

*(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 Nine-Month Period Ended

30 September 2016

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

With Independent Accountants’

Limited Review Report Thereon

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ

24 October 2016

*This report contains “Independent Accountants’
Limited Review Report” comprising 2 pages and;
“Consolidated Financial Statements and Related
Disclosures and Footnotes” comprising 113 pages.*

LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. (“the Bank”) and its consolidated financial affiliates (together will be referred as “the Group”) as at 30 September 2016, and the consolidated statement of income, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

Subsequent to the reversal of TL 42,000 thousands in the current period, the accompanying consolidated financial statements include a general reserve amounting to TL 300,000 thousands as of the balance sheet date, provided by the Group management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Garanti Bankası A.Ş. and its consolidated financial affiliates as at 30 September 2016, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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

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



Müjde Şehsuvaroğlu
Partner

Istanbul, 24 October 2016

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL AFFILIATES
CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2016**

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The consolidated interim financial report for the nine-month period ended 30 September 2016 prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Affiliates

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

Ferit F. Şahenk
Board of Directors Chairman

Ali Fuat Erbil
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial Reporting

Aylin Aktürk
Coordinator

Javier Bernal Dionis
Audit Committee Member

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

The authorized contact person for questions on this financial report:

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1 General Information

1.1 History of parent bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a “private bank” and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946.

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

The Bank provides banking services through 967 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 30 September 2016, group of companies under BBVA that currently owns 39.90% shares of the Bank, is named the BBVA Group (the Group) and it is the main shareholder.

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

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

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

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

BBVA Group

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

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

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

Doğuş Group

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

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

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

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

Board of Directors Chairman and Members:

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

CEO and Executive Vice Presidents:

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

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

1.4 Information on parent bank’s qualified shareholders

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 30 September 2016

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2016			PRIOR PERIOD 31 December 2015		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	1,862,283	29,597,541	31,459,824	2,259,681	23,026,956	25,286,637
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	1,070,583	755,208	1,825,791	1,462,619	684,896	2,147,515
2.1	Financial assets held for trading		1,070,583	755,208	1,825,791	1,264,501	684,896	1,949,397
2.1.1	Government securities		115,820	7,660	123,480	102,196	21,974	124,170
2.1.2	Equity securities		88,106	-	88,106	61,002	-	61,002
2.1.3	Derivative financial assets held for trading		859,962	742,040	1,602,002	1,095,113	629,983	1,725,096
2.1.4	Other securities		6,695	5,508	12,203	6,190	32,939	39,129
2.2	Financial assets valued at fair value through profit or loss		-	-	-	198,118	-	198,118
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans	5.1.5	-	-	-	198,118	-	198,118
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	5.1.3	1,018,242	12,720,969	13,739,211	925,430	15,380,736	16,306,166
IV.	INTERBANK MONEY MARKETS		19,484	299,204	318,688	18,715	61,651	80,366
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	299,204	299,204	-	61,069	61,069
4.3	Receivables from reverse repurchase agreements		19,484	-	19,484	18,715	582	19,297
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	18,237,339	4,942,676	23,180,015	19,311,243	5,444,527	24,755,770
5.1	Equity securities		35,361	162,918	198,279	36,852	311,899	348,751
5.2	Government securities		17,556,557	528,580	18,085,137	18,582,761	526,266	19,109,027
5.3	Other securities		645,421	4,251,178	4,896,599	691,630	4,606,362	5,297,992
VI.	LOANS	5.1.5	113,947,306	72,136,870	186,084,176	101,287,767	70,467,416	171,755,183
6.1	Loans		112,894,419	71,738,143	184,632,562	100,451,440	69,956,397	170,407,837
6.1.1	Loans to bank's risk group	5.7	336,769	1,765,693	2,102,462	331,184	1,782,214	2,113,398
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		112,557,650	69,972,450	182,530,100	100,120,256	68,174,183	168,294,439
6.2	Loans under follow-up		5,328,320	894,003	6,222,323	4,404,025	1,241,788	5,645,813
6.3	Specific provisions (-)		4,275,433	495,276	4,770,709	3,567,698	730,769	4,298,467
VII.	FACTORING RECEIVABLES	5.1.6	1,426,389	726,056	2,152,445	1,948,785	934,822	2,883,607
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	12,024,324	9,282,204	21,306,528	11,980,469	9,336,777	21,317,246
8.1	Government securities		12,017,599	5,909,187	17,926,786	11,966,880	5,810,098	17,776,978
8.2	Other securities		6,725	3,373,017	3,379,742	13,589	3,526,679	3,540,268
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	1,336	115,572	114,236	1,166	115,402
10.1	Unconsolidated financial investments in affiliates		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments in affiliates		114,236	1,336	115,572	114,236	1,166	115,402
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	1,472,031	3,999,624	5,471,655	1,475,673	3,575,919	5,051,592
12.1	Financial lease receivables		1,740,418	4,407,994	6,148,412	1,770,905	3,982,718	5,753,623
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		268,387	408,370	676,757	295,232	406,799	702,031
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	8,522	274,537	283,059	89,064	591,933	680,997
13.1	Fair value hedges		4,604	-	4,604	60,616	7,483	68,099
13.2	Cash flow hedges		3,918	274,537	278,455	28,448	584,450	612,898
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	3,354,153	157,173	3,511,326	3,268,338	144,551	3,412,889
XV.	INTANGIBLE ASSETS (Net)	5.1.14	267,903	24,189	292,092	229,407	24,224	253,631
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		261,515	24,189	285,704	223,019	24,224	247,243
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	527,761	9,732	537,493	298,970	8,125	307,095
XVII.	TAX ASSET		340,097	43,182	383,279	433,905	60,696	494,601
17.1	Current tax asset		3	35,404	35,407	9,384	21,594	30,978
17.2	Deferred tax asset	5.1.16	340,094	7,778	347,872	424,521	39,102	463,623
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	478,162	12,497	490,659	349,074	17,291	366,365
18.1	Asset held for resale		478,162	12,497	490,659	349,074	17,291	366,365
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	3,307,847	633,275	3,941,122	2,491,504	1,903,351	4,394,855
TOTAL ASSETS			159,513,920	135,616,276	295,130,196	147,982,138	131,665,040	279,647,178

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 30 September 2016

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	71,551,118	95,608,994	167,160,112	66,208,826	89,925,605	156,134,431
1.1 Deposits from bank's risk group	5.7	663,469	482,844	1,146,313	500,462	421,591	922,053
1.2 Other		70,887,649	95,126,150	166,013,799	65,708,364	89,504,014	155,212,378
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	905,101	907,259	1,812,360	1,710,457	912,146	2,622,603
III. FUNDS BORROWED	5.2.3	2,787,635	35,914,018	38,701,653	3,454,721	35,905,174	39,359,895
IV. INTERBANK MONEY MARKETS		18,116,833	561,500	18,678,333	12,971,931	3,595,865	16,567,796
4.1 Interbank money market takings		10,202,337	81	10,202,418	-	-	-
4.2 Istanbul Stock Exchange money market takings		1,196,448	-	1,196,448	426,678	-	426,678
4.3 Obligations under repurchase agreements	5.2.4	6,718,048	561,419	7,279,467	12,545,253	3,595,865	16,141,118
V. SECURITIES ISSUED (Net)	5.2.4	4,637,688	10,389,613	15,027,301	4,540,183	10,971,414	15,511,597
5.1 Bills		1,126,414	-	1,126,414	1,925,100	160,472	2,085,572
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		3,511,274	10,389,613	13,900,887	2,615,083	10,810,942	13,426,025
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	5.2.4	8,146,179	1,080,977	9,227,156	7,190,187	1,389,835	8,580,022
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		3,088,776	856,333	3,945,109	2,032,985	1,929,250	3,962,235
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	110,679	403,568	514,247	10,928	239,563	250,491
11.1 Fair value hedges		110,679	311,584	422,263	10,928	210,635	221,563
11.2 Cash flow hedges		-	91,984	91,984	-	28,928	28,928
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	5.2.8	4,763,086	163,884	4,926,970	4,444,409	150,563	4,594,972
12.1 General provisions		3,088,469	81,795	3,170,264	2,957,392	70,584	3,027,976
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		737,888	16,272	754,160	552,104	18,891	570,995
12.4 Insurance technical provisions (Net)		261,979	29,523	291,502	221,605	29,687	251,292
12.5 Other provisions		674,750	36,294	711,044	713,308	31,401	744,709
XIII. TAX LIABILITY	5.2.9	382,501	29,567	412,068	660,910	38,678	699,588
13.1 Current tax liability		382,357	28,229	410,586	660,910	38,678	699,588
13.2 Deferred tax liability		144	1,338	1,482	-	-	-
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
XVI. SHAREHOLDERS' EQUITY	5.2.12	34,484,711	240,176	34,724,887	30,807,168	396,588	31,203,756
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		1,915,555	17,419	1,932,974	1,783,549	189,097	1,972,646
16.2.1 Share premium		11,880	-	11,880	11,880	-	11,880
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		(190,168)	57,723	(132,445)	(427,264)	143,622	(283,642)
16.2.4 Revaluation surplus on tangible assets		1,723,593	6,027	1,729,620	1,760,634	5,249	1,765,883
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, affiliates and joint-ventures		947	-	947	947	-	947
16.2.8 Hedging reserves (effective portion)		(326,395)	(46,331)	(372,726)	(258,346)	40,226	(218,120)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		695,698	-	695,698	695,698	-	695,698
16.3 Profit reserves		24,203,697	222,757	24,426,454	21,016,101	207,491	21,223,592
16.3.1 Legal reserves		1,241,962	29,481	1,271,443	1,199,314	27,314	1,226,628
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		22,137,930	5,961	22,143,891	19,164,305	3,860	19,168,165
16.3.4 Other profit reserves		823,805	187,315	1,011,120	652,482	176,317	828,799
16.4 Profit or loss		3,907,558	-	3,907,558	3,580,901	-	3,580,901
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		3,907,558	-	3,907,558	3,580,901	-	3,580,901
16.5 Minority interest		257,901	-	257,901	226,617	-	226,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		148,974,307	146,155,889	295,130,196	134,032,705	145,614,473	279,647,178

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 Off-Balance Sheet Items

At 30 September 2016

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2016			PRIOR PERIOD 31 December 2015		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		163,533,278	277,146,957	440,680,235	150,726,280	239,794,120	390,520,400
I. GUARANTEES AND SURETIES	5.3.1	16,788,877	36,386,409	53,175,286	14,860,696	34,072,026	48,932,722
1.1 Letters of guarantee		16,762,348	19,190,461	35,952,809	14,828,828	17,880,281	32,709,109
1.1.1 Guarantees subject to State Tender Law		-	1,029,481	1,029,481	-	1,099,700	1,099,700
1.1.2 Guarantees given for foreign trade operations		2,134,068	343,805	2,477,873	1,950,896	429,466	2,380,362
1.1.3 Other letters of guarantee		14,628,280	17,817,175	32,445,455	12,877,932	16,351,115	29,229,047
1.2 Bank acceptances		26,529	2,053,306	2,079,835	20,793	1,517,276	1,538,069
1.2.1 Import letter of acceptance		26,529	2,053,306	2,079,835	20,793	1,517,276	1,538,069
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	15,009,375	15,009,375	11,075	14,565,263	14,576,338
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		-	15,009,375	15,009,375	11,075	14,565,263	14,576,338
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	133,267	133,267	-	109,206	109,206
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		40,066,024	13,093,144	53,159,168	37,544,577	12,212,173	49,756,750
2.1 Irrevocable commitments		39,895,513	12,583,802	52,479,315	37,406,104	11,856,041	49,262,145
2.1.1 Asset purchase and sale commitments		1,241,163	6,993,070	8,234,233	35,604	3,211,242	3,246,846
2.1.2 Deposit purchase and sale commitments		-	2,139	2,139	-	16,628	16,628
2.1.3 Share capital commitments to associates and affiliates		-	4,774	4,774	-	5,297	5,297
2.1.4 Loan granting commitments		6,476,767	5,095,596	11,572,363	6,188,170	7,960,528	14,148,698
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		3,244,685	-	3,244,685	3,063,075	-	3,063,075
2.1.8 Tax and fund obligations on export commitments		23,248	-	23,248	20,529	-	20,529
2.1.9 Commitments for credit card limits		27,633,285	329,547	27,962,832	26,825,955	240,665	27,066,620
2.1.10 Commitments for credit cards and banking services related promotions		12,155	-	12,155	8,561	-	8,561
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,264,210	158,676	1,422,886	1,264,210	421,681	1,685,891
2.2 Revocable commitments		170,511	509,342	679,853	138,473	356,132	494,605
2.2.1 Revocable loan granting commitments		4,510	-	4,510	2,091	-	2,091
2.2.2 Other revocable commitments		166,001	509,342	675,343	136,382	356,132	492,514
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	106,678,377	227,667,404	334,345,781	98,321,007	193,509,921	291,830,928
3.1 Derivative financial instruments held for risk management		11,721,109	27,714,344	39,435,453	7,107,440	16,963,601	24,071,041
3.1.1 Fair value hedges		8,728,407	12,760,472	21,488,879	3,439,355	9,266,494	12,705,849
3.1.2 Cash flow hedges		2,992,702	14,953,872	17,946,574	3,668,085	7,697,107	11,365,192
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		94,957,268	199,953,060	294,910,328	91,213,567	176,546,320	267,759,887
3.2.1 Forward foreign currency purchases/sales		10,890,331	16,800,189	27,690,520	13,657,205	19,440,673	33,097,878
3.2.1.1 Forward foreign currency purchases		5,314,370	8,518,192	13,832,562	5,309,452	11,274,973	16,584,425
3.2.1.2 Forward foreign currency sales		5,575,961	8,281,997	13,857,958	8,347,753	8,165,700	16,513,453
3.2.2 Currency and interest rate swaps		55,462,779	127,604,054	183,066,833	37,602,313	89,917,096	127,519,409
3.2.2.1 Currency swaps-purchases		24,237,068	52,573,915	76,810,983	14,376,034	34,129,707	48,505,741
3.2.2.2 Currency swaps-sales		30,786,531	44,135,305	74,921,836	19,580,059	26,224,265	45,804,324
3.2.2.3 Interest rate swaps-purchases		219,590	15,447,417	15,667,007	1,823,110	14,781,562	16,604,672
3.2.2.4 Interest rate swaps-sales		219,590	15,447,417	15,667,007	1,823,110	14,781,562	16,604,672
3.2.3 Currency, interest rate and security options		28,303,024	46,186,585	74,489,609	39,582,679	54,883,150	94,465,829
3.2.3.1 Currency call options		11,698,630	20,159,279	31,857,909	16,065,334	26,565,083	42,630,417
3.2.3.2 Currency put options		16,534,789	17,427,956	33,962,745	23,503,191	21,989,969	45,493,160
3.2.3.3 Interest rate call options		-	7,739,712	7,739,712	-	6,260,492	6,260,492
3.2.3.4 Interest rate put options		-	718,080	718,080	-	-	-
3.2.3.5 Security call options		14,163	70,779	84,942	3,466	33,803	37,269
3.2.3.6 Security put options		55,442	70,779	126,221	10,688	33,803	44,491
3.2.4 Currency futures		158,087	254,959	413,046	4,381	283,825	288,206
3.2.4.1 Currency futures-purchases		153,644	42,292	195,936	3,965	3,463	7,428
3.2.4.2 Currency futures-sales		4,443	212,667	217,110	416	280,362	280,778
3.2.5 Interest rate futures		-	17,952	17,952	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	17,952	17,952	-	-	-
3.2.6 Others		143,047	9,089,321	9,232,368	366,989	12,021,576	12,388,565
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		616,476,676	454,999,766	1,071,476,442	548,874,581	417,680,618	966,555,199
IV. ITEMS HELD IN CUSTODY		50,720,939	35,711,421	86,432,360	48,947,357	33,749,852	82,697,209
4.1 Customers' securities held		14,860,179	-	14,860,179	14,374,137	-	14,374,137
4.2 Investment securities held in custody		19,908,861	14,238,187	34,147,048	19,795,650	13,838,529	33,634,179
4.3 Checks received for collection		13,187,965	2,648,588	15,836,553	12,307,476	2,576,003	14,883,479
4.4 Commercial notes received for collection		2,453,241	1,089,898	3,543,139	2,234,925	1,215,680	3,450,605
4.5 Other assets received for collection		73,321	14,148,726	14,222,047	71,631	13,190,928	13,262,559
4.6 Assets received through public offering		-	73,018	73,018	-	70,813	70,813
4.7 Other items under custody		237,372	3,513,004	3,750,376	163,538	2,857,899	3,021,437
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		565,755,737	419,288,345	985,044,082	499,927,224	383,930,766	883,857,990
5.1 Securities		4,421,144	282,372	4,703,516	4,292,190	319,059	4,611,249
5.2 Guarantee notes		38,144,187	13,199,689	51,343,876	39,074,083	13,088,941	52,163,024
5.3 Commodities		8,594	-	8,594	3,142	-	3,142
5.4 Warranties		-	262,978	262,978	-	292,681	292,681
5.5 Real estates		134,709,351	82,245,320	216,954,671	113,104,394	71,837,629	184,942,023
5.6 Other pledged items		388,472,291	323,297,937	711,770,228	343,453,245	298,391,829	641,845,074
5.7 Pledged items-depository		170	49	219	170	627	797
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		780,009,954	732,146,723	1,512,156,677	699,600,861	657,474,738	1,357,075,599

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 30 September 2016

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2016-	PRIOR PERIOD 1 January 2015-	CURRENT PERIOD 1 July 2016-	PRIOR PERIOD 1 July 2015-
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
I. INTEREST INCOME	5.4.1	16,655,785	13,727,426	5,778,866	4,684,476
1.1 Interest income on loans		12,802,127	10,451,891	4,470,740	3,746,605
1.2 Interest income on reserve deposits		161,837	40,231	63,905	20,247
1.3 Interest income on banks		149,087	123,329	53,377	37,870
1.4 Interest income on money market transactions		4,950	4,478	2,223	1,320
1.5 Interest income on securities portfolio		2,871,414	2,518,075	965,231	666,895
1.5.1 Trading financial assets		15,252	18,901	5,471	5,252
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,596,484	1,381,018	532,840	390,414
1.5.4 Investments held-to-maturity		1,259,678	1,118,156	426,920	271,229
1.6 Financial lease income		323,937	293,241	108,713	104,849
1.7 Other interest income		342,433	296,181	114,677	106,690
II. INTEREST EXPENSE	5.4.2	7,666,824	6,389,356	2,605,468	2,255,544
2.1 Interest on deposits		5,242,026	4,279,661	1,797,956	1,495,080
2.2 Interest on funds borrowed		822,890	885,296	275,562	299,197
2.3 Interest on money market transactions		776,739	499,791	247,778	198,920
2.4 Interest on securities issued		801,978	707,512	280,153	261,059
2.5 Other interest expenses		23,191	17,096	4,019	1,288
III. NET INTEREST INCOME (I - II)		8,988,961	7,338,070	3,173,398	2,428,932
IV. NET FEES AND COMMISSIONS INCOME		2,439,785	2,222,649	826,368	755,820
4.1 Fees and commissions received		3,214,091	2,910,322	1,092,643	1,013,797
4.1.1 Non-cash loans		249,220	225,001	85,669	79,619
4.1.2 Others		2,964,871	2,685,321	1,006,974	934,178
4.2 Fees and commissions paid		774,306	687,673	266,275	257,977
4.2.1 Non-cash loans		2,317	2,335	798	688
4.2.2 Others		771,989	685,338	265,477	257,289
V. DIVIDEND INCOME	5.4.3	9,066	5,387	4	-
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	(660,603)	(512,123)	(118,057)	(274,475)
6.1 Trading account income/losses (Net)		216,894	804,652	102,513	498,892
6.2 Income/losses from derivative financial instruments (Net)		(898,233)	(1,686,666)	137,733	(402,071)
6.3 Foreign exchange gains/losses (Net)		20,736	369,891	(358,303)	(371,296)
VII. OTHER OPERATING INCOME	5.4.5	1,701,978	1,088,597	322,970	309,025
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		12,479,187	10,142,580	4,204,683	3,219,302
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	2,547,046	1,828,902	869,619	634,991
X. OTHER OPERATING EXPENSES (-)	5.4.7	5,002,876	4,834,240	1,637,094	1,703,225
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,929,265	3,479,438	1,697,970	881,086
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	4,929,265	3,479,438	1,697,970	881,086
XVI. PROVISION FOR TAXES (±)	5.4.9	989,199	821,209	363,190	241,187
16.1 Current tax charge		899,170	423,038	125,697	38,888
16.2 Deferred tax charge/(credit)		90,029	398,171	237,493	202,299
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,940,066	2,658,229	1,334,780	639,899
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	3,940,066	2,658,229	1,334,780	639,899
23.1 Equity holders of the bank		3,907,558	2,632,863	1,324,901	631,257
23.2 Minority interest		32,508	25,366	9,879	8,642
Earnings per Share		0.930	0.627	0.315	0.150

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 30 September 2016

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2016 - 30 September 2016	PRIOR PERIOD 1 January 2015 - 30 September 2015
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	219,230	(1,102,351)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	(38,890)	461
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	183,698	539,442
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(128,623)	89,644
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(63,275)	(190,264)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(22,865)	224,908
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	149,275	(438,160)
XI. CURRENT PERIOD PROFIT/LOSSES	3,940,066	2,658,229
1.1 Net changes in fair value of securities (transferred to income statement)	214,746	106,079
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(97,244)	55,132
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,822,564	2,497,018
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	4,089,341	2,220,069

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 30 September 2016

		THOUSANDS OF TURKISH LIRA (TL)																		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Inflation Adjustment to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity	
PRIOR PERIOD - 1 January-30 September 2015																				
I. Balances at beginning of the period		4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	-	3,647,404	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015	
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at beginning of the period (I+II)		4,200,000	772,554	11,880	-	1,179,954	-	16,163,191	414,560	-	3,647,404	88,781	175,034	947	(187,023)	-	26,467,282	193,733	26,661,015	
Changes during the period	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	(897,465)	-	-	-	-	(897,465)	(10)	(897,475)	
VI. Hedging reserves		-	-	-	-	-	-	-	281,749	-	-	-	-	-	(80,496)	-	201,253	-	201,253	
6.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	71,715	-	71,715	-	71,715	
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	281,749	-	-	-	-	-	(152,211)	-	129,538	-	129,538	
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	369	-	-	-	369	-	369	
VIII. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Translation differences		-	-	-	-	4,609	-	501	252,583	-	-	-	-	-	-	-	257,693	-	257,693	
XI. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX. Current period net profit/loss		-	-	-	-	-	-	-	-	2,632,863	-	-	-	-	-	-	2,632,863	25,366	2,658,229	
XX. Profit distribution		-	-	-	-	41,634	-	3,006,824	31,946	-	(3,647,404)	-	-	-	-	-	(567,000)	(1,354)	(568,354)	
20.1. Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)	(1,354)	(568,354)	
20.2. Transfers to reserves		-	-	-	-	41,634	-	3,006,824	31,946	-	(3,048,458)	-	-	-	-	-	-	-	-	
20.3. Others		-	-	-	-	-	-	-	-	-	(31,946)	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)		4,200,000	772,554	11,880	-	1,226,197	-	19,170,516	980,838	2,632,863	-	(808,684)	175,403	947	(267,519)	-	28,094,995	217,735	28,312,730	
CURRENT PERIOD - 1 January-30 September 2016																				
I. Balances at beginning of the period		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	
Changes during the period	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Market value changes of securities		-	-	-	-	-	-	-	-	-	-	151,197	-	-	-	-	151,197	(14)	151,183	
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(154,494)	-	(154,494)	-	(154,494)	
4.1. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(103,874)	-	(103,874)	-	(103,874)	
4.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	(50,620)	-	(50,620)	-	(50,620)	
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	8,303	-	-	-	-	(39,415)	-	-	-	(31,112)	-	(31,112)	
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Bonus shares of associates, affiliates and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Translation differences		-	-	-	-	2,186	-	108	181,516	-	-	-	-	-	(112)	-	183,698	-	183,698	
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others		-	-	-	-	-	-	766	-	-	-	-	(766)	-	-	-	-	-	-	
XVII. Current period net profit/loss		-	-	-	-	-	-	-	-	3,907,558	-	-	-	-	-	-	3,907,558	32,508	3,940,066	
XVIII. Profit distribution		-	-	-	-	42,629	-	2,966,549	805	-	(3,580,901)	-	3,918	-	-	-	(567,000)	(1,210)	(568,210)	
18.1. Dividends		-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)	(1,210)	(568,210)	
18.2. Transfers to reserves		-	-	-	-	42,629	-	2,966,549	805	-	(3,009,178)	-	-	-	-	-	-	-	-	
18.3. Others		-	-	-	-	-	-	-	-	-	(4,723)	-	3,918	-	-	-	-	-	-	
Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)		4,200,000	772,554	11,880	-	1,271,443	-	22,143,891	934,264	3,907,558	-	(132,445)	1,729,620	947	(372,726)	-	34,466,986	257,901	34,724,887	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows
At 30 September 2016

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2016 30 September 2016	1 January 2015 30 September 2015
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	4,295,103	1,844,665
1.1.1 Interests received		14,972,569	12,894,298
1.1.2 Interests paid		(7,804,431)	(6,986,837)
1.1.3 Dividend received		9,062	5,387
1.1.4 Fees and commissions received		3,214,091	2,910,322
1.1.5 Other income		1,750,153	1,882,567
1.1.6 Collections from previously written-off loans and other receivables		129,102	76,890
1.1.7 Payments to personnel and service suppliers		(4,140,706)	(4,193,651)
1.1.8 Taxes paid		(1,372,408)	(978,946)
1.1.9 Others		(2,462,329)	(3,765,365)
1.2 Changes in operating assets and liabilities	5.6	(5,402,376)	4,592,187
1.2.1 Net (increase) decrease in financial assets held for trading		(1,726)	37,816
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		200,000	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(3,422,973)	(3,149,694)
1.2.4 Net (increase) decrease in loans		(16,001,700)	(30,255,876)
1.2.5 Net (increase) decrease in other assets		766,909	(2,447,424)
1.2.6 Net increase (decrease) in bank deposits		(4,148,679)	2,033,550
1.2.7 Net increase (decrease) in other deposits		15,163,143	30,201,380
1.2.8 Net increase (decrease) in funds borrowed		1,405,697	5,306,635
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		636,953	2,865,800
I. Net cash flow from banking operations	5.6	(1,107,273)	6,436,852
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	2,256,729	(1,223,666)
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	-
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(645,392)	(214,503)
2.4 Sales of tangible assets		75,638	72,182
2.5 Cash paid for purchase of financial assets available-for-sale, net		(7,332,063)	(6,307,722)
2.6 Cash obtained from sale of financial assets available-for-sale, net		9,679,515	5,854,885
2.7 Cash paid for purchase of investments held-to-maturity		(382,802)	(3,590,304)
2.8 Cash obtained from sale of investments held-to-maturity		861,833	2,961,796
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(1,016,876)	1,241,754
3.1 Cash obtained from funds borrowed and securities issued		5,739,835	6,796,648
3.2 Cash used for repayment of funds borrowed and securities issued		(6,188,501)	(4,986,450)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(568,210)	(568,354)
3.5 Payments for financial leases		-	(90)
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		273,207	1,550,143
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	405,787	8,005,083
VI. Cash and cash equivalents at beginning of period	5.6	11,740,582	9,999,761
VII. Cash and cash equivalents at end of period (V+VI)	5.6	12,146,369	18,004,844

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

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

3.3 Information on consolidated affiliates

As of 30 September 2016, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

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

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

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

3.4.2 Derivative financial instruments held for risk management

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

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

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

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

3.5 Interest income and expenses

General

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

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

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

Financial lease operations

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8 Impairment of financial assets

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

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

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

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

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

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

3.9.2 Derecognition of financial assets

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale, assets of discontinued operations and related liabilities

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

Investment properties accounted at fair value are not depreciated.

3.14 Leasing activities

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

	30 September 2016	31 December 2015
Net Effective Discount Rate	2.99%	2.99%
Discount Rate	10.30%	10.30%
Expected Rate of Salary Increase	8.60%	8.60%
Inflation Rate	7.10%	7.10%

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

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

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

Retirement benefit obligations

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

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

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

	30 September 2016	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 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 30 September 2016, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	4,795,540	3,837,203	605,405	3,231,973	12,470,121
Other	-	-	-	-	-
Total Operating Profit	4,795,540	3,837,203	605,405	3,231,973	12,470,121
Net Operating Profit	1,172,650	1,328,067	418,567	2,000,915	4,920,199
Income from Associates and Affiliates	-	-	-	9,066	9,066
Net Operating Profit	1,172,650	1,328,067	418,567	2,009,981	4,929,265
Provision for Taxes	-	-	-	989,199	989,199
Net Profit	1,172,650	1,328,067	418,567	1,020,782	3,940,066
Segment Assets	59,573,720	125,944,535	80,289,329	29,169,779	294,977,363
Investments in Associates and Affiliates	-	-	-	152,833	152,833
Total Assets	59,573,720	125,944,535	80,289,329	29,322,612	295,130,196
Segment Liabilities	109,600,440	63,957,164	68,934,030	17,913,675	260,405,309
Shareholders' Equity	-	-	-	34,724,887	34,724,887
Total Liabilities and Shareholders' Equity	109,600,440	63,957,164	68,934,030	52,638,562	295,130,196

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,727,277	3,376,421	1,018,621	2,014,874	10,137,193
Other	-	-	-	-	-
Total Operating Profit	3,727,277	3,376,421	1,018,621	2,014,874	10,137,193
Net Operating Profit	(115,785)	1,787,096	783,439	1,019,301	3,474,051
Income from Associates and Affiliates	-	-	-	5,387	5,387
Net Operating Profit	(115,785)	1,787,096	783,439	1,024,688	3,479,438
Provision for Taxes	-	-	-	821,209	821,209
Net Profit	(115,785)	1,787,096	783,439	203,479	2,658,229
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

3.24 Other disclosures

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

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

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

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

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

<i>30 June 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign Exchange Gains/Losses (net)	757,424	(16,237)	741,187
Other Operating Expense	3,089,037	41,978	3,131,015
Provision for Taxes	591,665	(11,643)	580,022
Current Period Net Profit/Loss	2,064,902	(46,572)	2,018,330

<i>30 September 2015</i>	<i>Reported</i>	<i>Correction</i>	<i>Restated</i>
Foreign Exchange Gains/Losses (net)	422,433	(52,542)	369,891
Other Operating Expense	4,814,147	20,093	4,834,240
Provision for Taxes	835,735	(14,526)	821,209
Current Period Net Profit/Loss	2,716,338	(58,109)	2,658,229

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

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

4.1.1 Components of consolidated total capital

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	23,637,272	
Other Comprehensive Income according to TAS	2,890,764	
Profit	3,909,627	
Current Period Profit	3,909,627	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	947	
Minority Interest	52,515	
Common Equity Tier I Capital Before Deductions	35,475,559	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	906,713	-
Leasehold Improvements on Operational Leases (-)	111,370	-
Goodwill Netted with Deferred Tax Liabilities	3,833	6,388
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	138,304	230,506
Net Deferred Tax Asset/Liability (-)	12,494	20,823
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,805	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	1,174,519	-
Total Common Equity Tier I Capital	34,301,040	-
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	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
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 (-)	94,757	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	8,329	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	34,197,954	-
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	2,750,801	-
Total Deductions from Tier II Capital	2,750,801	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
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	2,750,801	
Total Equity (Total Tier I and Tier II Capital)	36,948,755	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	54	
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 (-)	19,631	
Other items to be Defined by the BRSA (-)	110,223	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	36,818,847	-
Total Risk Weighted Assets	246,251,829	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	13.93	-
Consolidated Tier I Capital Ratio (%)	13.89	-
Consolidated Capital Adequacy Ratio (%)	14.95	-
BUFFERS		
Bank-specific total CET1 Capital Ratio (%)	5.654	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.529	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6.952	-
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	-	-

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014 (*)</i>
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 (**)	1,074,811	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	344,826	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	3,170,264	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,750,801	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

(**) 250% risk weight is applied to TL 1,074,811 thousands according to Regulation on “Capital Adequacy Ratio” Annex-1 Paragraph 73, which is not deducted from Common Equity Tier 1 Capital.

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

4.1.2 Items included in capital calculation

None.

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report (*)</i>	<i>Explanation of the differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	1,932,974	(759,869)	1,173,105	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Other Comprehensive Income According to TAS	1,920,147	(759,869)	1,160,278	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Securities Value Increase Fund	(132,445)	18,200	(114,245)	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Revaluation Surplus on Tangible Assets	1,729,620	(30,886)	1,698,734	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(372,726)	25,283	(347,443)	Items not included in the calculation as per Regulation's Article 9-1-f
Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations	-	-	-	
Other Capital Reserves	695,698	(772,466)	(76,768)	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*); and Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	947	-	947	
Share Premium	11,880	-	11,880	
Profit Reserves	24,426,454	34,591	24,461,045	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Profit or Loss	3,907,558	2,069	3,909,627	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	3,907,558	2,069	3,909,627	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Minority Interest	257,901	(205,386)	52,515	Adjustment effect required by the Regulation on "Bank Capital" Article 10 Paragraph 4 (*)
Deductions from Common Equity Tier I Capital (-)	-		267,806	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	34,724,887		34,301,040	

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report (*)</i>	<i>Explanation of the differences</i>
Subordinated Debts			-	
Deductions from Tier I Capital (-)			103,086	Deductions from Tier I Capital as per the Regulation
Tier I Capital			34,197,954	
Subordinated Debts			-	
General Provisions			2,750,801	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			2,750,801	
Deductions from Total Capital (-)			129,908	Deductions from Capital as per the Regulation
Total			36,818,847	

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

4.2 Consolidated credit risk

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

4.3 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2016, the Bank and its financial affiliates' net 'on balance sheet' foreign currency short position amounts to TL 4,519,701 thousands (31 December 2015: TL 7,939,559 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 4,974,058 thousands (31 December 2015: TL 9,437,913 thousands), while net foreign currency long open position amounts to TL 454,357 thousands (31 December 2015: TL 1,498,354 thousands).

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

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

	USD	EUR
The Bank's foreign currency purchase rate at balance sheet date	2.9920	3.3561
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.9920	3.3617
Day 2	2.9780	3.3357
Day 3	2.9760	3.3310
Day 4	2.9750	3.3481
Day 5	2.9470	3.3036
Last 30-days arithmetical average rate	2.9605	3.3163

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	14,451,102	12,188,217	2,958,222	29,597,541
Banks	4,736,808	7,282,754	701,407	12,720,969
Financial Assets at Fair Value through Profit/Loss	160,579	332,355	23,202	516,136
Interbank Money Market Placements	-	299,204	-	299,204
Financial Assets Available-for-Sale	2,316,792	2,558,013	67,871	4,942,676
Loans (*)	32,302,487	42,586,165	2,849,394	77,738,046
Investments in Associates, Affiliates and Joint-Ventures	807	-	532	1,339
Investments Held-to-Maturity	117,660	9,164,544	-	9,282,204
Derivative Financial Assets Held for Risk Management	-	1,437	-	1,437
Tangible Assets	71,866	188	77,365	149,419
Intangible Assets	-	-	-	-
Other Assets (**)	3,536,219	2,027,046	106,597	5,669,862
Total Assets	57,694,320	76,439,923	6,784,590	140,918,833
Liabilities				
Bank Deposits	801,233	991,132	343,070	2,135,435
Foreign Currency Deposits	32,098,490	55,098,037	4,862,869	92,059,396
Interbank Money Market Takings	67,122	189,427	304,951	561,500
Other Fundings	11,002,908	24,665,708	245,402	35,914,018
Securities Issued	1,974,624	7,416,314	998,675	10,389,613
Miscellaneous Payables	134,085	904,861	42,031	1,080,977
Derivative Financial Liabilities Held for Risk Management	53,981	239,667	109,920	403,568
Other Liabilities (***)	505,303	995,121	1,393,603	2,894,027
Total Liabilities	46,637,746	90,500,267	8,300,521	145,438,534
Net 'On Balance Sheet' Position	11,056,574	(14,060,344)	(1,515,931)	(4,519,701)
Net 'Off-Balance Sheet' Position	(11,995,683)	13,934,838	3,034,903	4,974,058
Derivative Assets	16,473,361	58,838,765	9,668,493	84,980,619
Derivative Liabilities	(28,469,044)	(44,903,927)	(6,633,590)	(80,006,561)
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	42,557,470	85,807,550	8,192,768	136,557,788
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	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,601,176 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 294,251 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 1,414,163 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.4 Consolidated interest rate risk

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

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

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

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

<i>Current Period</i>	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	22,252,032	-	-	-	-	9,207,792	31,459,824
Banks	5,683,774	2,518,077	2,344,638	11,236	-	3,181,486	13,739,211
Financial Assets at Fair Value through Profit/Loss	7,073	13,478	71,369	41,388	32,815	1,659,668	1,825,791
Interbank Money Market Placements	318,680	-	-	-	-	8	318,688
Financial Assets Available-for-Sale	1,733,103	3,927,476	8,461,954	3,000,778	4,160,738	1,895,966	23,180,015
Loans	43,982,995	32,110,609	48,721,401	44,565,983	12,609,438	4,093,750	186,084,176
Investments Held-to-Maturity	2,536,815	3,043,390	2,429,291	4,667,562	6,356,377	2,273,093	21,306,528
Other Assets	699,537	1,214,481	1,986,015	2,778,120	284,503	10,253,307	17,215,963
Total Assets	77,214,009	42,827,511	64,014,668	55,065,067	23,443,871	32,565,070	295,130,196
Liabilities							
Bank Deposits	1,065,657	412,187	224,931	-	-	1,108,219	2,810,994
Other Deposits	87,330,003	26,172,852	15,024,813	1,780,437	5,665	34,035,348	164,349,118
Interbank Money Market Takings	17,963,852	591,677	-	67,122	40,620	15,062	18,678,333
Miscellaneous Payables	-	-	-	-	-	9,227,156	9,227,156
Securities Issued	204,110	1,398,264	4,583,692	6,741,373	1,795,836	304,026	15,027,301
Other Fundings	12,334,117	16,693,799	5,001,108	4,255,726	149,380	267,523	38,701,653
Other Liabilities	2,741	13,073	29,743	797	-	46,289,287	46,335,641
Total Liabilities	118,900,480	45,281,852	24,864,287	12,845,455	1,991,501	91,246,621	295,130,196
On Balance Sheet Long Position	-	-	39,150,381	42,219,612	21,452,370	-	102,822,363
On Balance Sheet Short Position	(41,686,471)	(2,454,341)	-	-	-	(58,681,551)	(102,822,363)
Off-Balance Sheet Long Position	8,932,341	17,594,625	4,171,445	5,674,338	3,433,025	-	39,805,774
Off-Balance Sheet Short Position	(2,596,999)	(9,659,935)	(3,874,032)	(13,539,383)	(10,178,455)	-	(39,848,804)
Total Position	(35,351,129)	5,480,349	39,447,794	34,354,567	14,706,940	(58,681,551)	(43,030)

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

<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	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.

4.4.2 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	-	0.48	-	3.71
Banks	0.04-2.00	0.05-3.30	-	9.48-12.40
Financial Assets at Fair Value through Profit/Loss	2.39	5.63	-	7.16-14.56
Interbank Money Market Placements	-	0.50	-	7.93-7.95
Financial Assets Available-for-Sale	0.65-4.88	3.24-11.88	-	9.74-14.47
Loans	0.21-13.00	1.00-10.35	3.41	10.00-16.25
Investments Held-to-Maturity	0.19	5.53	-	8.89
Liabilities				
Bank Deposits	(0.33)-0.83	0.42-1.61	-	9.34-9.70
Other Deposits	0.01-8.00	0.01-3.77	1.17	6.31-15.00
Interbank Money Market Takings	-	1.55-2.62	1.49	6.00-11.20
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	2.62-5.13	0.71	10.40-11.85
Other Fundings	0.30-6.25	1.00-4.00	-	9.70-12.86

<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	-	0.35	-	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	0.10-1.13	0.35-1.37	-	10.69-10.80
Other Deposits	0.95-9.00	1.43-3.75	1.19	7.00-11.41
Interbank Money Market Takings	0.05-0.15	0.75-2.75	1.49	6.00-13.72
Miscellaneous Payables	-	-	-	-
Securities Issued	3.42	4.83	1.01	9.94-11.92
Other Fundings	0.25-6.25	0.90-5.44	1.50	11.06-15.75

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and affiliates

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

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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	123,852	-	-
	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	123,682	-	-
	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	-	-	-

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

<i>Current Period</i>		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	Gains/Losses in Current Period	Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
		1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	10,997	-	10,997
3	Other Shares	-	10,012	-	-	-
	Total	-	10,012	10,997	-	10,997

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

4.5.4 Capital requirement as per equity shares

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	152,883	152,569	12,206
Total		152,883	152,569	12,206

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

(*) Additional to total RWA as of 30 September 2016, 250% risk weight is applied to TL 1,074,811 thousands according to Regulation on "Capital Adequacy Ratio" Annex-1 Paragraph 73 and Regulation on "Bank Capital" Article 9 Paragraph 4 (c), which is not deducted from Common Equity Tier 1 Capital.

4.6 Consolidated liquidity risk

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

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

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

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

Risk management head 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 liquidity indicators 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 policy regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists “Liquidity Emergency Plan” in the Bank including mechanisms to prevent increase in liquidity risk 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 possible actions that can be taken in each stress level.

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

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. As of the reporting date, high quality liquid assets are composed of 5.27% cash, 47.65% deposits in central banks and 47.07% securities considered as high quality liquid assets.

The Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 67.19% deposits, 23.06% funds borrowed and money market borrowings and 6.04% securities issued.

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

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

There was an increase in high quality liquid assets in items included in LCR calculations during the period.

<i>Current Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			41,514,682	25,324,161
1 Total high-quality liquid assets (HQLA)			41,514,682	25,324,161
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	110,313,212	52,023,352	9,835,985	5,193,280
3 Stable deposits	23,906,721	181,094	1,195,336	9,055
4 Less stable deposits	86,406,491	51,842,258	8,640,649	5,184,226
5 Unsecured wholesale funding, of which:	46,086,185	25,901,589	25,645,863	12,213,478
6 Operational deposits	-	-	-	-
7 Non-operational deposits	33,869,221	22,874,627	16,588,724	11,032,245
8 Unsecured funding	12,216,964	3,026,962	9,057,139	1,181,233
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	52,360,170	14,736,818	11,505,762	9,105,767
11 Outflows related to derivative exposures and other collateral requirements	8,219,200	8,017,532	8,219,200	8,017,532
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	44,140,970	6,719,286	3,286,562	1,088,234
14 Other revocable off-balance sheet commitments and contractual obligations	687,344	499,865	34,367	24,993
15 Other irrevocable or conditionally revocable off-balance sheet obligations	52,519,645	35,826,718	2,625,982	1,791,336
16 Total Cash Outflows			49,647,960	28,328,855
Cash Inflows				
17 Secured receivables	20,251	-	-	-
18 Unsecured receivables	21,158,397	8,391,850	14,791,934	6,535,042
19 Other cash inflows	1,416,567	4,599,486	1,412,594	4,597,996
20 Total Cash Inflows	22,595,214	12,991,335	16,204,528	11,133,037
			Total Adjusted Values	
21 Total HQLA			41,514,682	25,324,161
22 Total Net Cash Outflows			33,443,431	17,195,818
23 Liquidity Coverage Ratio (%)			124.27%	149.10%

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

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

Period	TL+FC	FC
31 July 2016	124.76%	175.23%
31 August 2016	128.96%	136.58%
30 September 2016	119.10%	135.48%

<i>Prior Period</i>	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 Total high-quality liquid assets (HQLA)			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.

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

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

4.6.3 Maturity analysis of assets and liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	7,006,332	24,453,492	-	-	-	-	-	31,459,824
Banks	4,758,030	2,582,005	942,387	2,344,757	3,112,032	-	-	13,739,211
Financial Assets at Fair Value through Profit/Loss (**)	57,070	381,026	252,176	393,132	361,693	380,694	-	1,825,791
Interbank Money Market Placements	-	318,688	-	-	-	-	-	318,688
Financial Assets Available-for-Sale	198,279	103	216,319	141,223	11,015,773	11,608,318	-	23,180,015
Loans (**)	394,167	32,476,518	18,684,374	43,618,804	64,487,964	22,479,022	3,943,327	186,084,176
Investments Held-to-Maturity	-	117,660	-	598,080	8,341,952	12,248,836	-	21,306,528
Other Assets	2,452,374	1,717,037	1,277,305	1,791,098	3,192,101	470,785	6,315,263	17,215,963
Total Assets	14,866,252	62,046,529	21,372,561	48,887,094	90,511,515	47,187,655	10,258,590	295,130,196
Liabilities								
Bank Deposits	1,153,342	1,017,870	412,937	226,845	-	-	-	2,810,994
Other Deposits	39,351,652	81,745,048	26,270,635	15,091,134	1,876,944	13,705	-	164,349,118
Other Fundings	-	1,505,800	5,660,692	12,514,190	13,647,460	5,373,511	-	38,701,653
Interbank Money Market Takings	81	17,974,935	595,407	-	67,122	40,788	-	18,678,333
Securities Issued	-	179,451	1,348,935	4,596,894	7,098,982	1,803,039	-	15,027,301
Miscellaneous Payables	1,040,830	8,088,835	16,397	79,767	341	-	986	9,227,156
Other Liabilities (***)	2,883,661	711,122	512,225	524,574	634,766	717,054	40,352,239	46,335,641
Total Liabilities	44,429,566	111,223,061	34,817,228	33,033,404	23,325,615	7,948,097	40,353,225	295,130,196
Liquidity Gap	(29,563,314)	(49,176,532)	(13,444,667)	15,853,690	67,185,900	39,239,558	(30,094,635)	-
Net Off-Balance Sheet Position	-	(591,725)	421,800	482,022	(123,733)	189,550	-	377,914
Derivative Financial Assets	-	61,313,260	28,202,912	33,305,939	9,518,154	1,653,462	-	133,993,727
Derivative Financial Liabilities	-	61,904,985	27,781,112	32,823,917	9,641,887	1,463,912	-	133,615,813
Non-Cash Loans	-	6,924,823	5,040,185	7,240,510	1,277,264	129,706	85,740,960	106,353,448
Prior Period								
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
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

(*) 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.

(**) As of 31 December 2015, loans amounting to TL 198,118 thousands (30 September 2016: none) included under Financial Assets at Fair Value through Profit/Loss in the accompanying consolidated financial statements are presented above under Loans.

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

4.7 Consolidated leverage ratio

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

The Bank’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month period is 8.12% (31 December 2015: 7.85%). Main reason for the variance compared to prior period is the increase in capital higher than other items. While the capital increased by 11.47% as a result of increase in net profits, the balance sheet exposure increased by 7.93% and off balance sheet exposure increased by 8.20%. Therefore, the current period leverage ratio increased by 27 basis points compared to prior period.

		<i>Current Period</i> ^(***)	<i>Prior Period</i> ^(***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*) ^(**)	283,005,590	274,837,997
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” ^(**)	4,242,105	4,809,181
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	(7,690,289)	(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	14,844,873	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	4,386	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	415,593,857	385,659,874

^(*) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué “Preparation of Consolidated Financial Statements.”

^(**) For the current period consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 30 June 2016 and for the prior period consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2015 are used.

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

	<i>Current Period^(*)</i>	<i>Prior Period^(*)</i>	
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	296,389,753	274,606,088
2	(Assets deducted in determining Tier I capital)	(371,769)	(299,347)
3	Total on-balance sheet risks (sum of lines 1 and 2)	296,017,984	274,306,741
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	2,019,106	2,589,359
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7,713,468	7,379,472
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	9,732,574	9,968,831
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,419,107	1,173,806
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	1,419,107	1,173,806
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	108,428,578	100,214,444
11	(Adjustments for conversion to credit equivalent amounts)	(4,386)	(3,948)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	108,424,192	100,210,496
Capital and total risks			
13	Tier I capital	33,741,214	30,270,121
14	Total risks (sum of lines 3, 6, 9 and 12)	415,593,857	385,659,874
Leverage ratio			
15	Leverage ratio	8.12%	7.85%

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

4.8 Fair values of financial assets and liabilities

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

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

None.

4.10 Risk management objectives and policies

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

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

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

In accordance with the risk appetite framework, the Bank determines the consolidated risk level that the board of the Bank is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorb those risks.

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

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

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

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

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

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

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

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

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	212,836,091	212,052,500	17,026,887
2	Of which standardised approach (SA)	212,836,091	212,052,500	17,026,887
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	3,652,857	2,769,808	292,229
5	Of which standardised approach for counterparty credit risk (SA-CCR)	3,652,857	2,769,808	292,229
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	5,090,850	6,826,925	407,268
17	Of which standardised approach (SA)	5,090,850	6,826,925	407,268
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	21,096,899	18,707,904	1,687,752
20	Of which basic indicator approach	21,096,899	18,707,904	1,687,752
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	3,575,132	1,157,480	286,011
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	246,251,829	241,514,617	19,700,147

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

4.10.2 Consolidated financial statements and regulatory exposures reconciliation

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.3 Consolidated credit risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.4 Consolidated counterparty credit risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.5 Consolidated securitisations

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.6 Consolidated market risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.7 Consolidated operational risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.8 Consolidated banking book interest rate risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,436,843	764,148	1,313,085	886,047
Central Bank of Turkey	425,440	27,975,369	946,596	21,896,042
Others	-	858,024	-	244,867
Total	1,862,283	29,597,541	2,259,681	23,026,956

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	425,440	3,521,876	946,596	1,556,782
Unrestricted Time Deposits	-	132	-	5
Restricted Time Deposits	-	24,453,361	-	20,339,255
Total	425,440	27,975,369	946,596	21,896,042

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

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	11,265	-	11,930	-
Assets Subject to Repurchase Agreements	2,025	-	8,814	-
Total	13,290	-	20,744	-

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	131,601	68,370	242,997	45,551
Swap Transactions	484,955	600,679	373,851	457,241
Futures	186	-	126	34
Options	230,834	65,321	442,563	106,896
Others	12,386	7,670	35,576	20,261
Total	859,962	742,040	1,095,113	629,983

5.1.2.3 Financial assets at fair value through profit/loss

None.

5.1.3 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	948,054	1,325,980	880,565	857,677
Foreign banks	70,188	11,394,989	44,865	14,523,059
Foreign headoffices and branches	-	-	-	-
Total	1,018,242	12,720,969	925,430	15,380,736

The placements at foreign banks include blocked accounts amounting TL 6,833,734 thousands (31 December 2015: TL 7,554,736 thousands) of which TL 113,831 thousands (31 December 2015: TL 96,799 thousands) and TL 85,680 thousands (31 December 2015: TL 65,058 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 6,634,223 thousands (31 December 2015: TL 7,392,879 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 248,351 thousands (31 December 2015: TL 153,035 thousands) as required for insurance activities.

Due from foreign banks

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

5.1.4 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	3,758,248	27,101	2,170,335	30,909
Assets subject to Repurchase Agreements	5,268,868	132,187	10,879,108	1,220,819
Total	9,027,116	159,288	13,049,443	1,251,728

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	21,327,056	23,594,194
Quoted at Stock Exchange	20,823,585	22,960,201
Unquoted at Stock Exchange	503,471	633,993
Common Shares/Investment Fund	152,108	83,886
Quoted at Stock Exchange	71,149	7,669
Unquoted at Stock Exchange	80,959	76,217
Value Increase/Impairment Losses (-)	1,700,851	1,077,690
Total	23,180,015	24,755,770

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	1	138,508	146	408,529
Corporates	1	138,508	146	408,529
Real Persons	-	-	-	-
Indirect Lendings to Shareholders	2,093,323	429,791	2,113,052	263,954
Loans to Employees	285,897	128	250,323	88
Total	2,379,221	568,427	2,363,521	672,571

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	176,031,791	3,211,566	385,727	8,600,771	3,152,107	728,283
Working Capital Loans	21,223,151	533,420	30,705	936,237	451,622	137,350
Export Loans	8,160,323	189,728	-	248,484	114,888	15,879
Import Loans	432,346	-	-	-	-	-
Loans to Financial Sector	6,663,232	39,136	-	-	-	-
Consumer Loans	41,572,496	1,668,128	41,620	1,892,027	557,929	69,382
Credit Cards	18,070,563	-	313,402	570,721	-	314,085
Others	79,909,680	781,154	-	4,953,302	2,027,668	191,587
Specialization Loans	-	1,170	16,378	-	-	-
Other Receivables	-	-	-	-	-	-
Total	176,031,791	3,212,736	402,105	8,600,771	3,152,107	728,283

<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	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".

As of 30 September 2016, loans amounting to TL 6,218,978 thousands (31 December 2015: TL 5,781,904 thousands) are benefited as collateral under funding transactions.

Collaterals received for loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	33,402	4,639	-	38,041
Loans Collateralized by Mortgages	3,736,336	913,892	-	4,650,228
Loans Collateralized by Pledged Assets	865,781	65,612	-	931,393
Loans Collateralized by Cheques and Notes	2,443	539,194	-	541,637
Loans Collateralized by Other Collaterals	1,421,097	30,323	-	1,451,420
Unsecured Loans	78,964	338,367	570,721	988,052
Total	6,138,023	1,892,027	570,721	8,600,771

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

Delinquency periods of loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	658,250	763,994	170,177	1,592,421
61-90 days	173,360	302,412	78,124	553,896
Other	5,306,413	825,621	322,420	6,454,454
Total	6,138,023	1,892,027	570,721	8,600,771

<i>Prior Period</i>	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

Loans and other receivables with extended payment plans

<i>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
No. of Extensions		
1 or 2 times	2,741,075	3,054,209
3, 4 or 5 times	208,157	57,631
Over 5 times	263,504	40,267
Total	3,212,736	3,152,107

<i>Prior Period</i>	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>Current Period</i>	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
Extention Periods		
0 - 6 months	455,909	729,050
6 - 12 months	572,153	172,376
1 - 2 years	1,408,088	204,330
2 - 5 year	641,731	1,483,004
5 years and over	134,855	563,347
Total	3,212,736	3,152,107

<i>Prior 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

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	803,880	39,581,873	40,385,753
Housing Loans	31,152	20,765,406	20,796,558
Automobile Loans	50,858	1,850,317	1,901,175
General Purpose Loans	721,870	16,966,150	17,688,020
Others	-	-	-
Consumer Loans – FC-indexed	-	155,784	155,784
Housing Loans	-	155,133	155,133
Automobile Loans	-	2	2
General Purpose Loans	-	649	649
Others	-	-	-
Consumer Loans – FC	170,776	2,100,881	2,271,657
Housing Loans	2,328	1,012,326	1,014,654
Automobile Loans	135	10,648	10,783
General Purpose Loans	8,489	772,001	780,490
Others	159,824	305,906	465,730
Retail Credit Cards – TL	15,334,595	538,765	15,873,360
With Installment	7,395,387	538,765	7,934,152
Without Installment	7,939,208	-	7,939,208
Retail Credit Cards – FC	92,795	100,254	193,049
With Installment	10,182	-	10,182
Without Installment	82,613	100,254	182,867
Personnel Loans – TL	20,896	91,459	112,355
Housing Loan	-	1,215	1,215
Automobile Loans	-	67	67
General Purpose Loans	20,896	90,177	111,073
Others	-	-	-
Personnel Loans - FC-indexed	30	326	356
Housing Loans	-	326	326
Automobile Loans	-	-	-
General Purpose Loans	30	-	30
Others	-	-	-
Personnel Loans – FC	1,190	60,675	61,865
Housing Loans	69	24,631	24,700
Automobile Loans	-	-	-
General Purpose Loans	209	29,455	29,664
Others	912	6,589	7,501
Personnel Credit Cards – TL	106,766	689	107,455
With Installment	44,857	689	45,546
Without Installment	61,909	-	61,909
Personnel Credit Cards – FC	2,101	1,766	3,867
With Installment	270	-	270
Without Installment	1,831	1,766	3,597
Deposit Accounts– TL (Real Persons)	476,753	-	476,753
Deposit Accounts– FC (Real Persons)	-	-	-
Total	55	17,009,782	42,632,472
			59,642,254

<i>Prior 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

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	1,680,838	10,350,220	12,031,058
Real Estate Loans	2,323	783,091	785,414
Automobile Loans	103,179	1,990,011	2,093,190
General Purpose Loans	1,575,336	7,577,118	9,152,454
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	199,961	2,088,274	2,288,235
Real Estate Loans	-	54,501	54,501
Automobile Loans	6,766	626,894	633,660
General Purpose Loans	193,195	1,406,879	1,600,074
Others	-	-	-
Installment-based Commercial Loans – FC	822,328	1,528,211	2,350,539
Real Estate Loans	-	759	759
Automobile Loans	-	13,394	13,394
General Purpose Loans	1,681	47,146	48,827
Others	820,647	1,466,912	2,287,559
Corporate Credit Cards – TL	2,442,993	9,465	2,452,458
With Installment	1,116,597	9,465	1,126,062
Without Installment	1,326,396	-	1,326,396
Corporate Credit Cards – FC	11,095	-	11,095
With Installment	187	-	187
Without Installment	10,908	-	10,908
Deposit Accounts– TL (Corporates)	1,006,943	-	1,006,943
Deposit Accounts– FC (Corporates)	-	-	-
Total	6,164,158	13,976,170	20,140,328

<i>Prior 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

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	172,726,348	159,973,425
Foreign Loans (*)	11,906,214	10,632,530
Total	184,632,562	170,605,955

(*) As of 31 December 2015, loans amounting to TL 198,118 thousands (30 September 2016: none) 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	11,576	200
Indirect Lending	-	-
Total	11,576	200

5.1.5.9 Specific provisions for loans

Specific Provisions	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	663,421	687,181
Doubtful Loans and Receivables	1,015,815	661,583
Uncollectible Loans and Receivables	3,091,473	2,949,703
Total	4,770,709	4,298,467

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	373,584	677,087	920,690
Rescheduled Loans and Receivables	8,459	4,998	82,171
Total	382,043	682,085	1,002,861
<i>Prior Period</i>			
(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

Movements in non-performing loan groups

	Group III	Group IV	Group V
<i>Current Period</i>	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	1,123,595	889,101	3,633,117
Additions during the Period (+)	2,590,564	49,384	131,219
Transfer from Other NPL Categories (+)	2,485	2,199,021	1,567,263
Transfer to Other NPL Categories (-)	2,261,067	1,504,553	3,151
Collections during the Period (-)	431,780	241,257	363,730
Write-offs (-) ^(*)	19,701	7,974	1,130,213
Corporate and Commercial Loans	19,315	4,724	545,614
Retail Loans	373	2,043	353,296
Credit Cards	13	1,207	231,303
Others	-	-	-
Balances at End of Period	1,004,096	1,383,722	3,834,505
Specific Provisions (-)	663,421	1,015,815	3,091,473
Net Balance on Balance Sheet	340,675	367,907	743,032

^(*) 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	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.

Movements in specific loan provisions

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,826,030	1,486,364	986,073	4,298,467
Additions during the Period (+)	1,116,708	785,981	450,789	2,353,478
Restructured/Rescheduled Loans (-)	39	-	-	39
Collections during the Period (-) (*)	153,078	397,004	179,138	729,220
Write-Offs (-) (**)	569,583	350,824	231,570	1,151,977
Balances at End of Period	2,220,038	1,524,517	1,026,154	4,770,709

<i>Prior 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

(*) 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 Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	259,590	546,792	1,223,122
Specific Provisions (-)	84,545	343,753	870,700
Net Balance at Balance Sheet	175,045	203,039	352,422
<i>Prior 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

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

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	1,004,096	1,383,722	3,833,189
Specific Provision (-)	663,421	1,015,815	3,090,157
Loans to Individuals and Corporates (Net)	340,675	367,907	743,032
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>			
Loans to Individuals and Corporates (Gross)	1,123,595	889,101	3,631,801
Specific Provision (-)	687,181	661,583	2,948,387
Loans to Individuals and Corporates (Net)	436,414	227,518	683,414
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,005
Specific Provision (-)	-	-	1,005
Other Loans and Receivables (Net)	-	-	-

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	17,797	164	-	17,961
Loans Collateralized by Mortgages	1,438,221	123,520	-	1,561,741
Loans Collateralized by Pledged Assets	450,278	45,963	-	496,241
Loans Collateralized by Cheques and Notes	275,989	8,807	-	284,796
Loans Collateralized by Other Collaterals	993,460	1,053,846	-	2,047,306
Unsecured Loans	306,702	480,967	1,026,609	1,814,278
Total	3,482,447	1,713,267	1,026,609	6,222,323

<i>Prior 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

5.1.5.11 *Liquidation policy for uncollectible loans and receivables*

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

5.1.5.12 *Write-off policy*

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

5.1.6 **Factoring receivables**

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

5.1.7 Investments held-to-maturity

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	5,577,826	2,093,040	4,956,015	2,108,752
Investments subject to Repurchase Agreements	1,798,463	184,292	4,081,537	317,809
Total	7,376,289	2,277,332	9,037,552	2,426,561

5.1.7.2 Government securities held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	17,926,786	17,776,978
Treasury Bills	-	-
Other Government Securities	-	-
Total	17,926,786	17,776,978

5.1.7.3 Investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	19,091,095	19,522,643
Quoted at Stock Exchange	18,884,033	19,106,455
Unquoted at Stock Exchange	207,062	416,188
Valuation Increase / (Decrease)	2,215,433	1,794,603
Total	21,306,528	21,317,246

5.1.7.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	21,317,246	20,667,042
Foreign Currency Differences on Monetary Assets	289,282	2,034,482
Purchases during the Period	356,827	1,149,619
Disposals through Sales/Redemptions (*)	(1,080,691)	(2,971,993)
Valuation Effect	423,864	438,096
Balances at End of Period	21,306,528	21,317,246

In the prior period,

(*) As per the exceptions set out in the relevant accounting standards (TAS 39) for the sale or reclassification of investments, certain credit linked notes with a total face value of USD 300,000,000 were sold.

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ ⁽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	9,832	8,307	998	589	3	1,119	941	-
2	68,992	39,246	47,932	383	-	9,586	5,165	-
3	744,074	71,501	3,899	7,371	762	(2,265)	260	-
4	7,429,453	951,843	97,622	151,369	4,789	119,604	87,910	-
5	1,047,921	991,504	205,144	17,101	955	171,406	237,963	-
6	171,986	123,290	118,180	1,917	17	10,180	17,046	-
7	450,139,064	54,629,350	684,192	6,120,123	2,238,649	20,736,851	8,529,957	-
8	315,606	308,991	6,315	8,162	-	10,000	10,141	-

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

(1) Financial information is as of 30 June 2016.

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

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	35,502	35,221	50	345	1,352	1,648	99	18,880

(*) 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	686	792
Movements during the Period	(62)	(106)
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(62)	(106)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	624	686
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	624	686
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	624	686
Other Associates	-	-

Quoted consolidated investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	624	686
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in affiliates

Information on capital adequacy of major affiliates

<i>Current Period</i>	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	463,992	357,848	1,293,405
Share Premium	-	-	43,542
Share Cancellation Profits	-	-	-
Reserves	894,029	440,006	(268,832)
Other Comprehensive Income according to TAS	530,153	43,905	44,223
Current and Prior Periods' Profits	39,348	95,761	10,895
Common Equity Tier I Capital Before Deductions	1,927,522	937,520	1,123,233
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45,178	399	245,166
Leasehold Improvements on Operational Leases (-)	-	93	7,753
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	9,484	4,327	117,661
Net Deferred Tax Asset/Liability (-)	-	-	7,153
Total Deductions from Common Equity Tier I Capital	54,662	4,819	377,733
Total Common Equity Tier I Capital	1,872,860	932,701	745,500
Total Deductions From Tier I Capital	6,322	2,884	83,209
Total Tier I Capital	1,866,538	929,817	662,291
TIER II CAPITAL	268,488	-	68,025
CAPITAL BEFORE DEDUCTIONS	2,135,026	929,817	730,316
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	465	-
TOTAL CAPITAL	2,135,026	929,352	730,316

<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	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

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	70,355	64,290	67	1,906	166	47	6,901	-	-
2	24,620	19,977	950	466	99	1,819	1,394	-	-
3	8,169	7,875	27	310	245	(538)	1,951	-	-
4	2,612	1,798	528	-	52	103	131	-	-
5	2,195	1,960	55	179	35	513	749	-	-
6	3,556	3,556	3,549	-	-	(1)	(1)	-	-
7	986,774	69,864	843,507	27	-	5,323	14,847	-	-
8	2,214	1,944	-	-	-	1,102	1,076	-	-

(*) 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	4,342,264	3,604,139
Movements during the Period	644,520	738,125
Acquisitions and Capital Increases	53,484	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	430,592	470,481
Currency Differences on Foreign Affiliates	160,444	267,644
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	4,986,784	4,342,264
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 (*)	4,986,784	4,342,264

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

Sectoral distribution of consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Banks	2,026,991	1,764,623
Insurance Companies	1,074,811	916,536
Factoring Companies	148,097	135,644
Leasing Companies	935,550	871,165
Finance Companies	801,335	654,296
Other Affiliates	-	-

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

Quoted consolidated investments in affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	148,097	135,644
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	5,225,106	937,121	67,991	303,001	-	95,761	93,466	-
2	2,301,607	180,867	7,328	188,911	-	15,105	17,523	-
3	124,659	65,668	11,427	985	1,992	18,201	3,697	-
4	55,941	49,043	4,554	3,186	-	9,772	5,734	-
5	1,666,647	1,265,946	37,671	110,385	2,045	186,611	146,453	-
6	16,328,396	1,878,902	87,622	418,958	74,020	39,347	24,034	-
7	303,044	154,055	25,880	6,702	7,641	1,298	(5,863)	-
8	1,142,814	1,142,728	-	-	-	(154)	(169)	-
9	1,222,858	1,064,547	-	36	-	26,768	1,526	-
10	6,674,782	908,673	58,759	197,967	22,092	(5,509)	53,167	-
11	492,672	67,414	4,432	22,531	-	7,152	5,687	-
12	331,200	43,957	4,499	33,461	-	10,853	14,790	-

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

Consolidated investments in affiliates disposed during the current period

None.

Consolidated investments in affiliates acquired during the current period

None.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	2,554,816	2,253,738	2,192,663	1,883,470
Between 1-5 Years	3,265,576	2,909,271	3,194,715	2,824,748
Longer than 5 Years	328,020	308,646	366,245	343,374
Total	6,148,412	5,471,655	5,753,623	5,051,592

5.1.11.2 Net financial lease receivables

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	6,148,412	5,753,623
Unearned Income on Financial Lease Receivables (-)	(676,757)	(702,031)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	5,471,655	5,051,592

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	4,604	-	60,616	7,483
Cash Flow Hedges	3,918	274,537	28,448	584,450
Net Foreign Investment Hedges	-	-	-	-
Total	8,522	274,537	89,064	591,933

As of 30 September 2016, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	33,574,102	9,958	396,663	18,791,415	101,340	120,219
-TL	9,728,407	8,522	110,679	5,239,355	89,064	10,928
-FC	23,845,695	1,436	285,984	13,552,060	12,276	109,291
Cross Currency Swaps	5,861,351	273,101	117,584	5,279,626	579,657	130,272
-TL	1,992,701	-	-	1,868,085	-	-
-FC	3,868,650	273,101	117,584	3,411,541	579,657	130,272
Total	39,435,453	283,059	514,247	24,071,041	680,997	250,491

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	168,723	2,036	(187,125)	(16,366)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	26,077	1,848	(18,138)	9,787
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	27,674	720	(107,080)	1,539
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(15,716)	-	(109,920)	(125,636)

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	65,224	8,104	(78,491)	(5,163)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	173	-	(313)	(140)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(48,755)	59,995	(12,487)	(1,247)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,669)	-	(130,272)	(143,941)

5.1.12.1.2 Cash flow hedge accounting

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	-	(25)	(103)	(101)	(14)
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	3,917	(80,344)	(71,409)	(14,269)	(1,874)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,437	(3,951)	(2,303)	(2,647)	(125)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	-	(6,677)	(12,091)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	273,101	-	(45,562)	(69,972)	62
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	(7,664)	(3,855)	3,787	-

In the current period, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 (31 December 2015: a gain of TL 1,238 thousands). There were no loss recognised in the shareholders' equity in the current period (31 December 2015: a loss of TL 619 thousands).

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 securities issued	Cash flow risk resulted from change in market interest rates	74	-	101	133	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	33,167	(28,928)	8,616	847	(1,219)
Cross Currency Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	262,771	-	4,416	24,784	11
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	316,886	-	69,335	70,610	921

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	307,095	296,191
Additions	228,791	-
Transfers to Tangible Assets	-	(18,009)
Fair Value Change	1,607	29,279
Net Currency Translation Differences on Foreign Affiliates	-	(366)
Net Book Value at End of Current Period	537,493	307,095

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 30 September 2016, on a consolidated basis the Bank has a deferred tax asset of TL 347,872 thousands (31 December 2015: TL 463,623 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 September 2016, there is a deferred tax asset of TL 619,943 thousands (31 December 2015: TL 701,422 thousands) and deferred tax liability of TL 272,071 thousands (31 December 2015: TL 237,799 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	1,018,785	205,692	849,242	170,497
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	462,067	86,138	725,454	172,572
Revaluation Differences on Real Estates	(1,722,894)	(24,458)	(1,810,410)	(27,620)
Other	418,185	80,500	823,326	148,174
Deferred Tax Asset, Net	176,143	347,872	587,612	463,623

(*) 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 30 September 2016, TL 90,029 thousands of deferred tax expense (30 September 2015: TL 398,171 thousands) and TL 22,865 thousands of deferred tax expense (31 December 2015: TL 100,910 thousands of deferred tax income) were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	375,548	186,179
Accumulated Depreciation	(9,183)	(7,972)
Net Book Value	366,365	178,207
End of Current Period		
Additions	200,549	279,871
Disposals (Cost)	(69,683)	(90,648)
Disposals (Accumulated Depreciation)	1,037	3,886
Reversal of Impairment / Impairment Losses (-)	(2,473)	(1,583)
Depreciation Expense for Current Period (-)	(6,252)	(5,097)
Currency Translation Differences on Foreign Operations	1,116	1,729
Cost	505,057	375,548
Accumulated Depreciation (-)	(14,398)	(9,183)
Net Book Value	490,659	366,365

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 317,722 thousands (31 December 2015: TL 258,845 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Investments in Associates, Affiliates and Joint – Ventures	-	-
Sale of Real Estates	-	-
Sale of Available for Sale Assets	15,112	-
Sale of Other Assets	2,287	3,127
Total	17,399	3,127

5.1.18.2 Prepaid expenses

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	449,268	440,202
Prepaid Taxes	35,407	30,978

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	8,826,034	-	3,236,315	37,964,042	647,520	394,327	499,893	4,467	51,572,598
Foreign Currency	21,196,816	-	7,684,861	36,865,746	3,729,932	8,086,641	14,443,602	51,798	92,059,396
Residents in Turkey	14,207,775	-	6,651,056	33,115,021	2,027,492	1,188,661	1,207,751	50,707	58,448,463
Residents in Abroad	6,989,041	-	1,033,805	3,750,725	1,702,440	6,897,980	13,235,851	1,091	33,610,933
Public Sector Deposits	1,095,577	-	3,573	45,745	118	535	51	-	1,145,599
Commercial Deposits	6,767,703	-	3,895,389	4,887,581	263,786	147,482	217,774	-	16,179,715
Others	195,035	-	102,495	994,072	12,903	408,994	264,148	-	1,977,647
Precious Metal	1,270,487	-	-	17,377	-	6,087	120,212	-	1,414,163
Bank Deposits	1,153,342	-	402,829	131,752	852,189	193,311	77,571	-	2,810,994
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	5,290	-	64,065	15,007	280,811	41,881	2,161	-	409,215
Foreign Banks	704,558	-	338,764	116,745	571,378	151,430	75,410	-	1,958,285
Special Financial	443,494	-	-	-	-	-	-	-	443,494
Others	-	-	-	-	-	-	-	-	-
Total	40,504,994	-	15,325,462	80,906,315	5,506,448	9,237,377	15,623,251	56,265	167,160,112

<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	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 Turkey	-	-	700,209	-	-	-	-	-	700,209
Domestic Banks	3,158	-	862,517	436,397	2,080	24	4	-	1,304,180
Foreign Banks	719,751	-	557,070	642,166	1,706,121	100,500	128,482	-	3,854,090
Special Financial	1,101,702	-	-	-	-	-	-	-	1,101,702
Others	-	-	-	-	-	-	-	-	-
Total	38,342,544	-	16,273,098	72,832,626	7,358,717	5,188,185	16,077,989	61,272	156,134,431

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	27,112,078	24,403,854	24,096,828	22,487,622
Foreign Currency Saving Deposits	16,228,880	15,714,350	35,293,052	30,954,806
Other Saving Deposits	569,916	590,229	1,027,500	1,282,499
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	758,022	673,677
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	722,876	662,161
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	113,244	79,914	218,374	131,764
Swap Transactions	619,727	701,555	1,101,708	602,757
Futures	62	582	32	3,320
Options	159,686	117,778	354,764	154,904
Others	12,382	7,430	35,579	19,401
Total	905,101	907,259	1,710,457	912,146

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	739,256	1,362,720	1,047,230	1,255,372
Foreign Banks, Institutions and Funds	2,048,379	34,551,298	2,407,491	34,649,802
Total	2,787,635	35,914,018	3,454,721	35,905,174

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	920,645	2,339,222	1,094,237	2,447,861
Medium and Long-Term	1,866,990	33,574,796	2,360,484	33,457,313
Total	2,787,635	35,914,018	3,454,721	35,905,174

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 30 September 2016, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to gains of TL 230,866 thousands and of TL 103,570 thousands, respectively. The carrying value of the related financial liability amounted to TL 5,753,134 thousands.

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,143,560	3,776,747	-
Cost	1,089,674	3,478,888	-	10,696,204
Carrying Value (*)	1,126,414	3,511,274	-	10,389,613

<i>Prior 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
Cost	1,885,919	2,635,443	160,141	11,089,721
Carrying Value (*)	1,925,100	2,615,083	160,472	10,810,942

(*) The Bank and/or its financial affiliates repurchased the Bank's own TL securities with a total face value of TL 114,590 thousands (31 December 2015: TL 162,821 thousands) and foreign currency securities with a total face value of TL 618,536 thousands (31 December 2015: TL 638,989 thousands) and netted off such securities in the accompanying consolidated financial statements.

The Bank classified certain securities amounting to TL 15,959 thousands and RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition. As of 30 September 2016, the accumulated negative credit risks changes, and the negative and positive credit risk changes recognised in the income statement amounted to TL 71 thousands and TL 2,354 thousands, and TL 71 thousands and TL 427 thousands, respectively. The carrying value of the related financial liability amounted to TL 16,261 thousands and TL 30,108 thousands, and the related current period losses and gains amounted to TL 275 thousands and TL 578 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	6,717,326	-	12,545,178	-
Financial Institutions and Organizations	6,649,573	-	12,475,300	-
Other Institutions and Organizations	24,958	-	36,759	-
Individuals	42,795	-	33,119	-
Foreign Transactions	722	561,419	75	3,595,865
Financial Institutions and Organizations	-	561,419	-	3,595,865
Other Institutions and Organizations	613	-	-	-
Individuals	109	-	75	-
Total	6,718,048	561,419	12,545,253	3,595,865

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	7,789,583	64,675	6,886,185	57,684
Payables from insurance transactions	31,728	210	20,858	238
Other	324,868	1,016,092	283,144	1,331,913
Total	8,146,179	1,080,977	7,190,187	1,389,835

5.2.5 Factoring payables

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

5.2.6 Lease payables

5.2.6.1 Financial lease payables

None.

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	110,679	311,584	10,928	210,635
Cash Flow Hedges	-	91,984	-	28,928
Net Foreign Investment Hedges	-	-	-	-
Total	110,679	403,568	10,928	239,563

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	3,170,264	3,027,976
Loans and Receivables in Group I	2,491,197	2,521,714
Loans and Receivables in Group II	343,684	354,149
Non-Cash Loans	153,805	152,113
Others	181,578	-

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	3,245	29,733
Medium and Long Term Loans	2,470	11,412
Total	5,715	41,145

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

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

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

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	300,000	342,000

5.2.8.4.2 Other provisions for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	754,160	570,995
Insurance Technical Provisions, Net	291,502	251,292
Provision for Promotion Expenses of Credit Cards (*)	99,118	89,757
Provision for Lawsuits	52,261	41,734
Other Provisions	145,044	169,109
Total	1,342,085	1,122,887

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

Recognized liability for defined benefit plan obligations

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

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

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

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

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

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

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

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 September 2016, the corporate tax liability amounts to TL 133,655 thousands (31 December 2015: TL 376,241 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	133,655	376,241
Taxation on Securities Income	108,763	110,210
Taxation on Real Estates Income	4,106	3,396
Banking Insurance Transaction Tax	103,616	100,514
Foreign Exchange Transaction Tax	82	74
Value Added Tax Payable	6,602	13,190
Others	44,361	87,846
Total	401,185	691,471

5.2.9.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	2,777	2,701
Social Security Premiums-Employer	2,384	2,206
Bank Pension Fund Premium-Employees	160	18
Bank Pension Fund Premium-Employer	283	18
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,223	1,021
Unemployment Insurance-Employer	2,541	2,132
Others	33	21
Total	9,401	8,117

5.2.9.2 Deferred tax liability

As of 30 September 2016, the deferred tax liability amounts to TL 1,482 thousands (31 December 2015: -).

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

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

5.2.11 Subordinated debts

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

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

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

5.2.12.2 Registered share capital system

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	(190,168)	57,723	(427,264)	143,622
Valuation Difference	(190,168)	57,723	(427,264)	143,622
Exchange Rate Difference	-	-	-	-
Total	(190,168)	57,723	(427,264)	143,622

5.2.12.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,547,178	6,027	1,587,371	5,249
Gain on Sale of Investments in Associates and Affiliates and Real Estates to be used for Capital Increases	176,415	-	173,263	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	1,723,593	6,027	1,760,634	5,249

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	1,022,171	1,013,056
II. Legal Reserve	249,272	213,572
Special Reserves	-	-
Total	1,271,443	1,226,628

5.2.12.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	22,143,891	19,168,165
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	22,143,891	19,168,165

5.2.12.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	226,617	193,733
Profit Share of Affiliates Net Profits	32,508	34,213
Prior Period Dividend Payment	(1,210)	(1,354)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(14)	25
Balance at End of Period	257,901	226,617

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have term asset purchase and sale commitments of TL 8,234,233 thousands (31 December 2015: TL 3,246,846 thousands), commitments for cheque payments of TL 3,244,685 thousands (31 December 2015: TL 3,063,075 thousands) and commitments for credit card limits of TL 27,962,832 thousands (31 December 2015: TL 27,066,620 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	19,190,461	17,880,281
Letters of Guarantee in TL	16,762,348	14,828,828
Letters of Credit	15,009,375	14,576,338
Bills of Exchange and Acceptances	2,079,835	1,538,069
Prefinancings	-	-
Other Guarantees	133,267	109,206
Total	53,175,286	48,932,722

A specific provision of TL 114,621 thousands (31 December 2015: TL 102,109 thousands) is made for unliquidated non-cash loans of TL 321,655 thousands (31 December 2015: TL 313,985 thousands) recorded under the off-balance sheet items as of 30 September 2016.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	4,718,946	4,157,201
<i>With Original Maturity of 1 Year or Less</i>	408,272	454,207
<i>With Original Maturity of More Than 1 Year</i>	4,310,674	3,702,994
Other Non-Cash Loans	48,456,340	44,775,521
Total	53,175,286	48,932,722

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	3,933,162	208,453	3,076,940	253,504
Medium and long-term loans	6,091,422	2,514,844	4,690,196	2,388,291
Loans under follow-up	48,776	5,470	36,937	6,023
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	10,073,360	2,728,767	7,804,073	2,647,818

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

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	11,821	-	1,527
Domestic Banks	75,954	7,789	67,009	12,917
Foreign Banks	1,694	51,829	4,924	36,952
Foreign Head Offices and Branches	-	-	-	-
Total	77,648	71,439	71,933	51,396

5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Held for Trading	14,016	1,236	13,914	4,987
Financial Assets Valued at Fair Value Through Profit	-	-	-	-
Financial Assets Available-for-Sale	1,421,861	174,623	1,207,609	173,409
Investments Held-to-Maturity	881,019	378,659	755,642	362,514
Total	2,316,896	554,518	1,977,165	540,910

As disclosed in the accounting policies, the parent Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 September 2016, the valuation of such securities was made according to 8% of annual inflation expectation. If the valuation of such securities was performed according to the reference index valid as of 30 September 2016, the parent Bank's securities value increase fund under the equity would increase by TL 11,474 thousands (net), whereas the interest income on securities portfolio would decrease by TL 29,715 thousands.

5.4.1.4 Interest income received from associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Affiliates	1,100	520

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	-	-	206
Domestic Banks	40,803	26,371	71,372	46,802
Foreign Banks	189,941	355,429	258,779	326,304
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	210,346	-	181,833
Total	230,744	592,146	330,151	555,145

(*) 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	2,936	1,347

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

<i>Current Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	807	229,389	-	507	611	-	-	231,314
Saving Deposits	2,326	182,810	2,754,132	76,669	30,811	35,898	-	3,082,646
Public Sector Deposits	-	321	3,677	8	30	2	-	4,038
Commercial Deposits	3,209	224,830	418,532	38,831	20,004	53,931	-	759,337
Others	3	9,515	65,334	10,736	53,735	19,566	-	158,889
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	6,345	646,865	3,241,675	126,751	105,191	109,397	-	4,236,224
Foreign Currency								
Foreign Currency Deposits	30,750	46,842	531,229	42,912	72,497	258,911	583	983,724
Bank Deposits	-	13,625	1,180	770	2,945	2,622	-	21,142
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	8	926	-	936
Total FC	30,750	60,467	532,411	43,682	75,450	262,459	583	1,005,802
Grand Total	37,095	707,332	3,774,086	170,433	180,641	371,856	583	5,242,026

<i>Prior Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	595	84,591	-	152	102	-	-	85,440
Saving Deposits	139	230,876	2,177,470	89,039	58,425	41,206	-	2,597,155
Public Sector Deposits	-	443	1,848	8	4	2	-	2,305
Commercial Deposits	175	206,292	347,927	16,752	22,273	32,069	-	625,488
Others	5	8,731	65,922	920	4,563	27,270	-	107,411
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	914	530,933	2,593,167	106,871	85,367	100,547	-	3,417,799
Foreign Currency								
Foreign Currency Deposits	31,868	45,673	407,434	63,897	95,644	177,766	729	823,011
Bank Deposits	8	32,880	3,381	1,347	166	139	-	37,921
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	3	-	11	916	-	930
Total FC	31,876	78,553	410,818	65,244	95,821	178,821	729	861,862
Grand Total	32,790	609,486	3,003,985	172,115	181,188	279,368	729	4,279,661

5.4.2.5 *Interest expense on repurchase agreements*

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

5.4.2.6 *Financial lease expenses*

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

5.4.2.7 *Interest expenses on factoring payables*

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

5.4.3 **Dividend income**

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Income	58,769,755	78,209,945
Trading Account Income	1,490,174	2,087,156
Derivative Financial Instruments	6,709,193	10,522,770
Foreign Exchange Gain	50,570,388	65,600,019
Losses (-)	59,430,358	78,722,068
Trading Account Losses	1,273,280	1,282,504
Derivative Financial Instruments	7,607,426	12,209,436
Foreign Exchange Losses	50,549,652	65,230,128
Total	(660,603)	(512,123)

TL 1,727,149 thousands (30 September 2015: TL 2,786,030 thousands) of foreign exchange gains and TL 1,898,559 thousands (30 September 2015: TL 2,504,402 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

In this respect; the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 2,958,521 thousands, USD 1,100,660,941 and EUR 156,885,339 and for its bonds with a total face value of TL 1,405,000 thousands and USD 265,400,000 and fixed-rate coupons by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 194,800 thousands and TL 52,396 thousands (30 September 2015: a gain of TL 113,103 thousands and a loss of TL 57,422 thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under trading income/losses in the income statement, respectively.

In addition; the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and RON 85,500,000 with the same face values and terms. Accordingly, in the current period, a loss of TL 15,716 thousands (30 September 2015: TL 16,797 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 funds borrowed amounting to USD 83,818,378 and EUR 42,105,266, securitization borrowings amounting to USD 116,666,668 and EUR 166,663,165 by designating cross currency swaps with the same face values and terms, and eurobonds with a total nominal value of USD 10,000,000, the collateralised borrowings amounting to TL 500,000 thousands and USD 250,000,000, borrowings amounting to USD 650,000,000, securitizations amounting to USD 500,000,000 and deposits amounting to USD 300,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a gain of TL 18,461 thousands and a loss of TL 68,137 thousands (30 September 2015: a gain of TL 93,893 thousands and a loss of TL 12,121 thousands resulting from outstanding transactions at that date) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity.

One of the Bank's consolidated affiliate enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the affiliate applied fair value hedge accounting for fixed rate eurobonds with a total face value of USD 240,193,000 and EUR 145,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, net gains of TL 18,206 thousands (30 September 2015: -) resulting from the related fair value calculations for the hedged bonds were accounted for under trading income/losses in the income statement.

One of the Bank's consolidated affiliate enters into interest rate agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the affiliate applied cash flow hedge accounting for its funds borrowed amounting to USD 319,807,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a net loss of TL 500 thousands (30 September 2015: -) resulting from interest rate swap agreements were recognised under shareholders' equity.

One of the Bank's consolidated affiliate enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the affiliate applied cash flow hedge accounting for its loans granted in Turkish Lira by designating swaps with the same face value amount and similar terms; TL 255,000,000 sell and USD 80,076,154 buy, USD 80,076,154 sell and EUR 69,829,075 buy, TL 715,000,000 sell and EUR 207,889,067 buy, CHF 5,487,510 sell and EUR 5,022,622 buy, RON 45,000,000 sell and EUR 9,838,216 buy. Accordingly, in the current period, losses of TL 2,891 thousands (30 September 2015:-) resulting from currency derivative contracts were recognized under shareholder's 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.

As of 21 June 2016, the acquisition of Visa Europe Ltd. by Visa Inc. has been completed. In acquisition, the Bank and a consolidated financial affiliate have sold their two shares in Visa Europe Ltd. with a nominal of EUR 10.00 for a consideration of EUR 61,376,433 in cash and 22.284 in "C Type Visa Inc." shares. The income generated from the sale share is recognized under the "Other Operating Income".

In the current period, a part of non-performing receivables of the Bank amounting to TL 649,327 thousands (30 September 2015: TL 82,048 thousands) were sold for a consideration of TL 62,650 thousands (30 September 2015: TL 17,944 thousands). Considering the related provisions of TL 647,858 thousands (30 September 2015: TL 80,146 thousands) in the financial statements, a gain of TL 61,155 thousands (30 September 2015: TL 16,019 thousands) is recognized under "other operating income".

A part of non-performing receivables of a consolidated financial affiliate of the Bank amounting to TL 100,501 thousands (30 September 2015: TL 108,813 thousands) were sold for a consideration of TL 12,317 thousands (30 September 2015: TL 16,624 thousands). An income from this sale amounting to TL 1,459 thousands is recognized under "other operating income" and an expense amounting to TL 1,907 thousands is recognized under "other operating expense", and accordingly a net loss of TL 448 thousands (30 September 2015: a gain of TL 9,048 thousands) considering the related provision of TL 87,736 thousands (30 September 2015: TL 101,237 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 448 thousands (30 September 2015: TL 1,870 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	2,102,061	1,152,033
<i>Loans and receivables in Group III</i>	646,017	417,720
<i>Loans and receivables in Group IV</i>	993,265	585,702
<i>Loans and receivables in Group V</i>	462,779	148,611
General Provisions	169,007	544,277
Provision for Possible Losses	100,000	35,000
Impairment Losses on Financial Assets	899	3,971
<i>Financial assets at fair value through profit or loss</i>	899	3,971
<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>	91	-
Others	175,079	93,621
Total	2,547,046	1,828,902

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	2,116,319	1,890,662
Reserve for Employee Termination Benefits	50,771	40,785
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	847
Depreciation Expenses of Tangible Assets	178,628	159,429
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	64,827	47,326
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,508	1,337
Depreciation Expenses of Assets to be Disposed	6,252	3,643
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	1,872,003	1,901,812
<i>Operational lease related expenses</i>	311,963	274,774
<i>Repair and maintenance expenses</i>	45,419	43,441
<i>Advertisement expenses</i>	125,714	85,432
<i>Other expenses (*)</i>	1,388,907	1,498,165
Loss on Sale of Assets	4,584	3,013
Others (**)(***)	706,984	785,386
Total	5,002,876	4,834,240

(*) 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 46,393 thousands (30 September 2015: TL 37,097 thousands), as per the decision of the Turkish Competition Board or the related courts.

(**) Includes saving-deposits-insurance-fund related expenses of TL 171,015 thousands (30 September 2015: TL 145,324 thousands) and insurance-business claim losses of TL 94,834 thousands (30 September 2015: TL 61,839 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 95,642 thousands (30 September 2015: TL 199,828 thousands) as per the decision of the Turkish Competition Board or the related courts.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 30 September 2016, on a consolidated basis, the Bank recorded a current tax expense of TL 899,170 thousands (30 September 2015: TL 423,038 thousands) and a deferred tax expense of TL 90,029 thousands (30 September 2015: TL 398,171 thousands).

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductable Timing Differences (+)	(81,014)	(92,867)
Decrease in Tax Deductable Timing Differences (-)	150,772	230,289
Increase in Taxable Timing Differences (-)	96,817	320,937
Decrease in Taxable Timing Differences (+)	(76,546)	(60,188)
Total	90,029	398,171

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductable Timing Differences (net)	61,052	124,061
(Increase)/Decrease in Taxable Timing Differences (net)	20,271	260,749
(Increase)/Decrease in Tax Losses (net)	8,706	13,361
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	90,029	398,171

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

	<i>Current Period</i>	<i>Prior Period</i>
Net Profit/(Loss) of Minority Interest	32,508	25,366

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	33,129	3,616	57,550	827,462	2,184,276	472,865
Balance at end of period	50,746	3,673	149,836	713,375	2,194,622	684,995
Interest and Commission Income	4,588	4	387	6	98,221	311

Prior Period:

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	17,504	8,259	402,167	328,209	1,643,236	703,307
Balance at end of period	33,129	3,616	57,550	827,462	2,184,276	472,865
Interest and Commission Income	1,315	6	578	6	95,158	311

5.7.1.2 Deposits

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	31,511	28,674	337,764	649,010	552,778	351,510
Balance at end of period	43,130	31,511	484,973	337,764	618,210	552,778
Interest Expenses	2,827	1,347	553	12,080	3,687	8,578

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	12,675	2,789	16,403,422	10,825,180	-	5,770
Balance at end of period	13,089	12,675	23,888,507	16,403,422	-	-
Total Profit/(Loss)	211	182	(483,762)	10,452	171	-
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 2,102,462 thousands (31 December 2015: TL 2,113,398 thousands) compose 1.13% (31 December 2015: 1.23%) of the Bank's total consolidated cash loans and 0.71% (31 December 2015: 0.76%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 2,395,204 thousands (31 December 2015: TL 2,274,955 thousands) compose 0.81% (31 December 2015: 0.81%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,402,043 thousands (31 December 2015: TL 1,303,943 thousands) compose 2.64% (31 December 2015: 2.66%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 1,146,313 thousands (31 December 2015: TL 922,053 thousands) compose 0.69% (31 December 2015: 0.59%) of the Bank's total consolidated deposits. The funds borrowed by the Bank and its consolidated financial affiliates from their risk group amounting to TL 6,727 thousands (31 December 2015: TL 12,669 thousands) compose 0.02% (31 December 2015: 0.03%) of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 24,058 thousands (31 December 2015: TL 44,741 thousands). A total rent income of TL 2,810 thousands (30 September 2015: TL 2,745 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 5,335 thousands as of 30 September 2016 (30 September 2015: TL 4,872 thousands) were incurred for the IT services rendered by the related parties. Other income of TL 1,906 thousands (30 September 2015: TL 129 thousands) for the IT services rendered and banking services fee income of TL 913 thousands (30 September 2015: TL 662 thousands) were recognized from the related parties.

Fixed-rate securities brokerage fee of TL 434 thousands (30 September 2015: -) were received from the risk group.

Operating expenses of TL 2,801 thousands (30 September 2015: TL 4,856 thousands) for advertisement and broadcasting services, of TL 32,004 thousands (30 September 2015: TL 30,368 thousands) for operational leasing services, and of TL 7,458 thousands (30 September 2015: TL 8,127 thousands) for travelling services rendered by the related parties were recognized as expense.

Fleet business customer acquisition fee of TL 344 thousands (30 September 2016: -) was recognized as income for the services rendered by the affiliates in the same period of prior year.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial affiliates amounts to TL 112,901 thousands as of 30 September 2016 (30 September 2015: TL 142,847 thousands) including compensations paid to key management personnel who left their position during the year.

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

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

5.9 Matters arising subsequent to the balance sheet date

The Bank has entered into a share purchase agreement with Sovcombank, a bank operating in Russia, for the sale of 1729 shares representing 99.94% of the share capital of GarantiBank Moscow AO, a consolidated subsidiary, together with one share held by Garanti Bilişim Teknolojisi ve Ticaret AŞ, on 10 October 2016. Share transfers under the agreement will be completed after obtaining the necessary regulatory approvals. Parties agreed on a purchase price of USD 40,455,201 subject to certain adjustments for the period until the completion of the share transfer procedures.

5.10 Other Disclosures on Activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S (September 2016)

Outlook	Stable
Long Term FC Deposit	Ba2
Long Term TL Deposit	Ba1
Short Term FC Deposit	Not prime
Short Term TL Deposit	Not prime
Basic Loan Assessment	Ba2
Adjusted Loan Assessment	Ba1
Long Term National Scale Rating (NSR)	Aa1.tr
Short Term NSR	TR-1

STANDARD AND POORS (July 2016)

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

FITCH RATINGS (August 2016)

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

JCR EURASIA RATINGS (April 2016)

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

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

MOODY'S (October 2016) (*)

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

(*) Latest date in risk ratings or outlooks.

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated affiliate

FITCH RATINGS (August 2016) (*) ()**

Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Negative
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Negative
National	AAA (tur)
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

(**) Under positive follow-up.

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

FITCH RATINGS (August 2016) (*) ()**

Foreign Currency	
Long Term	BBB
Short Term	F2
Outlook	Negative
Support	2
Turkish Lira	
Long Term	BBB
Short Term	F2
Outlook	Negative
National	AAA (tur)
Outlook	Stable

(*) Latest date in risk ratings or outlooks.

(**) Under positive follow-up.

STANDARD AND POORS (July 2016) (*)

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.

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

FITCH RATINGS (September 2016) (*)

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

(*) Latest date in risk ratings or outlooks.

5.10.2 Dividend

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

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

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial affiliates as of 30 September 2016, have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the limited review report dated 24 October 2016, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent accountants

None.

7 Interim Report

7.1 Introduction

7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey’s second largest private bank** with consolidated assets of US\$ 98.6 billion as of 30 September 2016.

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

As of 30 September 2016, Garanti provides a wide range of financial services to its 14.4 million customers with approximately 20 thousand employees through an **extensive distribution network** of 967 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,686 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on **cutting-edge technological infrastructure**.

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

Following the **best practices in corporate governance**, Garanti is controlled by two powerful entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğuş Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.07% in Borsa Istanbul as of 30 September 2016.

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its **custom-tailored solutions** and **wide product variety** play a key role in reaching US\$ 80.0 billion cash and non-cash loans. The **high asset quality** attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

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

7.1.2 Capital and shareholding structure

Garanti has paid-in capital of TL 4,200,000,000 as of 30 September 2016.

T.GARANTİ BANKASI A.Ş SHAREHOLDING STRUCTURE			
Shareholders	Number of shares	Nominal (TL)	Share %
BBVA(BANCO BILBAO VIZCAYA ARGENTARIA S.A)	167.580.000.000	1.675.800.000,00	39,9000
DOĞUŞ HOLDİNG A.Ş.	25.984.637.253	259.846.372,53	6,1868
DOĞUŞ ARAŞTIRMA GELİŞTİRME VE MÜŞAVİRLİK HİZ. A.Ş.	15.955.423.702	159.554.237,02	3,7989
DOĞUŞ NAKLİYAT VE TİC. A.Ş.	60.654.629	606.546,29	0,0144
DOĞUŞ GROUP TOTAL	42.000.715.584	420.007.155,84	10,0002
OTHERS	210.419.284.416	2.104.192.844,16	50,0998
GRAND TOTAL	420.000.000.000	4.200.000.000,00	100,0000

7.1.3 The amendments in the Articles of Association during period of 01.07.2016-30.09.2016

There is no change during the period.

7.1.4 Macro Outlook for the first 9 month period of 2016

Further moderation in growth. Annual GDP growth rate moderated further to 3.1% in 2Q16. Domestic demand including stocks contributed to growth by 5.2pp, while the negative contribution of external demand accelerated to 2.1pp. As expected, private consumption expenditures decelerated to 5.2% yoy growth and private investments continued to suffer by 1.6% yoy decline. Public expenditures grew remarkably by 13%, contributing to 2.0pp in overall growth. Thus, the economy continued to grow mainly on consumption, deserving a close watch on for medium and longer term growth dynamics. In sectorial detail, services sector (3.4% growth) was again the main driver of GDP however, the worsening in the tourism related sectors pulled down the overall growth. Thus, the economy posted a growth rate of 3.9% in the first half of the year. We expect the economy to decelerate further in 3Q16 on the back of weak domestic demand and tourism sector. A pick-up is likely in 4Q16 stemming from policy stimulus and the lifting off of the Russian sanctions.

Indicators signaled a dip in economic activity in 3Q16. Annual growth rate of the industrial production (IP) turned into a contraction of 1.4% (YoY) in July-Aug period from 2.5% growth in 2Q16 (WDA). The production of durable consumer goods contracted sizably in this period, confirming the moderation in domestic consumption. Except for the energy, the production of other sub-items also lowered the overall production.

Current Account Deficit (CAD) Deteriorates as of August. Despite the remarkable slow-down in aggregate demand, both the worsening services balance and the recovery in oil prices led 12-month deficit (CAD) to increase from USD29.5bn (4.2% of GDP) at the end of 2Q16 to USD31.0bn in August. Core CAD (excluding both net energy bill and gold) deteriorated further to USD8.5bn. We expect the deterioration to continue throughout the year.

Budget Targets Revised. Even though tax revenues performance remained lower than the initial estimate of the Government, non-tax revenues pushed up the overall revenues growth year-to-date. After registering at TL22.3bn by the end of 2Q16 (1.1% of GDP) central government budget deficit declined to TL18.4bn in August. Primary balance gave a surplus of TL31.7bn by end-August increasing from TL37.4bn in 2Q16 (1.3% of GDP). According to the new Medium Term Program (MTP), the Government expects budget deficit to GDP ratio to realize at 1.6%, revised from 1.2%. Primary balance to GDP ratio is expected to register 0.8%, revised from 1.5% in the previous plan.

Turkey's external debt stock/GDP ticked up in 2Q16. In 2Q16, gross external debt stock/GDP ratio increased further to 59.5%, from 58.1% in 1Q16. The ratio was 55.3% by the end of 2015. EU-defined public debt stock/GDP remained stable at 32.4% compared to the previous quarter. This ratio was recorded as 32.9 % in 4Q15.

Inflation at 8% in 3Q16. Annual CPI inflation increased from 6.9% in 2Q16 to 8.0% on average in 3Q16, while end of period inflation decreased to 7.3%. The fall was, for the most part, thanks to sharp downward adjustment in food prices, while core prices also helped. Core inflation posted an improvement towards 8.3% in 3Q16 (average) from 9.0% in 2Q16.

Central Bank (CBT) cut the upper bound of the corridor 3 times in 3Q, taking advantage of falling inflation. On the back of the slowdown in aggregate demand and its reducing impact on the core inflation, CBT cut further 25bps on the upper bound of the corridor in each month of 3Q16. Total cuts amounted to 250bps since March, while the policy rate, and O/N borrowing rate were left unchanged at 7.5%, and 7.25%, respectively. Thus, the upper bound, which declined to 9% by the end of 2Q16, was cut further to 8.25% by the end of 3Q16.

TL depreciated by 4.1% (YoY) against currency basket in 3Q16 on average after depreciated by 11% in 2Q16. Benchmark bond yields which was at 9.4% on average in 2Q16, declined to 9.0% in 3Q16. The 3Q-end benchmark bond yield was 8.7%.

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

As of 30 September 2016, Garanti's contribution to economy exceeded TL 239 bn.

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 September 2016. Based on the consolidated financials, in the 9 months period of 2016, the Bank posted a consolidated **net income** of TL 3 billion 940 million 66 thousand. With the **asset size** of TL 295 billion 130 million 196 thousand, Garanti's contribution to the economy through **cash and non-cash lending** reached TL 239 billion 259 million 462 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 16.1% and an **ROAA** (Return on Average Assets) of 1.8%.

Commenting on the financial results, **Garanti Bank Chairman F. Ferit Şahenk** stated that: "The ongoing slow growth process of the global economy has been accompanied by a number of downside risks. In the group of advanced economies, political uncertainties and protectionist policy implementation risks have become more visible recently in addition to economic stagnation. In emerging markets, on the other hand, capital outflow risks still continue.

Approximately 4% growth performance in the first half of the year is an indication of the relative vibrancy and dynamism of the Turkish economy despite such a global economic environment. I believe that our economy will gain further strength as geopolitical risks and uncertainty factors are reduced.

As one of the leading institutions of the Turkish financial sector, Garanti Bank provides banking services in line with the best standards and sustains the healthy growth process with its sound balance sheet. We also continue to invest in technology and our human resources. As Garanti Bank, we will continue to work hard to maximize our contribution to the Turkish economy. Taking this opportunity, I would like to extend my thanks once again to my dedicated colleagues, our esteemed clients, shareholders and all other stakeholders."

Commenting on the financial results, **Garanti Bank CEO Fuat Erbil** said: "In the third quarter of 2016, despite the extraordinary situation our country went through and the tough conditions, as Garanti Bank, we continued to use our strength for the country's progress and future. Thanks to our solid and well-diversified balance sheet structure, with our leading indicators in the areas of not only capital and liquidity, but also in risk management and asset quality, we have successfully overcome this challenging period. Growing above the sector across all areas, we continued to support the economy through our cash and non-cash loans that exceeded TL 239 billion. We continued to gain market share in mortgage,

general purpose and auto loans, and further strengthened our leading position in consumer loans. While we create solutions for our SME, Commercial and Corporate banking customers, we will continue to support Turkey’s sustainable growth and back energy and infrastructure projects.”

Pointing out Garanti’s performance being appreciated by international financial authorities, **Erbil** said: “Garanti was once again selected **the Best Retail Bank of Turkey** by World Finance Magazine as the most supportive private bank for consumers in Turkey. With our continuous investments in the area of digital banking for the past 20 years, we are proud to be the ground breaker and leader in the sector. Within the scope of the Digitalization Index research conducted by one of the world’s leading management consulting firms, Accenture, we were selected **Turkey’s Most Digital Company**. Thanks to the 20 thousand people who lift Garanti up with their success in several areas, we once again became **the only company from Turkey to qualify for the Dow Jones Sustainability Index**. As a company that integrated sustainability into its culture, we will continue to work relentlessly to add value to all our stakeholders that believe in us and support us.”

Selected Figures of Garanti Bank’s Consolidated Financial Statements (30 September 2016)

Profit before Taxes and Provisions*	TL 7,529.6 million	Cash Loans	TL 186,084.2 million
Profit before Taxes	TL 4,929.3 million	Non-Cash Loans	TL 53,175.3 million
Net Income	TL 3,940.1 million	Total Assets	TL 295,130.2 million
Deposits	TL 167,160.1 million	Shareholders’ Equity	TL 34,724.9 million

Highlights from Garanti Bank’s Consolidated Financials

- Net income was TL 3 billion 940 million and 66 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 3 billion 589 million 524 thousand was reserved for tax provisions, loans and other provisions.
- Total assets increased by 5.5% year-to-date and reached TL 295 billion 130 million 196 thousand.
- Return on Average Assets (ROAA) reached 1.8% as of 30 September 2016.**
- Shareholders’ equity increased by 11.3% year-to-date and reached TL 34.7 billion.
- Return on Average Equity (ROAE) reached 16.1% as of 30 September 2016.**
- Contribution made to the real economy through cash and non-cash loans increased by 8.4% year-to-date and reached TL 239 billion 259 million 462 thousand as of 30 September 2016.
- Total loan market share and FC loan market share realized at 11.7% and 13.2% respectively and TL loan market share increased to 11.1% year-to-date.
- Mortgage loans market share increased to 14.6% and consumer loans market share increased to 14.8%.
- Total customer deposits increased by 10.2% year-to-date and reached TL 164 billion 349 million and 118 thousand, while market share in total customer deposits reached 11.7%.
- Capital base further strengthened and Capital adequacy ratio (CAR) reached 15.0%.
- Non-performing loan (NPL) ratio realized at 3.26%.

* Reserve for Employee Termination Benefits and Impairment Losses on Assets to be Disposed are included in total provisions and deducted from profit before taxes and provisions.

** Excludes non-recurring items (Income from NPL sale, Visa sale income, gains on asset sale, fee rebates, provision rev. from Miles&Smiles and effect of collateral re-assessment and free provisions) when annualizing Net Income for the 4th quarter of the year.

You may access the earnings presentation regarding the BRSA consolidated financial results as of and for the period ending 30 September 2016 in English from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com

Garanti With Numbers	31.12.2015	30.06.2016	30.09.2016
Branch Network	983	983	979
+ Domestic	971	971	967
+ Abroad	12	12	12
Personnel	19,692	19,937	19,905
ATM	4,504	4,650	4,686
POS*	600,989	629,700	629,970
Total Customers	13,863,933	14,337,851	14,361,234
Digital Banking Customers**	3,993,457	4,403,599	4,586,890
Mobile Banking Customers**	2,530,757	3,036,965	3,304,292
Credit Card Customers	6,162,816	6,333,570	6,411,313
Credit Cards	9,706,572	9,787,762	9,751,523
Debit Cards	8,640,478	8,748,045	8,843,410
* Includes shared and virtual POS.			
** Active customers only -- min. 1 login or call per quarter.			

Selected Sector Figures (TL million)	31.12.2015	01.07.2016	30.09.2016	YtD Δ
Total Deposits	1,245,289	1,316,216	1,344,793	8.0%
Bank Deposits	73,920	79,286	77,110	4.3%
Customer Deposits	1,171,369	1,236,930	1,267,683	8.2%
TL Deposits	675,001	725,489	774,918	14.8%
FC Deposits (US\$ mn)	171,343	178,032	164,884	(3.8%)
Customer Demand Deposits	218,182	235,953	240,733	10.3%
Total Loans	1,346,865	1,414,726	1,456,246	8.1%
TL Loans	927,992	980,582	1,000,407	7.8%
FC Loans (US\$ mn)	144,597	151,210	152,552	5.5%
Retail Loans*	571,934	589,355	596,942	4.4%
Housing	137,893	145,705	149,677	8.5%
Auto	20,329	20,192	19,448	(4.3%)
General Purpose Loans**	320,123	327,126	328,535	2.6%
Credit Cards	93,589	96,332	99,282	6.1%
<i>Loans/Deposits</i>	<i>108.2%</i>	<i>107.5%</i>	<i>108.3%</i>	
Gross NPL	42,705	47,304	51,609	20.9%
<i>NPL ratio</i>	<i>3.1%</i>	<i>3.2%</i>	<i>3.4%</i>	
<i>NPL coverage</i>	<i>75.4%</i>	<i>75.8%</i>	<i>77.2%</i>	
Gross NPL in retail loans	17,056	19,469	21,590	26.6%
<i>NPL ratio in retail loans</i>	<i>2.9%</i>	<i>3.2%</i>	<i>3.5%</i>	
Gross NPL in credit cards	7,416	7,461	8,214	10.8%
<i>NPL ratio in credit cards</i>	<i>7.3%</i>	<i>7.2%</i>	<i>7.6%</i>	
F/X Position, net (US\$ mn)	300	55	(6)	
on B/S	(31,435)	(20,901)	(8,633)	
off B/S	31,735	20,957	8,629	
	Source: BRSA weekly sector data, commercial banks only			
	* Including consumer and commercial installment loans			
	**Including other and overdraft loans			

Garanti Market Shares* (%)	YTD Δ	30.09.2016
Total Performing Loans	↓	11.7%
TL Loans	↑	11.1%
FC Loans	↓	13.2%
Credit Cards - Issuing (Cumulative)	↓	20.2%
Credit Cards - Acquiring (Cumulative)	↓	20.9%
Consumer Loans**	↑	14.8%
Total Customer Deposits	↑	11.7%
TL Customer Deposits	↓	9.2%
FC Customer Deposits	↑	15.7%
Customer Demand Deposits	↓	13.3%
Mutual Funds	↓	10.1%
* Based on BRSA weekly data as of 30 September 2016, for commercial banks only.		
** Retail consumer loans, credit cards and other retail loans.		

7.1.6 Forward looking statements regarding the expectations

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

As of 30 September 2016, there are no revisions to the forward looking statements regarding the expectations for the year 2016.

7.2 Information regarding management and corporate governance practices

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

Audit Committee Members:

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

Managers of the Internal Systems Units:

Name Surname	Title	Appointment Date	Education	Experience in Banking & Business Administration
Ebru Ogan Knottnerus	Head of Risk Management	01.04.2016	Undergraduate	25 years
Osman Bahri Turgut	Head of Internal Audit	01.08.2015	Undergraduate	25 years
Emre Özbek	SVP of Compliance	01.08.2015	Undergraduate	17 years
Barış Ersin Gülcan	SVP of Internal Control	06.03.2014	Graduate	18 years
Beyza Yapıcı	SVP of Internal Capital and Operational Risk	01.04.2016	Undergraduate	18 years
Semra Kuran	SVP of Market Risk and Credit Risk Control	01.04.2016	Undergraduate	19 years

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

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

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

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

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

7.3 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements as of and for the nine-month period ended 30 September 2016 and the independent accountants' limited review report. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti Bank Investor Relations website at www.garantiinvestorrelations.com.

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

7.4 Announcements regarding important developments during 01.07.2016-30.09.2016 period

- Our Bank has sold its non-performing loan portfolio receivables arising from credit cards, general purpose loans, overdraft loans and expenses in the total principal amount of TL 81,047,702.59 as of August 26, 2016, to Sümer Varlık Yönetim A.Ş. for a total consideration of TL 10,100,000.00.
- The agreement our Bank signed with JCR Eurasia Rating, which is an authorized rating agency operating under the license of the Capital Markets Board of Turkey (“CMB”) in accordance with the Corporate Governance Principles issued by the CMB, on 17.07.2014 for a period of two years has been renewed for the following two years.
- On July 20, 2016, Moody's Investors Service has placed under review for downgrade the ratings of Türkiye Garanti Bankası AS following the placement of the Turkish sovereign rating under review for downgrade.
- On July 20, 2016, Standard & Poor’s (S&P) lowered Long Term Foreign Currency Sovereign rating on the Republic of Turkey from BB+ to BB, Long Term Local Currency Sovereign rating from BBB- to BB+, and revised its Outlook to “Negative” from “Stable” in its report.

Accordingly, S&P lowered the Bank’s Long Term Foreign Currency and Long Term Local Currency ratings from BB+ to BB, and revised its Outlook to “Negative” from “Stable”. Bank’s Stand-alone Credit Profile (SACP) was affirmed at bb+.

- In order to comply with the European Union directives, our Bank has chosen United Kingdom as Home Member State for public disclosures to be published in the European Union with regard to the capital market instruments issued by our Bank and traded in the European Union.
- On August 19, 2016, Fitch Ratings revised the outlook on Turkey’s Sovereign Issuer Default Ratings to “Negative” from “Stable”.

Accordingly, Fitch revised outlooks on our Bank’s ratings to “Negative” from “Stable”. At the same time, Fitch affirmed the Bank’s Long Term Foreign Currency and Local Currency ratings at BBB, Short Term Foreign Currency and Local Currency ratings at F2, Viability rating at bbb- and Support rating at 2. Affirmation of the ratings reflects Fitch’s view that the main shareholder of our Bank continues to have a strong propensity to provide support, notwithstanding the change in sovereign outlook, given our Bank’s ownership structure and integration.

- International rating agency Moody’s has revised the credit ratings of 17 Turkish banks on September 26, 2016, including T.Garanti Bankası A.Ş., following the downgrade of Turkey’s government debt rating to a non-investment grade on September 23, 2016. Moody’s revised T. Garanti Bankası A.Ş.’s Long Term FC Deposit Note from Baa3 to Ba2, Long Term TL Deposit from Baa3 to Ba1, Short Term TL Deposit from P-3 to Not-Prime, Short Term FC Deposit from P-3 to Not-Prime, Baseline Credit Assessment – BCA from ba1 to ba2, Adjusted BCA from baa3 to ba1, while keeping National Scale Rating (NSR) Long Term Deposit at Aa1.tr and NSR Short Term at TR-1, revising outlook to “Stable”.

7.5 Announcements regarding important developments for debt instruments issuance and redemptions during 01.07.2016-30.06.2016 period

- Upon the approval of the Capital Markets Board dated Aug. 16, 2016, T. Garanti Bankası A.Ş. issued below bank bonds and discounted bonds by public offering following the bookbuilding on Aug. 23-24, 2016.

Total nominal amount of TL 3,493,452 with a maturity of 92 days, dated 25/11/2016, Garanti Bank Bond;

- ISIN Code of TRQGRANK1630;
- Annual Compound Rate: 8.95260%;
- Simple Rate: 8.66760%;
- Issue Price: TL 97.862

Total nominal amount of TL 742,474,276 with a maturity of 368 days, dated 28/08/2017,
Discounted Bond;

- ISIN Code of TRSGRAN81714;
- Annual Compound Rate: 10.25028%;
- Simple Rate: 10.25446%
- Issue Price: TL 90.630

- The 57-day maturity structured debt instruments which was issued with the purpose of selling to qualified investors on May.5, 2016 with book building on May.4, 2016 with TR0GRAN00642 ISIN code, is redeemed on 01.07.2016.
- The 160-day maturity bond which was issued upon the approval of the Capital Markets Board dated Jan.29, 2016 by public offering on Feb.12, 2016 with bookbuilding on Feb.9-10-11, 2016 with TRQGRAN71610 ISIN code, and TL 61,955,942 nominal value, is redeemed on 21/07/2016.
- The 101-day maturity bond which was issued upon the approval of the Capital Markets Board dated Mar.30, 2016 by public offering on Apr.11, 2016 with bookbuilding on Apr.6-7-8, 2016 with TRQGRAN71628 ISIN code, and TL 449,727 nominal value, is redeemed on 21/07/2016.
- The 66-day maturity bond which was issued upon the approval of the Capital Markets Board dated May.4, 2016 by public offering on May.16, 2016 with bookbuilding on May.12-13, 2016 with TRQGRAN71636 ISIN code, and TL 32,111,841 nominal value, is redeemed on 21/07/2016.
- The 63-day maturity structured debt instrument which was issued with the purpose of selling to qualified investors on May.25, 2016 with bookbuilding on May.23-24, 2016 with TR0GRAN006M5 ISIN code, is redeemed on 27.07.2016.
- The issuance of the structured note with a nominal value of TL 15,958,605 and a term of 63 days to qualified investors has been realized as of 04.08.2016.
- The 63-day maturity structured debt instrument which was issued with the purpose of selling to qualified investors on June.10, 2016 with bookbuilding on June.8-9, 2016 with TR0GRAN006Z7 ISIN code, is redeemed on 12.08.2016.
- The 370-day maturity discounted bond which was issued upon the approval of the Capital Markets Board dated Aug.14, 2015 by public offering on Aug.21, 2015 with bookbuilding on Aug.18-19-20, 2015 with TRSGRAN81615 ISIN code, and TL 603,087,170 nominal value, is redeemed on 25/08/2016.
- The 170-day maturity bond which was issued upon the approval of the Capital Markets Board dated Aug.11, 2015 by sold to qualified investors on Mar.23, 2016 with bookbuilding on Mar.21-22, 2016 with TRQGRAN91618 ISIN code, and TL 393,530,000 nominal value, is redeemed on 09/09/2016.
- The 116-day maturity bond which was issued upon the approval of the Capital Markets Board dated Aug.11, 2015 by sold to qualified investors on May.16, 2016 with bookbuilding on May.12-13, 2016 with TRQGRAN91626 ISIN code, and TL 385,700,000 nominal value, is redeemed on 09/09/2016.
- It was announced that GMTN (Global Medium Term Notes) program has been established by our Bank in order to arrange borrowing instruments issuance transactions in any currency with different series and maturities.

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

- ISIN code of XS1452359364, dated 21.07.2017, in total nominal amount of JPY 1,000,000,000, issue date of 20.07.2016
- ISIN code of XS1454976710, dated 03.08.2017, in total nominal amount of JPY 1,000,000,000, issue date of 02.08.2016

Important developments during 01.07.2016-30.09.2016 period were announced and the disclosures were uploaded to the Public Disclosure Platform. All the announcements are shared at Garanti Bank Investor Relations web site (www.garantiinvestorrelations.com) and at the link below.

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