



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

Türkiye Garanti Bankası Anonim Şirketi
Unconsolidated Financial Statements

As of and For the Nine-Month Period Ended

30 September 2017

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

With Independent Auditors'

Limited Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
26 October 2017

*This report contains "Independent Auditors' Limited
Review Report" comprising 2 pages
and;"Unconsolidated Financial Statements and
Related Disclosures and Footnotes" comprising 106
pages.*



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**Convenience Translation of the Review Report
Originally Prepared and Issued in Turkish to English (See Note I in Section Three)**

Independent Auditors' Report on Review of Unconsolidated Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 30 September 2017 and the related unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the nine month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited 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 performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for Qualified Conclusion

The accompanying unconsolidated interim financial information as at 30 September 2017 include a general provision of total TL 950,000 thousands, of which TL 650,000 thousands had been recognized as expense in the current period, and TL 300,000 thousands had been recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects 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 unconsolidated interim financial information do not present fairly, in all material respects, the unconsolidated financial position of Türkiye Garanti Bankası AŞ as at 30 September 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the nine month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2016 and as at and for the nine-month period ended 30 September 2016 were audited and reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to the general reserve provisions provided by the Bank on 30 January 2017 and 24 October 2016, respectively.

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 unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial statements and explanatory notes.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated interim financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial statements and IFRS.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Murat Alsan
Partner, SMMM

26 October 2017
İstanbul, Turkey

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

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

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

The unconsolidated financial statements for the nine-month period and related disclosures and footnotes that were subject to limited 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)**.

Süleyman Sözen
Board of Directors
Chairman

Ali Fuat Erbil
General Manager

Aydın Güler
Financial Reporting
Executive Vice President

Hakan Özdemir
General Accounting
Senior Vice President

Javier Bernal Dionis
Audit Committee Member

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

The authorized contact person for questions on this financial report:

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

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1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 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 reached to 39.90% and BBVA 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 942 domestic branches, eight foreign branches and three representative offices abroad (31 December 2016: 959 domestic branches, nine foreign branches and three representative offices abroad). The Bank’s head office is located in Istanbul.

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

As of 30 September 2017, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (the Group) and it is the main shareholder.

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

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

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, was completed on 27 July 2015. Following the acquisition, BBVA’s stake in the Bank reached to 39.90% and BBVA became the main shareholder. The Bank was moved to “Foreign Deposit Banks” category from “Private Deposit Bank” category by the BRSA.

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 thousands representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreements share transfer had been finalized. After the share transfer BBVA’s interest in the share capital of the Bank is at 49.85%.

As of balance sheet date, the Doğuş Group’s interest in the share capital of the Bank is at 0.05%.

BBVA Group

BBVA is operating for more than 150 years, providing variety of wide spread financial and non-financial services to 70 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 and the market leader in South America, operates in more than 35 countries with more than 130 thousand employees.

1.3 Information on the 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 to Board of Directors	Education	Experience in Banking and Business Administration
Süleyman Sözen (*)	Chairman	08.07.2003	University	35 years
Sait Ergun Özen	Member	14.05.2003	University	30 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	23 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	29 years
Belkis Sema Yurdum	Independent Member	30.04.2013	University	37 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	24 years
Javier Bernal Dionis	Independent Member and Member of Audit Committee	27.07.2015	Master	27 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	25 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	27 years
Ricardo Gomez Barredo	Member	08.05.2017	Master	25 years

(*) Ferit Faik Şahenk resigned from his position as the Chairman of the Board of Directors of the Bank on 19 September 2017 and Süleyman Sözen was appointed to replace him.

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	25 years
Gökhan Erün	EVP-Corporate Banking and Treasury Deputy CEO	01.09.2005	Master	23 years
Halil Hüsnü Erel	EVP-Technology, Operation Center, Marketing and Business Development	16.06.1997	University	42 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	23 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	23 years
Didem Başer	EVP-Digital Banking	20.03.2012	Master	22 years
Recep Baştuğ	EVP-Commercial Banking	01.01.2013	University	27 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	25 years
Aydın Güler	EVP-Finance and Accounting	03.02.2016	University	27 years
Ali Temel	Head of Credit Risk Management	03.02.2016	University	27 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	17 years
Cemal Onaran	EVP-SME Banking	17.01.2017	University	26 years

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

1.4 Information on the bank's qualified shareholders

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Banco Bilbao Vizcaya Argentaria SA	2,093,700	49.85%	2,093,700	-
Doğuş Holding AŞ	2,107	0.05%	2,107	-

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

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

1.5 Summary information on the bank's activities and services

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

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits 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 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its affiliates

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 30 September 2017

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2017			PRIOR PERIOD 31 December 2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	7,505,936	29,288,520	36,794,456	6,723,703	17,061,431	23,785,134
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,996,846	558,196	2,555,042	2,683,405	823,023	3,506,428
2.1 Financial assets held for trading		1,996,846	558,196	2,555,042	2,683,405	823,023	3,506,428
2.1.1 Government securities		48,557	35,687	84,244	41,945	29,492	71,437
2.1.2 Equity securities		26,950	-	26,950	21,137	-	21,137
2.1.3 Derivative financial assets held for trading		1,921,339	518,811	2,440,150	2,620,323	770,662	3,390,985
2.1.4 Other securities		-	3,698	3,698	-	22,869	22,869
2.2 Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans	(5.1.2)	-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	300,470	8,578,234	8,878,704	446,654	11,872,272	12,318,926
IV. INTERBANK MONEY MARKETS		-	-	-	-	351,691	351,691
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	351,691	351,691
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	20,985,388	485,439	21,470,827	18,497,281	1,415,288	19,912,569
5.1 Equity securities		37,867	195,275	233,142	40,985	153,922	194,907
5.2 Government securities		20,176,019	215,401	20,391,420	17,669,410	341,720	18,011,130
5.3 Other securities		771,502	74,763	846,265	786,886	919,646	1,706,532
VI. LOANS	(5.1.5)	138,401,890	63,654,766	202,056,656	118,726,991	67,321,237	186,048,228
6.1 Performing loans		137,382,582	63,654,766	201,037,348	117,721,708	67,321,237	185,042,945
6.1.1 Loans to bank's risk group	(5.7)	570,884	2,600,740	3,171,624	434,870	2,529,219	2,964,089
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		136,811,698	61,054,026	197,865,724	117,286,838	64,792,018	182,078,856
6.2 Loans under follow-up		5,445,869	-	5,445,869	5,272,774	-	5,272,774
6.3 Specific provisions (-)		4,426,561	-	4,426,561	4,267,491	-	4,267,491
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	12,392,488	11,168,734	23,561,222	12,139,123	11,501,061	23,640,184
8.1 Government securities		12,313,007	6,867,743	19,180,750	12,122,339	6,986,465	19,108,804
8.2 Other securities		79,481	4,300,991	4,380,472	16,784	4,514,596	4,531,380
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	36,698	-	36,698	36,698	-	36,698
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		36,698	-	36,698	36,698	-	36,698
9.2.1 Financial investments in associates		33,032	-	33,032	33,032	-	33,032
9.2.2 Non-financial investments in associates		3,666	-	3,666	3,666	-	3,666
X. INVESTMENTS IN AFFILIATES (Net)	(5.1.8)	2,753,118	3,409,801	6,162,919	2,426,067	2,747,797	5,173,864
10.1 Unconsolidated financial investments in affiliates		2,648,882	3,409,801	6,058,683	2,321,831	2,747,797	5,069,628
10.2 Unconsolidated non-financial investments in affiliates		104,236	-	104,236	104,236	-	104,236
XI. INVESTMENTS IN JOINT-VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING PURPOSE	(5.1.11)	461,780	60,742	522,522	79,472	509,742	589,214
13.1 Fair value hedges		56,046	8,054	64,100	73,946	10,420	84,366
13.2 Cash flow hedges		405,734	52,688	458,422	5,526	499,322	504,848
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	3,457,478	259	3,457,737	3,388,468	280	3,388,748
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	249,219	-	249,219	238,996	17	239,013
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		249,219	-	249,219	238,996	17	239,013
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	680,274	-	680,274	670,370	-	670,370
XVII. TAX ASSET		222,759	-	222,759	127,709	-	127,709
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	(5.1.15)	222,759	-	222,759	127,709	-	127,709
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	755,362	-	755,362	589,726	-	589,726
18.1 Assets held for sale		755,362	-	755,362	589,726	-	589,726
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	2,767,018	870,906	3,637,924	2,880,105	896,793	3,776,898
TOTAL ASSETS		192,966,724	118,075,597	311,042,321	169,654,768	114,500,632	284,155,400

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)

At 30 September 2017

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2017			PRIOR PERIOD 31 December 2016		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	86,951,294	89,881,163	176,832,457	76,285,152	84,946,445	161,231,597
1.1 Deposits from bank's risk group	(5.7)	1,466,801	916,790	2,383,591	1,473,675	496,796	1,970,471
1.2 Others		85,484,493	88,964,373	174,448,866	74,811,477	84,449,649	159,261,126
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	1,815,589	374,367	2,189,956	2,608,676	887,946	3,496,622
III. FUNDS BORROWED	(5.2.3)	753,623	35,221,189	35,974,812	2,121,662	38,164,706	40,286,368
IV. INTERBANK MONEY MARKETS	(5.2.4)	6,741,249	9,988,709	16,729,958	9,769,387	-	9,769,387
4.1 Interbank money market takings		5,142,289	5,902,829	11,045,118	2,501,180	-	2,501,180
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		1,598,960	4,085,880	5,684,840	7,268,207	-	7,268,207
V. SECURITIES ISSUED (Net)	(5.2.4)	6,457,842	11,610,517	18,068,359	4,769,223	11,667,656	16,436,879
5.1 Bills		3,102,933	-	3,102,933	1,213,929	-	1,213,929
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		3,354,909	11,610,517	14,965,426	3,555,294	11,667,656	15,222,950
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	9,513,079	452,597	9,965,676	8,191,446	896,693	9,088,139
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		1,639,399	720,558	2,359,957	2,155,786	825,526	2,981,312
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	2,877	-	2,877	17,092	-	17,092
10.1 Financial lease payables		3,071	-	3,071	18,404	-	18,404
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		194	-	194	1,312	-	1,312
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING PURPOSE	(5.2.6)	5,572	212,675	218,247	26,671	252,865	279,536
11.1 Fair value hedges		5,572	182,840	188,412	26,671	231,062	257,733
11.2 Cash flow hedges		-	29,835	29,835	-	21,803	21,803
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	5,539,013	182,368	5,721,381	4,542,015	71,989	4,614,004
12.1 General provisions		3,324,412	-	3,324,412	3,118,954	52,209	3,171,163
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		791,135	19,084	810,219	679,871	-	679,871
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		1,423,466	163,284	1,586,750	743,190	19,780	762,970
XIII. TAX LIABILITY	(5.2.8)	712,385	846	713,231	413,611	1,773	415,384
13.1 Current tax liability		712,385	846	713,231	413,611	1,773	415,384
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.2.9)	-	-	-	-	-	-
14.1 Assets held for sale		-	-	-	-	-	-
14.2 Assets of discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED DEBTS	(5.2.10)	-	2,715,786	2,715,786	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	39,142,112	407,512	39,549,624	35,253,222	285,858	35,539,080
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		3,353,124	167,338	3,520,462	2,824,926	57,875	2,882,801
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		1,213,871	146,358	1,360,229	630,378	(8,235)	622,143
16.2.4 Revaluation surplus on tangible assets		1,678,016	-	1,678,016	1,626,437	-	1,626,437
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, affiliates and joint-ventures		1,891	-	1,891	1,891	-	1,891
16.2.8 Hedging reserves (effective portion)		(221,470)	20,980	(200,490)	(114,596)	66,110	(48,486)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		668,936	-	668,936	668,936	-	668,936
16.3 Profit reserves		26,944,137	240,174	27,184,311	23,157,747	227,983	23,385,730
16.3.1 Legal reserves		1,311,374	-	1,311,374	1,191,409	14,751	1,206,160
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		25,632,763	-	25,632,763	21,966,338	6,576	21,972,914
16.3.4 Other profit reserves		-	240,174	240,174	-	206,656	206,656
16.4 Profit or loss		4,644,851	-	4,644,851	5,070,549	-	5,070,549
16.4.1 Prior periods profit/loss		-	-	-	-	-	-
16.4.2 Current period net profit/loss		4,644,851	-	4,644,851	5,070,549	-	5,070,549
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		159,274,034	151,768,287	311,042,321	146,153,943	138,001,457	284,155,400

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 September 2017

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2017			31 December 2016		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		205,881,506	279,930,604	485,812,110	157,869,378	254,864,074	412,733,452
I. GUARANTEES AND SURETIES	(5.3.1)	18,635,768	33,924,234	52,560,002	17,129,482	37,643,674	54,773,156
1.1. Letters of guarantee		18,620,157	19,312,564	37,932,721	17,101,636	20,378,358	37,479,994
1.1.1. Guarantees subject to State Tender Law		-	981,914	981,914	-	1,029,481	1,029,481
1.1.2. Guarantees given for foreign trade operations		1,842,819	214,343	2,057,162	2,133,194	184,959	2,318,153
1.1.3. Other letters of guarantee		16,777,338	18,116,307	34,893,645	14,968,442	19,163,918	34,132,360
1.2. Bank acceptances		15,611	1,472,079	1,487,690	27,846	2,099,488	2,127,334
1.2.1. Import letter of acceptance		15,611	1,472,079	1,487,690	27,846	2,099,488	2,127,334
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	12,980,146	12,980,146	-	15,010,812	15,010,812
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	12,980,146	12,980,146	-	15,010,812	15,010,812
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		-	159,445	159,445	-	155,016	155,016
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	50,315,628	18,210,586	68,526,214	39,351,241	10,239,401	49,590,642
2.1. Irrevocable commitments		50,246,452	14,268,309	64,514,761	39,328,201	5,584,680	44,912,881
2.1.1. Asset purchase and sale commitments		8,633,224	11,497,449	20,130,673	194,033	3,087,739	3,281,772
2.1.2. Deposit purchase and sale commitments		-	886,050	886,050	-	74,040	74,040
2.1.3. Share capital commitments to associates and affiliates		-	5,955	5,955	-	5,266	5,266
2.1.4. Loan granting commitments		8,605,354	992,805	9,598,159	6,995,108	2,329,810	9,324,918
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		3,789,444	-	3,789,444	3,555,087	-	3,555,087
2.1.8. Tax and fund obligations on export commitments		34,757	-	34,757	24,000	-	24,000
2.1.9. Commitments for credit card limits		29,174,471	-	29,174,471	27,849,612	-	27,849,612
2.1.10. Commitments for credit cards and banking services related promotions		8,406	-	8,406	8,708	-	8,708
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		796	886,050	886,846	701,653	87,825	789,478
2.2. Revocable commitments		69,176	3,942,277	4,011,453	23,040	4,654,721	4,677,761
2.2.1. Revocable loan granting commitments		69,176	3,941,280	4,010,456	23,040	4,653,740	4,676,780
2.2.2. Other revocable commitments		-	997	997	-	981	981
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	136,930,110	227,795,784	364,725,894	101,388,655	206,980,999	308,369,654
3.1. Derivative financial instruments held for risk management		7,204,425	31,935,655	39,140,080	9,252,323	25,283,122	34,535,445
3.1.1. Fair value hedges		6,283,057	10,148,922	16,431,979	7,307,595	11,982,560	19,290,155
3.1.2. Cash flow hedges		921,368	21,786,733	22,708,101	1,944,728	13,300,562	15,245,290
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		129,725,685	195,860,129	325,585,814	92,136,332	181,697,877	273,834,209
3.2.1. Forward foreign currency purchases/sales		15,523,175	19,061,672	34,584,847	12,078,449	15,532,976	27,611,425
3.2.1.1. Forward foreign currency purchases		6,724,150	10,604,826	17,328,976	3,787,239	10,023,975	13,811,214
3.2.1.2. Forward foreign currency sales		8,799,025	8,456,846	17,255,871	8,291,210	5,509,001	13,800,211
3.2.2. Currency and interest rate swaps		100,178,668	139,214,975	239,393,643	60,234,373	123,150,097	183,384,470
3.2.2.1. Currency swaps-purchases		32,795,426	71,198,672	103,994,098	22,670,532	51,279,287	73,949,819
3.2.2.2. Currency swaps-sales		66,853,330	32,009,635	98,862,965	37,069,193	36,646,410	73,715,603
3.2.2.3. Interest rate swaps-purchases		264,956	18,003,334	18,268,290	247,324	17,612,200	17,859,524
3.2.2.4. Interest rate swaps-sales		264,956	18,003,334	18,268,290	247,324	17,612,200	17,859,524
3.2.3. Currency, interest rate and security options		13,945,038	24,594,637	38,539,675	19,800,600	34,032,828	53,833,428
3.2.3.1. Currency call options		8,547,555	5,610,223	14,157,778	8,553,567	14,398,056	22,951,623
3.2.3.2. Currency put options		5,397,483	9,207,911	14,605,394	11,247,033	12,836,688	24,083,721
3.2.3.3. Interest rate call options		-	8,797,820	8,797,820	-	5,927,914	5,927,914
3.2.3.4. Interest rate put options		-	978,683	978,683	-	843,120	843,120
3.2.3.5. Security call options		-	-	-	-	13,525	13,525
3.2.3.6. Security put options		-	-	-	-	13,525	13,525
3.2.4. Currency futures		78,804	69,557	148,361	22,910	130,674	153,584
3.2.4.1. Currency futures-purchases		8,372	65,851	74,223	323	80,808	81,131
3.2.4.2. Currency futures-sales		70,432	3,706	74,138	22,587	49,866	72,453
3.2.5. Interest rate futures		-	14,177	14,177	-	100,121	100,121
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	14,177	14,177	-	100,121	100,121
3.2.6. Others		-	12,905,111	12,905,111	-	8,751,181	8,751,181
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		682,713,684	527,003,137	1,209,716,821	610,833,455	492,229,874	1,103,063,329
IV. ITEMS HELD IN CUSTODY		42,030,384	31,182,454	73,212,838	37,633,094	40,122,694	77,755,788
4.1. Customers' securities held		5,085,878	-	5,085,878	4,451,352	-	4,451,352
4.2. Investment securities held in custody		18,399,821	11,425,924	29,825,745	16,489,131	17,080,586	33,569,717
4.3. Checks received for collection		15,671,169	3,462,156	19,133,325	14,019,472	3,108,354	17,127,826
4.4. Commercial notes received for collection		2,752,969	960,234	3,713,203	2,550,127	1,161,146	3,711,273
4.5. Other assets received for collection		87,931	13,161,167	13,249,098	78,792	16,034,037	16,112,829
4.6. Assets received through public offering		-	86,837	86,837	-	85,344	85,344
4.7. Other items under custody		32,616	2,086,136	2,118,752	44,220	2,653,227	2,697,447
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		640,683,300	495,820,683	1,136,503,983	573,200,361	452,107,180	1,025,307,541
5.1. Securities		3,848,462	71,619	3,920,081	4,360,457	82,069	4,442,526
5.2. Guarantee notes		36,944,786	13,093,855	50,038,641	37,862,446	12,953,452	50,815,898
5.3. Commodities		16,002	-	16,002	19,841	-	19,841
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		154,313,041	99,418,486	253,731,527	140,149,925	84,680,100	224,830,025
5.6. Other pledged items		445,561,009	383,236,662	828,797,671	390,807,522	354,391,505	745,199,027
5.7. Pledged items-depository		-	61	61	170	54	224
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		888,595,190	806,933,741	1,695,528,931	768,702,833	747,093,948	1,515,796,781

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

Türkiye Garanti Bankası Anonim Şirketi

Income Statement

For the Nine-Month Period Ended 30 September 2017

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2017- 30 September 2017	PRIOR PERIOD 1 January 2016- 30 September 2016	CURRENT PERIOD 1 July 2017- 30 September 2017	PRIOR PERIOD 1 July 2016- 30 September 2016
I. INTEREST INCOME	(5.4.1)	18,904,694	15,368,625	6,746,925	5,358,418
1.1 Interest income on loans		15,327,228	12,202,092	5,430,329	4,271,678
1.2 Interest income on reserve deposits		158,210	161,454	55,652	63,795
1.3 Interest income on banks		238,722	65,901	112,614	23,296
1.4 Interest income on money market transactions		9,104	4,312	3,022	2,027
1.5 Interest income on securities portfolio		2,993,362	2,777,394	1,086,289	940,712
1.5.1 Trading financial assets		19,327	11,882	9,925	4,358
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available-for-sale		1,542,604	1,490,017	568,166	502,944
1.5.4 Investments held-to-maturity		1,431,431	1,275,495	508,198	433,410
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		178,068	157,472	59,019	56,910
II. INTEREST EXPENSE	(5.4.2)	8,625,610	7,244,651	3,129,499	2,476,708
2.1 Interest on deposits		5,956,747	5,146,700	2,216,047	1,772,625
2.2 Interest on funds borrowed		824,557	674,065	262,169	231,882
2.3 Interest on money market transactions		834,152	699,683	256,594	220,260
2.4 Interest on securities issued		989,313	699,732	392,020	247,406
2.5 Other interest expenses		20,841	24,471	2,669	4,535
III. NET INTEREST INCOME (I - II)		10,279,084	8,123,974	3,617,426	2,881,710
IV. NET FEES AND COMMISSIONS INCOME		2,705,946	2,339,586	964,727	795,850
4.1 Fees and commissions received		3,572,041	3,072,011	1,296,407	1,047,294
4.1.1 Non-cash loans		290,054	232,034	100,411	79,981
4.1.2 Others		3,281,987	2,839,977	1,195,996	967,313
4.2 Fees and commissions paid		866,095	732,425	331,680	251,444
4.2.1 Non-cash loans		2,421	2,210	564	738
4.2.2 Others		863,674	730,215	331,116	250,706
V. DIVIDEND INCOME	(5.4.3)	6,655	6,902	172	-
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	(1,533,726)	(662,559)	(597,351)	(107,679)
6.1 Trading account income/losses		(367,392)	112,584	(18,020)	92,870
6.2 Income/losses from derivative financial instruments		(1,477,839)	(792,205)	(389,774)	151,264
6.3 Foreign exchange gains/losses		311,505	17,062	(189,557)	(351,813)
VII. OTHER OPERATING INCOME	(5.4.5)	762,142	1,153,195	176,062	144,991
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		12,220,101	10,961,098	4,161,036	3,714,872
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	2,041,864	2,155,848	705,337	763,742
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	4,788,580	4,344,651	1,582,075	1,418,113
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		5,389,657	4,460,599	1,873,624	1,533,017
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		536,476	339,790	147,747	126,494
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	5,926,133	4,800,389	2,021,371	1,659,511
XVI. PROVISION FOR TAXES (±)	(5.4.9)	1,281,282	889,509	456,085	328,893
16.1 Current tax charge		1,394,243	785,178	413,204	83,820
16.2 Deferred tax charge/(credit)		(112,961)	104,331	42,881	245,073
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	4,644,851	3,910,880	1,565,286	1,330,618
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)	4,644,851	3,910,880	1,565,286	1,330,618
Earnings per Share		0.01106	0.00931	0.00373	0.00317

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Statement of Income/Expense Items Accounted for under Shareholders' Equity

For the Nine-Month Period Ended 30 September 2017

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2017- 30 September 2017	PRIOR PERIOD 1 January 2016- 30 September 2016
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	341,794	60,381
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	397,330	172,081
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	(22,578)	(124,184)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	(166,997)	(63,275)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	84,916	90,802
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(18,772)	5,468
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	615,693	141,273
XI. CURRENT PERIOD PROFIT/LOSSES	4,644,851	3,910,880
1.1 Net changes in fair value of securities (transferred to income statement)	(35,821)	159,176
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	(74,467)	(101,750)
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	4,755,139	3,853,454
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	5,260,544	4,052,153

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the Nine-Month Period Ended 30 September 2017

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)															
		Paid-In Capital	Capital Reserves from Inflation Adj.s to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
PRIOR PERIOD (1 January - 30 September 2016)																	
I.	Balances at beginning of the period	4,200,000	772,554	11,880	-	1,168,329	-	19,159,612	100,008	-	3,406,507	441,960	1,631,907	1,891	86,407	-	30,981,055
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	-	1,168,329	-	19,159,612	100,008	-	3,406,507	441,960	1,631,907	1,891	86,407	-	30,981,055
Changes during the period																	
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities	-	-	-	-	-	-	-	-	-	29,555	-	-	-	-	-	29,555
VI.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(151,165)	-	(151,165)
6.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,545)	-	(100,545)
6.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,620)	-	(50,620)
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	8,303	-	-	-	-	(8,303)	-	-	-	-
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, affiliates and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences	-	-	-	-	753	-	335	10,551	-	-	160,442	-	-	-	-	172,081
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	-	-	-	-	-	-	-	-	-	-	90,802	-	-	-	-	90,802
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	-	-	-	-	-	-	766	-	-	-	-	(766)	-	-	-	-
XIX.	Current period net profit/loss	-	-	-	-	-	-	-	3,910,880	-	-	-	-	-	-	-	3,910,880
XX.	Profit distribution	-	-	-	-	35,700	-	2,799,084	805	-	(3,406,507)	-	3,918	-	-	-	(567,000)
20.1.	Dividends	-	-	-	-	-	-	-	-	-	(567,000)	-	-	-	-	-	(567,000)
20.2.	Transfers to reserves	-	-	-	-	35,700	-	2,799,084	-	-	(2,834,784)	-	-	-	-	-	-
20.3.	Others	-	-	-	-	-	-	-	805	-	(4,723)	-	3,918	-	-	-	-
	Balances at end of the period (III+IV+V+.....+XVIII+XIX+XX)	4,200,000	772,554	11,880	-	1,204,782	-	21,968,100	111,364	3,910,880	-	722,759	1,626,756	1,891	(64,758)	-	34,466,208
CURRENT PERIOD (1 January - 30 September 2017)																	
I.	Balances at beginning of the period	4,200,000	772,554	11,880	-	1,206,160	-	21,972,914	103,038	-	5,070,549	622,143	1,626,437	1,891	(48,486)	-	35,539,080
Changes during the period																	
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities	-	-	-	-	-	-	-	-	-	285,451	-	-	-	-	-	285,451
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(152,004)	-	(152,004)
4.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,406)	-	(18,406)
4.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(133,598)	-	(133,598)
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, affiliates and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	1,214	-	617	27,780	-	-	367,719	-	-	-	-	397,330
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	-	-	-	-	-	-	-	-	-	-	84,916	-	-	-	-	84,916
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	-	-	-	-	-	-	170,294	-	-	-	-	(170,294)	-	-	-	-
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	4,644,851	-	-	-	-	-	-	-	4,644,851
XVIII.	Profit distribution	-	-	-	-	104,000	-	3,488,938	5,738	-	(5,070,549)	-	221,873	-	-	-	(1,250,000)
18.1.	Dividends	-	-	-	-	-	-	-	-	-	(1,250,000)	-	-	-	-	-	(1,250,000)
18.2.	Transfers to reserves	-	-	-	-	104,000	-	3,488,938	-	-	(3,592,938)	-	-	-	-	-	(0)
18.3.	Others	-	-	-	-	-	-	-	5,738	-	(227,611)	-	221,873	-	-	-	(0)
	Balances at end of the period (I+II+III+.....+XVI+XVII+XVIII)	4,200,000	772,554	11,880	-	1,311,374	-	25,632,763	136,556	4,644,851	-	1,360,229	1,678,016	1,891	(200,490)	-	39,549,624

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2017

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2017- 30 September 2017	PRIOR PERIOD 1 January 2016- 30 September 2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		4,654,308	3,577,694
1.1.1 Interests received		17,060,704	13,833,056
1.1.2 Interests paid		(8,014,405)	(7,443,826)
1.1.3 Dividend received		6,655	6,902
1.1.4 Fees and commissions received		3,572,041	3,072,011
1.1.5 Other income		394,750	1,135,779
1.1.6 Collections from previously written-off loans and other receivables		95,777	111,426
1.1.7 Payments to personnel and service suppliers		(4,307,991)	(3,881,095)
1.1.8 Taxes paid		(1,080,035)	(1,050,021)
1.1.9 Others	(5.6)	(3,073,188)	(2,206,538)
1.2 Changes in operating assets and liabilities		(9,156,275)	(4,712,955)
1.2.1 Net (increase) decrease in financial assets held for trading		(1,374)	35,809
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		(10,725,630)	(3,426,074)
1.2.4 Net (increase) decrease in loans		(16,521,313)	(14,485,992)
1.2.5 Net (increase) decrease in other assets		3,711	472,574
1.2.6 Net increase (decrease) in bank deposits		(32,777)	(3,343,806)
1.2.7 Net increase (decrease) in other deposits		15,456,133	13,317,350
1.2.8 Net increase (decrease) in funds borrowed		2,212,983	1,965,760
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	451,992	551,424
I. Net cash flow from banking operations		(4,501,967)	(1,135,261)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(256,172)	1,742,786
2.1 Cash paid for purchase of associates, affiliates and joint-ventures		-	(53,484)
2.2 Cash obtained from sale of associates, affiliates and joint-ventures		-	-
2.3 Purchases of tangible assets		(203,664)	(507,185)
2.4 Sales of tangible assets		90,653	64,913
2.5 Cash paid for purchase of financial assets available-for-sale		(5,531,166)	(5,460,882)
2.6 Cash obtained from sale of financial assets available-for-sale		4,698,274	7,220,393
2.7 Cash paid for purchase of investments held-to-maturity		(244,025)	(382,802)
2.8 Cash obtained from sale of investments held-to-maturity		933,756	861,833
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,085,381	(620,737)
3.1 Cash obtained from funds borrowed and securities issued		15,255,668	4,280,755
3.2 Cash used for repayment of funds borrowed and securities issued		(10,904,954)	(4,324,219)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(1,250,000)	(567,000)
3.5 Payments for financial leases		(15,333)	(10,273)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	177,873	195,364
V. Net increase/(decrease) in cash and cash equivalents		(1,494,885)	182,152
VI. Cash and cash equivalents at beginning of period		13,011,577	8,878,118
VII. Cash and cash equivalents at end of period		11,516,692	9,060,270

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

3 Accounting policies

3.1 Basis of presentation

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial instruments at fair value through profit or loss, financial assets available for sale, real estates and investments in affiliates valued at equity basis of accounting.

Accounting policies and accounting estimates on which the accompanying financial statements based are in compliance with “The Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulation” and other regulations, circulars and pronouncements published by the BRSA and with Turkish Accounting Standards issued by Public Oversight Agency for the matters not regulated by the aforementioned legislations and have been applied consistently by the Bank as in the financial statements prepared for the year ended 31 December 2016.

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2017 have no material effect on the financial statements, financial performance and on Bank’s accounting policies and accounting estimates. New and revised Turkish Accounting Standards issued but not yet effective have no material effect on the financial statements, financial performance and on Bank’s accounting policies and accounting estimates, except for IFRS9 which will be effective from periods beginning on or after 1 January 2018. The Bank continues to work to comply with IFRS9 and will be able to calculate the expected credit loss amount in accordance with IFRS9 as of 1 January 2018.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes 3.2 to 3.29.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign affiliates' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under equity.

From 1 September 2015, it has been started to apply investment hedge amounting to EUR 361,140,557 (31 December 2016: EUR 333,487,913) in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 314,645 thousands (31 December 2016: TL 147,648 thousands), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and hedging reserves, respectively under equity as of 30 September 2017. There is no ineffective portion arising from investment hedge accounting.

3.3 Investments in associates and affiliates

In the unconsolidated financial statements, the financial affiliates are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements".

In accordance with the Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures" through the equity method, the carrying value of financial affiliates are accounted in the financial statements with respect to the Bank's share in these investments' net asset value. While the Bank's share on profits or losses of financial affiliates are accounted in the Bank's income statement, the Bank's share in other comprehensive income of financial affiliates are accounted in the Bank's other comprehensive income statement.

Non-financial affiliates are accounted at cost in the financial statements after provisions for impairment losses deducted, if any, in accordance with TAS 27.

3.4 Forwards, options and other derivative transactions

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

3.4.1 Derivative financial instruments held for trading

The Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts.

Derivatives are initially recorded at their fair values. Subsequently, derivative transactions are valued at their fair values and the related transaction costs are included in their acquisition costs. 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.

In the initial phase of currency swaps, the, currency exchange transactions to realise at value dates are recorded and followed as irrevocable commitments in the off-balance sheet accounts up to their value dates.

Liabilities and receivables arising from the derivative instruments are recorded under the off-balance sheet accounts at their contractual values.

Embedded derivatives are separated from the host contract and accounted as derivative instruments according to TAS 39 “Financial Instruments: Recognition and Measurement” in case the related embedded derivative’s economic features and risks are not closely related to the host contract, meets the derivative product definition of a different instrument having the same contract conditions with the embedded derivative and the hybrid instrument is not carried at fair value through profit or loss. The Bank has no embedded derivatives separated from the host contract.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Bank’s credit derivatives portfolio included in the off-balance sheet accounts composes of total return swaps and credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Total return swap is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the the reference asset. The Bank enters into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

The Bank enters into interest rate and cross currency swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. The changes in fair values of derivative financial assets held for fair value hedges are recognised in “income/losses from derivative financial instruments”. If the hedging is effective, the changes in fair value of the hedged item is presented in statement of financial position together with the fixed-rate loan, and in case of fixed-rate financial assets available for sale, such changes are reclassified from shareholders’ equity to income statement.

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

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

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective 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 incur, the gain/losses accounted for under shareholders’ equity, are recognised in income statement considering the original maturity.

3.5 Interest income and expenses

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

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

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

3.6 Fees and commissions

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

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

The Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit or loss in compliance with TAS 39. The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial 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 and held by the intent and ability to hold until maturity, excluding originated loans and receivables.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, sale or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values can not be determined reliably, are valued at amortized costs by using discounting method with internal rate of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the

difference between their fair values and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the gain/losses arising from fair value measurement under shareholders’ equity are recognized in income statement.

Interests calculated and/or earned by using the effective interest method during holding of financial assets available-for-sale are recorded primarily in interest income. In case of sale of such financial assets available-for-sale before maturity date, the difference between the sales income calculated as difference between the cost in accordance with Uniform Chart of Accounts and the sale price and the recognized interest income is transferred to “trading account income/losses”.

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 other than those held for trading in short term or generated 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 provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation) published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in income statement of the related period.

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

The Bank provides specific allowances for non-performing loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. Such allowances are recorded under “loans” as negative balances on the asset side.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

3.9.2 Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

Securities lending transactions are classified under "interbank money markets" and the related expense accruals are accounted.

3.11 Assets held for sale, discontinued operations and related liabilities

According to the Turkish Financial Reporting Standard 5 (TFRS 5) "Assets Held for Sale and Discontinued Operations", a tangible asset (or a group of assets to be disposed) classified as "asset held for sale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) 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 in the market at a price consistent with its fair value. Assets held for sale consist of tangible assets acquired against non-performing receivables.

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

3.12 Goodwill and other intangible assets

The Bank's intangible assets consist of softwares, intangible rights and other intangible assets.

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

The costs of 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. Estimated useful lives of the Bank's intangible assets are 3-15 years, and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. The depreciation rates and the estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

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

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

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

Investment properties

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are 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

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in the Bank’s assets and liabilities, respectively. In the determination of the related asset and liability amounts, the lower of the fair value of the leased assets and the present value of leasing payments is considered. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement.

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.

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. In operating leases, the rent payments are recognized as expense in income statement in equal amounts over the lease term.

3.15 Provisions and contingent liabilities

Provisions and contingent liabilities resulted from past events, if it is probable that the commitment will be settled and a reliable estimate can be made for the amount of the obligation, are accounted for in accordance with the Turkish Accounting Standard 37 (TAS 37) “Provisions, Contingent Liabilities and Contingent Assets”.

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

Accordingly, the Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) “Employee Benefits” for all its employees who retired or whose employment is terminated, called up for

military service or died. The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 September 2017	31 December 2016
	%	%
Net Effective Discount Rate	3.43	3.43
Discount Rate	11.50	11.50
Expected Rate of Salary Increase	9.30	9.30
Inflation Rate	7.80	7.80

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

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

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS 19.

Retirement benefit obligations

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

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

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506. These contributions are as follows:

	30 September 2017	
	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 ("SDIF"), the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance

classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, no.2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510.

On 19 June 2008, Cumhuriyet Halk Partisi (“CHP”) applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the first paragraph of the provisional Article 20 of the Law is not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

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

b) Other benefits not transferable to SSF

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS 19.

3.18 Taxation

3.18.1 Corporate tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20% in Turkey. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax 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 are not subject to withholding tax. As per the decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

75% of income on sales of equity shares and real estates held at least for two years are tax-exempt in cases where such income is used in capital increases or held under shareholders’ equity for five years as required by the Corporate Tax Law.

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

The tax applications for foreign branches;

NORTHERN CYPRUS

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

3.18.2 Deferred taxes

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

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

The deferred tax assets and liabilities are reported as net in the financial statements.

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

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA's related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

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 but this application results in measurement or accounting mismatch due to having the related financial instruments valued using different methods or the related gains or losses are recognized differently, such fundings are reclassified as financial liabilities at their fair values through profit or loss at initial recognition in order to prevent such mismatch. The interest expenses paid during holding the related financial liabilities and the difference between the amortized cost and the acquisition cost are recorded as interest expense in income statement and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.20 Share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for “share premium” under shareholders’ equity.

3.21 Confirmed bills of exchange and acceptances

Payments of the confirmed bills of exchange and acceptances are made simultaneously with the payments of the customers. Confirmed bills of exchange and acceptances are recorded in off-balance sheet accounts as possible debts and commitments, if any.

3.22 Government incentives

As of 30 September 2017, the Bank does not have any government incentives or grants (2016: none).

3.23 Segment reporting

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

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

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

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

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

Information on the business segments is as follows:

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	5,667,607	4,727,853	(151,177)	1,969,163	12,213,446
Other	-	-	-	-	-
Total Operating Profit	5,667,607	4,727,853	(151,177)	1,969,163	12,213,446
Net Operating Profit	2,431,212	2,779,582	(239,289)	947,973	5,919,478
Income from Associates and Affiliates	-	-	-	6,655	6,655
Net Operating Profit	2,431,212	2,779,582	(239,289)	954,628	5,926,133
Provision for Taxes	-	-	-	1,281,282	1,281,282
Net Profit	2,431,212	2,779,582	(239,289)	(326,654)	4,644,851
Segment Assets	64,653,124	137,403,532	91,460,529	11,325,519	304,842,704
Investments in Associates and Affiliates	-	-	-	6,199,617	6,199,617
Total Assets	64,653,124	137,403,532	91,460,529	17,525,136	311,042,321
Segment Liabilities	114,512,647	70,962,747	79,941,941	6,075,362	271,492,697
Shareholders' Equity	-	-	-	39,549,624	39,549,624
Total Liabilities and Shareholders' Equity	114,512,647	70,962,747	79,941,941	45,624,986	311,042,321

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	4,758,254	3,484,779	602,587	2,108,576	10,954,196
Other	-	-	-	-	-
Total Operating Profit	4,758,254	3,484,779	602,587	2,108,576	10,954,196
Net Operating Profit	1,234,769	1,185,173	420,701	1,952,844	4,793,487
Income from Associates and Affiliates	-	-	-	6,902	6,902
Net Operating Profit	1,234,769	1,185,173	420,701	1,959,746	4,800,389
Provision for Taxes	-	-	-	889,509	889,509
Net Profit	1,234,769	1,185,173	420,701	1,070,237	3,910,880
Segment Assets	59,084,680	126,963,548	81,188,982	11,707,628	278,944,838
Investments in Associates and Affiliates	-	-	-	5,210,562	5,210,562
Total Assets	59,084,680	126,963,548	81,188,982	16,918,190	284,155,400
Segment Liabilities	106,985,273	61,415,792	74,568,141	5,647,114	248,616,320
Shareholders' Equity	-	-	-	35,539,080	35,539,080
Total Liabilities and Shareholders' Equity	106,985,273	61,415,792	74,568,141	41,186,194	284,155,400

3.24 Profit reserves and profit appropriation

Retained earnings as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement explained to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the ordinary general assembly dated 30 March 2017, it was decided to distribute cash dividend from the net profit of the Bank amounting to TL 5,070,549 thousands from its 2016 operations to the shareholders as disclosed in Note 5.10.2.

3.25 Earnings per share

Earnings per share disclosed in the income statement are calculated by dividing net profit by the weighted average number of shares outstanding during the year concerned.

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit for the year	4,644,851	3,910,880
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.01106	0.00931

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued in 2017 (2016: none).

3.26 Related parties

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with TAS 24 “Related Parties”. The transactions with related parties are disclosed in detail in Note 5.7.

3.27 Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

3.28 Reclassifications

None.

3.29 Other disclosures

None.

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

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

4.1.1 Components of total capital

<i>Current Period</i>	<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	27,184,311	
Other Comprehensive Income according to TAS	3,307,341	
Profit	4,644,851	
Current Period Profit	4,644,851	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
Common Equity Tier I Capital Before Deductions	40,122,828	
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 (-)	624,432	-
Leasehold Improvements on Operational Leases (-)	100,095	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	179,990	224,988
Net Deferred Tax Asset/Liability (-)	-	-
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 (-)	2,294	-
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 (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Total Deductions from Common Equity Tier I Capital	906,811	
Total Common Equity Tier I Capital	39,216,017	
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)	-	
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 (-)	44,998	-
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 (-)	-	-
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)	39,171,019	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2,658,150	
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)	2,592,581	
Total Deductions from Tier II Capital	5,250,731	
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	-	-
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 (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	5,250,731	
Total Equity (Total Tier I and Tier II Capital)	44,421,750	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	23	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
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 (-)	-	
Other items to be Defined by the BRSA (-)	32,784	
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)	44,388,943	-
Total Risk Weighted Assets	234,782,543	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	16.70	-
Tier I Capital Ratio (%)	16.68	-
Capital Adequacy Ratio (%)	18.91	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b)	1.27	
a) Bank-specific total CET1 Capital Ratio	1.250	-
b) Capital Conservation Buffer Ratio (%)	0.02	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	10.55	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	246.991	-
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)	3,324,412	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,592,581	-
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.

<i>Prior Period</i>	<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	23,385,730	
Other Comprehensive Income according to TAS	2,759,735	
Profit	5,070,549	
Current Period Profit	5,070,549	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1,891	
Common Equity Tier I Capital Before Deductions	36,202,339	
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 (-)	732,893	-
Leasehold Improvements on Operational Leases (-)	103,037	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	128,006	213,344
Net Deferred Tax Asset/Liability (-)	-	-
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 (-)	1,730	-
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 (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	965,666	
Total Common Equity Tier I Capital	35,236,673	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
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)	-	
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 (-)	85,338	-
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 (-)	-	-
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)	35,151,335	
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)	2,596,082	
Total Deductions from Tier II Capital	2,596,082	
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	-	-
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 (-)	-	
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2,596,082	
Total Equity (Total Tier I and Tier II Capital)	37,747,417	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	31	
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 (-)	55,860	
Other items to be Defined by the BRSA (-)	36,994	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
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)	37,654,532	-
Total Risk Weighted Assets	232,322,344	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.17	-
Tier I Capital Ratio (%)	15.13	-
Capital Adequacy Ratio (%)	16.21	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	5.635	-
Capital Conservation Buffer Ratio (%)	0.625	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.01	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8.21	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	153,379	-
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)	3,171,163	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	2,596,082	-
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.

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

<i>Information about instruments included in total capital calculation</i>	
Issuer	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
<i>Regulatory treatment</i>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2,658
Nominal value of instrument (TL million)	2,658
Accounting classification of the instrument	34701 – Secondary Subordinated Loans
Issuance date of instrument	23.05.2017
Maturity structure of the instrument (demand/time)	Time
Original maturity of the instrument	24.05.2027
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 - USD750,000,000.00
Subsequent call dates, if applicable	-
<i>Interest/dividend payment*</i>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6.1250%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

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 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	3,520,462	(823,782)	2,696,680	
Other Comprehensive Income According to TAS	3,506,691	(823,782)	2,682,909	
Securities Value Increase Fund	1,360,229	-	1,360,229	
Revaluation Surplus on Tangible Assets	1,678,016	-	1,678,016	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(200,490)	(51,228)	(251,718)	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	668,936	(772,554)	(103,618)	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	1,891	-	1,891	
Share Premium	11,880	-	11,880	
Profit Reserves	27,184,311	-	27,184,311	
Profit or Loss	4,644,851	-	4,644,851	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	4,644,851	-	4,644,851	
Deductions from Common Equity Tier I Capital (-)	-		282,379	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	39,549,624		39,216,017	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			44,998	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			39,171,019	
Subordinated Debts			2,658,150	
General Provisions			2,592,581	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	
Tier II Capital			5,250,731	
Deductions from Total Capital (-)			32,807	Deductions from Capital as per the Regulation
Total			44,388,943	

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	2,882,801	(842,188)	2,040,613	
Other Comprehensive Income According to TAS	2,869,030	(842,188)	2,026,842	
Securities Value Increase Fund	622,143	-	622,143	
Revaluation Surplus on Tangible Assets	1,626,437	-	1,626,437	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Reserves (Effective Portion)	(48,486)	(69,634)	(118,120)	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	668,936	(772,554)	(103,618)	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Affiliates and Joint-Ventures	1,891	-	1,891	
Share Premium	11,880	-	11,880	
Profit Reserves	23,385,730	-	23,385,730	
Profit or Loss	5,070,549	-	5,070,549	
Prior Periods Profit/Loss	-	-	-	
Current Period Net Profit/Loss	5,070,549	-	5,070,549	
Deductions from Common Equity Tier I Capital (-)	-		232,773	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	35,539,080		35,236,673	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			85,338	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			35,151,335	
Subordinated Debts			-	
General Provisions			2,596,082	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	
Tier II Capital			2,596,082	
Deductions from Total Capital (-)			92,885	Deductions from Capital as per the Regulation
Total			37,654,532	

4.2 Credit risk

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".

4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2017, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 27,608,581 thousands (31 December 2016: TL 17,200,230 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 29,057,762 thousands (31 December 2016: TL 18,461,666 thousands), while net foreign currency long open position amounts to TL 1,449,181 thousands (31 December 2016: TL 1,261,436 thousands).

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

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

	USD	EUR
Foreign currency purchase rates at balance sheet date	3.5442	4.1862
<u>Exchange rates for the days before balance sheet date:</u>		
Day 1	3.5442	4.1862
Day 2	3.5510	4.1846
Day 3	3.5644	4.1821
Day 4	3.5413	4.1673
Day 5	3.5317	4.1960
Last 30-days arithmetical average rates	3.4640	4.1304

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	4,752,643	18,385,850	6,150,027	29,288,520
Banks	3,271,891	4,415,225	891,118	8,578,234
Financial Assets at Fair Value through Profit/Loss	109,914	340,077	-	449,991
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	84,873	400,566	-	485,439
Loans (*)	29,063,950	39,303,519	839,966	69,207,435
Investments in Associates, Affiliates and Joint-Ventures	3,409,801	-	-	3,409,801
Investments Held-to-Maturity	-	11,168,734	-	11,168,734
Derivative Financial Assets Held for Hedging Purpose	2,821	56,166	-	58,987
Tangible Assets	-	256	-	256
Intangible Assets	-	-	-	-
Other Assets	203,053	660,022	6,237	869,312
Total Assets	40,898,946	74,730,415	7,887,348	123,516,709
Liabilities				
Bank Deposits	955,795	1,447,788	154,237	2,557,820
Foreign Currency Deposits	23,074,840	60,190,138	2,001,916	85,266,894
Interbank Money Market Takings	4,085,880	5,902,829	-	9,988,709
Other Fundings	10,010,040	25,208,766	2,383	35,221,189
Securities Issued (**)	2,368,730	11,339,525	618,048	14,326,303
Miscellaneous Payables	70,504	371,037	11,056	452,597
Derivative Financial Liabilities Held for Hedging Purpose	16,737	72,194	-	88,931
Other Liabilities (***)	391,653	737,670	2,093,524	3,222,847
Total Liabilities	40,974,179	105,269,947	4,881,164	151,125,290
Net 'On Balance Sheet' Position	(75,233)	(30,539,532)	3,006,184	(27,608,581)
Net 'Off-Balance Sheet' Position	2,835,456	29,104,435	(2,882,129)	29,057,762
Derivative Assets	11,094,897	78,351,211	3,198,038	92,644,146
Derivative Liabilities	8,259,441	49,246,776	6,080,167	63,586,384
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	42,167,078	75,254,202	2,640,045	120,061,325
Total Liabilities	36,222,880	96,223,885	4,814,790	137,261,555
Net 'On Balance Sheet' Position	5,944,198	(20,969,683)	(2,174,745)	(17,200,230)
Net 'Off-Balance Sheet' Position	(4,526,285)	20,945,530	2,042,421	18,461,666
Derivative Assets	14,374,090	58,983,474	4,395,536	77,753,100
Derivative Liabilities	18,900,375	38,037,944	2,353,115	59,291,434
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 5,552,669 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(***) Other liabilities include gold deposits of TL 2,056,449 thousands.

4.4 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	18,329,313	-	-	-	-	18,465,143	36,794,456
Banks	3,113,294	2,029,493	75,352	-	-	3,660,565	8,878,704
Financial Assets at Fair Value through Profit/Loss	2,098	10,611	35,918	25,613	39,886	2,440,916	2,555,042
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	2,308,086	3,777,250	10,332,486	1,711,860	1,074,106	2,267,039	21,470,827
Loans	44,514,377	31,406,940	51,001,181	58,132,724	12,642,685	4,358,749	202,056,656
Investments Held-to-Maturity	3,002,895	3,043,391	3,679,056	3,805,562	6,991,190	3,039,128	23,561,222
Other Assets	7,805	-	-	19,986	-	15,697,623	15,725,414
Total Assets	71,277,868	40,267,685	65,123,993	63,695,745	20,747,867	49,929,163	311,042,321
Liabilities							
Bank Deposits	696,221	29,772	151,952	-	-	2,809,636	3,687,581
Other Deposits	98,401,585	20,310,553	11,082,852	399,550	-	42,950,336	173,144,876
Interbank Money Market Takings	15,208,231	1,516,624	-	-	-	5,103	16,729,958
Miscellaneous Payables	-	-	-	-	-	9,965,676	9,965,676
Securities Issued (**)	1,876,413	1,675,306	2,659,772	9,574,275	4,616,934	381,445	20,784,145
Other Fundings	14,135,439	14,833,269	1,944,577	4,454,769	320,012	286,746	35,974,812
Other Liabilities	2,702	12,041	16,307	243	-	50,723,980	50,755,273
Total Liabilities	130,320,591	38,377,565	15,855,460	14,428,837	4,936,946	107,122,922	311,042,321
On Balance Sheet Long Position	-	1,890,120	49,268,533	49,266,908	15,810,921	-	116,236,482
On Balance Sheet Short Position	(59,042,723)	-	-	-	-	(57,193,759)	(116,236,482)
Off-Balance Sheet Long Position	12,899,868	16,857,587	5,686,920	3,606,295	4,692,062	-	43,742,732
Off-Balance Sheet Short Position	(3,011,609)	(9,793,120)	(4,381,845)	(16,703,370)	(9,856,319)	-	(43,746,263)
Total Position	(49,154,464)	8,954,587	50,573,608	36,169,833	10,646,664	(57,193,759)	(3,531)

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

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

<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	17,892,432	-	-	-	-	5,892,702	23,785,134
Banks	3,926,271	1,934,196	1,989,280	-	-	4,469,179	12,318,926
Financial Assets at Fair Value through Profit/Loss	7,624	22,679	15,205	26,655	42,663	3,391,602	3,506,428
Interbank Money Market Placements	351,690	-	-	-	-	1	351,691
Financial Assets Available-for-Sale	2,613,361	5,750,771	5,630,419	2,729,802	1,684,778	1,503,438	19,912,569
Loans	43,310,831	22,078,517	55,780,392	48,273,126	12,730,401	3,874,961	186,048,228
Investments Held-to-Maturity	1,025,906	2,002,859	5,554,835	5,329,013	7,297,741	2,429,830	23,640,184
Other Assets	3,886	176	-	16,494	2,306	14,569,378	14,592,240
Total Assets	69,132,001	31,789,198	68,970,131	56,375,090	21,757,889	36,131,091	284,155,400
Liabilities							
Bank Deposits	645,554	9,261	207,533	-	-	2,856,198	3,718,546
Other Deposits	88,684,664	20,652,616	11,479,265	180,101	-	36,516,405	157,513,051
Interbank Money Market Takings	9,763,295	-	-	-	-	6,092	9,769,387
Miscellaneous Payables	-	-	-	-	-	9,088,139	9,088,139
Securities Issued	506,828	1,335,786	4,599,655	7,523,662	2,143,691	327,257	16,436,879
Other Fundings	13,807,571	14,873,592	6,853,254	4,343,480	164,288	244,183	40,286,368
Other Liabilities	6,058	9,469	20,681	1,686	-	47,305,136	47,343,030
Total Liabilities	113,413,970	36,880,724	23,160,388	12,048,929	2,307,979	96,343,410	284,155,400
On Balance Sheet Long Position	-	-	45,809,743	44,326,161	19,449,910	-	109,585,814
On Balance Sheet Short Position	(44,281,969)	(5,091,526)	-	-	-	(60,212,319)	(109,585,814)
Off-Balance Sheet Long Position	8,000,925	10,184,917	12,492,698	4,640,715	4,244,593	-	39,563,848
Off-Balance Sheet Short Position	(1,313,961)	(4,549,173)	(9,696,072)	(12,903,699)	(11,205,806)	-	(39,668,711)
Total Position	(37,595,005)	544,218	48,606,369	36,063,177	12,488,697	(60,212,319)	(104,863)

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

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	-	1.22	-	2.16
Banks	0.12	1.18	-	11.64
Financial Assets at Fair Value through Profit/Loss	2.73	5.79	-	10.95
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	-	5.27	-	10.53
Loans	4.22	6.10	-	16.20
Investments Held-to-Maturity	-	5.57	-	9.84
Liabilities				
Bank Deposits	1.25	3.30	-	11.66
Other Deposits	0.88	2.07	1.40	8.96
Interbank Money Market Takings	(0.11)	1.25	-	11.54
Miscellaneous Payables	-	-	-	-
Securities Issued	3.58	5.67	-	12.93
Other Fundings	1.35	3.11	-	8.40

<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	-	0.52	-	4.22
Banks	0.05	0.90	-	9.09
Financial Assets at Fair Value through Profit/Loss	2.18	5.77	-	10.16
Interbank Money Market Placements	0.05	-	-	-
Financial Assets Available-for-Sale	-	5.64	-	10.08
Loans	3.92	5.61	3.41	15.26
Investments Held-to-Maturity	0.19	5.53	-	10.22
Liabilities				
Bank Deposits	0.20	1.21	-	9.39
Other Deposits	0.88	1.95	1.22	7.48
Interbank Money Market Takings	-	-	-	8.30
Miscellaneous Payables	-	-	-	-
Securities Issued	3.48	5.13	0.64	10.34
Other Fundings	0.95	2.60	-	10.26

4.5 Position risk of equity securities in banking book

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	6,090,041	5,977,928	117,725
	Quoted Securities	88,579	88,579	117,725
2	Investment in Shares- Grade B	107,852	80,755	116,005
	Quoted Securities	80,755	80,755	116,005
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) In current period, the balances are as per the results of equity accounting application.

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value ^(*)	Market Value
1	Investment in Shares- Grade A	5,109,467	4,997,355	83,689
	Quoted Securities	79,275	79,275	83,689
2	Investment in Shares- Grade B	99,371	72,273	82,466
	Quoted Securities	72,273	72,273	82,466
3	Investment in Shares- Grade C	662	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

(*) In prior period, the balances are as per the results of equity accounting application.

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>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	84,082	84,082	-	84,082	
3	Other Shares	-	3,655,843	3,655,843	-	3,655,843	
Total		-	3,739,925	3,739,925	-	3,739,925	

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-	
2	Quoted Shares	-	66,295	66,295	-	-	
3	Other Shares	-	2,915,577	2,915,577	-	-	
Total		-	2,981,872	2,981,872	-	-	

(*) The balances are as per the results of equity accounting application.

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	169,334	169,334	13,547
3	Other Shares	6,030,283	6,030,283	482,423
Total		6,199,617	6,199,617	495,970

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	151,548	151,548	12,124
3	Other Shares	5,059,013	5,059,013	404,721
Total		5,210,561	5,210,561	416,845

4.6 Liquidity risk management and liquidity coverage ratio

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

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

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

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

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

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

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

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of 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 and probable scenarios where liquidity risk crises and possible actions that can be taken.

The 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 LCR calculation 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. The Bank's high quality liquid assets are composed of 3.60% cash, 52.41% deposits in central banks and 44.00% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition in report date is 67.94% deposits, 20.25% funds borrowed and money market borrowings and 7.99% securities issued.

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

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

<i>Current Period</i>		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				54,221,930	30,850,771
1	Total high-quality liquid assets (HQLA)	55,986,826	32,615,666	54,221,930	30,850,771
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	120,718,514	55,430,971	10,791,493	5,543,097
3	Stable deposits	25,607,169	-	1,280,358	-
4	Less stable deposits	95,111,345	55,430,971	9,511,135	5,543,097
5	Unsecured wholesale funding, of which:	47,563,266	28,388,887	24,969,527	14,266,269
6	Operational deposits	-	-	-	-
7	Non-operational deposits	37,463,983	23,491,936	18,299,849	11,370,167
8	Unsecured funding	10,099,283	4,896,951	6,669,678	2,896,102
9	Secured wholesale funding			25,551	25,551
10	Other cash outflows of which:	50,608,335	10,898,374	10,009,009	9,437,840
11	Outflows related to derivative exposures and other collateral requirements	6,771,310	8,646,776	6,771,310	8,646,776
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	43,837,025	2,251,598	3,237,699	791,064
14	Other revocable off-balance sheet commitments and contractual obligations	984	984	49	49
15	Other irrevocable or conditionally revocable off-balance sheet obligations	57,201,385	38,481,613	2,860,069	1,924,081
16	Total Cash Outflows			48,655,698	31,196,887
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	16,902,790	5,760,587	11,120,557	4,349,105
19	Other cash inflows	812,766	7,123,428	812,766	7,123,428
20	Total Cash Inflows	17,715,556	12,884,015	11,933,323	11,472,533
				Total Adjusted Value	
21	Total HQLA			54,221,930	30,850,771
22	Total Net Cash Outflows			36,722,375	19,724,354
23	Liquidity Coverage Ratio (%)			147.75	158.17

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the third quarter of 2017:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	165.52	10.08.2017	132.18	31.07.2017	147.75
FC	240.91	09.08.2017	131.10	18.09.2017	158.17

<i>Prior Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			38,835,305	19,540,092
1 Total high-quality liquid assets (HQLA)	46,512,925	25,746,123	38,835,305	19,540,092
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	105,424,258	46,163,615	8,669,017	4,286,621
3 Stable deposits	24,131,224	-	1,120,378	-
4 Less stable deposits	81,293,033	46,163,615	7,548,639	4,286,621
5 Unsecured wholesale funding, of which:	43,358,024	23,960,602	22,621,537	12,415,263
6 Operational deposits	-	-	-	-
7 Non-operational deposits	34,102,671	21,343,725	16,418,382	10,064,078
8 Unsecured funding	9,255,353	2,616,877	6,203,155	2,351,184
9 Secured wholesale funding			342,707	342,707
10 Other cash outflows of which:	51,592,370	14,605,068	10,661,642	9,671,066
11 Outflows related to derivative exposures and other collateral requirements	7,987,916	9,169,525	7,417,350	8,514,559
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	43,604,454	5,435,543	3,244,292	1,156,507
14 Other revocable off-balance sheet commitments and contractual obligations	1,451,196	1,444,887	67,377	67,084
15 Other irrevocable or conditionally revocable off-balance sheet obligations	55,210,937	38,427,025	2,563,365	1,784,112
16 Total Cash Outflows			44,925,645	28,566,853
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	14,943,851	4,830,047	9,153,351	3,425,254
19 Other cash inflows	1,325,052	5,914,162	1,230,405	5,491,722
20 Total Cash Inflows	16,268,903	10,744,209	10,383,756	8,916,976
			Total Adjusted Value	
21 Total HQLA			38,835,305	19,540,092
22 Total Net Cash Outflows			34,541,889	19,649,877
23 Liquidity Coverage Ratio (%)			113.06	94.26

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the last three months of 2016:

<i>Prior Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	128.41	21.10.2016	99.22	23.11.2016	113.06
FC	128.99	22.12.2016	71.48	01.01.2017	94.26

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

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 of Turkey	8,110,371	28,684,085	-	-	-	-	-	36,794,456
Banks	3,653,973	1,345,556	67,011	75,364	3,736,800	-	-	8,878,704
Financial Assets at Fair Value through Profit/Loss	-	560,683	440,774	1,032,787	188,723	332,075	-	2,555,042
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	233,142	25,345	446,852	1,736,523	10,696,045	8,332,920	-	21,470,827
Loans	563,313	31,594,802	18,137,774	48,797,093	77,826,976	20,922,976	4,213,722	202,056,656
Investments Held-to-Maturity	-	53,764	-	1,948,919	8,444,787	13,113,752	-	23,561,222
Other Assets	1,641,214	1,191,474	2,096	128,442	205,840	206,130	12,350,218	15,725,414
Total Assets	14,202,013	63,455,709	19,094,507	53,719,128	101,099,171	42,907,853	16,563,940	311,042,321
Liabilities								
Bank Deposits	2,804,936	698,214	31,971	152,460	-	-	-	3,687,581
Other Deposits	42,207,582	98,779,028	20,502,477	11,218,961	429,657	7,171	-	173,144,876
Other Fundings	-	861,771	5,909,049	8,740,627	13,217,340	7,246,025	-	35,974,812
Interbank Money Market Takings	-	15,213,334	1,516,624	-	-	-	-	16,729,958
Securities Issued (**)	-	1,847,203	1,517,000	2,845,342	9,892,189	4,682,411	-	20,784,145
Miscellaneous Payables	803,542	9,162,134	-	-	-	-	-	9,965,676
Other Liabilities (***)	1,318,370	749,130	603,964	1,149,979	185,603	220,325	46,527,902	50,755,273
Total Liabilities	47,134,430	127,310,814	30,081,085	24,107,369	23,724,789	12,155,932	46,527,902	311,042,321
Liquidity Gap	(32,932,417)	(63,855,105)	(10,986,578)	29,611,759	77,374,382	30,751,921	(29,963,962)	-
Net Off-Balance Sheet Position	-	227,068	(164,131)	304,957	201,805	224,668	-	794,367
Derivative Financial Assets	-	59,857,521	39,344,412	36,175,084	5,659,540	1,096,673	-	142,133,230
Derivative Financial Liabilities	-	59,630,453	39,508,543	35,870,127	5,457,735	872,005	-	141,338,863
Non-Cash Loans	-	22,334,913	2,674,049	8,285,213	641,431	-	87,150,610	121,086,216
Prior Period								
Total Assets	15,229,277	51,552,662	17,519,406	48,190,111	91,629,362	45,374,791	14,659,791	284,155,400
Total Liabilities	41,754,663	109,450,229	24,403,593	35,071,476	22,305,686	9,912,259	41,257,494	284,155,400
Liquidity Gap	(26,525,386)	(57,897,567)	(6,884,187)	13,118,635	69,323,676	35,462,532	(26,597,703)	-
Net Off-Balance Sheet Position	-	568,524	(102,511)	547,321	(14,041)	87,715	-	1,087,008
Derivative Financial Assets	-	57,011,286	23,414,855	29,279,277	7,694,661	967,692	-	118,367,771
Derivative Financial Liabilities	-	56,442,762	23,517,366	28,731,956	7,708,702	879,977	-	117,280,763
Non-Cash Loans	-	5,280,818	3,890,088	5,972,633	136,128	-	89,084,131	104,363,798

(*) 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.

(**) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(***) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.7 Leverage ratio

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

The Bank’s leverage ratio calculated by taking average of end of month leverage ratios for prior three-month period is 9.05% (31 December 2016: 8.83%). Main reason for the variance compared to December 2016, is the high increase in capital. While the capital increased by 11.15% mainly as a result of increase in net profits, the balance sheet exposure increased by 9.39% and the off balance sheet exposure increased by 7.70%. Therefore, the current period leverage ratio increased by 22 basis points compared to prior period.

On-balance sheet assets		<i>Current Period</i> (*)	<i>Prior Period</i> (*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	304,867,221	278,685,369
2	(Assets deducted in determining Tier I capital)	(328,861)	(300,326)
3	Total on-balance sheet risks (sum of lines 1 and 2)	304,538,360	278,385,043
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	2,705,044	3,285,514
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	8,645,465	8,303,567
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	11,350,509	11,589,081
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,839,930	1,586,346
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,839,930	1,586,346
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	113,758,727	105,623,641
11	(Adjustments for conversion to credit equivalent amounts)	(3,617,036)	(2,550,420)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	110,141,691	103,073,221
Capital and total risks			
13	Tier I capital	38,726,497	34,842,798
14	Total risks (sum of lines 3, 6, 9 and 12)	427,870,490	394,633,691
Leverage ratio			
15	Leverage ratio	9.05	8.83

(*) 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 communiqué “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 are 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

The Bank's risk management strategy is to ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, an integrated risk management system is established which pursues risk-return-capital relationship. 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.

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 consolidated affiliates. Policies and procedures are prepared in compliance with applicable legislations that the affiliate subject to and the parent Bank's risk management strategy, reviewed regularly and revised if necessary. The parent Bank ensures that risk management system is applied in affiliates where risks are defined, measured, monitored and controlled.

Risk management activities are structured under the responsibility of the board of directors. The 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, the Risk Management, 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 Unit, 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, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

The Bank measures and monitors risks that exposed to, considering methods suitable with international standards, compliant with legislation. Risk measuring and reporting are performed via advanced methods and risk management softwares. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this scope, periodic and non-periodic reports are prepared for board of directors, relevant committees and senior management.

The Bank's risk appetite framework determines the risk level that the board of directions is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits. Risks that the Bank is exposed, is managed by providing effective control environment and monitoring limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

The Risk Management conducts the implementation of internal capital adequacy assessment report to be sent to the BRSA, by coordinating relevant parties. Stress test report is reported to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's three year budget plan and results, and certain ratios, including capital adequacy.

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.

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) ^(*)	202,308,253	202,032,520	16,184,660
2	Of which standardised approach (SA)	202,308,253	202,032,520	16,184,660
3	Of which internal rating-based (IRB) approach		-	
4	Counterparty credit risk	4,480,745	5,270,570	358,460
5	Of which standardised approach for counterparty credit risk (SA-CCR)	4,480,745	5,270,570	358,460
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	5,666,688	5,704,124	453,335
17	Of which standardised approach (SA)	5,666,688	5,704,124	453,335
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	21,709,380	18,931,681	1,736,750
20	Of which basic indicator approach	21,709,380	18,931,681	1,736,750
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)	617,477	383,449	49,398
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	234,782,543	232,322,344	18,782,603

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

4.10.2 Linkages between financial statements and risk amounts

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

4.10.3 Credit risk

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

4.10.4 Counterparty credit risk

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

4.10.5 Securitisations

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

4.10.6 Market risk

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

4.10.7 Operational risk

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

4.10.8 Banking book interest rate risk

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

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,149,844	792,178	1,357,688	681,875
Central Bank of Turkey	6,355,982	28,111,137	5,366,015	15,500,506
Others	110	385,205	-	879,050
Total	7,505,936	29,288,520	6,723,703	17,061,431

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	451,224	5,331,810	5,366,015	155
Unrestricted Time Deposits	-	-	-	38
Restricted Time Deposits	5,904,758	22,779,327	-	15,500,313
Total	6,355,982	28,111,137	5,366,015	15,500,506

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 Information on financial assets at fair value through profit/loss

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

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	149,850	31,235	257,212	38,001
Swap Transactions	1,643,088	477,285	1,936,417	702,752
Futures	-	173	-	1,097
Options	128,401	10,118	426,694	28,812
Other	-	-	-	-
Total	1,921,339	518,811	2,620,323	770,662

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	224,163	624,701	55,714	746
Foreign banks	76,307	7,953,533	390,940	11,871,526
Foreign headoffices and branches	-	-	-	-
Total	300,470	8,578,234	446,654	11,872,272

The placements at foreign banks include blocked accounts amounting TL 5,241,759 thousands (31 December 2016: TL 7,439,697 thousands) of which TL 263,704 thousands (31 December 2016: TL 116,841 thousands) and TL 126,631 thousands (31 December 2016: TL 96,147 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 4,851,424 thousands (31 December 2016: TL 7,226,709 thousands) as collateral against funds borrowed at various banks.

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	4,589,193	7,034	2,976,848	-
Assets subject to Repurchase Agreements	1,573,604	4,854	4,306,605	-
Total	6,162,797	11,888	7,283,453	-

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	19,277,750	18,572,775
Quoted at Stock Exchange	18,732,557	18,035,819
Unquoted at Stock Exchange	545,193	536,956
Common Shares/Investment Funds	163,623	155,150
Quoted at Stock Exchange (*)	7,079	7,669
Unquoted at Stock Exchange	156,544	147,481
Value Increases/Impairment Losses (-)	2,029,454	1,184,644
Total	21,470,827	19,912,569

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	-	410,037	-	166,331
Corporates	-	410,037	-	166,331
Individuals	-	-	-	-
Indirect Lendings to Shareholders	2,247,729	616,771	2,121,617	474,103
Loans to Employees	256,450	6	222,026	101
Total	2,504,179	1,026,814	2,343,643	640,535

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total) ^(*)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Loans	190,240,061	2,618,454	402,295	10,797,287	3,455,887	1,139,601
Working Capital Loans	32,110,065	101,936	-	1,255,933	370,757	166,523
Export Loans	8,210,970	55,188	-	259,572	85,250	90,501
Import Loans	9,076	-	-	-	-	-
Loans to Financial Sector	3,951,486	-	-	18	-	-
Consumer Loans	44,960,555	2,216,248	-	1,803,078	549,873	53,962
Credit Cards	20,612,005	-	402,295	389,477	-	154,540
Others	80,385,904	245,082	-	7,089,209	2,450,007	674,075
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	190,240,061	2,618,454	402,295	10,797,287	3,455,887	1,139,601

^(*) The loan granted to the shareholder of a strategically important company operating in the telecommunication sector amounting to USD 951,407,360.63 and EUR 7,836,818.70 are classified under "Performing Loans and Other Receivables". Discussions between the shareholders of the company, creditor banks and related sovereign institutions have started regarding restructuring of loans granted including a possible change in shareholder structure, and a positive outcome of these discussions is expected.

As of 30 September 2017, loans amounting to TL 6,432,397 thousands (31 December 2016: TL 5,269,501 thousands) are benefited as collateral under funding transactions.

<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	175,775,487	3,571,299	428,047	9,267,458	4,128,388	718,164
Working Capital Loans	21,388,726	475,748	-	1,165,695	512,795	175,499
Export Loans	8,998,517	136,762	-	254,813	109,642	23,312
Import Loans	241	-	-	-	-	-
Loans to Financial Sector	4,913,881	318	-	48	-	-
Consumer Loans	40,856,208	2,333,953	-	1,919,430	647,127	55,300
Credit Cards	18,332,885	-	428,047	521,527	-	280,601
Others	81,285,029	624,518	-	5,405,945	2,858,824	183,452
Specialization Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	175,775,487	3,571,299	428,047	9,267,458	4,128,388	718,164

(*) The loan granted to the shareholder of a strategically important company operating in the telecommunication sector amounting to USD 951,407,360.63 is classified under "Performing Loans and Other Receivables". Discussions between the shareholders of the company, creditor banks and related sovereign institutions have started regarding restructuring of loans granted including a possible change in shareholder structure, and a positive outcome of these discussions is expected.

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	37,193	4,473	-
Loans Collateralized by Mortgages	5,422,026	976,479	-	6,398,505
Loans Collateralized by Pledged Assets	174,185	68,137	-	242,322
Loans Collateralized by Cheques and Notes	65,476	541,727	-	607,203
Loans Collateralized by Other Collaterals	2,494,905	6,790	-	2,501,695
Unsecured Loans	410,947	205,472	389,477	1,005,896
Total	8,604,732	1,803,078	389,477	10,797,287

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	47,618	4,620	-
Loans Collateralized by Mortgages	3,995,662	974,409	-	4,970,071
Loans Collateralized by Pledged Assets	1,006,009	69,944	-	1,075,953
Loans Collateralized by Cheques and Notes	12,488	560,040	-	572,528
Loans Collateralized by Other Collaterals	1,370,667	9,058	-	1,379,725
Unsecured Loans	394,057	301,359	521,527	1,216,943
Total	6,826,501	1,919,430	521,527	9,267,458

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	226,303	769,517	151,297	1,147,117
61-90 days	249,342	294,237	52,204	595,783
Others	8,129,087	739,324	185,976	9,054,387
Total	8,604,732	1,803,078	389,477	10,797,287

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	174,568	740,357	194,622	1,109,547
61-90 days	153,267	261,027	56,740	471,034
Others	6,498,666	918,046	270,165	7,686,877
Total	6,826,501	1,919,430	521,527	9,267,458

Loans and other receivables with extended payment plans;

No. of Extensions	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
1 or 2 times	2,601,617	3,338,682	3,247,551	4,038,596
3, 4 or 5 times	11,953	71,530	106,419	78,645
Over 5 times	4,884	45,675	217,329	11,147

Extention Periods	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
0-6 months	226,581	359,495	341,505	702,729
6-12 months	214,427	184,191	442,811	182,553
1-2 years	826,767	417,022	1,406,109	302,040
2-5 year	1,207,422	1,912,851	1,219,866	1,753,567
5 years and over	143,257	582,328	161,008	1,187,499

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	841,398	44,767,666	45,609,064
Housing Loans	31,288	22,754,221	22,785,509
Automobile Loans	46,647	2,125,934	2,172,581
General Purpose Loans	763,463	19,887,511	20,650,974
Other	-	-	-
Consumer Loans – FC-indexed	8	154,037	154,045
Housing Loans	8	153,916	153,924
Automobile Loans	-	2	2
General Purpose Loans	-	119	119
Other	-	-	-
Consumer Loans – FC	237	49,879	50,116
Housing Loans	-	29,897	29,897
Automobile Loans	191	13,550	13,741
General Purpose Loans	46	6,432	6,478
Other	-	-	-
Retail Credit Cards – TL	16,833,229	582,892	17,416,121
With Installment	8,325,593	582,892	8,908,485
Without Installment	8,507,636	-	8,507,636
Retail Credit Cards – FC	55,589	-	55,589
With Installment	-	-	-
Without Installment	55,589	-	55,589
Personnel Loans – TL	20,108	114,520	134,628
Housing Loan	-	1,635	1,635
Automobile Loans	-	6	6
General Purpose Loans	20,108	112,879	132,987
Other	-	-	-
Personnel Loans - FC-indexed	-	381	381
Housing Loans	-	381	381
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	51	51
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	51	51
Other	-	-	-
Personnel Credit Cards – TL	119,738	916	120,654
With Installment	51,674	916	52,590
Without Installment	68,064	-	68,064
Personnel Credit Cards – FC	736	-	736
With Installment	-	-	-
Without Installment	736	-	736
Deposit Accounts– TL (Real persons)	815,348	-	815,348
Deposit Accounts– FC (Real persons)	-	-	-
Total	18,686,391	45,670,342	64,356,733

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	745,039	41,174,705	41,919,744
Housing Loans	29,927	21,414,214	21,444,141
Automobile Loans	66,063	2,133,790	2,199,853
General Purpose Loans	649,049	17,626,701	18,275,750
Other	-	-	-
Consumer Loans – FC-indexed	188	172,014	172,202
Housing Loans	188	171,585	171,773
Automobile Loans	-	2	2
General Purpose Loans	-	427	427
Other	-	-	-
Consumer Loans – FC	141	46,333	46,474
Housing Loans	-	26,918	26,918
Automobile Loans	112	12,136	12,248
General Purpose Loans	29	7,279	7,308
Other	-	-	-
Retail Credit Cards – TL	15,172,949	775,677	15,948,626
With Installment	7,403,316	775,677	8,178,993
Without Installment	7,769,633	-	7,769,633
Retail Credit Cards – FC	45,286	-	45,286
With Installment	16	-	16
Without Installment	45,270	-	45,270
Personnel Loans – TL	21,508	91,980	113,488
Housing Loan	-	1,165	1,165
Automobile Loans	-	90	90
General Purpose Loans	21,508	90,725	112,233
Other	-	-	-
Personnel Loans - FC-indexed	-	378	378
Housing Loans	-	378	378
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	163	163
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	163	163
Other	-	-	-
Personnel Credit Cards – TL	106,354	1,060	107,414
With Installment	43,217	1,060	44,277
Without Installment	63,137	-	63,137
Personnel Credit Cards – FC	583	-	583
With Installment	-	-	-
Without Installment	583	-	583
Deposit Accounts– TL (Real persons)	523,189	-	523,189
Deposit Accounts– FC (Real persons)	-	-	-
Total	16,615,237	42,262,310	58,877,547

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	1,567,890	14,841,377	16,409,267
Real Estate Loans	986	805,462	806,448
Automobile Loans	150,775	2,169,770	2,320,545
General Purpose Loans	1,416,129	11,866,145	13,282,274
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	229,187	2,264,309	2,493,496
Real Estate Loans	-	70,197	70,197
Automobile Loans	2,958	812,603	815,561
General Purpose Loans	226,229	1,381,509	1,607,738
Other	-	-	-
Installment-based Commercial Loans – FC	55	95,015	95,070
Real Estate Loans	-	328	328
Automobile Loans	5	14,272	14,277
General Purpose Loans	50	80,415	80,465
Other	-	-	-
Corporate Credit Cards – TL	3,344,666	47,137	3,391,803
With Installment	1,610,695	47,137	1,657,832
Without Installment	1,733,971	-	1,733,971
Corporate Credit Cards – FC	16,579	-	16,579
With Installment	-	-	-
Without Installment	16,579	-	16,579
Deposit Accounts– TL (Corporates)	846,298	-	846,298
Deposit Accounts– FC (Corporates)	-	-	-
Total	6,004,675	17,247,838	23,252,513

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,767,307	11,094,610	12,861,917
Real Estate Loans	3,262	831,376	834,638
Automobile Loans	107,647	2,174,041	2,281,688
General Purpose Loans	1,656,398	8,089,193	9,745,591
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	264,798	2,405,434	2,670,232
Real Estate Loans	-	72,529	72,529
Automobile Loans	8,927	730,518	739,445
General Purpose Loans	255,871	1,602,387	1,858,258
Other	-	-	-
Installment-based Commercial Loans – FC	710	86,457	87,167
Real Estate Loans	-	637	637
Automobile Loans	42	14,356	14,398
General Purpose Loans	668	71,464	72,132
Other	-	-	-
Corporate Credit Cards – TL	2,687,757	53,475	2,741,232
With Installment	1,279,033	53,475	1,332,508
Without Installment	1,408,724	-	1,408,724
Corporate Credit Cards – FC	11,271	-	11,271
With Installment	176	-	176
Without Installment	11,095	-	11,095
Deposit Accounts– TL (corporates)	881,614	-	881,614
Deposit Accounts– FC (corporates)	-	-	-
Total	5,613,457	13,639,976	19,253,433

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	197,125,109	181,422,064
Foreign Loans	3,912,239	3,620,881
Total	201,037,348	185,042,945

5.1.5.8 Loans to associates and affiliates

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	923,328	842,967
Indirect Lending	-	-
Total	923,328	842,967

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	334,908	451,816
Doubtful Loans and Receivables	830,749	1,126,227
Uncollectible Loans and Receivables	3,260,904	2,689,448
Total	4,426,561	4,267,491

5.1.5.10 Non-performing loans and other receivables (NPLs) (Net)

Non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
(Gross Amounts before Specific Provisions)	111,796	535,327	864,971
Restructured Loans and Receivables	111,796	535,327	864,971
Rescheduled Loans and Receivables	-	-	-
<i>Prior Period</i>			
(Gross Amounts before Specific Provisions)	125,617	665,093	717,588
Restructured Loans and Receivables	125,617	665,093	717,588
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balances at Beginning of Period	576,487	1,476,489	3,219,798
Additions during the Period (+)	1,484,885	39,347	34,615
Transfer from Other NPL Categories (+)	-	1,332,230	1,463,931
Transfer to Other NPL Categories (-)	1,332,230	1,463,931	-
Collections during the Period (-)	316,442	299,242	428,456
Write-offs (-) (*)	-	13,249	328,363
Corporate and Commercial Loans	-	12,765	91,866
Retail Loans	-	484	107,579
Credit Cards	-	-	128,918
Others	-	-	-
Balances at End of Period	412,700	1,071,644	3,961,525
Specific Provisions (-)	334,908	830,749	3,260,904
Net Balance on Balance Sheet	77,792	240,895	700,621

(*) of which TL 341,609 thousands is resulted from 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	786,183	756,847	2,860,995
Additions during the Period (+)	3,048,885	56,393	127,180
Transfer from Other NPL Categories (+)	-	2,781,448	1,798,932
Transfer to Other NPL Categories (-)	2,781,448	1,798,932	-
Collections during the Period (-)	477,133	317,939	491,290
Write-offs (-) (*)	-	1,328	1,076,019
Corporate and Commercial Loans	-	1,178	515,367
Retail Loans	-	-	289,608
Credit Cards	-	150	271,044
Others	-	-	-
Balances at End of Period	576,487	1,476,489	3,219,798
Specific Provisions (-)	451,816	1,126,227	2,689,448
Net Balance on Balance Sheet	124,671	350,262	530,350

(*) of which TL 1,059,931 thousands is resulted from 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	1,916,652	1,364,327	986,512	4,267,491
Additions during the Period(+)	339,241	595,318	402,896	1,337,455
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	237,761	384,912	214,647	837,320
Write-offs (-) (*)	104,084	108,063	128,918	341,065
Balances at End of Period	1,914,048	1,466,670	1,045,843	4,426,561

(*) of which TL 341,062 thousands is resulted from sale of non-performing loans.

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	1,329,001	1,270,403	968,294	3,567,698
Additions during the Period(+)	1,255,839	897,204	591,817	2,744,860
Restructured/Rescheduled Loans (-)	-	-	-	-
Collections during the Period (-)	152,378	514,410	302,405	969,193
Write-offs (-) (*)	515,810	288,870	271,194	1,075,874
Balances at End of Period	1,916,652	1,364,327	986,512	4,267,491

(*) of which TL 1,058,459 thousands is resulted from sale of non-performing loans.

Non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	13,077	376,625	752,882
Specific Provisions (-)	3,682	230,469	543,855
Net Balance at Balance Sheet	9,395	146,156	209,027
<i>Prior Period</i>			
Balance at End of Period	34,476	363,587	722,774
Specific Provisions (-)	29,951	234,409	512,422
Net Balance at Balance Sheet	4,525	129,178	210,352

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period (Net)</i>			
	77,792	240,895	700,621
Loans to Individuals and Corporates (Gross)	412,700	1,071,644	3,960,210
Specific Provision (-)	334,908	830,749	3,259,589
Loans to Individuals and Corporates (Net)	77,792	240,895	700,621
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,004
Specific Provision (-)	-	-	1,004
Other Loans and Receivables (Net)	-	-	-
<i>Prior Period (Net)</i>			
	124,671	350,262	530,350
Loans to Individuals and Corporates (Gross)	576,487	1,476,489	3,218,482
Specific Provision (-)	451,816	1,126,227	2,688,132
Loans to Individuals and Corporates (Net)	124,671	350,262	530,350
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	3,106	241	-	3,347
Loans Collateralized by Mortgages	1,385,968	165,760	-	1,551,728
Loans Collateralized by Pledged Assets	183,765	48,420	-	232,185
Loans Collateralized by Cheques and Notes	185,815	6,282	-	192,097
Loans Collateralized by Other Collaterals	950,656	987,956	-	1,938,612
Unsecured Loans	97,979	384,078	1,045,843	1,527,900
Total	2,807,289	1,592,737	1,045,843	5,445,869

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	3,016	184	-	3,200
Loans Collateralized by Mortgages	1,391,416	142,402	-	1,533,818
Loans Collateralized by Pledged Assets	192,660	47,119	-	239,779
Loans Collateralized by Cheques and Notes	211,665	7,286	-	218,951
Loans Collateralized by Other Collaterals	919,836	861,462	-	1,781,298
Unsecured Loans	95,253	413,963	986,512	1,495,728
Total	2,813,846	1,472,416	986,512	5,272,774

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 **Investments held-to-maturity**

5.1.6.1 *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	5,153,963	3,445,067	5,793,705	4,341,183
Investments subject to Repurchase Agreements	61,677	4,722,341	3,147,892	-
Total	5,215,640	8,167,408	8,941,597	4,341,183

5.1.6.2 *Government securities held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	19,180,750	19,108,804
Treasury Bills	-	-
Other Government Securities	-	-
Total	19,180,750	19,108,804

5.1.6.3 *Investments held-to-maturity*

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	20,653,133	21,236,112
Quoted at Stock Exchange	20,096,820	20,462,344
Unquoted at Stock Exchange	556,313	773,768
Valuation Increase/(Decrease)	2,908,089	2,404,072
Total	23,561,222	23,640,184

5.1.6.4 Movement of investments held-to-maturity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	23,640,184	21,755,812
Foreign Currency Differences On Monetary Assets	106,752	1,963,183
Purchases during the Period	244,025	498,479
Disposals through Sales/Redemptions	(933,756)	(1,186,759)
Valuation Effect	504,017	609,469
Balances at End of Period	23,561,222	23,640,184

5.1.7 Investments in associates

5.1.7.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	5.25	5.28
4	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.30
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara /Turkey	2.48	2.48
7	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara /Turkey	1.69	1.69

	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	80,785	43,157	49,254	701	-	3,260	9,586	-
2	731,897	76,707	2,756	12,935	368	5,119	(2,265)	-
3	9,208,039	1,098,830	100,515	176,633	4,512	130,216	119,604	-
4	1,251,393	1,209,505	243,552	22,957	90	165,795	171,406	-
5	242,828	166,867	175,758	2,392	64	28,103	10,180	-
6	522,864,251	71,767,643	685,646	8,726,740	2,744,355	23,115,976	20,736,851	-
7	487,119	433,710	9,632	10,439	-	99,260	10,000	-

⁽¹⁾ Financial information is as of 30 June 2017.

⁽²⁾ Financial information is as of 31 December 2016.

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

5.1.7.2 Movement of investments in associates

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	36,698	36,698
Movements during the Period	-	-
Acquisitions	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	36,698	36,698
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Banks	116	116
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	34,868	34,868
Other Associates	1,714	1,714

5.1.7.4 Quoted associates

None.

5.1.7.5 Valuation methods of investments in associates

Investments in Associates	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	36,698	36,698
Valued at Fair Value	-	-

5.1.7.6 Investments in associates sold during the current period

None.

5.1.7.7 Investments in associates acquired during the current period

None.

5.1.8 Investments in affiliates

5.1.8.1 Information on capital adequacy of major affiliates

The Bank does not have any capital needs for its affiliates included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major affiliates is presented below.

<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	577,580	357,848	1,613,316
Share Premium	-	-	54,312
Share Cancellation Profits	-	-	-
Legal Reserves	945,024	567,914	(256,526)
Other Comprehensive Income according to TAS	866,688	-	30,643
Current and Prior Periods' Profits	107,236	55,137	101,339
Common Equity Tier I Capital Before Deductions	2,496,528	980,899	1,543,084
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	25,310	452	400,381
Leasehold Improvements on Operational Leases (-)	-	73	5,834
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	14,867	6,964	193,223
Net Deferred Tax Asset/Liability (-)	-	-	6,877
Total Deductions from Common Equity Tier I Capital	40,177	7,489	606,315
Total Common Equity Tier I Capital	2,456,351	973,410	936,769
Total Deductions From Tier I Capital	3,717	1,741	50,025
Total Tier I Capital	2,452,634	971,669	886,744
TIER II CAPITAL	209,310	-	109,156
CAPITAL BEFORE DEDUCTIONS	2,661,944	971,669	995,900
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	2,661,944	971,669	995,900

<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	511,324	357,848	1,426,711
Share Premium	-	-	48,030
Share Cancellation Profits	-	-	-
Legal Reserves	894,029	483,911	(267,654)
Other Comprehensive Income according to TAS	652,504	-	17,074
Current and Prior Periods' Profits	50,997	84,003	9,425
Common Equity Tier I Capital Before Deductions	2,108,854	925,762	1,233,586
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	76,159	452	317,070
Leasehold Improvements on Operational Leases (-)	-	87	7,930
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	10,193	4,694	131,009
Net Deferred Tax Asset/Liability (-)	-	-	7,129
Total Deductions from Common Equity Tier I Capital	86,352	5,233	463,138
Total Common Equity Tier I Capital	2,022,502	920,529	770,448
Total Deductions From Tier I Capital	6,795	3,129	92,092
Total Tier I Capital	2,015,707	917,400	678,356
TIER II CAPITAL	185,100	-	81,435
CAPITAL BEFORE DEDUCTIONS	2,200,807	917,400	759,791
Net Book Values of Movable and Immovable 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	2,200,807	916,935	759,791

5.1.8.2 Investments in affiliates

	Affiliate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	100.00
12	Garanti Holding BV	Amsterdam/the Netherlands	100.00	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
1	82,088	69,932	42	5,391	3	7,677	47	-
2	30,839	15,890	626	618	-	1,106	1,819	-
3	5,084	3,795	4	337	32	1	(538)	-
4	2,510	1,670	971	-	27	74	103	-
5	2,907	2,113	42	150	-	417	513	-
6	5,332,875	980,447	10,069	298,463	-	55,137	95,761	-
7	2,624,677	206,770	7,525	206,725	-	21,317	15,105	-
8	161,425	105,219	12,637	4,025	1,504	37,729	18,201	-
9	74,699	66,718	3,634	4,220	-	14,507	9,772	-
10	2,062,644	1,562,679	40,847	144,235	1,282	237,508	186,611	-
11	18,299,034	2,471,530	111,837	403,750	47,550	107,238	39,347	-
12	1,425,171	1,425,021	-	-	-	(209)	(154)	-

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

5.1.8.3 Movement of investments in affiliates

	Current Period	Prior Period
Balance at Beginning of Period	5,173,864	4,446,499
Movements during the Period	989,055	727,365
Acquisitions	-	53,484
Bonus Shares Received	-	-
Earnings from Current Year Profit	536,476	398,272
Sales/Liquidations	-	(157,635)
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	84,916	13,003
Currency Differences on Foreign Affiliates	367,663	420,241
Impairment Reversals/(Losses)	-	-
Balance at End of Period	6,162,919	5,173,864
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.8.4 Sectoral distribution of investments in affiliates

Affiliates	Current Period	Prior Period
Banks	2,471,497	2,025,895
Insurance Companies	1,326,844	1,125,108
Factoring Companies	169,334	151,548
Leasing Companies	980,452	925,310
Finance Companies	1,110,556	841,767
Other Affiliates	104,236	104,236

5.1.8.5 Quoted affiliates

None.

5.1.8.6 Valuation methods of investments in affiliates

Affiliates	Current Period	Prior Period
Valued at Cost	104,236	104,236
Valued at Fair Value (*)	6,058,683	5,069,628

(*) The balances are as per the results of equity accounting application.

5.1.8.7 Investments in affiliates disposed during the current period

None.

5.1.8.8 Investments in affiliates acquired during the current period

None.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables (net)

None.

5.1.11 Derivative financial assets held for hedging purpose

5.1.11.1 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	56,046	8,054	73,946	10,420
Cash Flow Hedges	405,734	52,688	5,526	499,322
Net Foreign Investment Hedges	-	-	-	-
Total	461,780	60,742	79,472	509,742

As of 30 September 2017, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	35,455,367	115,564	89,520	30,864,971	144,968	115,007
-TL	6,383,057	56,576	5,572	8,307,595	79,472	26,671
-FC	29,072,310	58,986	83,948	22,557,376	65,496	88,336
Cross Currency Swaps	3,684,713	406,958	128,727	3,670,474	444,246	164,529
-TL	821,368	405,204	-	944,728	-	-
-FC	2,863,345	1,756	128,727	2,725,746	444,246	164,529
Total	39,140,080	522,522	218,247	34,535,445	589,214	279,536

5.1.11.1.1 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	35,868	18,354	(61,023)	(6,801)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(33,789)	41,601	(796)	7,016
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	4,971	2,391	(2,849)	4,513
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(5,920)	-	(123,744)	(129,664)
Cross Currency Swaps	Fixed-rate commercial loans	Interest rate and foreign currency exchange rate risk	(296)	1,754	-	1,458

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	42,431	15,833	(75,781)	(17,517)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(42,169)	48,387	(344)	5,874
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(14,515)	19,803	(17,079)	(11,791)
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	(13,071)	-	(164,529)	(177,600)
Cross Currency Swaps	Fixed-rate commercial loans	Interest rate and foreign currency exchange rate risk	231	343	-	574

5.1.11.1.2 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	65	-	(22)	31	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	35,546	(12,378)	(915)	(18,047)	286
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	17,607	(12,474)	(11,176)	(8,155)	2,110
Cross Currency Swaps	Floating-rate securities issued	Commitments	-	(4,983)	(2,014)	(2,970)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	405,204	-	(8,451)	(47,738)	16

As of 30 September 2016, the loss reclassified from the shareholders' equity to the income statement due to the ceased hedging transactions amounted to TL 619 thousands (30 September 2017: TL -).

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	66	-	(30)	(100)	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	46,611	(21,803)	20,313	(20,654)	(135)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	14,268	-	14,325	(3,344)	-
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	443,903	-	(17,541)	(89,625)	51

5.1.12 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”.

5.1.13 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”.

5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	670,370	381,270
Additions	2,133	231,273
Transfers to Tangible Assets	7,771	50,110
Fair Value Change	-	7,717
Net Book Value at End of Current Period	680,274	670,370

The investment property is held for operational leasing purposes.

5.1.15 Deferred tax asset

As of 30 September 2017, the Bank has a deferred tax asset of TL 222,759 thousands (31 December 2016: TL 127,709 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 September 2017. However, there is a deferred tax asset of TL 417,501 thousands (31 December 2016: TL 407,822 thousands) and deferred tax liability of TL 194,742 thousands (31 December 2016: TL 280,113 thousands) presented as net in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	1,183,111	236,622	944,764	188,953
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	280,755	55,070	(506,334)	(115,638)
Revaluation Differences on Real Estates	(1,722,648)	(22,865)	(1,722,648)	(22,865)
Other	(230,340)	(46,068)	386,302	77,259
Total Deferred Tax Asset, Net	(489,122)	222,759	(897,916)	127,709

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

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

As of 30 September 2017, TL 112,961 thousands of deferred tax income (30 September 2016: TL 104,331 thousands) and TL 18,772 thousands of deferred tax expense (31 December 2016: TL 84,586 thousands) are recognised in the income statement and the shareholders’ equity, respectively.

5.1.16 Assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	606,380	356,160
Accumulated Depreciation (-)	(16,654)	(9,181)
Net Book Value	589,726	346,979
End of Current Period		
Additions	254,539	335,793
Disposals (Cost)	(90,301)	(82,753)
Disposals (Accumulated Depreciation)	1,378	1,358
Impairment Losses (-)	20	(2,820)
Depreciation Expense for Current Period (-)	-	(8,831)
Currency Translation Differences on Foreign Operations	-	-
Cost	770,638	606,380
Accumulated Depreciation (-)	(15,276)	(16,654)
Net Book Value	755,362	589,726

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 471,356 thousands (31 December 2016: TL 359,660 thousands).

5.1.17 Other assets

5.1.17.1 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 Financial Assets Available-for-Sale	18,850	16,670
Sale of Other Assets	1,136	2,305
Total	19,986	18,975

5.1.17.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	768,007	477,898
Prepaid Taxes	-	-

5.1.18 Accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	74,827	-	79,969	38
Financial Assets at Fair Value through Profit or Loss	406	360	19	599
Banks	1,722	10,305	3,611	21,752
Interbank Money Markets	-	-	-	1
Financial Assets Available-for-Sale	2,028,764	5,133	1,299,160	9,371
Loans	2,115,116	1,224,325	2,031,750	837,928
Investments Held-to-Maturity	2,934,203	104,925	2,302,531	127,299
Other Accruals	5,544	323	3,799	-
Total	7,160,582	1,345,371	5,720,839	996,988

5.2 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 Accounts	Total
Saving Deposits	10,464,873	-	2,453,363	41,259,186	1,286,290	346,098	608,820	3,984	56,422,614
Foreign Currency Deposits	20,059,430	-	6,552,970	44,837,132	2,581,170	2,895,971	8,288,485	51,736	85,266,894
Residents in Turkey	19,159,551	-	6,355,345	42,050,159	1,887,028	809,827	795,345	50,621	71,107,876
Residents in Abroad	899,879	-	197,625	2,786,973	694,142	2,086,144	7,493,140	1,115	14,159,018
Public Sector Deposits	772,056	-	28,144	20,757	5,308	734	-	-	826,999
Commercial Deposits	9,004,914	-	4,878,580	8,710,431	421,398	608,562	837,364	-	24,461,249
Other	225,846	-	171,897	1,448,652	421,687	40,521	1,802,068	-	4,110,671
Precious Metal Deposits	1,680,463	-	-	136,192	3,833	7,216	228,745	-	2,056,449
Bank Deposits	2,804,936	-	642,297	46,462	-	28,334	165,552	-	3,687,581
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,771	-	300,204	15,031	-	28,334	13,092	-	359,432
Foreign Banks	1,137,128	-	342,093	31,431	-	-	152,460	-	1,663,112
Special Financial Institutions	1,665,037	-	-	-	-	-	-	-	1,665,037
Other	-	-	-	-	-	-	-	-	-
Total	45,012,518	-	14,727,251	96,458,812	4,719,686	3,927,436	11,931,034	55,720	176,832,457

<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 Accounts	Total
Saving Deposits	9,362,638	-	3,519,154	39,387,584	523,583	360,800	470,517	4,046	53,628,322
Foreign Currency Deposits	15,943,064	-	5,585,618	41,555,186	1,796,018	5,229,260	9,800,564	56,941	79,966,651
Residents in Turkey	15,250,673	-	5,462,031	39,058,254	1,582,659	1,059,641	1,085,221	55,783	63,554,262
Residents in Abroad	692,391	-	123,587	2,496,932	213,359	4,169,619	8,715,343	1,158	16,412,389
Public Sector Deposits	493,327	-	72,724	27,688	116	4,994	24	-	598,873
Commercial Deposits	8,186,591	-	4,193,368	5,320,846	126,355	163,481	872,965	-	18,863,606
Other	212,836	-	140,766	1,023,250	52,904	447,810	553,501	-	2,431,067
Precious Metal Deposits	1,753,776	-	-	82,984	12,264	22,493	153,015	-	2,024,532
Bank Deposits	2,849,464	-	392,429	73,408	183,837	121,962	97,446	-	3,718,546
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,619	-	391,559	15,107	16,180	118,267	14,442	-	559,174
Foreign Banks	1,685,663	-	870	58,301	167,657	3,695	83,004	-	1,999,190
Special Financial Institutions	1,160,182	-	-	-	-	-	-	-	1,160,182
Other	-	-	-	-	-	-	-	-	-
Total	38,801,696	-	13,904,059	87,470,946	2,695,077	6,350,800	11,948,032	60,987	161,231,597

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

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	28,612,116	27,807,137	27,366,326	25,449,970
Foreign Currency Saving Deposits	10,785,043	8,323,858	35,394,739	34,340,843
Other Saving Deposits	994,991	821,559	896,797	1,114,240
Deposits held at Foreign Branches Under Foreign Insurance Coverage	-	-	-	-
Deposits held at Off-Shore Branches Under Foreign Insurance Coverage	-	-	-	-

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

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

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	934,556	860,876
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	230,999	748,443
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	76,341	44,984	242,659	61,117
Swap transactions	1,660,027	305,942	1,993,468	745,041
Futures	-	63	-	964
Options	79,221	23,378	372,549	80,824
Other	-	-	-	-
Total	1,815,589	374,367	2,608,676	887,946

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	336,649	-	1,880,102
Domestic Banks and Institutions	247,469	681,755	343,595	502,401
Foreign Banks, Institutions and Funds	506,154	34,202,785	1,778,067	35,782,203
Total	753,623	35,221,189	2,121,662	38,164,706

5.2.3.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	241,417	759,021	341,819	2,452,722
Medium and Long-Term	512,206	34,462,168	1,779,843	35,711,984
Total	753,623	35,221,189	2,121,662	38,164,706

In accordance with TAS 39 paragraph 9, 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 in order to eliminate the accounting mismatch. As of 30 September 2017, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 40,250 thousands and a loss of TL 401,889 thousands, respectively. The carrying value of the related financial liability amounted to TL 7,048,150 thousands, and the related current period loss amounted to TL 401,889 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	3,123,750	3,525,599	-
Cost	3,055,240	3,327,278	-	12,030,779
Carrying Value ^(*)	3,102,933	3,354,909	-	11,610,517

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
	Nominal	1,240,773	3,756,256	-
Cost	1,197,023	3,477,513	-	12,044,056
Carrying Value ^(*)	1,213,929	3,555,294	-	11,667,656

^(*) The Bank repurchased its own TL securities with a total face value of TL 109,194 thousands (31 December 2016: TL 107,896 thousands) and foreign currency securities with a total face value of USD 206,730,000 (31 December 2016: USD 206,730,000) and netted off such securities in the accompanying financial statements.

In accordance with TAS 39 paragraph 9, the Bank classified certain securities amounting to RON 34,500,000 as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch. As of 30 September 2017, the accumulated negative credit risks change, and the positive credit risk changes recognised in the income statement amounted to TL 1,245 thousands and TL 1,307 thousands, respectively. The carrying value of the related financial liability amounted to TL 34,473 thousands, and the related current period gains amounted to TL 1,511 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	1,598,936	-	7,268,205	-
Financial Institutions and Organizations	1,538,492	-	7,189,589	-
Other Institutions and Organizations	21,828	-	31,248	-
Individuals	38,616	-	47,368	-
Foreign Transactions	24	4,085,880	2	-
Financial Institutions and Organizations	-	4,085,880	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	24	-	2	-
Total	1,598,960	4,085,880	7,268,207	-

5.2.4.3 Miscellaneous payables

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	9,036,743	55,387	7,833,260	37,377
Other	476,336	397,210	358,186	859,316
Total	9,513,079	452,597	8,191,446	896,693

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	2,823	2,634	16,612	15,406
1-4 Years	248	243	1,792	1,686
More than 4 Years	-	-	-	-
Total	3,071	2,877	18,404	17,092

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	5,572	182,840	26,671	231,062
Cash Flow Hedges	-	29,835	-	21,803
Net Foreign Investment Hedges	-	-	-	-
Total	5,572	212,675	26,671	252,865

5.2.7 Provisions

5.2.7.1 General provisions

	<i>Current Period</i>	<i>Prior Period</i>
General Provision for	3,324,412	3,171,163
Loans and Receivables in Group I	1,855,786	1,713,424
Loans and Receivables in Group II	935,395	869,171
Non-Cash Loans	350,304	359,927
Others	182,927	228,641

5.2.7.2 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	12,995	1,241
Medium and Long-Term Loans	3,941	270
Total	16,936	1,511

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

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

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”.

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	<i>Current Period</i>	<i>Prior Period</i>
General Reserves for Possible Losses	950,000	300,000

5.2.7.4.2 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	810,219	679,871
Provision for Promotion Expenses of Credit Cards	110,405	95,340
Provision for Lawsuits (*)	204,265	53,174
Provision for Non-Cash Loans	123,228	134,609
Other Provisions	198,852	179,847
Total	1,446,969	1,142,841

(*) In the current period, a provision of EUR 33,000,000 is provided for the ongoing lawsuit against the Bank in Paris, which was disclosed in the Public Disclosure Platform on 20 September 2017.

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 5 December 2016 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 2,772,742 thousands at 31 December 2016 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2016 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 5 December 2016 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 1,482,852 thousands remains as of 31 December 2016 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 531,665 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2016. However, despite this treatment there are no excess obligation that needs to be provided against.

	<i>31 December 2016</i>	<i>31 December 2015</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(770,448)	(608,796)
Net present value of medical benefits and health premiums transferable to SSF	531,665	528,011
General administrative expenses	(39,405)	(33,702)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(278,188)	(114,487)
Fair Value of Plan Assets (2)	3,050,930	2,522,836
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,772,742	2,408,349
Non-Transferable Benefits:		
Other pension benefits	(662,751)	(592,937)
Other medical benefits	(627,139)	(478,453)
Total Non-Transferable Benefits (4)	(1,289,890)	(1,071,390)
Asset Surplus over Total Benefits ((3)-(4)=(5))	1,482,852	1,336,959
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(531,665)	(528,011)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	951,187	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>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Discount Rate (*)	11.50	10.30
Inflation Rate (*)	7.80	7.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	40% above inflation	40% above inflation
Future Pension Increase Rate (*)	7.80	7.10

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 30 September 2017, the Bank had a current tax liability of TL 409,951 thousands (31 December 2016: TL 94,095 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	409,951	94,095
Taxation on Securities Income	129,402	122,010
Taxation on Real Estates Income	4,104	3,752
Banking Insurance Transaction Tax	118,125	114,846
Foreign Exchange Transaction Tax	77	86
Value Added Tax Payable	4,744	10,398
Others	42,072	66,639
Total	708,475	411,826

5.2.8.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	63	51
Social Security Premiums-Employer	77	62
Bank Pension Fund Premium-Employees	256	21
Bank Pension Fund Premium-Employer	437	21
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,288	1,118
Unemployment Insurance-Employer	2,593	2,258
Others	42	27
Total	4,756	3,558

5.2.8.2 Deferred tax liability

None.

5.2.9 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”.

5.2.10 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”.

5.2.11 Shareholders’ equity

5.2.11.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.11.2 Registered share capital system

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

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Affiliates and Joint-Ventures	1,482,967	102,966	1,115,043	18,255
Valuation difference	1,482,967	102,966	1,115,043	18,255
Exchange rate difference	-	-	-	-
Securities Available-for-Sale	(269,096)	43,392	(484,665)	(26,490)
Valuation difference	(269,096)	43,392	(484,665)	(26,490)
Exchange rate difference	-	-	-	-
Total	1,213,871	146,358	630,378	(8,235)

5.2.11.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	1,450,022	-	1,450,022	-
Gain on Sale of Investments in Associates and Affiliates and Real Estates allocated for Capital Increases	227,994	-	176,415	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, affiliates and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Garanti Yatırım Menkul Değerler AŞ	942	942
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	1,891	1,891

5.2.11.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,534	960,320
II. Legal Reserve	349,840	245,840
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	25,632,763	21,972,914
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-

5.2.12 Accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liability side of the balance sheet are as follows:

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Deposits	566,688	181,852	355,115	215,921
Funds Borrowed	16,157	270,912	87,549	156,634
Interbank Money Markets	4,324	779	6,092	-
Other Accruals	221,596	448,548	110,766	758,635
Total	808,765	902,091	559,522	1,131,190

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 20,130,673 thousands (31 December 2016: TL 3,281,772 thousands), commitments for cheque payments of TL 3,789,444 thousands (31 December 2016: TL 3,555,087 thousands) and commitments for credit card limits of TL 29,174,471 thousands (31 December 2016: TL 27,849,612 thousands).

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

	<i>Current Period</i>	<i>Prior Period</i>
Letters of Guarantee in Foreign Currency	19,312,564	20,378,358
Letters of Guarantee in TL	18,620,157	17,101,636
Letters of Credit	12,980,146	15,010,812
Bills of Exchange and Acceptances	1,487,690	2,127,334
Prefinancings	-	-
Other Guarantees	159,445	155,016
Total	52,560,002	54,773,156

A specific provision of TL 123,228 thousands (31 December 2016: TL 134,609 thousands) is made for unliquidated non-cash loans of TL 349,187 thousands (31 December 2016: TL 355,861 thousands) recorded under the off-balance sheet items.

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	5,952,317	5,128,893
With Original Maturity of 1 Year or Less	472,204	331,380
With Original Maturity of More Than 1 Year	5,480,113	4,797,513
Other Non-Cash Loans	46,607,685	49,644,263
Total	52,560,002	54,773,156

5.3.1.4 Sectoral risk concentration of 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 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
Short-term loans	3,901,072	178,790	3,783,426	118,283
Medium and long-term loans	8,614,566	2,561,671	6,014,866	2,236,741
Loans under follow-up	71,129	-	48,776	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	12,586,767	2,740,461	9,847,068	2,355,024

(*) Includes also the fee and commission 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	155,104	28,730	-	11,821
Domestic Banks	6,152	164	15,153	332
Foreign Banks	2,322	46,250	1,717	36,878
Foreign Head Offices and Branches	-	-	-	-
Total	163,578	75,144	16,870	49,031

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	17,536	1,791	10,673	1,209
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,469,525	73,079	1,419,717	70,300
Investments Held-to-Maturity	960,983	470,448	881,019	394,476
Total	2,448,044	545,318	2,311,409	465,985

As disclosed in the accounting policies, the 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. The estimated inflation rate, which was taken as 7% in the first four months of 2017, has been updated to 9% as of 1 May 2017. If the valuation of such securities was performed according to the reference index valid as of 30 September 2017, the Bank's securities value increase fund under the equity would decrease by TL 152,976 thousands as net, whereas the interest income on securities portfolio would increase by TL 373,559 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	52,065	27,567

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	95,677	404,907	170,210	293,508
Central Bank of Turkey	-	211	-	-
Domestic Banks	16,209	7,626	14,488	4,659
Foreign Banks	79,468	397,070	155,722	288,849
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	323,973	-	210,347
Total	95,677	728,880	170,210	503,855

(*) Includes also the fee and commission expenses on borrowings

5.4.2.2 Interest expenses paid to associates and affiliates

	Current Period	Prior Period
Interest Paid to Investments in Associates and Affiliates	93,209	58,834

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira									
	Bank Deposits	865	88,648	-	-	-	-	-	89,513
	Saving Deposits	29	163,674	3,133,333	98,433	25,043	42,156	-	3,462,668
	Public Sector Deposits	-	1,742	2,040	236	254	1	-	4,273
	Commercial Deposits	71	397,530	582,163	15,576	33,313	69,018	-	1,097,671
	Other	-	11,793	64,595	9,520	16,013	86,240	-	188,161
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Total TL	965	663,387	3,782,131	123,765	74,623	197,415	-	4,842,286
Foreign Currency									
	Foreign Currency Deposits	9	66,551	727,892	42,446	93,500	165,440	583	1,096,421
	Bank Deposits	-	15,276	-	-	-	-	-	15,276
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	153	-	45	2,566	-	2,764
	Total FC	9	81,827	728,045	42,446	93,545	168,006	583	1,114,461
	Grand Total	974	745,214	4,510,176	166,211	168,168	365,421	583	5,956,747

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	802	229,128	-	-	-	-	-	229,930
Saving Deposits	30	181,780	2,753,266	74,661	30,488	35,898	-	3,076,123
Public Sector Deposits	-	321	3,677	8	30	2	-	4,038
Commercial Deposits	20	240,190	439,668	40,776	20,878	52,336	-	793,868
Other	3	9,515	65,334	10,736	53,735	19,569	-	158,892
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	855	660,934	3,261,945	126,181	105,131	107,805	-	4,262,851
Foreign Currency								
Foreign Currency Deposits	226	44,483	523,752	37,015	61,849	203,110	583	871,018
Bank Deposits	-	11,895	-	-	-	-	-	11,895
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	2	-	8	926	-	936
Total FC	226	56,378	523,754	37,015	61,857	204,036	583	883,849
Grand Total	1,081	717,312	3,785,699	163,196	166,988	311,841	583	5,146,700

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)

	Current Period	Prior Period
Income	41,415,715	55,241,183
Trading Account Income	206,659	337,168
Gains from Derivative Financial Instruments	7,322,315	6,123,798
Foreign Exchange Gains	33,886,741	48,780,217
Losses (-)	42,949,441	55,903,742
Trading Account Losses	574,051	224,584
Losses from Derivative Financial Instruments	8,800,154	6,916,003
Foreign Exchange Losses	33,575,236	48,763,155
Total	(1,533,726)	(662,559)

TL 3,176,113 thousands (30 September 2016: TL 1,149,707 thousands) of foreign exchange gains and TL 3,174,493 thousands (30 September 2016: TL 1,430,394 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000, maturity of 10 years and maturity date of 20 April 2021 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face 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.

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 funds borrowed amounting to USD 67,852,973 and EUR 36,842,105 securitization borrowings amounting to USD 58,333,333 and EUR 117,168,418 and commitments amounting to USD 31,107,183 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 USD 250,000,000, borrowings amounting to USD 650,000,000, securitizations amounting to USD 767,560,976 and EUR 90,000,000 and deposits amounting to TL 50,000 thousands, USD 955,000,000 and EUR 139,789,474 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, gains of TL 36,016 thousands (30 September 2016: TL 18,461 thousands) and TL 27,441 thousands (30 September 2016: a loss of TL 68,137 thousands) resulting from cross currency and interest rate swap agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 2,544,232 thousands, USD 983,934,642 and EUR 147,303,760, for its fixed-rate loans with a total principal of RON 215,939,842, for its bonds with a total face value of TL 600,000 thousands and USD 59,900,000 and fixed-rate coupons by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, in the current period, gains of TL 1,783 thousands (30 September 2016: TL 194,800 thousands) and TL 4,971 thousands (30 September 2016: TL 52,396 thousands) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the income statement, respectively.

In addition, the Bank also entered into cross currency swap agreements in order to hedge its fixed-rate bonds issued for a total principal value of AUD 175,000,000 and, RON 85,500,000 with the same face values and terms. Accordingly, in the current period, a loss of TL 5,920 thousands (30 September 2016: a loss of TL 15,716 thousands) resulted from the fair value changes of the securities issued and funds borrowed subject to hedge accounting were accounted for under trading income/losses in the income statement.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank amounting to TL 341,609 thousands were sold for a consideration of TL 25,195 thousands. Considering the related provision of TL 341,062 thousands made in the financial statements, a gain of TL 24,648 thousands is recognized under "Other Operating Income".

5.4.6 Provision for losses on loans or other receivables

	<i>Current Period</i>	<i>Prior Period</i>
Specific Provisions for Loans and Other Receivables	1,050,601	1,841,567
<i>Loans and Receivables in Group III</i>	<i>334,878</i>	<i>554,339</i>
<i>Loans and Receivables in Group IV</i>	<i>620,610</i>	<i>966,577</i>
<i>Loans and Receivables in Group V</i>	<i>95,113</i>	<i>320,651</i>
General Provisions	149,626	131,142
Provision for Possible Losses	650,000	100,000
Impairment Losses on Securities	2,073	899
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>2,073</i>	<i>899</i>
<i>Financial Assets Available-for-Sale</i>	-	-
Impairment Losses on Associates, Affiliates and Investments Held-to-Maturity	-	-
<i>Associates</i>	-	-
<i>Affiliates</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	189,564	82,240
Total	2,041,864	2,155,848

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Personnel Costs	2,004,267	1,810,974
Reserve for Employee Termination Benefits	54,402	46,058
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	187,248	156,898
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	45,227	38,651
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	2,301
Depreciation Expenses of Assets to be Disposed	-	6,252
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	2,060,443	1,780,607
<i>Operational Lease related Expenses</i>	<i>320,398</i>	<i>286,452</i>
<i>Repair and Maintenance Expenses</i>	<i>35,881</i>	<i>36,304</i>
<i>Advertisement Expenses</i>	<i>148,189</i>	<i>117,493</i>
<i>Other Expenses^(*)</i>	<i>1,555,975</i>	<i>1,340,358</i>
Loss on Sale of Assets	828	1,125
Others ^(**)	436,165	501,785
Total	4,788,580	4,344,651

^(*) Includes lawsuits, execution and other legal expenses borne by the Bank, of fees and commissions income recognized in prior years but reimbursed, in the amount of TL 21,666 thousands (30 September 2016: TL 46,393 thousands), as per the decision of the Turkish Competition Board or the related courts.

^(**) Includes repayments, by the Bank in the current period, of fees and commissions income recognized in prior years in the amount of TL 25,970 thousands (30 September 2016: TL 95,642 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 from continued and discontinued operations

As of 30 September 2017, the Bank recorded a tax charge of TL 1,394,243 thousands (30 September 2016: TL 785,178 thousands) and a deferred tax income of TL 112,961 thousands (30 September 2016: a deferred tax expense of TL 104,331 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in tax deductible timing differences (+)	71,458	57,050
Decrease in tax deductible timing differences (-)	(53,851)	(141,488)
Increase in taxable timing differences (-)	(122,799)	(86,801)
Decrease in taxable timing differences (+)	218,153	66,908
Total	112,961	(104,331)

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
Increase/(decrease) in tax deductible timing differences (net)	17,607	(84,438)
Increase/(decrease) in taxable timing differences (net)	95,354	(19,893)
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	112,961	(104,331)

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 the Bank’s performance

None.

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

None.

5.4.12 Components of other items in income statement

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

5.5 Statement of Changes in Shareholders' Equity

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 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 the Bank's risk group; lendings and deposits and other related party transactions outstanding at period end and income and expenses from such transactions incurred during the period

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,774,509	2,081,628	1,660,775	383,890	2,126,252	723,935
Balance at end of period	3,873,864	957,498	19,728	544,924	2,252,362	842,783
Interest and Commission Income	65,984	667	3,213	66	116,109	2,500

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	3,837,790	2,197,037	52,056	827,462	2,047,670	467,468
Balance at end of period	3,774,509	2,081,628	1,660,775	383,890	2,126,252	723,935
Interest and Commission Income	46,043	410	387	6	76,177	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	900,256	687,407	536,399	336,153	533,816	543,360
Balance at end of period	1,232,952	900,256	729,308	536,399	421,331	533,816
Interest Expense	82,569	57,470	11,510	553	13,917	3,682

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Affiliates and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or (Loss):						
Balance at beginning of period	557,282	421,708	13,251,152	16,146,894	843,120	-
Balance at end of period	1,640,069	557,282	35,759,552	13,251,152	797,445	843,120
Total Profit/(Loss)	(24,042)	(73,442)	49,891	(486,004)	3,518	171
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 3,171,624 thousands (31 December 2016: TL 2,964,089 thousands) compose 1.57% (31 December 2016: 1.59%) of the Bank's total cash loans and 1.02% (31 December 2016: 1.04%) of the Bank's total assets. The total loans and similar receivables amounting TL 6,145,954 thousands (31 December 2016: TL 7,561,536 thousands) compose 1.98% (31 December 2016: 2.66%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 2,345,205 thousands (31 December 2016: TL 3,189,453 thousands) compose 4.46% (31 December 2016: 5.82%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 2,383,591 thousands (31 December 2016: TL 1,970,471 thousands) compose 1.35% (31 December 2016: 1.22%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 12,419,306 thousands (31 December 2016: TL 11,952,196 thousands) compose 34.52% (31 December 2016: 29.67%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 238,107 thousands (31 December 2016: TL 216,508 thousands). A total rent income of TL 9,644 thousands (30 September 2016: TL 8,618 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 19,331 thousands (30 September 2016: TL 14,298 thousands) were incurred for the IT services rendered by the related parties. Banking services fees of TL 20,018 thousands (30 September 2016: TL 1,451 thousands) were recognized from the related parties.

Insurance brokerage fee of TL 108,709 thousands (30 September 2016: TL 89,887 thousands), shares brokerage fee of TL 27,427 thousands (30 September 2016: TL 18,802 thousands), and fixed-rate securities brokerage fee of TL 6,006 thousands (30 September 2016: TL 4,930 thousands) and no fund brokerage fee (30 September 2016: TL 109 thousands) were recognized as income from the services rendered for the affiliates.

Operating expenses of TL 210 thousands (30 September 2016: TL 3,175 thousands) for advertisement and broadcasting services, of TL 36,521 thousands (30 September 2016: TL 29,105 thousands) for financial leasing services, and of TL 7,109 thousands (30 September 2016: TL 6,998 thousands) for travelling services rendered by the related parties were recognized as expense.

As of 30 September 2017, the net payment provided or to be provided to the key management of the Bank amounts to TL 71,516 thousands (30 September 2016: TL 72,493 thousands).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.8 investments in affiliates.

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

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by Garanti Yatırım Menkul Kıymetler AŞ.

Purchase of equipments for the Bank's internal use are partly arranged through financial leasing.

5.8 Domestic, Foreign and Off-Shore Branches or Equity Investments, and Foreign Representative Offices

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 Balance Sheet Date

None.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (March 2017)

Outlook	Negative
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 (September 2017)

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Negative
Credit Profile (independent from the bank's shareholders and the rating of its resident country)	bb+

FITCH RATINGS (June 2017)

Outlook	Stable
Long Term FC Outlook	BBB-
Short Term FC Outlook	F3
Long Term TL Outlook	BBB-
Short Term TL Outlook	F3
Financial Capacity	bb+
Support	2
NSR	AAA(tur)
Long Term National Scale Rating (NSR)	Stable

JCR EURASIA RATINGS (April 2017)

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

5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Bank on 30 March 2017, the distribution of the net profit of the year 2016, was as follows:

2016 PROFIT DISTRIBUTION TABLE	
2016 Net Profit	5,070,549
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(227,611)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(243,028)
D – Second dividend to the shareholders	(1,040,000)
E – Extraordinary reserves	(3,245,910)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(104,000)

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosures on limited review report

The unconsolidated financial statements of the Bank as of 30 September 2017, have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report dated 26 October 2017, is presented before the accompanying financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report (Amounts are expressed in Turkish Lira (TL))

7.1 Introduction

7.1.1 About Garanti

Established in 1946, Garanti Bank is **Turkey’s second largest private bank** with unconsolidated assets of US\$ 87.8 billion as of 30 September 2017.

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 and Romania.

As of 30 September 2017, Garanti provides a wide range of financial services to its 14.8 million customers with more than 19 thousand employees through an **extensive distribution network** of 942 domestic branches; 7 foreign branches in Cyprus and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,769 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.

Follower of the **best practices in corporate governance**, Garanti has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share. 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 2017.

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\$ 71.8 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 2017.

T.GARANTİ BANKASI A.Ş. SHAREHOLDING STRUCTURE			
Shareholders	Number of shares	Nominal (TL)	Share %
BBVA(BANCO BILBAO VIZCAYA ARGENTARIA S.A)	209,370,000,000	2,093,700,000	49.85
OTHERS	210,630,000,000	2,106,300,000	50.15
GRAND TOTAL	420,000,000,000	4,200,000,000	100.00

7.1.3 The amendments in the articles of association during period of 01.07.2017-30.09.2017

There is no change during the period.

7.1.4 Macro Outlook for the first 9 months period of 2017

Robust economic performance in 1H17. After registering 5% YoY growth rate in 1Q17, GDP grew by 5.1% in 2Q17. Investment and private consumption were the main contributors whilst government spending contribution was negative for the first time in 9 quarters. Government stimulus seems to leverage growth via both private consumption with more confident households and as desired by encouraging investments through funding channels. As previous indicators had signaled and base impact assisted, we expect a sizably higher growth rate for 3Q, which will bring our whole year growth estimation to 6% despite bearing in mind some moderation in 4Q.

3Q activity data posts strong outlook. Industrial production (IP) growth climbed up to 9.8% yoy in July-August period, a sharp acceleration from 2Q's 4.6%. Electricity production in 3Q posted its strongest growth rate in the last 28 quarters, while manufacturing PMI posted its 7th above-50 level in September. Strong exports performance (near 16% growth in 3Q), robust production and retail sales data had our monthly GDP indicator to nowcast 8.2% (26% of info) growth for 3Q.

Current account deficit (CAD) deteriorated on non-core items. 12-month cumulative deficit realized at USD 37.0 bn in August, up from USD 34.4bn (4.1% of GDP) in June. Improvement in tourism revenues with increasing number of tourists helped core CAD improve, resulting in a surplus in core current account balance (excluding net gold and energy trade) in August the first time since June 2015. We expect CAD to GDP ratio to deteriorate to 4.5% in 2017 on top of strong domestic demand but to be contained by the moderate recovery in tourism sector and increasing EU demand.

Budget figures improved in 3Q. Budget revenues increased by 22% (up from 8% of 2Q), while expenditures slightly scaled back to 15% (down from 16% of 2Q) in 3Q, compared to the same period of last year. After the intensified countercyclical measures in the first half of the year, the Government seems to somewhat scale back its expenditures in 3Q together with a relatively better picture on revenues side thanks to the recent high economic momentum. However, bearing in mind the last quarters' worsening, we expect budget deficit to GDP ratio to increase to 2.0% at the end of 2017 from 1.7% of 3Q and primary balance to fall down to -0.1% of GDP from 0.2% of 3Q.

Turkey's gross external debt stock continued to climb in 2Q. Turkey's external debt stock to GDP ratio rose to 51.8% in 2Q, up from 48.6% of 1Q and 46.9% of 4Q17 mostly due to the increase in the long term external debt of the private sector. On the other hand, EU-defined general government debt stock to GDP ratio slightly fell to 28.5% in 2Q, down from 28.7% of 1Q.

Inflation maintained a deteriorated path in 3Q. Annual CPI inflation climbed up to 11.2% in end 3Q, from 10.9% by end 2Q. The main reason behind the worsening was core inflation, which rose to 11.0% from 9.2% in the same period. This year's methodological change assigning fixed weights and second round price effects on cost push factors created a sharper pressure on core prices together with the recent appreciation of Euro and spillovers from narrowing output gap. We expect the headline to converge to 10% at the end of 2017 with favorable base effects.

Central Bank (CBRT) remained tight in 3Q. The CBRT keeps its hawkish tone as it also finds the high levels of both the headline and core inflation alarming over pricing behavior. Bearing in mind the high inertia in inflation and the ongoing high momentum of the economic activity, we expect the Bank to rely on late liquidity window (LLW) in the short term and not to find any room for monetary easing until the end of 1Q18.

Turkish financial assets performed worse in 3Q. Due to especially the appreciation of Euro, TL depreciated to 3.88 against US dollar-Euro currency basket by the end of September from 3.77 by end 2Q. Thus, the average annual depreciation against currency basket in 3Q realized at 22%. Benchmark bond yield which was at 11.1% at the end of 3Q climbed up to 12.1% in 3Q.

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

Striving for a sustainable future, Garanti contributed TL 255 billion to the economy

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 September 2017. Based on the unconsolidated financials, in the 9 months period of 2017, the Bank posted an unconsolidated **net income** of TL 4 billion 644 million 851 thousand. While Garanti's **asset size** reached TL 311 billion 42 million 321 thousand, its contribution to the economy through **cash and non-cash lending** increased to TL 254 billion 616 million 658 thousand. The Bank delivered an **ROAE** (Return on Average Equity) of 17.4% and **ROAA** (Return on Average Assets) of 2.2%.

Commenting on the financial results, **Garanti Bank Chairman Süleyman Sözen** stated that: "During the period we are in, capital inflows to emerging markets were maintained, while global economic growth continued to recover. Turkey became one of the fastest-growing economies in the world by recording 5.1% growth in the first half of the year. As always, Garanti continued its uninterrupted contribution to the economy within this period."

Referring to the synergy created with BBVA, largest shareholder of Garanti Bank, **Sözen** said: "Several successful projects which will enhance the value added to the community and economy are being carried out with the strong partnership and cooperation of BBVA and Garanti. Supporting entrepreneurship and contributing to the social entrepreneurs in our country in order for them to have sustainable business models, Garanti introduced the BBVA Momentum Programme in Turkey for the first time. For the significance of interacting with Fintech entrepreneurs stimulating the transformation in the banking sector and to feed from those entrepreneurs, Garanti Bank also brought the BBVA Open Talent, the world's biggest Fintech challenge for startups, to Turkey." Mentioning the successful financial performance announced by Garanti, **Sözen** added: "I absolutely believe that Garanti Bank, known as a pioneer in innovation, will increasingly maintain its value creation for the community and its stakeholders."

Commenting on the financial results, Garanti **Bank CEO Fuat Erbil** stated that: "Garanti acts with the awareness of the impact by each and every action it takes, and with the responsibility of being an institution that shapes the future and leads the sector. Combining its approach to unconditional customer satisfaction with its solid capital structure and efficiency-focus, Garanti, completed the first nine months of the year successfully. While preserving its solid financial structure through effective balance sheet management, Garanti uninterruptedly sustained its contribution to the economy."

Touching upon the significance of being responsible bankers aware of the risks and opportunities, **Erbil** said: "As the only company from Turkey, and as one of the 100 companies around the world, we have announced our support to the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) formed by Financial Stability Board (FSB) under G-20. Furthermore, as a signatory of UN Global Compact, we have pioneered the formation and signed the "Declaration of Sustainable Finance". Moreover during this period, we have signed an agreement with European Bank for Reconstruction and Development (EBRD) with a 5 year maturity for €75 million financing, equivalent to approximately TL300 million that aims to expand the utilization of "Green Mortgage" loans and protect future generations through "Green Buildings". We strive to create value for our customers, employees and all our stakeholders. We became the only company from Turkey qualified to be included in the Dow Jones Sustainability Emerging Markets Index for 3 consecutive years. Teachers Academy Foundation (ÖRAV), founded by Garanti, is granted Special Consultative Status by UN Economic and Social Council (ECOSOC). I am thankful to my valuable colleagues who carry Garanti to the leadership position in the banking sector and are the pioneers of transformation on international platforms.

Selected Figures of Garanti Bank's Unconsolidated Financial Statements (30 September 2017)

Profit before Taxes and Provisions*	TL 8,022.4 million	Cash Loans	TL 202,056.7 million
Profit before Taxes	TL 5,926.1 million	Non-Cash Loans	TL 52,560.0 million
Net Income	TL 4,644.9 million	Total Assets	TL 311,042.3 million
Deposits	TL 176,832.5 million	Shareholders' Equity	TL 39,549.6 million

Highlights from Garanti Bank's Unconsolidated Financials

- Net income was TL 4 billion 644 million and 851 thousand.
- In compliance with the legal legislation and international regulations, a total amount of TL 3 billion 377 million and 548 thousand was reserved for tax provisions, loans and other provisions.*
- Total assets increased by 9.5% year-to-date and reached TL 311 billion 42 million 321 thousand.
- Return on Average Assets (ROAA) reached 2.2%.**
- Shareholders' equity increased by 11.3% year-to-date and reached TL 39 billion 549 million 624 thousand.
- Return on Average Equity (ROAE) reached 17.4%.**
- Contribution made to the real economy through cash and non-cash loans increased by 5.7% year-to-date and reached TL 254 billion 616 million 658 thousand as of 30 September 2017.
- Total loans, FC loans and TL loans market shares realized at 11.2%, 11.7% and 11.0% respectively.
- Market share of "mortgage loans" was 13.2% and market share of "consumer loans including credit cards" was 14.1%.
- Total customer deposits increased by 9.9% year-to-date and reached TL 173 billion 144 million and 876 thousand, while market share in total customer deposits realized at 11.2%.
- Capital adequacy ratio (CAR) increased to 18.9%.
- Non-performing loan (NPL) ratio decreased to 2.64%.

* Reserve for Employee Termination Benefits and Impairment Losses on Assets to be Disposed are included in provisions.

** Excludes non-recurring items (Income from NPL sale, fee rebates and free provisions) when annualizing Net Income for the rest of the year.

You may access the earnings presentation regarding the BRSA unconsolidated financial results as of and for the period ending 30 September 2017 in English from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com

Garanti With Numbers	31.12.2016	30.06.2017	30.09.2017
Branch Network	971	960	953
+ Domestic	959	948	942
+ Abroad	12	12	11
Personnel	19,689	19,345	19,111
ATM	4,825	4,759	4,769
POS*	635,865	666,167	667,272
Total Customers**	14,615,584	14,474,445	14,823,196
Digital Banking Customers***	4,878,893	5,278,467	5,601,762
Mobile Banking Customers***	3,682,950	4,319,226	4,688,369
Credit Card Customers	6,484,464	6,630,008	6,733,846
Credit Cards	9,792,199	9,942,358	10,099,907
Debit Cards	8,930,780	9,184,991	9,474,225

*Includes shared and virtual POS.

**Decrease in number of active customers for the period ended 30 June 2017 is due to exclusion of customers with inadequate documentation.

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

Selected Sector Figures (TL million)	30.12.2016	30.06.2017	29.09.2017	YtD Δ
Total Deposits	1,456,721	1,581,907	1,620,824	11.3%
Bank Deposits	84,930	85,955	78,134	-8.0%
Customer Deposits	1,371,791	1,495,952	1,542,690	12.5%
TL Deposits	796,373	832,245	865,394	8.7%
FC Deposits (US\$ mn)	164,278	189,857	191,513	16.6%
Customer Demand Deposits	272,217	307,369	318,050	16.8%
Total Performing Loans	1,565,364	1,734,290	1,789,383	14.3%
TL Loans	1,040,940	1,202,911	1,244,603	19.6%
FC Loans (US\$ mn)	149,700	151,982	154,052	2.9%
Retail Loans*	628,221	779,826	810,144	29.0%
Housing	159,069	175,224	181,277	14.0%
Auto	20,149	19,642	19,731	-2.1%
General Purpose Loans**	348,771	481,202	499,621	43.3%
Credit Cards	100,233	103,758	109,515	9.3%
<i>Loans/Deposits Ratio</i>	<i>107.50%</i>	<i>109.60%</i>	<i>110.40%</i>	
Gross NPL	54,103	56,962	57,897	7.0%
<i>NPL ratio</i>	<i>3.30%</i>	<i>3.20%</i>	<i>3.10%</i>	
<i>NPL coverage</i>	<i>78.00%</i>	<i>79.70%</i>	<i>80.50%</i>	
Gross NPL in retail loans (excl. CC)	22,479	23,599	24,543	9.2%
<i>NPL ratio in retail loans</i>	<i>4.10%</i>	<i>3.40%</i>	<i>3.40%</i>	
Gross NPL in credit cards	7,904	7,685	7,502	-5.1%
<i>NPL ratio in credit cards</i>	<i>7.30%</i>	<i>6.90%</i>	<i>6.40%</i>	
F/X Position, net (US\$ mn)	-1,191	305	-338	
on B/S	-21,144	-51,299	-50,839	
off B/S	19,953	51,604	50,501	

Source: BRSA weekly sector data, commercial banks only

*Including consumer and commercial installment loans

**Including other and overdraft loans

Garanti Market Shares* (%)	YTD Δ	30.09.2017
Total Performing Loans	↓	11.2%
TL Loans	↓	11.0%
FC Loans	↓	11.7%
Credit Cards - Issuing (Cumulative)	↑	20.6%
Credit Cards - Acquiring (Cumulative)	↓	20.8%
Consumer Loans**	↓	14.1%
Total Customer Deposits	↓	11.2%
TL Customer Deposits	↑	9.9%
FC Customer Deposits	↓	12.9%
Customer Demand Deposits	↑	13.3%
Mutual Funds	↑	10.6%

* Based on BRSA weekly data for commercial banks only.

** Retail consumer loans, credit cards and other retail loans.

7.1.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2017. 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.

Although there is not a material change to Garanti Bank's future looking expectations referenced in the public disclosure dated 11.01.2017, the 7% inflation expectation announced earlier to be used in CPI-Linkers' valuation was revised to 9%; in parallel to the upwards revision of CBRT's 2017 inflation forecast. The resulting impact will be reflected to the financial statements starting in May, and will be distributed equally on a monthly basis until the end of the year. The announcement regarding this change was published on the Public Disclosure Platform on 26.05.2017.

As of 30 September 2017, there are no other revisions to the forward looking statements regarding the expectations for the year 2017.

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	Board of Director Appointment Date	Education	Experience in Banking & Business Administration
Jorge Sáenz-Azcúnaga Carranza	Vice Chairman Independent Board Member	24.03.2016	Undergraduate	23 years
Javier Bernal Dionis	Independent Board Member	27.07.2015	Graduate	27 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	26 years
Osman Bahri Turgut	Head of Internal Audit	01.08.2015	Undergraduate	26 years
Emre Özbek	SVP of Compliance	01.08.2015	Undergraduate	18 years
Bariş Ersin Gülcan	SVP of Internal Control	06.03.2014	Graduate	19 years
Beyza Yapıcı	SVP of Internal Capital and Operational Risk	01.04.2016	Undergraduate	19 years
Semra Kuran	SVP of Market Risk and Credit Risk Control	01.04.2016	Undergraduate	20 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 2016 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 2016 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 for the period ended 30 September 2017 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 2016 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 in the period of 01.07.2017-30.09.2017

- The banking activities of our Luxembourg Branch have been ceased as of 30.06.2017 in accordance with the authority granted to the Head Office by our Bank's Board of Directors.
- Standard & Poor's (S&P) affirmed Türkiye Garanti Bankası A.Ş.'s (Bank) Long Term Foreign Currency and Long Term Local Currency ratings at "BB" and Stand-alone Credit Profile (SACP) rating at "bb+" level. S&P also affirmed the outlook on the Bank's ratings at Negative in line with the outlook of the sovereign ratings on the Republic of Turkey. S&P stated in its report that the outlook on the Bank's rating would be upgraded to Stable if the outlook on the sovereign ratings were revised to Stable. Furthermore, S&P noted that the Bank's Foreign Currency rating is capped with the sovereign rating.
- We refer to the litigation matter that was previously disclosed by our Bank relating to tax carbon-trading fraud allegations against a number of individuals pending before the Tribunal De Grande Instance of Paris. In this matter our Bank was accused of assisting the organizers of this fraud by letting them benefit from the banking services. In its decision the Tribunal found our Bank not guilty for the activities of the Bank in 2008 and early 2009 given its compliance with know your customer rules and account opening processes. However, the Court decided to impose a fine of Euro 8 million with respect to account closure actions taken by our Bank in mid-2009 without taking into account the applicable local laws and regulations.

In addition, the French Treasury asked for civil damages from all of the defendants of this litigation matter for the tax losses suffered. Accordingly, the Bank, jointly with the other defendants, will be subject to payment of a damages claim of the French Treasury up to Euro 25 million.

The Bank disagrees with the judgment and currently intends to file an appeal. The Management believes that the Bank has complied with all aspects of the applicable laws and has no wrong doing in this matter. The Management believes that the decision should be overruled at the appellate court level since there is no basis for the penalty and the damages.

- The Chairman of our Board of Directors Mr. Ferit Faik Şahenk has notified our Bank that as of 19 September 2017 he would be resigning from the Board of Directors of our Bank and his position as the Chairman of the same, with a view to focus more on the projects of Doğu Holding and Doğu Group companies. The Board of Directors of our Bank has convened a meeting on 19 September 2017 at which the resignation of Mr. Şahenk has been accepted. The Board further resolved to appoint Mr. Süleyman Sözen as the new Chairman of the Board of Directors and appointed Mr. Jorge Saenz-Azcunaga Carranza as the new Vice Chairman. The appointment of an alternate member for the vacancy resulting from the resignation will be finalized at a later stage.

7.5 Announcements regarding important developments for debt instruments issuance and redemptions in the period of 01.07.2017-30.09.2017

- Garanti Bank has signed an agreement to secure a financing in the amount of EUR 75 million equivalent to Turkish Lira, with 5 years maturity from European Bank for Reconstruction and Development (EBRD) under Covered Bond Programme. The proceedings of the loan will be on-lent to green mortgages

Accordingly, it was announced in the letter of the CMB dated 14 August 2017 that our Bank's application has been approved and the proceeds of the issuance in the amount of 313,000,000 Turkish Lira equivalent to EUR 75 million have been transferred to Garanti Bank's accounts on 15 August 2017.

Important developments regarding important developments for debt instruments issuance, redemptions and all announcements during 01.07.2017-30.09.2017 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>