135,987
Leasing Companies	871,165	687,274
Finance Companies	831,194	685,624
Other Affiliates	-	-

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

Quoted consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	135,644	135,987
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in affiliates

	Affiliates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Affiliates (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	-	Full Consolidation
7	Garanti Bank Moscow	Moscow/Russia	99.94	-	Full Consolidation
8	Garanti Holding BV ^(**)	Amsterdam/The Netherlands	100.00	-	Full Consolidation
9	G Netherlands BV	Amsterdam/The Netherlands	-	100.00	Full Consolidation
10	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	4,907,222	873,250	100,213	374,005	-	110,292	91,034	-
2	2,970,521	165,762	5,105	239,739	-	25,430	20,516	135,644
3	88,638	47,468	10,054	3,594	2,274	6,146	4,536	-
4	44,690	39,271	5,254	2,762	7	8,029	10,777	-
5	1,407,382	1,079,422	34,735	110,910	8,941	194,445	171,424	-
6	15,841,705	1,646,566	81,130	441,699	99,751	34,395	139,784	-
7	446,267	118,219	21,911	27,200	19,422	(8,650)	12,384	-
8	1,027,038	1,026,915	-	2	-	(217)	(234)	-
9	1,058,272	911,103	-	89	-	(3,351)	1,716	-
10	6,748,216	760,549	56,543	268,245	35,390	45,727	5,875	-
11	407,963	61,329	4,948	25,606	-	7,690	6,879	-
12	266,377	54,215	3,870	43,370	-	16,910	8,667	-

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

^(**) The fair value stated above for Garanti Holding BV covers all the consolidated affiliates under the company; namely G Netherlands BV, Garanti Bank SA, Motoractive IFN SA and Ralfi IFN SA.

Consolidated investments in affiliates disposed during the current period

None.

Consolidated investments in affiliates acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	2,192,663	1,883,470	1,836,026	1,562,466
Between 1-5 Years	3,194,715	2,824,748	2,693,712	2,354,116
Longer than 5 Years	366,245	343,374	256,850	237,821
Total	5,753,623	5,051,592	4,786,588	4,154,403

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	5,753,623	4,786,588
Unearned Income on Financial Lease Receivables (-)	(702,031)	(632,185)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	5,051,592	4,154,403

5.1.11.3 Financial lease agreements

Criteria applied for financial lease agreements

The customer applied for a financial lease is evaluated based on the lending policies and criteria taking into account the legal legislation. A “customer analysis report” according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as “customer risk rating” and “equipment rating/scoring” are applied.

In compliance with the legal legislation and the authorization limits of the general manager, credit committee and board of directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criterias mentioned above, if yes, which conditions will be applied. At this stage, collateral such as bank guarantees, mortgages, asset pledges, promissory notes or the personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

Details monitored subsequent to signing of financial lease agreements

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures, timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the credit monitoring unit even for the performing customers.

The reports prepared by the credit monitoring unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assessments made by the related internal committees and the necessary actions are taken.

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	60,616	7,483	31,158	83
Cash Flow Hedges	28,448	584,450	15,044	119,967
Net Foreign Investment Hedges	-	-	-	-
Total	89,064	591,933	46,202	120,050

As of 31 December 2015, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	18,791,415	101,340	120,219	12,215,225	46,285	168,109
-TL	5,239,355	89,064	10,928	6,034,049	46,202	99,572
-FC	13,552,060	12,276	109,291	6,181,176	83	68,537
Cross Currency Swaps	5,279,626	579,657	130,272	5,215,329	119,967	111,274
-TL	1,868,085	-	-	2,090,223	-	-
-FC	3,411,541	579,657	130,272	3,125,106	119,967	111,274
Total	24,071,041	680,997	250,491	17,430,554	166,252	279,383

5.1.12.1.1 Fair value hedge accounting

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

Prior Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	39,256	3,000	(57,277)	(15,021)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	42,104	28,241	(91,167)	(20,822)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(12,511)	-	(63,059)	(75,570)

5.1.12.1.2 Cash flow hedge accounting

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

In the current period, the amount reclassified from the shareholders' equity to the income statement and the losses recognised in the shareholders' equity due to the ceased hedging transactions are TL 1,238 thousands and TL 619 thousands, respectively.

Prior Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	15,044	(19,665)	(41,815)	(16,302)	-
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	76,306	-	(8,749)	27,285	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	43,661	⁹² (48,215)	(5,312)	(13,246)	-

5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost	1,331,671	324,109	21,272	1,656,172	3,333,224
Accumulated Depreciation	(334,769)	(314,940)	(16,363)	(1,116,789)	(1,782,861)
Net Book Value	996,902	9,169	4,909	539,383	1,550,363
Balances at End of Current Period					
Net Book Value at Beginning of Current Period	996,902	9,169	4,909	539,383	1,550,363
Additions	174,233	14,880	2,274	302,597	493,984
Revaluation Model Difference	1,601,244	-	-	-	1,601,244
Transfers from Investment Property	14,464	-	-	-	14,464
Disposals (Net)	(9,351)	(2)	45	(31,774)	(41,082)
Disposals (Cost)	(14,295)	(12,794)	(1,387)	(72,263)	(100,739)
Disposals (Accumulated Depreciation)	4,944	12,792	1,432	40,489	59,657
Reversal of Impairment Losses (-)	(4,615)	-	-	-	(4,615)
Depreciation Expense for Current Period	(25,330)	(3,030)	(2,078)	(185,341)	(215,779)
Effect of Netting-off Gross Book Value and Accumulated Depreciation Upon Applying Revaluation Model as per TAS 16	352,577	-	-	-	352,577
Currency Translation Differences on Foreign Operations, Net	6,501	-	129	7,680	14,310
Currency Translation Differences on Foreign Operations (Cost)	8,899	-	617	18,359	27,875
Currency Translation Differences on Foreign Operations (Accumulated Depreciation)	(2,398)	-	(488)	(10,679)	(13,565)
Net Book Values at End of Current Period	2,754,048	21,017	5,279	632,545	3,412,889
Cost at End of Current Period	2,759,024	326,195	22,776	1,904,865	5,012,860
Accumulated Depreciation at End of Current Period	(4,976)	(305,178)	(17,497)	(1,272,320)	(1,599,971)
Net Book Values at End of Current Period	2,754,048	21,017	5,279	632,545	3,412,889

As of 31 December 2015, the revaluation model effect, net of deferred tax, for real estates under tangible assets amounting to TL 1,590,849 thousands were accounted under shareholders' equity.

As of 31 December 2015, the net book value of real estates under cost model instead of revaluation model is TL 1,096,969 thousands (31 December 2014: TL 996,902 thousands).

In 2015, TL 56,131 thousands (31 December 2014: TL 4,082 thousands) were provisioned and TL 51,518 thousands were reversed (31 December 2014: TL 2,157 thousands) for real estates as per the valuation study performed in accordance with the Turkish Accounting Standard 36 (TAS36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

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

5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to⁹³impairment testing regularly and if there is any impairment, a provision is made.

5.1.14.3 Balances at beginning and end of current period

	<i>Current Period</i>		<i>Prior Period</i>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	571,276	317,645	494,979	257,627

5.1.14.4 Movements of intangible assets for current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	237,352	104,030
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	79,440	190,376
Disposals (-)	(247)	(209)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(66,062)	(55,442)
Currency Translation Differences on Foreign Operations	3,148	(1,403)
Other Movements	-	-
Net Book Value at End of Current Period	253,631	237,352

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.14.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.14.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

Goodwill	Shares %	Carrying Value
Garanti Yatırım Menkul Kıymetler AŞ	100.00	2,778
Garanti Finansal Kiralama AŞ	100.00	2,119
Garanti Faktoring Hizmetleri AŞ	55.40	1,491
Total		6,388

5.1.14.13 Movements in goodwill during current period

	<i>Current Period</i>
Net Book Value at Beginning Period	6,388
Movements in Current Period	-
Additions	-
Adjustments due to the Changes in Value of Assets and Liabilities	-
Disposals in Current Period due to a Discontinued Operation Or Partial or Complete Disposal of an Asset (-)	-
Amortisation Expense for Current Period (-)	-
Impairment Losses (-)	-
Reversal of Impairment Losses (-)	-
Other changes in Book Values	-
Net Book Value at End of Current Period	6,388

5.1.15 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	296,191	252,320
Additions	-	9,489
Transfers to Tangible Assets	(18,009)	-
Fair Value Change	29,279	34,382
Net Currency Translation Differences on Foreign Affiliates	(366)	-
Net Book Value at End of Current Period	307,095	296,191

The investment property is held for operational leasing purposes.

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

5.1.16 Deferred tax asset

As of 31 December 2015, on a consolidated basis the Bank has a deferred tax asset of TL 463,623 thousands (31 December 2014: TL 475,652 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 December 2015, there is a deferred tax asset of TL 701,422 thousands (31 December 2014: TL 606,795 thousands) and deferred tax liability of TL 237,799 thousands (31 December 2014: TL 131,143 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	849,242	170,497	685,084	136,752
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	725,454	172,572	1,176,071	236,381
Revaluation Differences on Real Estates	(1,810,410)	(27,620)	-	-
Other	823,326	148,174	534,529	102,519
Deferred Tax Asset, Net	587,612	463,623	2,395,684	475,652

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

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

As of 31 December 2015, TL 213,959 thousands of deferred tax expenses (31 December 2014: a deferred tax income of TL 358,259 thousands) and TL 100,910 thousands of deferred tax income (31 December 2014: TL 120,067 thousands of deferred tax expense) were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	186,179	155,734
Accumulated Depreciation	(7,972)	(5,992)
Net Book Value	178,207	149,742
End of Current Period		
Additions	279,871	120,277
Disposals (Cost)	(90,648)	(87,296)
Disposals (Accumulated Depreciation)	3,886	1,212
Reversal of Impairment / Impairment Losses (-)	(1,583)	(2,123)
Depreciation Expense for Current Period (-)	(5,097)	(3,192)
Currency Translation Differences on Foreign Operations	1,729	(413)
Cost	375,548	186,179
Accumulated Depreciation (-)	(9,183)	(7,972)
Net Book Value	366,365	178,207

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 258,845 thousands (31 December 2014: TL 26,361 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Affiliates and Joint – Ventures	-	-
Sale of Real Estates	-	1,062
Sale of Other Assets	3,127	3,071
Total	3,127	4,133

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	440,202	413,337
Prepaid Taxes	30,978	9,289

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

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	6,247,742	-	3,674,737	29,266,592	2,193,860	1,012,447	648,068	4,235	43,047,681
Foreign Currency	16,037,813	-	6,723,156	22,032,267	5,181,757	5,585,326	8,109,362	56,466	63,726,147
Residents in Turkey	10,137,009	-	5,919,738	18,889,764	3,223,634	1,370,095	594,701	54,785	40,189,726
Residents in Abroad	5,900,804	-	803,418	3,142,503	1,958,123	4,215,231	7,514,661	1,681	23,536,421
Public Sector Deposits	757,161	-	2,386	25,054	149	55	28	-	784,833
Commercial Deposits	5,327,139	-	3,000,277	5,871,281	301,254	31,590	286,705	-	14,818,246
Others	141,082	-	120,899	1,619,081	25,053	398,009	4,339	-	2,308,463
Precious Metal	1,468,915	-	958	52,885	19	2,041	100,286	-	1,625,104
Bank Deposits	1,906,709	-	907,536	854,367	2,504,414	635,816	306,563	-	7,115,405
Central Bank of	-	-	-	-	-	-	-	-	-
Domestic Banks	3,977	-	475,877	102,842	13	114,754	29,382	-	726,845
Foreign Banks	668,578	-	431,659	751,525	2,504,401	521,062	277,181	-	5,154,406
Special Financial	1,234,154	-	-	-	-	-	-	-	1,234,154
Others	-	-	-	-	-	-	-	-	-
Total	31,886,561	-	14,429,949	59,721,527	10,206,506	7,665,284	9,455,351	60,701	133,425,879

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	24,403,854	22,454,627	22,487,622	20,271,564
Foreign Currency Saving Deposits	15,714,350	13,007,471	9,930,605	21,798,720
Other Saving Deposits	590,229	999,391	1,282,499	786,318
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

None.

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	673,677	608,592
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	662,161	556,395
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	218,374	131,764	189,393	33,483
Swap Transactions	1,101,708	602,757	677,661	958,501
Futures	32	3,320	22	649
Options	354,764	154,904	206,050	26,608
Others	35,579	19,401	6	8,398
Total	1,710,457	912,146	1,073,132	1,027,639

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,047,230	1,255,372	1,761,544	1,019,648
Foreign Banks, Institutions and Funds	2,407,491	34,649,802	3,979,436	31,027,913
Total	3,454,721	35,905,174	5,740,980	32,047,561

5.2.3.1 *Maturities of funds borrowed*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	1,094,237	2,447,861	2,109,054	9,443,891
Medium and Long-Term	2,360,484	33,457,313	3,631,926	22,603,670
Total	3,454,721	35,905,174	5,740,980	32,047,561

The Bank classified certain borrowings obtained through securitisations amounting to USD 2,000,000,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 127,296 thousands and TL 416,672 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,688,704 thousands, and the related current period gain amounted TL 416,672 thousands.

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

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

5.2.4 **Other external funds**

5.2.4.1 *Securities issued*

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,968,860	2,790,047	160,141	11,154,774
Cost	1,885,919	2,635,443	160,141	11,089,721
Carrying Value (*)	1,925,100	2,615,083	160,472	10,810,942

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,161,571	2,885,551	544,114	9,293,935
Cost	2,101,801	2,709,717	544,110	9,248,076
Carrying Value (*)	2,038,716	2,805,068	547,127	9,047,445

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 162,821 thousands (31 December 2014: TL 237,044 thousands) and foreign currency securities with a total face value of TL 638,989 thousands (31 December 2014: TL 506,477 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to TL 30,665 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 31 December 2015, the accumulated positive and negative credit risk changes and the positive credit risk changes recognised in the income statement amounted to TL 68 thousands and TL 2,584 thousands and TL 68 thousands and TL 297 thousands, respectively. The carrying value of the related financial liability amounted to TL 31,025 thousands and TL 27,419 thousands, and the related current period losses and gains amounted to TL 359 thousands and TL 496 thousands, respectively.

5.2.4.2 Funds provided through repurchase transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	12,545,178	-	4,233,796	-
Financial Institutions and Organizations	12,475,300	-	4,163,450	-
Other Institutions and Organizations	36,759	-	27,959	-
Individuals	33,119	-	42,387	-
Foreign Transactions	75	3,595,865	667,001	7,120,368
Financial Institutions and Organizations	-	3,595,865	666,879	7,120,368
Other Institutions and Organizations	-	-	120	-
Individuals	75	-	2	-
Total	12,545,253	3,595,865	4,900,797	7,120,368

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	6,886,185	57,684	5,879,730	51,453
Payables from insurance transactions	20,858	238	20,435	58
Other	283,144	1,331,913	201,540	748,320
Total	7,190,187	1,389,835	6,101,705	799,831

5.2.5 Factoring payables

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

None.

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	10,928	210,635	99,572	111,931
Cash Flow Hedges	-	28,928	-	67,880
Net Foreign Investment Hedges	-	-	-	-
Total	10,928	239,563	99,572	179,811

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

5.2.8 Provisions

5.2.8.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	3,027,976	2,457,552
Loans and Receivables in Group I	2,521,714	2,125,471
- Additional Provision for Loans and Receivables with Extended Maturities	111,213	82,858
Loans and Receivables in Group II	354,149	191,690
- Additional Provision for Loans and Receivables with Extended Maturities	96,507	56,706
Non-Cash Loans	152,113	140,391
Others	-	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Short-Term Loans	29,733	13,320
Medium and Long Term Loans	11,412	11,208
Total	41,145	24,528

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	26,570	16,964
Doubtful Loans and Receivables	18,417	13,006
Uncollectible Loans and Receivables	57,122	78,911
Total	102,109	108,881

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	342,000	415,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	570,995	548,258
Insurance Technical Provisions, Net	251,292	239,160
Provision for Promotion Expenses of Credit Cards (*)	89,757	84,817
Provision for Lawsuits	41,734	31,014
Other Provisions	169,109	132,979
Total	1,122,887	1,036,228

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 7 December 2015 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 2,408,349 thousands (31 December 2014 TL 2,086,877 thousands) at 31 December 2015 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2015 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 7 December 2015 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,336,959 thousands (31 December 2014: TL 1,287,303) thousands remains as of 31 December 2015 as details are given in the table below.

The Bank’s management, acting prudently, did not consider the health premium surplus amounting TL 528,011 thousands (31 December 2014: TL 512,562 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2015. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>Current Period</i>	<i>Prior Period</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(608,796)	(528,752)
Net present value of medical benefits and health premiums transferable to SSF	528,011	512,562
General administrative expenses	(33,702)	(29,290)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(114,487)	(45,480)
Fair Value of Plan Assets (2)	2,522,836	2,132,357
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,408,349	2,086,877
Non-Transferable Benefits:		
Other pension benefits	(592,937)	(538,185)
Other medical benefits	(478,453)	(261,389)
Total Non-Transferable Benefits (4)	(1,071,390)	(799,574)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,336,959	1,287,303
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(528,011)	(512,562)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	808,948	774,741

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

	<i>Current Period</i>	<i>Prior Period</i>
	%	%
Discount Rate ^(*)	10.30	8.80
Inflation Rate ^(*)	7.10	6.10
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate ^(*)	7.10	6.10

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2015, the corporate tax liability amounts to TL 376,241 thousands (31 December 2014: TL 449,439 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	376,241	449,439
Taxation on Securities Income	110,210	86,086
Taxation on Real Estates Income	3,396	3,040
Banking Insurance Transaction Tax	100,514	78,828
Foreign Exchange Transaction Tax	74	68
Value Added Tax Payable	13,190	11,461
Others	87,846	73,628
Total	694,471	702,550

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	2,701	727
Social Security Premiums-Employer	2,206	1,231
Bank Pension Fund Premium-Employees	18	16
Bank Pension Fund Premium-Employer	18	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,021	818
Unemployment Insurance-Employer	2,132	1,764
Others	21	39
Total	8,117	4,613

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, there are no deferred tax liabilities as of 31 December 2015 or 2014.

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

None.

5.2.11 Subordinated debts

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	159,792	-	140,766
Total	-	159,792	-	140,766

On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

This debt is qualified as a secondary subordinated debt to be included in the supplementary capital by the BRSA in the calculation of the Bank's capital adequacy ratio in compliance with the conditions set forth in the "Regulation on Equities of Banks" issued by the BRSA and published in the Official Gazette no.26333 dated 1 November 2006.

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

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

5.2.12.2 Registered share capital system

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

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(427,264)	143,622	82,677	6,104
Valuation Difference	(427,264)	143,622	82,677	6,104
Exchange Rate Difference	-	-	-	-
Total	(427,264)	143,622	82,677	6,104

5.2.12.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,587,371	5,249	2,140	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates to be used for Capital Increases	173,263	-	172,894	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	1,760,634	5,249	175,034	-

5.2.12.10 Bonus shares of associates, 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	1,013,056	1,002,091
II. Legal Reserve	213,572	177,863
Special Reserves	-	-
Total	1,226,628	1,179,954

5.2.12.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	19,168,165	16,163,191
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	19,168,165	16,163,191

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	193,733	162,818
Profit Share of Affiliates Net Profits	34,213	31,477
Prior Period Dividend Payment	(1,354)	(185)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	25	(377)
Balance at End of Period	226,617	193,733

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 3,246,846 thousands (31 December 2014: TL 5,446,840 thousands), commitments for cheque payments of TL 3,063,075 thousands (31 December 2014: TL 2,874,791 thousands) and commitments for credit card limits of TL 27,066,620 thousands (31 December 2014: TL 25,799,601 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	17,880,281	15,379,775
Letters of Guarantee in TL	14,828,828	12,138,798
Letters of Credit	14,576,338	9,308,035
Bills of Exchange and Acceptances	1,538,069	815,887
Prefinancings	-	-
Other Guarantees	109,206	86,702
Total	48,932,722	37,729,197

A specific provision of TL 102,109 thousands (31 December 2014: TL 108,881 thousands) is made for unliquidated non-cash loans of TL 313,985 thousands (31 December 2014: TL 272,978 thousands) recorded under the off-balance sheet items as of 31 December 2015.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	4,157,201	2,838,901
<i>With Original Maturity of 1 Year or Less</i>	<i>454,207</i>	<i>402,876</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>3,702,994</i>	<i>2,436,025</i>
Other Non-Cash Loans	44,775,521	34,890,296
Total	48,932,722	37,729,197

5.3.1.4 Other information on non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	59,203	0.40	24,398	0.07	60,259	0.50	75,186	0.29
<i>Farming and Stockbreeding</i>	53,926	0.36	18,647	0.05	55,270	0.46	65,921	0.25
<i>Forestry</i>	3,897	0.03	5,066	0.01	3,528	0.03	4,723	0.02
<i>Fishery</i>	1,380	0.01	685	0.00	1,461	0.01	4,542	0.02
Manufacturing	4,251,238	28.61	16,423,897	48.20	4,030,137	33.17	14,569,732	56.96
<i>Mining and Quarrying</i>	151,428	1.02	187,479	0.55	115,972	0.95	295,060	1.15
<i>Production</i>	2,450,646	16.49	11,322,737	33.23	2,283,718	18.80	9,210,880	36.01
<i>Electricity, Gas, Water</i>	1,649,164	11.10	4,913,681	14.42	1,630,447	13.42	5,063,792	19.80
Construction	2,091,782	14.08	3,832,130	11.25	1,608,827	13.24	3,040,016	11.88
Services	7,316,357	49.23	12,372,343	36.31	5,500,413	45.27	6,174,581	24.14
<i>Wholesale and Retail Trade</i>	5,223,467	35.15	8,097,227	23.77	3,895,475	32.06	2,695,000	10.54
<i>Accommodation and Dining</i>	297,037	2.00	221,167	0.65	238,277	1.96	149,113	0.58
<i>Transportation and Telecommunication</i>	502,112	3.38	1,120,273	3.29	419,462	3.45	731,747	2.86
<i>Financial Institutions</i>	932,262	6.27	2,673,889	7.85	607,819	5.00	2,366,238	9.25
<i>Real Estate and Rental Services</i>	262,149	1.76	236,828	0.70	228,174	1.88	186,376	0.73
<i>Professional Services</i>	-	0.00	-	0.00	-	-	-	-
<i>Educational Services</i>	22,140	0.15	10,340	0.03	22,990	0.19	10,234	0.04
<i>Health and Social Services</i>	77,190	0.52	12,619	0.04	88,216	0.73	35,873	0.14
Others	1,142,116	7.68	1,419,258	4.17	949,689	7.82	1,720,357	6.73
Total	14,860,696	100.00	34,072,026	100.00	12,149,325	100.00	25,579,872	100.00

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

<i>Current Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	14,712,464	33,364,127	148,232	707,899
Letters of Guarantee	14,680,596	17,341,075	148,232	539,206
Bills of Exchange and Bank Acceptances	20,793	1,515,117	-	2,159
Letters of Credit	11,075	14,398,729	-	166,534
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	109,206	-	-

<i>Prior Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	12,052,432	25,382,591	96,893	197,281
Letters of Guarantee	12,041,905	15,185,812	96,893	193,963
Bills of Exchange and Bank Acceptances	9,600	803,128	-	3,159
Letters of Credit	927	9,306,949	-	159
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	86,702	-	-

5.3.2 Financial derivative instruments

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management	-	800,000	1,482,385	12,130,687	9,657,969	24,071,041
A. Total Derivative Financial Instruments held for Risk Management	-	-	2,000	4,457,333	8,246,516	12,705,849
Fair Value Hedges	-	800,000	1,480,385	7,673,354	1,411,453	11,365,192
Cash Flow Hedges	-	-	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	87,561,957	39,273,653	74,168,269	14,815,847	-	215,819,726
Foreign Currency related Derivative Transactions (I)	6,373,761	4,182,624	4,642,660	1,385,380	-	16,584,425
Currency Forwards – Purchases	5,772,248	4,303,067	4,964,142	1,473,996	-	16,513,453
Currency Forwards – Sales	31,219,245	4,931,695	10,154,408	2,200,393	-	48,505,741
Currency Swaps – Purchases	27,699,024	4,969,811	10,876,879	2,258,610	-	45,804,324
Currency Swaps – Sales	8,131,237	10,207,264	20,677,352	3,614,564	-	42,630,417
Currency Options – Purchases	8,366,442	10,676,075	22,652,043	3,798,600	-	45,493,160
Currency Options – Sales	-	3,117	4,311	-	-	7,428
Currency Futures – Purchases	-	-	196,474	84,304	-	280,778
Currency Futures – Sales	21,202	504,914	5,632,931	21,728,113	11,664,436	39,551,596
Interest Rate related Derivative Transactions (II)	70	245,380	1,624,844	9,164,511	5,569,867	16,604,672
Interest Rate Swaps – Purchases	70	245,380	1,624,844	9,164,511	5,569,867	16,604,672
Interest Rate Swaps – Sales	-	-	2,383,243	3,352,547	524,702	6,260,492
Interest Rate Options – Purchases	-	-	-	-	-	-
Interest Rate Options – Sales	10,531	3,466	-	23,272	-	37,269
Securities Options – Purchases	10,531	10,688	-	23,272	-	44,491
Securities Options – Sales	-	-	-	-	-	-
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	4,727,101	537,677	1,148,581	1,613,206	4,362,000	12,388,565
Other Trading Derivatives (III)	92,310,260	40,316,244	80,949,781	38,157,166	16,026,436	267,759,887
B. Total Trading Derivatives (I+II+III)	-	-	-	-	-	-
Total Derivative Transactions (A+B)	92,310,260	41,116,244	82,432,166	50,287,853	25,684,405	291,830,928

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	-	-	683,517	10,927,869	5,819,168	17,430,554
Fair Value Hedges	-	-	683,517	3,815,434	4,338,089	8,837,040
Cash Flow Hedges	-	-	-	7,112,435	1,481,079	8,593,514
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency related Derivative Transactions (I)	68,133,493	29,275,464	54,593,845	12,072,380	-	164,075,182
Currency Forwards – Purchases	4,154,234	1,709,363	4,724,411	726,189	-	11,314,197
Currency Forwards – Sales	4,081,143	1,524,293	4,788,568	805,020	-	11,199,024
Currency Swaps – Purchases	25,998,714	6,819,820	11,379,602	3,460,771	-	47,658,907
Currency Swaps – Sales	22,960,947	6,908,445	11,782,378	3,764,319	-	45,416,089
Currency Options – Purchases	5,423,021	5,983,938	10,681,474	1,562,826	-	23,651,259
Currency Options – Sales	5,515,434	6,290,094	11,237,412	1,753,255	-	24,796,195
Currency Futures – Purchases	-	19,099	-	-	-	19,099
Currency Futures – Sales	-	20,412	-	-	-	20,412
Interest Rate related Derivative Transactions (II)	36,856	267,716	2,699,027	18,838,376	5,965,112	27,807,087
Interest Rate Swaps – Purchases	14,982	83,667	747,111	8,358,299	2,982,556	12,186,615
Interest Rate Swaps – Sales	14,982	83,667	747,111	8,358,299	2,982,556	12,186,615
Interest Rate Options – Purchases	-	-	1,204,805	2,112,592	-	3,317,397
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	3,446	4,313	-	4,593	-	12,352
Securities Options – Sales	3,446	3,869	-	4,593	-	11,908
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	92,200	-	-	-	92,200
Other Trading Derivatives (III)	3,396,325	444,608	224,537	1,152,500	3,457,500	8,675,470
B. Total Trading Derivatives (I+II+III)	71,566,674	29,987,788	57,517,409	32,063,256	9,422,612	200,557,739
Total Derivative Transactions (A+B)	71,566,674	29,987,788	58,200,926	42,991,125	15,241,780	217,988,293

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2015, there are commitments for “credit linked notes” of the Bank and its consolidated financial affiliates with a total face value of USD 125,000,000 (31 December 2014: USD 425,000,000) classified under “other irrevocable commitments”.

As of 31 December 2014, there is a total return swap of a consolidated financial affiliate with a face value of USD 40,000,000 (31 December 2015: nil) classified under “other derivative financial instruments”, where the financial affiliate is on the buying side of the protection.

As of 31 December 2014, there are total return swaps of the Bank with a total face value of EUR 85,000,000 (31 December 2015: nil) classified under “other derivative financial instruments”, where the Bank is on the buying side of the protection.

As of 31 December 2015, there are total return swaps of the Bank with a total face value of USD 2,000,000,000 (31 December 2014: USD 2,000,000,000) classified under “other derivative financial instruments”, where the Bank is on the selling side of the protection.

5.3.4 Contingent liabilities and assets

The Bank and its consolidated financial affiliates made a total provision amounting to TL 39,530 thousands (31 December 2014: TL 30,062 thousands) for the lawsuits filed by various customers and institutions which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2, other provisions. There are various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the parent Bank or its consolidated financial affiliates may be required to provide additional collateral for the derivative transactions involved due to changes in certain financials indicators such as CDS levels, currency exchange rates, interest rates etc. As of 31 December 2015, there was no payment made related with such contingent liabilities.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	4,268,762	335,536	3,345,873	439,555
Medium and long-term loans	6,461,452	3,173,184	5,314,493	2,654,158
Loans under follow-up	51,171	6,605	44,023	9,199
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	10,781,385	3,515,325	8,704,389	3,102,912

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	3,308	-	-
Domestic Banks	88,790	16,047	57,512	30,053
Foreign Banks	4,883	49,557	77,502	37,007
Foreign Head Offices and Branches	-	-	-	-
Total	93,673	68,912	135,014	67,060

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	16,152	5,619	28,840	6,628
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,736,174	235,745	1,875,989	215,468
Investments Held-to-Maturity	1,128,766	487,406	1,413,276	278,784
Total	2,881,092	728,770	3,318,105	500,880

5.4.1.4 Interest income received from associates and affiliates

	Current Period	Prior Period
Interest Received from Investments in Associates and Affiliates	768	1,538

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	206	-	2,229
Domestic Banks	95,435	31,839	84,809	28,823
Foreign Banks	336,205	456,051	495,432	428,910
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	245,667	-	188,117
Total	431,640	733,763	580,241	648,079

(*) Includes also fees and commissions expenses on borrowings

5.4.2.2 Interest expenses paid to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Affiliates	1,917	1,870

5.4.2.3 Interest expenses on securities issued

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	423,015	519,176	456,204	390,772

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	810	122,374	4	550	499	-	-	124,237
Saving Deposits	217	304,615	3,025,181	113,563	70,202	52,452	-	3,566,230
Public Sector Deposits	-	610	2,627	9	7	2	-	3,255
Commercial Deposits	354	277,891	472,316	19,577	32,016	42,447	-	844,601
Others	11	11,876	90,201	5,619	4,622	38,831	-	151,160
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,392	717,366	3,590,329	139,318	107,346	133,732	-	4,689,483
Foreign Currency								
Foreign Currency Deposits	42,325	58,979	544,481	79,394	116,623	247,554	884	1,090,240
Bank Deposits	12	39,557	4,622	1,699	262	226	-	46,378
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	-	1,102	-	1,104
Total FC	42,337	98,536	549,105	81,093	116,885	248,882	884	1,137,722
Grand Total	43,729	815,902	4,139,434	220,411	224,231	382,614	884	5,827,205

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	666	92,946	3	-	-	2,544	-	96,159
Saving Deposits	114	292,127	2,533,684	213,149	59,447	48,713	-	3,147,234
Public Sector Deposits	-	330	956	53	20,409	2	-	21,750
Commercial Deposits	311	240,649	485,372	66,348	43,981	36,832	-	873,493
Others	13	12,609	54,831	3,159	59,485	74	-	130,171
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,104	638,661	3,074,846	282,709	183,322	88,165	-	4,268,807
Foreign Currency								
Foreign Currency Deposits	51,326	55,716	420,759	103,831	130,288	168,348	1,014	931,282
Bank Deposits	1	66,288	11,020	6,333	3,385	1,339	-	88,366
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	4,018	392	-	4,410
Total FC	51,327	122,004	431,779	110,164	137,691	170,079	1,014	1,024,058
Grand Total	52,431	760,665	3,506,625	392,873	321,013	258,244	1,014	5,292,865

5.4.2.5 Interest expense on repurchase agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	649,253	65,489	694,767	73,038

5.4.2.6 Financial lease expenses

None.

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	<i>Current Period</i>	<i>Prior Period</i>
Trading Financial Assets	297	224
Financial Assets Valued at Fair Value through Profit or	-	-
Financial Assets Available-for-Sale	722	610
Others	4,380	1,232
Total	5,399	2,066

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	100,520,000	42,075,430
Trading Account Income	2,221,679	1,848,062
Derivative Financial Instruments	12,101,225	6,220,217
Foreign Exchange Gain	86,197,096	34,007,151
Losses (-)	101,350,631	42,135,705
Trading Account Losses	1,630,705	1,842,348
Derivative Financial Instruments	14,419,976	7,326,315
Foreign Exchange Losses	85,299,950	32,967,042
Total	(830,631)	(60,275)

TL 2,517,983 thousands (31 December 2014: TL 1,486,943 thousands) of foreign exchange gains and TL 2,268,722 thousands (31 December 2014: TL 2,343,579 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

In this respect, the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 395,094 thousands, USD 1,002,596,707 and EUR 29,500,000 and for its bonds with a total face value of TL 1,325,000 thousands and USD 167,900,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 65,397 thousands and a loss of TL 48,755 thousands (31 December 2014: gains of TL 39,256 thousands and TL 42,104 thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and RON 85,500,000 with the same face value amount and conditions. Accordingly, in the current period, a loss of TL 13,669 thousands

(31 December 2014: total loss of TL 12,511 thousands resulting from outstanding transactions at that date) resulted from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for its eurobonds with a total face value of USD 300,000,000, funds borrowed amounting to USD 95,792,432 and EUR 44,736,844 securitization borrowings amounting to USD 160,416,667 and EUR 203,784,208 by designating cross currency swaps with the same face value amount and conditions, and eurobonds with a total nominal value of USD 10,000,000, and for the collateralised borrowings amounting to TL 900,000 thousands and USD 250,000,000 and borrowings amounting to USD 650,000,000 by designating interest rate swaps with the same face value amount and conditions. Accordingly, in the current period, gains of TL 70,700 thousands and TL 4,946 thousands (31 December 2014: losses of TL 3,051 and TL 3,771 thousands resulting from outstanding transactions at that date) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 83,080 thousands (31 December 2014: TL 292,490 thousands of non-performing receivables) were sold for a consideration of TL 19,494 thousands (31 December 2014: TL 57,105 thousands). Considering the related provisions of TL 80,711 thousands (31 December 2014: TL 284,693 thousands) in the financial statements, a gain of TL 17,079 thousands (31 December 2014: TL 49,225 thousands) is recognized under "other operating income".

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 97,711 thousands (31 December 2014: TL 47,492 thousands) were sold for a consideration of TL 14,949 thousands (31 December 2014: TL 42 thousands). A gain from this sale amounting to TL 9,278 thousands (31 December 2014: TL 42 thousands) is recognized under "other operating income" considering the related provisions of TL 92,040 thousands (31 December 2014: TL 47,492 thousands) had been provided against in the accompanying consolidated financial statements in prior periods. The revenues earned from subsequent collections of the sold receivables in prior period, amounting to TL 482 thousands (31 December 2014: TL 185 thousands) is recognized in the income statement under "other operating income" in the current period.

5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	1,862,154	1,428,239
<i>Loans and receivables in Group III</i>	<i>702,784</i>	<i>360,335</i>
<i>Loans and receivables in Group IV</i>	<i>653,044</i>	<i>629,025</i>
<i>Loans and receivables in Group V</i>	<i>506,326</i>	<i>438,879</i>
General Provisions	597,780	461,191
Provision for Possible Losses	12,000	105,000
Impairment Losses on Financial Assets	5,112	1,250
<i>Financial assets at fair value through profit or loss</i>	<i>5,112</i>	<i>1,250</i>
<i>Financial assets available-for-sale</i>	-	-
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	165,319	189,460
Total	115 2,642,365	2,185,140

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	2,566,783	2,241,374
Reserve for Employee Termination Benefits	42,333	30,994
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	56,131	4,082
Depreciation Expenses of Tangible Assets	215,779	200,563
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	66,062	55,442
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,004	2,117
Depreciation Expenses of Assets to be Disposed	5,097	3,192
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	2,631,904	2,107,486
<i>Operational lease related expenses</i>	376,876	323,958
<i>Repair and maintenance expenses</i>	70,961	60,777
<i>Advertisement expenses</i>	144,757	121,502
<i>Other expenses (*)</i>	2,039,310	1,601,249
Loss on Sale of Assets	3,241	2,882
Others (**)(***)	1,015,883	773,467
Total	6,605,217	5,421,599

(*) Includes lawsuit, execution and other legal expenses beared by the Bank of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 55,340 thousands (31 December 2014: TL 33,819 thousands), as per the decision of the Turkish Competition Board or the related courts.

(**) Includes saving-deposits-insurance-fund related expenses of TL 199,825 thousands (31 December 2014: TL 176,129 thousands) and insurance-business claim losses of TL 80,824 thousands (31 December 2014: TL 63,462 thousands) in the current period.

(***) Includes repayments, by the Bank in the current period, of fees and commissions income recognised in prior years in the amount of TL 254,480 thousands (31 December 2014: TL 185,085 thousands) as per the decision of the Turkish Competition Board or the related courts.

According to the Custom and Trade Ministry inspectors audit report, The Bank notified with an administrative fee amounting to TL 110,110 thousands. In accordance with the Article 17/6 of the Law on Crime no.5326, saving all the cancellation legal rights, the Bank paid the administrative fee of TL 82,583 thousands with ¼ prepayment discount on 31 August 2015.

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

TL 10,258,049 thousands (31 December 2014: TL 8,370,833 thousands) of the profit before taxes is derived from net interest income and TL 2,964,732 thousands (31 December 2014: TL 2,989,885 thousands) from net fees and commissions income. The total operating expenses amounted to TL 6,605,217 thousands (31 December 2014: TL 5,421,599 thousands). The profit before taxes reached to TL 4,659,487 thousands (31 December 2014: TL 4,769,705 thousands) decreasing by 2.3% (31 December 2014: increasing by 8.4%) as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2015, on a consolidated basis, the Bank recorded a current tax expense of TL 830,414 thousands (31 December 2014: TL 1,449,083 thousands) and a deferred tax charge of TL 213,959 thousands (31 December 2014: TL 358,259 thousands of deferred tax benefit).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	(127,309)	(282,847)
Decrease in Tax Deductable Timing Differences (-)	315,343	30,480
Increase in Taxable Timing Differences (-)	95,809	21,980
Decrease in Taxable Timing Differences (+)	(69,884)	(127,872)
Total	213,959	(358,259)

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductable Timing Differences (net)	179,154	(252,063)
(Increase)/Decrease in Taxable Timing Differences (net)	25,925	(105,892)
(Increase)/Decrease in Tax Losses (net)	8,880	(304)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	213,959	(358,259)

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

None.

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of bank's performance

None.

5.4.11.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	34,213	31,477

5.4.12 Components of other items in income statement

Other items do not exceed 10% of the total of income statement.

5.5 Consolidated statement of changes in shareholders' equity

5.5.1 Any increases arising from application of accounting for financial instruments in current period

5.5.1.1 Increases from valuation of financial assets available-for-sale

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 65,618 thousands (31 December 2014: a decrease of TL 44,701 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

5.5.1.3 Reconciliation of foreign exchange differences at beginning and end of current period

As of 31 December 2015, an increase of TL 140,481 thousands (31 December 2014: a decrease of TL 147,740 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

5.5.2.1 Decreases from valuation of financial assets available-for-sale

As of 31 December 2015, a decrease of TL 263,377 thousands (31 December 2014: an increase of TL 637,654 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 109,041 thousands (31 December 2014: TL 54,416 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal and extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	43,799	29,552
Transfers to Extraordinary Reserves from Prior Year Profits	3,004,659	2,877,611

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

5.5.5 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Consolidated statement of cash flows

5.6.1 Disclosures for “other” items and “effect of change in foreign currency rates cash and cash equivalents” in statement of cash flows

The net cash inflows arising from banking operations amount to TL 2,611,056 thousands (31 December 2014: TL 1,912,317 thousands). TL 1,684,836 thousands (31 December 2014: TL 3,827,950 thousands) of these net cash inflows is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 4,295,892 thousands (31 December 2014: TL 5,740,267 thousands) from the cash inflows resulted from operating profit. The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 3,057,032 thousands (31 December 2014: TL 2,390,129 thousands). The net cash inflows from financing activities amount to TL 463,710 thousands (31 December 2014: TL 3,149,692 thousands).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 994,091 thousands (31 December 2014: TL 500,784 thousands).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Please refer to Notes 5.1.8.1 and 5.1.9.2.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None.

5.6.4 Cash and cash equivalents at beginning of period

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

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	2,199,132	1,798,443
<i>Cash in TL</i>	1,313,085	1,089,266
<i>Cash in Foreign Currency</i>	886,047	709,177
Cash Equivalents	9,541,450	8,201,318
<i>Others</i>	9,541,450	8,201,318
Total	11,740,582	9,999,761

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 7,554,736 thousands (31 December 2014: TL 6,000,467 thousands) of which TL 96,799 thousands (31 December 2014: TL 108,410 thousands) and TL 65,058 thousands (31 December 2014: TL 50,066 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,392,879 thousands (31 December 2014: TL 5,841,991 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 153,035 thousands (31 December 2014: TL 123,681 thousands) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 20,101,723 thousands (31 December 2014: TL 19,595,598 thousands) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold. The Bank also keeps a collateral of EUR 75,000,000 at the Central Bank of Turkey for borrowing activities in TL money market.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in banking activity related capacity

None.

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	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	1,785	8	656	8	129,810	282

Prior Period:

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	92,579	3,652	9,250	284,178	590,506	489,308
Balance at end of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Interest and Commission Income	2,622	6	292	9	92,071	1,047

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	28,674	28,668	649,010	304,643	351,510	342,925
Balance at end of period	31,511	28,674	337,764	649,010	552,778	351,510
Interest Expenses	1,917	1,870	12,997	4,278	10,207	16,061

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	2,789	2,921	10,825,180	9,092,999	5,770	-
Balance at end of period	12,675	2,789	16,403,422	10,825,180	-	5,770
Total Profit/(Loss)	(29)	(61)	(41,599)	(101,998)	-	(56)
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 2,113,398 thousands (31 December 2014: TL 1,555,903 thousands) compose 1.23% (31 December 2014: 1.08%) of the Bank's total consolidated cash loans and 0.76% (31 December 2014: 0.63%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,274,955 thousands (31 December 2014: TL 2,062,907 thousands) compose 0.81% (31 December 2014: 0.84%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,303,943 thousands (31 December 2014: TL 1,039,775 thousands) compose 2.66% (31 December 2014: 2.76%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 922,053 thousands (31 December 2014: TL 1,029,194 thousands) compose 0.59% (31 December 2014: 0.77%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 12,669 thousands (31 December 2014: TL 188,146 thousands) compose 0.03% (31 December 2014: 0.50%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 44,741 thousands (31 December 2014: TL 17,680 thousands). A total rent income of TL 3,759 thousands (31 December 2014: TL 3,027 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 5,687 thousands as of 31 December 2015 (31 December 2014: TL 2,452) were incurred for the IT services rendered by the related parties. Other income of TL 178 thousands (31 December 2014: TL 120 thousands) for the IT services rendered and banking services fee income of TL 666 thousands (31 December 2014: TL 1,218 thousands) were recognized from the related parties.

Operating expenses of TL 7,706 thousands (31 December 2014: TL 9,911 thousands) for advertisement and broadcasting services, of TL 45,124 thousands (31 December 2014: TL 32,398 thousands) for operational leasing services, and of TL 17,158 thousands (31 December 2014: TL 17,063 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 375 thousands (31 December 2014: TL 578 thousands) was recognized as income for the services rendered by the affiliates.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 186,652 thousands as of 31 December 2015 (31 December 2014: TL 145,794 thousands) including compensations paid to key management personnel who left their position during the year.

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

5.8.1 Domestic and foreign branches and representative offices of parent bank

Parent Bank					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	971	19,559			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- England		
	1	1	3- China		
				Total Assets	Legal Capital
Foreign Branches	1	17	1- Luxembourg	17,753,178	1,266,840
	1	12	2- Malta	28,704,976	-
	7	101	3- NCTR	1,141,655	15,520

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure of parent bank

In 2015, 11 new domestic branches were opened and 33 branches were closed. The transfer of 23 investment centers to Garanti Yatırım is included in the number of closed branches.

5.8.3 Information on consolidated financial subsidiaries of parent bank

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	15	1- Turkey		
	1	-	2- Switzerland		
	1	2	3- Ukraine		
				Total Assets	Legal Capital
Head office-The Netherlands	1	208	1-The Netherlands	15,785,816	EUR 136,836,000
Foreign Branches	1	20	2- Germany	55,890	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	72	Russia	446,267	RUB 441,150,000

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	84	1,040	Romania	6,748,216	RON 1,107,340,006

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	The Netherlands	1,027,038	EUR 369,088,600
G Netherlands BV	-	The Netherlands	1,058,272	EUR 104,382,821
Motoractive IFN SA	83	Romania	407,963	RON 40,139,080
Ralfi IFN SA	165	Romania	266,377	RON 10,661,500

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	164	4,907,222	350,000
Garanti Faktoring Hizmetleri AŞ	175	2,970,521	79,500
Garanti Emeklilik ve Hayat AŞ	861	1,407,382	50,000
Garanti Yatırım Menkul Kıymetler AŞ	368	88,638	8,328
Garanti Portföy Yönetimi AŞ	62	44,690	25,000
Garanti Yatırım Ortaklığı AŞ	7	35,172	32,000

5.9 Matters arising subsequent to the balance sheet date

None.

6 Other Disclosures on Activities

6.1 Information on international risk ratings

6.1.1 Parent bank's international risk ratings

MOODY'S (September 2015)

Outlook	Negative
Long Term FC Deposit	Baa3
Long Term TL Deposit	Baa3
Short Term FC Deposit	P-3
Short Term TL Deposit	P-3
Basic Loan 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 (May 2015)

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

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

MOODY'S (August 2015) (*)

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

(*) Latest date in risk ratings or outlooks.

6.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

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

Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Stable
National	AAA
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

(**) Under positive follow-up.

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

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

Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Stable
National	AAA
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

(**) Under positive follow-up.

STANDARD AND POORS (August 2015) (*)

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

(*) Latest date in risk ratings or outlooks.

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

FITCH RATINGS (July 2015) (*)

Foreign Currency	
Long Term	BBB
Short Term	F3
Financial Capacity	b+
Support	2
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

6.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Bank on 9 April 2015, the distribution of the net profit of the year 2014, will be as follows;

2014 PROFIT DISTRIBUTION TABLE	
2014 Net Profit	3,200,248
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(31,946)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(149,512)
D – Second dividend to the shareholders	(357,000)
E – Extraordinary reserves	(2,416,090)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(35,700)

6.3 Other disclosures

None.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2015, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 2 February 2016, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

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