



ANNUAL REPORT 2010





CONTENTS

SECTION I - Introduction

03	Annual Report Compliance Opinion
04	Agenda of the Ordinary General Shareholders' Meeting
05	Amendments to Article of Association
08	About Garanti
10	Corporate Profile
11	Our Vision, Mission and Strategy
12	Main Pillars of Our Strategy
13	Our Core Values
14	Milestones in Garanti's History
16	2010 Macroeconomic Overview
18	Chairman's Letter
19	Letter from the CEO
23	Financial Highlights
24	Garanti in 2010
24	Key Financial Indicators
24	Key Financial Ratios
25	Garanti's Competitive Advantages and Market Shares
26	Garanti: The Leading Bank in Turkey
26	Key Financial Figures (5 year)
28	Assessment of Financial Position, Profitability and Debt Payment Capability
29	Garanti's Credit Ratings
30	Auditors' Report
30	Profit Distribution
31	Information on Garanti Bank Share
32	Awards
38	Activities in 2010
40	Retail Banking
42	Private Banking
44	SME Banking
46	Housing Finance
47	Commercial Banking
48	Corporate Banking
49	Cash Management and Transaction Banking
50	Project Finance
52	Branchless Banking / Alternative Delivery Channels
54	Call Center
56	Payment Systems / Credit and Debit Cards
60	Investment Banking
62	Insurance and Pension
64	International Banking
66	Treasury
68	ABACUS

70	Human Resources
72	Garanti's Integrated Subsidiaries
90	Continuous Progress and Innovation
96	Corporate Social Responsibility Projects

SECTION II – Management and Corporate Governance

102	Summary of the Board of Directors' Annual Report
103	Board of Directors and Auditors
104	Senior Management
108	Committees and Committee Meetings Attendance
111	Support Services Providers
111	Risk Management Policies
116	Audit Committee's Assessment of the Internal Control, Internal Audit and Risk Management Systems
118	Related Party Risks
120	Corporate Governance Principles Compliance Report

SECTION III – Summary Financial Tables

132	Summary Financial Tables-Unconsolidated
142	Summary Financial Tables-Consolidated
152	Directory



INTRODUCTION

Leading a happy life is possible through good health. Health is the key prerequisite for a quality life. While it is a natural and genetic heritage, good health is also the product of personal effort. Being and staying healthy present various requirements that need to be fulfilled. Exercising is absolutely necessary to keep the body in shape and the mind alert, and to render the quality of life sustainable. When perceived as a lifestyle, exercising/sports becomes sustainable and only then equals to good health.

There are different types of sports performed individually or as a team. Basketball, football, swimming, fencing, rowing, mountaineering, gymnastics and acrobatics are just a few examples.

Basketball is a team sport that requires attention, strength and intelligence. Strategy is crucial in this sport.

Swimming represents individuality. Effective use of the body is key and makes all the difference. Good concentration, hard work and discipline bring success.

Synchronized swimming is a hybrid form of swimming that combines artistic dance and gymnastics with challenge. Harmonious teamwork ensures a visual feast.

Fencing calls for sharp strategy, concentration and a sport quality. The core is about accurate analysis and correct prediction of the opponent's moves, so as to strategize.

Rowing is the only sport branch in which you can see the opponent overtake, but charge ahead without seeing your destination. Stamina is essential. Performance enhancement is achieved through technical and physical fitness training.

Mountaineering requires a blend of balance, aesthetics, flexibility and strength. It involves progression in harmony with the nature, not against it. Physical strength and intelligence must be used simultaneously. The key is the ability to manage difficulties and risks.

Football is a game of tactics. To lead to goals, a football team must read the game, analyze its opposition and make the game accordingly.

Gymnastics is the strive for controlling the body to perform flawlessly and smoothly. The gymnast competes with self; it requires long hours of disciplined hard-work. Gymnastic sports are classified into several branches including artistic, rhythmic and acrobatic gymnastics. Balance is key in artistic gymnastics, which also requires controlled strength. Rhythmic gymnastics works the entire body aesthetically to the rhythm of the music; it stands for harmony, creativity and balance.

Acrobatics is a performing art based on body control that makes use of all the competencies of the human body in terms of balance, coordination and agility. For these qualities it possesses, acrobatics is considered as sports today.

Physical strength is essential in all sports. Strength can only be transformed into success through sustainable performance. To do that, one needs to be ready at all times; and readiness calls for disciplined work and sustainability. While capturing sustainable success, Garanti Bank adeptly combines the prediction, vision, strategy, performance, strength, and aesthetic elements in individual and team sports, and focuses on continuous and sustainable performance to be healthy and fit. Garanti recognizes that aesthetics is as important as the technique, the mind is as critical as strength, and most importantly, hard work is essential. Performance is the collaboration of farsighted, quality, brave and dynamic minds that are capable of making accurate analyses.

Garanti Bank themed its 2010 Annual Report around "sports", and aimed to highlight the importance of performance in attaining sustainable success and staying fit.



FENCING

“A classical fencer is supposed to be one who observes a fine position, whose attacks are fully developed. One must not forget that this regularity is not possible unless the adversary is a party to it. Fencing is a conventional bout, which consists of parries, attacks, and returns, all rhyming together.”
Louis Rondelle (The great French master of fencing of the 19th Century)

STILL RINGS

“Make the change.”
Li Ning (He is known as the “Prince of Gymnastics”, a title he earned for winning six of the seven medals awarded at the Sixth World Cup Gymnastic Competition in 1982, as well as his own techniques. He is known as one of the world’s most successful gymnasts particularly in parallel bars and rings.)

GYMNASTICS

“Hard work has made it easy. That is my secret. That is why I win.”
Nadia Comaneci (The first gymnast ever to be awarded a perfect score of 10 in an Olympic gymnastic event at the 1976 Summer Olympics, Nadia Comaneci of Romania has played a major role in popularizing the sport.)

SWIMMING

“The only side effect of too much training is that you get into better shape. There is nothing wrong with that.”
Mark Andrew Spitz (Winner of seven gold medals at the 1972 Munich Olympic Games, the famous swimmer broke 33 world records in his career. He was named World Swimmer of the Year in 1969, 1971 and 1972.)

TRAPEZE

“Throw your heart on the ropes and bars and your body will follow.”
Jules Léotard (French acrobatic performer who developed the art of trapeze. Born to a gymnastics instructor, Léotard started experimenting with trapeze bars, ropes and rings at the age of 18. He was immortalized by the song “The Daring Young Man on the Flying Trapeze” composed by George Leybourne, a famous singer of the time. Worn by acrobats and trapeze artists today, the one-piece skintight garments are also named after Léotard.)

FOOTBALL

“Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do.”
Pelé (Voted as the Football Player of the Century by the IFFHS International Federation of Football History and Statistics in 1999, the Brazilian player scored a total of 1281 goals in his career, setting an almost unbreakable record.)

MOUNTAINEERING

“It is not the mountain we conquer, but ourselves.”
Sir Edmund Hillary (The first climber known to reach the summit of Mount Everest, Hillary was an explorer and philanthropist. He died in 2008 aged 88.)

BASKETBALL

“Talent wins games, but teamwork and intelligence wins championships.”
Michael Jordan (The world’s best-known basketball player, Jordan is cited as the greatest basketball player of all time on the NBA website. He has been instrumental in kindling a love of the game in all generations in 1980s and 1990s during his active sports career.)

ROWING

“It is like children; you don’t have a favorite gold medal!”
Steven Redgrave (An English rower, Steven Redgrave is a legend in the British sports circuit and is recognized as the greatest rower in the history of Olympic Games. Redgrave won a gold medal at five consecutive Olympic Games, a record that remains unbroken.)

SWIMMING

“I think that everything is possible as long as you put your mind to it and you put the work and time into it. I think your mind really controls everything.”
Michael Phelps (Born in 1985, the young athlete won a total of 16 Olympic medals in his career. His record breaking performances earned him the World Swimmer of the Year Award six times.)

BASKETBALL

“There’s been a lot of talk of me being a one-man show but that’s simply not the case. We win games when I score 40 points and we’ve won when I score 10.”
Kobe Bryant (He was the youngest ever player to start an NBA game in 1997 at 18 years, 5 months and 5 days. Storming through the league, he managed some outstanding streaks. Sporting News and TNT named Bryant the NBA player of the 2000s.)

Resource: Sports Encyclopedia, Boyut Yayınları



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ANNUAL ACTIVITY REPORT Compliance Opinion

To the General Assembly of T. Garanti Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of T. Garanti Bankası A.Ş. and its consolidated financial affiliates with the audit report issued as of December 31, 2010. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of T. Garanti Bankası A.Ş. as of December 31, 2010 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

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

Hasan Kılıç
Partner

Istanbul, March 11, 2011



AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

- 1- Opening and formation of the Board of Presidency,
- 2- Authorization of the Board of Presidency for the execution of the minutes of the Ordinary General Shareholder's Meeting,
- 3- Reading and discussion of the Board of Directors' Annual Report and Auditors' Reports,
- 4- Reading, discussion and ratification of the Balance sheet and Profit and Loss Accounts and acceptance or rejection by discussion of the Board of Directors' proposal regarding the dividend distribution,
- 5- Amendment to Articles 7.,9.,10.,12.,14.,49., Provisional Article and Provisional Article 2 of the Articles of Association of the Bank,
- 6- Release of members of the Board of Directors and Auditors,
- 7- Determination of the remuneration of the members of the Board of Directors and Auditors,
- 8- Informing the shareholders with regard to the past year's charitable donations,
- 9- Authorization of the members of the Board of Directors to do business with the Bank (provisions of the Banking Law to remain reserved) in accordance with Articles 334 and 335 of Turkish Commercial Code.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION

CURRENT TEXT

CAPITAL AND SHARES: Article 7 –

A) The Bank has accepted the registered capital system under the permission of the Capital Market Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 7.000.000.000,-TL and its issued capital amounts to 1.200.000.000,-TL.

B)The Bank's issued capital has been divided into 120.000.000.000 shares each having a nominal value of 1,-YKr. 206 of these shares are bearer shares and the remaining 119,999,999,794 shares are registered shares.

The issued capital amount of 1.200.000.000.-TL has been fully paid-up and the share-certificates of issue no. XVII have been issued in consideration thereof.

The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new share-certificates.

The Board of Directors shall also be authorized to resolve to issue shares and share-certificates above the nominal value and to restrict the rights of shareholders for obtaining new shares.

Holders of 206 bearer share-certificates not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.

NEW TEXT

CAPITAL AND SHARES: Article 7 –

A) The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 7.000.000.000.-TL and its issued capital amounts to 4.200.000.000.-TL.

B) The Bank's issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1.-Kr; and 184 shares of them are bearer shares and the remaining 419.999.999.816 shares are registered shares.

The issued capital amount of 4.200.000.000.-TL has been fully paid-up.

The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2008 and 2012 (5 Years). At the end of 2012, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, it shall be deemed that the Bank has been removed from the registered capital system. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2008 and 2012, in accordance with the provisions of the Capital Market Law.

The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares.

Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles.

Holders of 184 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION

CURRENT TEXT

CONDITIONS FOR ISSUING SHARE-CERTIFICATES:

Article 9 – Share-certificates to be issued by the Bank shall be issued pursuant to Turkish Commercial Code as well as Banking Law, Capital Market Law and other regulation in this matter.

DIVIDEND COUPONS:

Article 10 – The dividend coupons of the share-certificates are in bearer form and the profit should be paid to the person who submits and delivers such dividend coupons to the Bank.

SALE OF UNPAID SHARE-CERTIFICATES:

Article 12 – In case of failure of payment by shareholders despite the lapse of one month following the period determined for the payment of the share values, the Bank shall have the right to sell the unpaid shares, without prejudice to the rights held by the Bank against the shareholders in default.

The sale shall be realized with the Stock-Exchanges and Bourse at the Bank's head office's location. If necessary, the Board of Directors shall announce the date and place of sale. Share-certificates sold in this way shall be cancelled and the new share-certificates bearing the same numbers shall be delivered to the respective buyer. The portion of the consideration paid for such shares remaining after the deduction of the share value and the interest having accrued until the date of such sale together with all expenses, should be paid to the former shareholder. In case the sales value does not cover the debt, the remaining balance shall be requested from the former shareholder.

THE SALE AND TRANSFER OF SHARE-CERTIFICATES:

Article 14 – The sale and transfer of the share-certificates shall be fulfilled upon the endorsement of the share-certificate in the name of transferor and its delivery to the transferee. Furthermore, the sale and assignment shall be valid against the Bank upon the transferee's registration into the shareholders log upon the decision of the Board of Directors in this regard. The Board of Directors shall be entitled to reject the transfer without giving any reason.

Article 49 – For matters not provided for in this present Articles of Association the provisions of Turkish Commercial Code and Banking Law shall be applicable.

NEW TEXT

CONDITIONS FOR ISSUING SHARE-CERTIFICATES:

Article 9- Shares to be issued by the Bank shall be issued pursuant to Turkish Commercial Code as well as Banking Law, Capital Market Law and other regulation in this matter.

DIVIDEND COUPONS:

Article 10- Dividend amounts relating to the Bank shares will be paid pursuant to the Capital Market Law and other relevant regulations in this regard.

SALE OF UNPAID SHARES:

Article 12- In case of failure of payment by shareholders despite the lapse of one month following the period determined for the payment of the share values, the Bank shall have the right to sell the unpaid shares, without prejudice to the rights held by the Bank against the shareholders in default.

The sale shall be realized with the Stock-Exchanges and Bourse at the Bank's head office's location. If necessary, the Board of Directors shall announce the date and place of sale. Operations in this regard shall be conducted under the the Capital Market Legislation and Central Registry Agency regulations.

THE SALE AND TRANSFER OF SHARES:

Article 14- The sale and transfer of the shares shall be subject to Turkish Commercial Code, Capital Market Law and other regulation in this matter. Furthermore, the sale and transfer shall be valid against the Bank upon the transferee's registration into the stock ledger of the Bank and following the Board of Directors' resolution adopted in this regard. The Board of Directors shall be entitled to reject the transfer without giving any reason.

MISCELLANEOUS

Article 49- For matters not provided for in this present Articles of Association the provisions of Turkish Commercial Code, Banking Law, Capital Market Law and other relevant regulation shall be applicable.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION

CURRENT TEXT

PROVISIONAL CLAUSE:

The Turkish Commercial Code No. 6762 stipulates that the share-certificates shall be of a minimum value of 500,-TL, and the law no. 6763 on the validity and way of application of the said law grants the possibility to maintain the former share-certificates of 100,-TL. Nevertheless, since share-certificates to be released following the increase of capital shall amount to five hundred Lira each, such share-certificates of 100,-TL may be replaced by the share-certificates of 500,-TL, in case the holders of such former share-certificates of 100,-TL apply and deliver the share-certificates of 500,-TL or its multiples to the Bank.

PROVISIONAL CLAUSE 2:

While the nominal values of the share-certificates have been 500,-TL and 100,-TL, they have been amended as 1 New Kuruş pursuant to the Law No. 5274 Regarding the Amendments in the Turkish Commercial Code and subsequently as 1 Kuruş, in accordance with the Cabinet Decree dated April 4, 2007 and numbered 2007/11963 which stipulates the removal of the expression "New" from "New Turkish Lira" and "New Kuruş" as of January 1, 2009. Due to this amendment, the total number of shares has decreased and shares amounting to 1 Kuruş shall be granted for each share of 10,000 TL (20 shares for those with a nominal value of 500,-TL and 100 shares for those with a nominal value of 100,-TL). Fraction receipts shall be issued for shares which may not be completed to 1 Kuruş.

The shares of series 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 representing the bank's existing capital of 1.200.000.000.- Turkish Lira as of April 12, 2005 have been combined as series 17.

The shareholders' rights arising out of their shares related to the said amendment and combination of series are reserved.

The amendment transactions of the share-certificates shall be initiated by the Board of Directors under the relevant regulations following the implementation of the capital market instruments' registration.

NEW TEXT

PROVISIONAL CLAUSE:

Removed from the Articles of Association.

PROVISIONAL CLAUSE 2:

While the nominal values of the share-certificates have been 500,-TL and 100,-TL, they have been amended as 1 New Kuruş pursuant to the Law No. 5274 Regarding the Amendments in the Turkish Commercial Code and subsequently as 1 Kuruş, in accordance with the Cabinet Decree dated April 4, 2007 and numbered 2007/11963 which stipulates the removal of the expression "New" from "New Turkish Lira" and "New Kuruş" as of January 1, 2009. Due to this amendment, the total number of shares has decreased and shares amounting to 1 Kuruş shall be granted for each share of 10.000 TL (20 shares for those with a nominal value of 500,-TL and 100 shares for those with a nominal value of 100,-TL). Fraction receipts shall be issued for shares which may not be completed to 1 Kuruş.

The "Turkish Lira" expressions that have been included in this Articles of Association are the expressions amended in accordance with the above mentioned Cabinet Decree.

The shares of series 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 representing the bank's existing capital of 1.200.000.000.- Turkish Lira as of April 12, 2005 have been combined as series 17.

The shareholders' rights arising out of their shares related to the said amendment and combination of series are reserved.

“A classical fencer is supposed to be one who observes a fine position, whose attacks are fully developed. One must not forget that this regularity is not possible unless the adversary is a party to it. Fencing is a conventional bout, which consists of parries, attacks, and returns, all rhyming together.”

Louis Rondelle (The great French master of fencing of the 19th Century)



ABOUT GARANTI

In 2010, Garanti refrained from destructive competition and continued to be Turkey's most profitable private bank, on the back of its competence in accurately analyzing the current conjuncture, forecasting, and making the right moves.

CORPORATE PROFILE

Garanti Bank, with an established history of 64 years, today is **Turkey's second largest private bank** having total consolidated assets reaching US\$ 90 billion.

Garanti provides a wide range of financial services to its 10 million customers through an extensive distribution network of 853 domestic branches; 6 foreign branches in Cyprus, Luxembourg and Malta; 4 international representative offices in Moscow, London, Düsseldorf and Shanghai; over 3,000 ATMs; an award-winning Call Center; and the state-of-the-art internet and mobile banking platforms built on cutting-edge technological infrastructure.

Garanti operates in every segment of the banking sector including corporate, commercial, SME, retail, private and investment banking. Along with its nine expert subsidiaries providing services in payment systems, pension, leasing, factoring, securities, and portfolio management, Garanti is an **integrated financial services group**. Moscow-based GarantiBank Moscow (GBM), Amsterdam-based GarantiBank International (GBI), and Romania-based Garanti Bank SA with its 65 branches are also included among these subsidiaries.

Garanti commands a pioneering position in all lines of business through the **profitable and sustainable growth strategy** it pursued since the day of its inception. Its competent and dynamic human resources capable of making a difference, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector.

Following the best practices in corporate governance, Garanti is co-managed by two powerful companies, Doğuş Holding and GE Capital, under the principle of equal partnership. Garanti stands out as a **strong and prestigious brand** with an effective management style and prudent risk management approach.

Developing new and innovative products and services, Garanti accomplished many firsts not only in Turkey, but in the global banking arena as well. With its dynamic business model and importance placed on technological innovation, Garanti continues to differentiate itself and to facilitate the lives of its customers as it unconditionally stands by them.

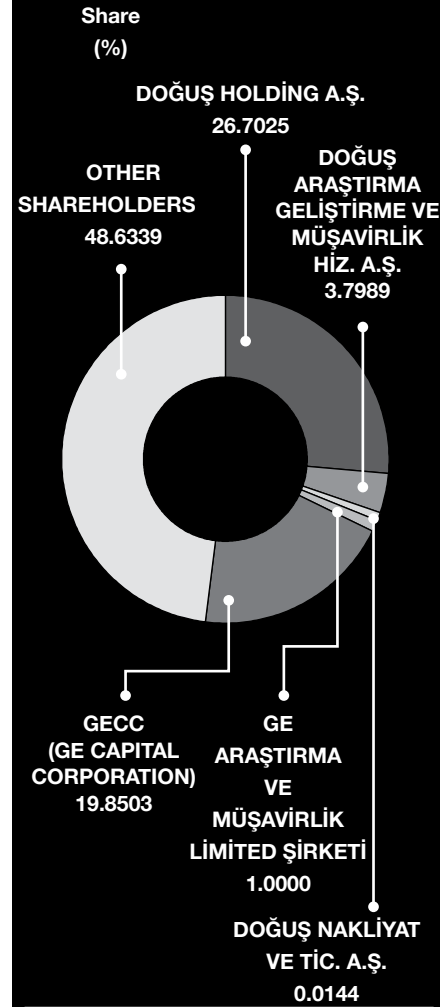
Its custom-tailored solutions and the wide product variety play a key role in Garanti's positioning as **the largest lender in Turkey** with its contribution to the economy of more than US\$ 57 billion cash and non-cash loans*. The **high asset quality** attained through advanced risk management systems and established risk culture differentiates Garanti from its peers.

Refraining from limiting its contribution to the sector and the national economy via banking services alone, Garanti is dedicated to **creating added value for the society**. Within this context, Garanti's long-term support in the areas of culture, arts, environment, education, and sports reflects its commitment to this mission, as well as its keen sensitivity to sustainability.

*Based on BRSA consolidated financials

SHAREHOLDING STRUCTURE OF T. GARANTİ BANKASI A.Ş.

as of December 31, 2010



INSIDER HOLDINGS

The Chairman, members of the Board of Directors, the CEO and the Executive Vice Presidents are allowed to own publicly-traded shares of Garanti Bank; their transactions in Garanti Bank shares are publicly disclosed pursuant to Capital Markets Board regulations.

VISION/MISSION/STRATEGY



OUR VISION

Is to be the best Bank in Europe.

OUR MISSION

Is to continuously and noticeably increase the value we create for our customers, shareholders, employees, the society and the environment by utilizing our influence, agility and organizational efficiency.

OUR STRATEGY

Is to maintain long-term sustainable growth by continuously creating value.



MAIN PILLARS OF OUR STRATEGY

Focus on customers

- Innovative products and high service quality
- Unrivalled competence, experience and implementation capability
- Exceptional business processes throughout the Bank
- Guidelines on customer satisfaction

Focus on the continuity of technological innovation

- The best and the fastest technological equipment that is progressing continuously and integrated with business segments
- Most up-to-date IT infrastructure

Focus on competent human resources

- Continuous improvement in competency and efficiency of human resources
- Performance-based incentive structure

Focus on operational efficiency

- Focus on improving productivity
- Focus on cost/income synergies

Focus on disciplined growth

- Sustainable and profitable balance-sheet growth focused on real banking
- Strong asset quality
- Outstanding service and distribution competencies in reaching target markets and a wide customer base

Focus on sustainable income sources and profitability

- Focus on high-return products and profitable business segments
- Increasing non-interest income
- Emphasis on creation of customer-driven income
- Continuous improvement in cost of borrowing and free capital
- Development of cross-selling opportunities by prioritizing products and packages that enhance customer loyalty

Focus on strong distribution channels

- Extensive and efficient branch network
- Effective and broad-based utilization of alternative distribution channels

Focus on risk management and audit

- Measurement of risk using globally accepted standards
- Portfolio-wide risk management that associates risk with return and leads to optimal allocation of economic capital
- Proactive audit systems

Focus on corporate governance and social responsibility

- Commitment to corporate governance, ethics and corporate values
- Playing an active role in establishing high standards for social development with an approach toward creating value for the society and the environment

OUR CORE VALUES



Setting strategies to be adopted for the execution of its vision and mission, Garanti also defined binding corporate values that all employees shall abide by. These core values, indispensable for Garanti employees at all levels, have become a way of life and way of doing business for all employees of the Bank.

“Our customers...”

- are the focus of all our operations and efforts.
- We always strive to satisfy our customers above and beyond their expectations.
- We are honest, courteous, helpful, solution-oriented and always pleasant.

“Garanti and its employees have high moral values”

- We conscientiously obey rules and regulations without exception.
- Having a good conscience is very important for both the organization and the individuals within it.

“The most important element for us is the human factor”

- We value individuals and invest continuously in human resources.
- Our quality is driven and ensured by our employees.
- Every team member is driven primarily by a quest for quality.
- We understand the importance of delegating responsibilities.
- We encourage our employees to use initiative.
- We believe in the creative and productive powers of motivation and strive to generate such an environment.
- We believe that each member of our team is a leader in his/her field and the best at what he/she does.

Team work

- We believe in effective team work and open lines of communication. We do not compromise these principles.
- We are opposed to strict layers of hierarchy.
- Garanti team members from the CEO to the lowest ranking personnel and all institutions we work with as one unit to realize the vision.
- The effective team work of the Bank is strengthened by collaboration, mutual trust and respect.

Continuous progress

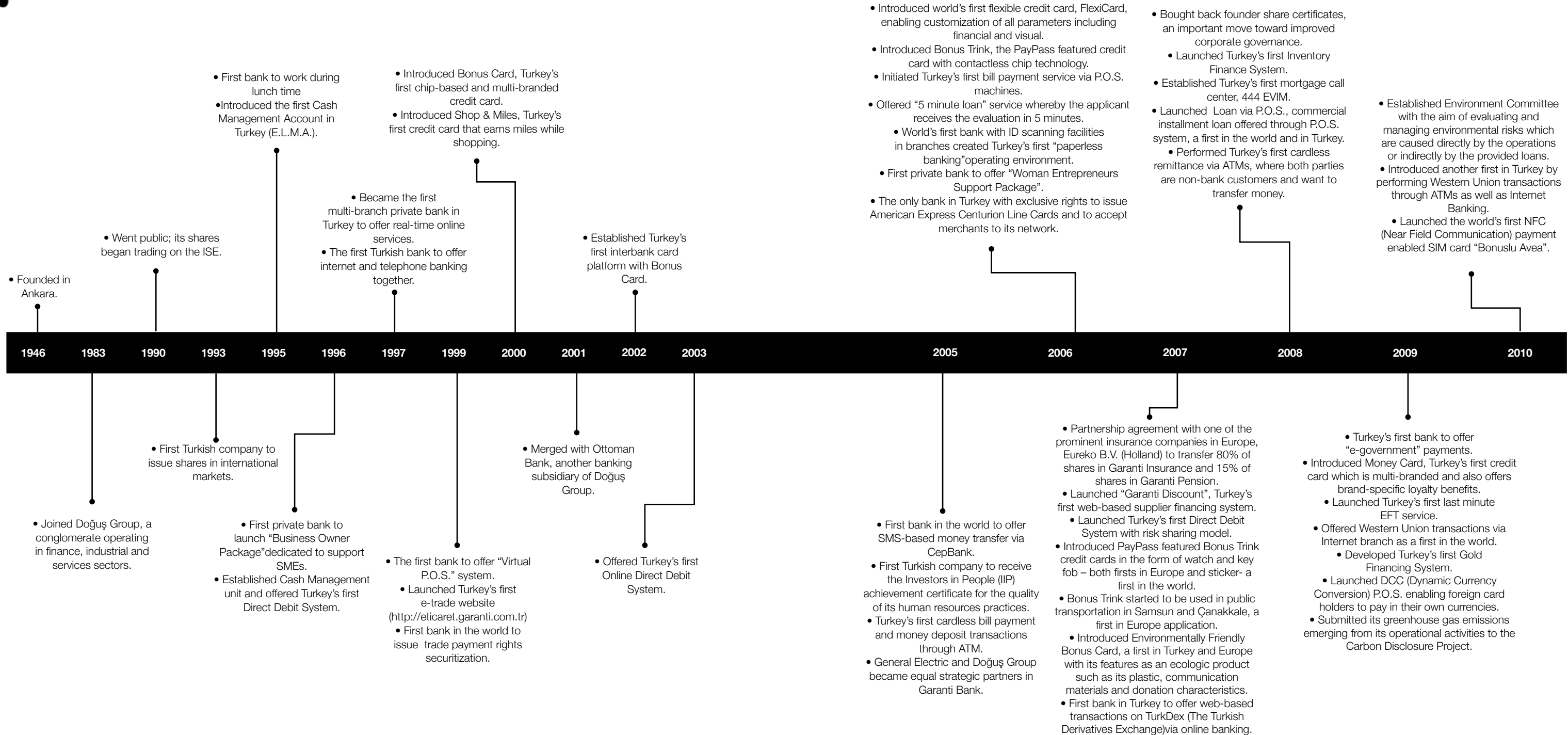
- We maintain the quality of our services by constantly improving ourselves rather than maintaining the status quo.
- Investing in our people and technology to achieve continuous progress is an inseparable element of our policy.
- Our primary duty is to sustain a high level of quality while constantly improving the quality of our products and services.
- Our approach to improving quality is proactive; we strive to identify the needs and expectations of our customers and address them even before they are voiced by the customers.

Social responsibilities

- We exert every effort to be beneficial to society, the environment and humanity.
- We are confident that our exemplary work will promote good will within the banking sector and the entire country.



MILESTONES IN GARANTI'S HISTORY



2010 MACROECONOMIC OVERVIEW



Turkish economy was one of the world's fastest-growing economies in 2010 driven by domestic demand, while current account deficit expansion led some measures to be taken.

Following 2009 that was heavily inflicted with the effects of the global financial crisis upon economic activity, 2010 was a year of recovery for the world economy. According to IMF data, the global economy that contracted by 0.6% in 2009 is estimated to expand by 4.8% in 2010. Despite the accelerated worldwide economic growth in 2010, the disparity in the growth rates of developed and emerging countries became even more pronounced. As developed countries suffered from a graver and deeper impact due to the crisis that arose from their own financial markets, the result was a slower pace of post-crisis recovery in these countries compared to emerging countries. While increasing unemployment ratios in developed countries and debt issues that became evident particularly in Europe made it difficult for economic activity to be restored to its former state, pre-crisis levels have been recaptured in many of the emerging countries, within which especially Asian countries are active.

Turkey stands out among emerging countries for her quickly revitalized economic activity in 2010 following the sharp contraction of 4.7% in 2009. With 8.9% growth rate in the first three quarters of the year, the economic expansion in Turkey represents the highest figure among European and OECD countries. Although official data are yet to be published, Turkey is estimated to emerge as one of the world's fastest-growing economies in 2010 with a growth rate of approximately 8%.

The components of growth in Turkey indicate that growth is driven by domestic demand, whereas it is pulled down by net foreign demand. In the January-September period, domestic demand contributed 13 points towards growth as foreign demand pushed it downward by 4.1 points. Net foreign demand remained limited due to the effect of the problems that were partially unsolved in European countries which make up an important part of Turkey's export market.

Ongoing debt issues in the Euro Area and uncertainties about the future give rise to concerns about the coming year's export level. As much as Turkey succeeds in increasing her share in various export destinations, recuperation in exports remains restricted due to the magnitude of the European market.

In 2010, exports went up 11.5% on an annual basis and reached US\$ 113.9 billion. The moderate increase in exports was outpaced in 2010 by imports owing to vibrant domestic demand and the Turkish lira that continued to gain value in real terms. In 2010, exports grew 31.6% year-on-year to US\$ 185.5 billion. During the same period, foreign trade deficit reached US\$ 71.6 billion by 84.6% increase. The expansion in foreign trade deficit brought along increased current account deficit. Corresponding to 2.3% of the GDP with US\$ 14.0 billion in 2009, current account deficit amounted to US\$ 48.6 billion in 2010. The current account deficit is estimated to account for nearly 6.5% of the GDP at the end of the year.

Deteriorated quality of the financing of the current account deficit was striking in the reporting period, as well as the rapid expansion therein. In 2010 that was characterized by high liquidity across the globe, low interest rates in developed countries led to accelerated money flow in the form of portfolio investments, in particular, into emerging countries where interest rates were relatively higher. Thus, the share of short-term investment inflows climbed high in external financing. Local currencies that gained value as a result of the accelerated capital movements ignited the so-called currency wars debate in the world. While some emerging countries adopted measures against investment inflows, some others introduced decisions to cool down the economy.

Certain measures were introduced also in Turkey by the end of the year due to the

increased pace of the current account deficit expansion and deteriorated financing quality. While tax rates were differentiated depending on maturity in overseas bond issue in an effort to promote longer terms in capital inflows, major changes were made to the monetary policy of the Central Bank of the Republic of Turkey (CBRT). The CBRT stated that the expansion in the current account deficit constitutes a risk element for financial stability and took steps to mitigate that risk. Upon disclosing its exit strategy from the countermeasures adopted during the crisis by mid-2010, the CBRT put these changes into life by taking the relevant steps throughout the year. In May, the CBRT announced that the policy rate was converted into one-week repo rate, 7%, given the fact that the liquidity level in the market turned from surplus to deficit. In addition, the margin was augmented between overnight borrowing and overnight lending rates so as to reduce short-term capital inflow. In the last month of the year, policy rates were slashed by 50 basis points to 6.5% in an attempt to slow down the flow of short-term capital into Turkey. The CBRT first pulled the required reserve ratios imposed on TL and US\$ assets during the crisis up to pre-crisis levels, and then announced different required reserves for different maturities in TL required reserves in December 2010 aimed at securing longer maturities in TL deposits. Targeting decelerated credit expansion on the back of the decisions adopted, the CBRT expressed that the net impact of the latest measures introduced contributed towards tightening.

Underlining that financial stability gained increased importance, the CBRT stated that price stability continued to be critical. The inflation in consumer prices went over 10% in April owing to the price increases effected in tobacco, fuel oil and alcoholic beverages and high food prices that prevailed in 2010, and dropped to 6.4% at the end of the year as a result of the normalized food prices.

Consequently, annual inflation remained below the CBRT's inflation target of 6.5%.

In 2010, central budget deficit were under Medium Term Fiscal Plan estimates. According to the estimated GDP for 2010, central budget deficit over GDP seem to remain approximately at 3.5%, below the government's projection of 4%.

Superior tax income on the back of above-expected recovery in economy and expenses realized in-line with projections had an effect on budget performance.

8.9%

Among European & OECD countries first three quarters

THE HIGHEST GROWTH RATE

\$ 48.6 billion

2010 current account deficit

MEASURES INTRODUCED TO SLOW DOWN ECONOMY

6.4%

2010 CPI inflation

IN LINE WITH THE CBRT INFLATION TARGET

CHAIRMAN'S LETTER



Dear Stakeholders,

In the aftermath of the financial crisis, the economic conditions are recovering. In this context, the experience that the Turkish economy has gained from the past crises - thanks to its restructured management and auditing system - helped Turkey's financial sector for a relatively better performance among both developed and developing countries. Within the last decade, Turkey implemented many effective reforms to its financial system and this process constitutes a key model for other countries, especially US and Continental Europe, which are seeking financial solutions. During the latest financial turmoil, Turkey's banking sector remained solid without any support from public resources.

In 2010, Turkey reached a high growth rate thanks to the revival of domestic demand and to the strong base effect of the 2009 recession. The key to this strong growth rate was Turkey's ability to take decisive steps without falling into the trap of adopting short-term policies. In this challenging process, Turkey held a long term perspective and accordingly our economy rapidly recovered from the most severe global "stress test". The reasons behind Turkey's achievement were the internal cycles of our dynamic economy, the accurate policies implemented and our competent corporate governance.

With the impact of the financial crisis, the global banking sector also entered into a process of structural reform. The experiences gained from the 2008 crisis played an important role in the formation of the current economic outlook. The main causes of the crisis includes; the imbalance between risk and return, insufficient risk calculations and incompatible audit mechanism with the current economic conditions. Market distrust led to re-questioning of the financial system, which decreased the power of the investment banks and accordingly conventional banking activities gained significance. In the upcoming period, I

strongly believe that the entrepreneurial spirit and the financial diversification will continue, while the banking sector will work on finding a sustainable balance between risk and return.

European Economy is still experiencing financial troubles. However, I think that Eurozone will be able to solve its macroeconomic problems, and improve its coordination and governance issues gradually. We, as Garanti Bank, adopted a long-term and strategic perspective while taking foreign partnership investment decisions. The key point within this context is the extent at which your partner's brand equity, corporate structure and approach to business management match with your own corporate culture. Therefore, I am confident that the experience of our new foreign partner, when combined with Garanti Bank's experience and technological infrastructure, will provide beneficial consequences for Turkey and for our banking sector.

Despite the current challenging economic conditions, with its new and reinforced partnership structure, Garanti Bank will remain as one of the most profitable, valuable and effective banks in Europe, while maintaining its high quality service and corporate governance approach. On behalf of our Board of Directors and shareholders, I would like to thank our valuable employees and customers for their confidence. I am certain that Garanti Bank will sustain its positive performance with the support of all its economic and social stakeholders.

Sincerely,

Ferit F. Şahenk
Chairman
Board of Directors

LETTER FROM THE CEO

Dear Stakeholders,

The recovery in the global economy gained pace in 2010 following one of the most severe financial crises in the world history. During this period, Turkey became one of the shining stars in the global economy with financial stability and robust economic growth. Turkish banks had an important role in this success as they adeptly managed their risks and financed the economy with 35% loan growth in 2010. In parallel with the sector, Garanti also delivered loan driven growth in 2010 and remained Turkey's largest lender. We did not, however, underestimate the risks that threaten global stability; instead we focused on healthy and sustainable growth. We efficiently addressed our non-performing loans that arose in 2009 due to the global crisis, and improved the Bank's asset quality significantly. We initiated projects that will add to Garanti's competitive edge in the enduring low-inflation period which is expected to lead to radical changes in the banking sector. In a year when we focused on core banking activities, we kept away from irrational competition and continued to be the most profitable private bank in Turkey.

The recovery in the global economy gained pace in 2010. Turkey stood out with its financial stability and robust economic growth.

The recovery in the global economy that started in the second half of 2009 continued with increasing momentum in 2010. Nonetheless, lasting impact of the crisis on fiscal balances of many countries, especially some in the European Union, and the inevitable effects of high liquidity/low interest rate policies pursued to support growth in developed countries are posing risks to the sustainability of the recovery. The risk of fiscal problems turning into a global debt crisis or triggering inflationary pressures with the

combined effect of increasing commodity prices and abundant global liquidity is, unfortunately, too high to be ruled out.

In a year in which the world focused on growth despite the major risks, Turkey stood apart with high growth and financial stability. As some countries, particularly in Europe, aroused concern with their deteriorating fiscal balances, Turkey was in the limelight for its reduced budget deficit and debt burden. While the global economy is estimated to have grown around 5% despite unprecedented support, Turkey attained the highest growth rate among OECD countries with around 9% GDP growth. Turkey's solid position was also confirmed by upgrades in its sovereign ratings during the year. We believe, Turkey now deserves an "investment grade" rating with its relatively strong economic performance.

The banking sector was one of the main drivers of economic growth. Garanti had a successful year with its healthy and sustainable growth performance. The BBVA agreement signed in 2010 has taken its place as a new milestone in Garanti's history.

Turkish banks played a major role in Turkey's strong performance during and after the crisis. They helped the national economy from sustaining any major impairment due to the crisis and amplified the economic recovery in 2010 through 35% lending growth. In addition, banks opened nearly 450 new branches, providing new jobs. On the other hand, there was harsh and price sensitive competition in the sector throughout the year.

In parallel with the sector, Garanti also delivered loan driven growth in 2010 and increased the share of loans in total assets



LETTER FROM THE CEO

 Garanti remained Turkey's largest lender. We did not, however, underestimate the risks that threaten global stability; instead we focused on healthy and sustainable growth.

by 500 basis points to above 50%. Yet, we did not underestimate the risks that threaten global stability; instead we focused on healthy and sustainable growth. We did not pursue market share increasing initiatives based purely on price competition, and we did not ignore the risks associated with the increasing margin pressures. We expanded our retail loans more than the sector and we retained our leadership in total cash loans despite the slight dip in our market share.

Our non-performing loans had increased considerably in 2009 due to the global crisis. We delicately addressed the issue of our non-performing loans, and significantly improved the Bank's asset quality in 2010. While our collections grew nearly by 20% as compared to 2009, our new NPL inflow declined by more than 50% during the reporting period with the support of positive developments in the economy. As a result, our NPL ratio declined from 4.1% in 2009 to 3.1% in 2010, and our profitability was strengthened with higher collection revenues than loan loss provisions within the period.

Inflation and interest rates are at historically low levels in Turkey, as they are most anywhere else in the world. The enduring low-inflation period will lead to radical changes in the banking sector. In line with our proactive approach, we initiated projects that will strengthen Garanti's leading position in the sector in this new period. We expect that the positive effects of these new projects will be observed starting in 2011 and add to Garanti's leadership in efficiency metrics and non-interest income generation.

Despite the challenging market conditions and plenty of uncertainties, our dynamic balance sheet management carried us ahead in becoming the most profitable private

bank in Turkey during the past two crisis-inflicted years. In a year when we focused on core banking activities, we managed to grow without entering into any irrational competition. Despite the narrowing margins, we delivered a 10% increase in net income and continued to be the most profitable private bank in Turkey.

The agreement signed in 2010 between our existing main shareholders, Doğu Group and General Electric (GE), and Banco Bilbao Vizcaya Argentaria S.A (BBVA), a leading banking group in Europe, was an important milestone in our corporate history. Upon the expected closing in the first half of 2011, Doğu and BBVA will become the main shareholders in Garanti with equal rights. BBVA generates majority of its consolidated income in emerging markets and I believe that it will contribute significantly to Garanti's vision of becoming the best bank in Europe.

Garanti continued to launch projects that add value to the society

Garanti contributes to many areas including education, sports, the environment, culture and the arts through setting up its own institutions and extending sponsorships. In this perspective, we implement numerous projects that target personal and social development, as well as passing on a bright future for future generations.

Education is one of the areas in which our activities are most heavily concentrated within the framework of social responsibility. We established the Teachers Academy Foundation in 2008 to produce sustainable projects addressing teachers.

The Foundation's first project aiming to contribute to the personal and professional development of teachers is named "No Limits

in Teaching". Some 20,483 teachers in 58 provinces received face-to-face training to date within the scope of the project that has the target of reaching 100,000 teachers in its fifth year.

Efforts are underway to restructure our cultural institutions, namely the Ottoman Bank Museum, Platform Garanti Contemporary Art Center, and Garanti Gallery, as an autonomous entity under the aegis of Garanti Kültür A.Ş. We also continued to organize Garanti Anatolian Meetings in 2010 in order to contribute to the knowledge base of SME's. In meetings held since 2000, we have brought more than 22,000 entrepreneurs together with experts. Co-organized with KAGIDER (Women Entrepreneurs Association), the "Women Entrepreneurs Meetings" reached 2,000 women with the gatherings held in 2010. We have organized another series of informative meetings with SME's in four cities so far, on the subject of risk management.

Our support to basketball started in 2001 with the European Basketball Championships. At the World Basketball Championships that took place in our country in 2010, we were right beside the Turkish National Men's Basketball Team who claimed second place and made us all proud. Within the framework of the 12 Giant Men Basketball Schools project conducted by the Turkish Basketball Federation with the support of Garanti, 33,000 youngsters in total received basketball training in 55 cities.

Our corporate social responsibility projects have been crowned with international awards in 2010. Our efforts aimed at fostering women entrepreneurship received first prize in the "Corporate Social Responsibility Program" category at the European Excellence Awards 2010 and in the "Corporate Social

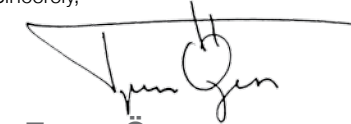
Responsibility Programme of the Year in Europe" category, and we took home the second spot in the "Corporate Social Responsibility Program of the Year in Europe" category for the Teachers Academy Foundation's "Öğretmenin Sınırı Yok" (No Limits in Teaching) project at The Stevie International Business Awards.

2011 might be a challenging year with risks arising from abroad, intensifying competition and regulatory measures seeking to slow down lending growth.

Turkish banks stood strong during the global financial crisis and delivered solid growth in the following recovery period. However, risks arising from abroad, particularly from Europe, are still on the agenda. Furthermore, there is possibility of regulatory measures to decelerate the lending growth in the banking sector in response to Turkey's increasing current account deficit and the side effects of the abundant global liquidity. Banks will need to increase their operational efficiencies in order to limit the effect of increasing margin pressure and stiff competition in 2011. Garanti is ready for the challenges of the new era. We aim to carry our prudent, healthy and profitable growth to 2011, as well.

I would like to thank all my colleagues, who empower Garanti with their hard work, to our shareholders, who consistently support us, to our customers, who are the true owners of the Garanti brand, and to all our social stakeholders.

Sincerely,



Ergun Özen
President and CEO



"Make the change."

Li Ning (He is known as the "Prince of Gymnastics", a title he earned for winning six of the seven medals awarded at the Sixth World Cup Gymnastic Competition in 1982, as well as his own techniques. He is known as one of the world's most successful gymnasts particularly in parallel bars and rings.)

FINANCIAL HIGHLIGHTS

Keeping a close eye on risks that threaten global stability, Garanti achieved sound and sustainable growth through its effective and dynamic balance sheet management, and distinguished itself with its successful performance.

KEY FINANCIAL INDICATORS*

TL **137** Billion

2009: TL 116 Billion

18% GROWTH IN ASSETS

TL **70** Billion

2009: TL 53 Billion

31% GROWTH IN LOANS

TL **41** Billion

2009: TL 38 Billion

8% GROWTH IN SECURITIES

TL **79** Billion

2009: TL 69 Billion

15% GROWTH IN DEPOSITS

TL **17** Billion

2009: TL 14 Billion

22% GROWTH IN SHAREHOLDERS' EQUITY

TL **2** Billion

2009: TL 1.8 Billion

3% GROWTH IN NET FEES AND COMMISSIONS

TL **7** Billion

2009: TL 7 Billion

STRONG ORDINARY BANKING INCOME

TL **3.4** Billion

2009: TL 3.1 Billion

10% GROWTH IN NET INCOME

KEY FINANCIAL RATIOS*

2.8%

Return on Average Assets

22%

Return on Average Equity

18.1%

Capital Adequacy Ratio

3.1%

Non-performing Loans Ratio

*Based on BRSA Consolidated Financials

Garanti's commitment to sustainability was demonstrated in over 20% ROAEs the Bank delivered in the last five consecutive years. Garanti further reinforced its solid stance with the remarkable performance achieved in 2010.

Garanti Bank has leading position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **10 million customers** through an extensive distribution network that includes **863 branches, over 3 thousand ATMs**, Turkey's largest financial Call Center, and the state-of-the-art internet and mobile banking platforms. With its massive payment systems infrastructure consisting of more than **14 million debit and credit cards** and **over 405 thousand POS terminals**, Garanti today manages Turkey's largest merchant network via its innovative products and services.

Garanti, with its 70 branch openings in 2010 aiming to provide greater access to and convenience for its customers, continued to be the driver of the economy by its uninterrupted support. Garanti's **assets** reached **TL 136 billion 784 million 224 thousand**; while the support provided to the economy through **cash and non-cash lending** reached **TL 86 billion 622 million 946 thousand**.*

Garanti stands out with its **well-diversified** and **solid funding structure**. In 2010, customer deposits increased by 16% as compared to 2009 and rapid expansion of the customer base continued. As a natural consequence of Garanti's successful business model, which has been solidified through the Bank's effective strategy to capture wider customer base, high demand deposit levels were maintained. In 2010, the **share of demand deposits in total deposits** has been realized as **19%**.

In 2010, Garanti further **strengthened** its **capital base** and reached a lower financial leverage in its operations. As of year-end 2010, the Bank's **consolidated capital adequacy ratio** stood at **18%**. Garanti's **free equity** grew by **25%** on an annual basis.

In a year when Garanti focused on **core banking activities**, the Bank delivered 10% increase in net income despite the narrowing margins and continued to be the most profitable private bank in Turkey with the importance it places in **operational effectiveness**.

- **Dynamic** human resources capable of **making a difference**
- **State-of-the-art technology**
- **Innovative customer-oriented** products and services
- **Best customer relationship management solutions**
- **Strong** brand and reputation
- **Exceptional** data warehousing and management reporting
- **Centralized** operations
- **Integrated** financial services
- **Extensive** branch network
- **Use of alternative delivery channels**

Turkey's 2nd Largest Private Bank

13.3%

TOTAL ASSETS MARKET SHARE

Turkey's Largest Lender

13.4%

TOTAL LOANS MARKET SHARE

Undisputable Leader

20.4%

FOREIGN CURRENCY LOANS MARKET SHARE

#1 with its customer-centric growth strategy

12.8%

CONSUMER LOANS MARKET SHARE

#2* with its focus on relationship banking

12.0%

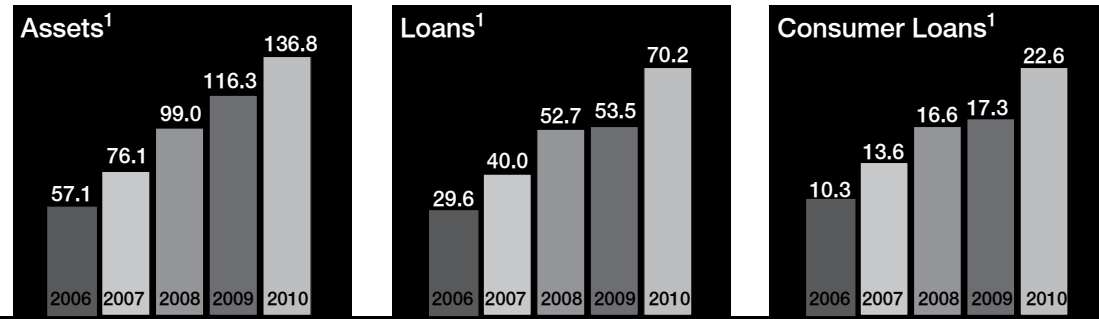
CUSTOMER DEPOSITS MARKET SHARE

#2* with its solid customer base

13.0%

DEMAND DEPOSITS MARKET SHARE

Note: Calculations were based on unconsolidated financials for fair comparison. Sector data represent commercial banks only. Consumer loans include consumer credit cards, housing loans, general purpose loans, and other consumer loans. *Rankings are among private banks.



Moved up in ranking with **24%*** asset growth
#2

Turkey's largest lender with **24%*** loan growth
#1

Pre-eminent retail banking model with **22%*** consumer loan growth
#1



Customer-focused, reliable, ally bank
24%* deposit growth
#2

Solid capital base
36%* equity growth
#3

Turkey's most profitable private bank
31%* earnings growth
#1

EXTENSIVE DISTRIBUTION NETWORK

- **863** branches
Covering **96%** of Turkey
- > **3,000** ATM facilitating > 140 transactions
- Turkey's Largest Financial Call Center with > **51 million** customer contacts per year
- Leader in **internet** and **mobile** banking
- **Leader** in assets, loans and deposits per branch

MASSIVE PAYMENT SYSTEMS INFRASTRUCTURE

- Leader in number of cards with > **14 million** debit and credit cards
- Largest merchant network with > **405k** POS terminals
- > **20%** market share in issuing and acquiring volume
Pioneer in payment systems
- Leader in spending per debit card: **2.5 times** the sector
- **Bonus:** The largest card platform in Turkey with > **12 million** credit cards

PRE-EMINENT BUSINESS MODEL WITH ITS SPECIALIZED SUBSIDIARIES

- **Leader** in bancassurance
- **#2** in equity turnover in the ISE
- **Leading** position with **TL 7.4 billion** assets under management
- **1 out of 5** entrants to the pension system choose Garanti
- **Leader** with **~2,000** leasing contracts

DYNAMIC AND COMPETENT HUMAN RESOURCE

- Effective team work of **~17k** employees
- **~90%** of employees are university graduates
- **~9 days** training/year/employee
- **~5,000** innovative ideas collected from employees
- The first Turkish company to hold **IIP** silver certificate

* Growth rates represent compounded annual growth rates over the past five years.
** Net income for 2007 was normalized to exclude non-recurring income from the sale of shares of Garanti Insurance and Pension Companies amounting to TL 669 million (post-tax) and non-recurring income from the sale of custody services operations amounting to TL 112 million (post-tax)
¹ Based on BRSB Consolidated Financials. Figures are in TL Billion.



ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT PAYMENT CAPABILITY

The consolidated net income of Garanti grew by **10%** year on year and reached **TL 3 billion 401 million 986 thousand** in 2010. The Bank's **return on average equity** stood at **22.3%**. Garanti's commitment to sustainability was demonstrated in over 20% ROAEs the Bank has delivered in the last five years. Garanti reinforced its solid stance with the remarkable performance achieved in 2010.

Today, Garanti Bank has **leading** position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **10 million customers** through an extensive distribution network that includes **863 branches, over 3 thousand ATMs**, Turkey's largest financial Call Center, and the state-of-the-art internet and mobile banking platforms. With its massive payment systems infrastructure consisting of more than **14 million debit and credit cards** and **over 405 thousand POS** terminals, Garanti today manages Turkey's largest merchant network via its innovative products and services.

Garanti, with its 70 branch openings in 2010 aiming to provide greater access to and convenience for its customers, continued to be the driver of the economy by its **uninterrupted support**. Garanti's **assets** increased by **18%** in 2010, reaching **TL 136 billion 784 million 224 thousand**; while the support provided to the economy through cash and non-cash lending reached **TL 86 billion 622 million 946 thousand**. Expanding its cash loans by **31%** in 2010, Garanti increased its share of loans in assets, by more than 500 basis points, to above 50% of assets. Garanti, with its **disciplined**

growth target, did not pursue market share increasing efforts based purely on price competition and in this respect, has been selective in terms of growth so as to manage the increasing pressure on margins in an **effective and balanced manner**. Garanti retained its **leadership in total cash loans** despite the slight dip in its market share, at the same time, was able to grow the retail loans more than the sector. Garanti expanded its mortgage loans by **31%** in 2010 and preserved its leadership position as the **largest mortgage provider in Turkey**. General purpose lending expanded by 78% in 2010 resulting in increased market share of 84 basis points year on year, which in turn, further reinforced the Bank's market position.

Garanti delicately addressed the issue of its non-performing loans on the back of the actions taken against the effects of the global crisis, and significantly improved the Bank's **asset quality** in 2010. Owing to the prudent credit policies and the positive developments in the economy, collections grew nearly by 20% in 2010, as compared to 2009, and NPL inflow declined by more than 50% within the year. While **NPL ratio** decreased from 4.1% in 2009 to **3.1%** in 2010, profitability of the Bank was strengthened with higher collection revenues than loan loss provisions within the period.

Garanti stands out with its **well-diversified and solid funding structure**. In 2010, customer deposits increased by **16%** as compared to 2009 and rapid expansion of the customer base continued. As a natural consequence of Garanti's successful business model, which has been solidified through the Bank's effective strategy to capture

wider customer base, high demand deposit levels were maintained. In 2010, the share of **demand deposits in total deposits** has been realized as **19%**.

In 2010, Garanti further **strengthened** its **capital base** and reached a lower financial leverage in its operations. As of year-end 2010, the Bank's **consolidated capital adequacy ratio** stood at **18%**. Garanti's **free equity** grew by **25%** on an annual basis, enabling the Bank to finance nearly 1/4 of its interest earning assets through free funds.

The enduring low-inflation period will lead to radical changes in the banking sector. Adopting a **proactive approach** as always, Garanti started realizing projects that will strengthen its leading position in the banking sector within this new period. We expect that the positive effects of these new projects will be observed starting in 2011 and add to Garanti's leadership in **efficiency** metrics and **non-interest income generation**.

Despite the challenging market conditions and plenty of uncertainties, Garanti's **dynamic balance sheet management** carried the Bank ahead in becoming the most profitable private bank in Turkey during the past two crisis-inflicted years. In a year when Garanti focused on **core banking activities**, the Bank managed to grow without entering into any irrational competition. Despite the narrowing margins, with the importance Garanti places in **operational effectiveness**, Garanti delivered a 10% increase in net income and continued to be the most profitable private bank in Turkey.

Based on BRSAs consolidated financials

GARANTI'S CREDIT RATINGS

Ratings of **Garanti Bank** represent the **highest ratings assessed for Turkish Banks**. The Long Term TL and FC ratings assessed by **Fitch Ratings**, the Long Term TL Deposit rating by **Moody's** and The Long Term TL and FC ratings by **JCR Eurasia Ratings** represent **investment grade**.



FITCH RATINGS	
Long Term FC	BBB-
Long Term TL	BBB-
Outlook: Positive	

STANDARD & POOR'S	
Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook: Positive	

JCR EURASIA RATINGS	
Long Term International FC	BBB-
Long Term International TL	BBB
Outlook: Stable	

MOODY'S	
Long Term FC	Ba3
Long Term TL	Baa1
Outlook: Positive	

CAPITAL INTELLIGENCE	
Long Term FC Obligations	B
Long Term TL Obligations	BB
Outlook: Stable	

You may find detailed information about Garanti's credit ratings in the consolidated financial statements 6.1 and unconsolidated financial statements 6.2 or you may follow Garanti Investor Relations website for any developments.

* <http://www.garanti.com.tr/investorrelations>

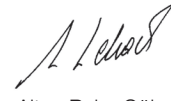
AUDITORS' REPORT

To the General Shareholders' Assembly of T. Garanti Bankası Anonim Şirketi

We have audited the calendar year 2010 transactions and accounts of T. Garanti Bankası Anonim Şirketi in accordance with the Banking Law No. 5411, Turkish Commercial Code, Capital Markets Law, generally-accepted accounting principles, related legislation and the provisions of the Articles of Association of the Bank. We determined that the Balance-Sheet and Profit and Loss Statements of the Bank comply with the accounting records, and such records comply with the relevant documents. Consequently, we recommend the approval of the Balance-Sheet and Profit and Loss Statement of the Bank for the year 2010 as submitted by the Board of Directors and also state that we agree with the allocation of the net profit within the principles proposed by the Board of Directors.



Murat İnan
Auditor



Altan Reha Göksu
Auditor

PROFIT DISTRIBUTION

Our Bank ended its 65th fiscal year with a profit of TL 3,145,232,842.38. We propose our esteemed shareholders profit be distributed as it is detailed in the below table in accordance with the "Article 45 - Distribution of the Profit" of the Articles of Association of the Bank, and the Head Office be authorized to initiate on April 11, 2011 the distribution of cash gross dividend and conduct the operations regarding the issue

Sincerely,

Board of Directors

2010 DISTRIBUTION OF THE PROFIT TABLE - TL

NET PROFIT	3,145,232,842.38
A - 5 % for the 1 st Legal Reserve Fund (TCC 466/1)Legal Funds	157,261,642.12
To Be Statutorily Set Aside and Saved in the Bank	20,996,353.85
B - First dividend corresponding to the 5 % of the paid up capital	210,000,00.00
C - 5 % Extraordinary Reserve Fund	137,848,742.32
D- Second Dividend To Ordinary Shareholders	360,000,000.00
D - Extraordinary Reserve Fund	2,223,126,104.09
2 nd Legal Reserve Fund (TCC 466/2)	36,000,000.00

INFORMATION ON 2010 DIVIDEND PAYOUT RATIO

INFORMATION ON DIVIDEND PER SHARE

	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND PER SHARE (NOMINAL VALUE: TL 1)	
		AMOUNT (TL)	RATIO (%)
GROSS(*)	570,000,000.00	0.13571	13.57143
NET	484,500,000.00	0.11536	11.53571

RATIO OF DIVIDEND TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS	
AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)	RATIO OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS (%)
570,000,000.00	19.15

(*)15% tax deduction on cash dividend payments will not be attributable to resident corporate entities and non-resident corporate entities who have establishment or permanent representative in Turkey.



INFORMATION ON GARANTI BANK SHARE

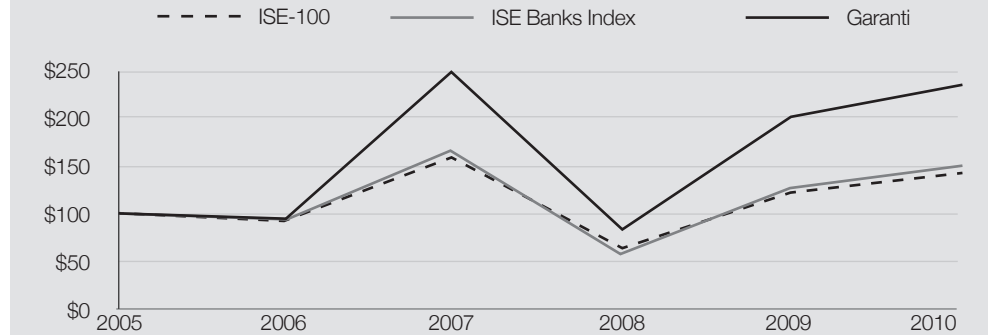
Garanti shares are traded on the Istanbul Stock Exchange (ISE) under the ticker symbol "GARAN". The shares are also listed on the London Stock Exchange Main Market (LSE).

Garanti shares were initially offered to public in 1990. In 1993, the Bank became the first Turkish company to offer its shares to international markets in the form of American/Global Depository Receipts (ADR/GDR). These international DRs are currently traded on the International Order Book (IOB), which is the international market of the LSE.

The shareholding structure of the Bank as of December 31, 2010 is presented on page 10 of this Annual Report. With a free float ratio of 49%, Garanti sustained its position as the company with the highest floating market capitalization in the ISE in 2010, as well. Garanti shares accounted for 13% of the turnover in the ISE-100 and 33% of the ISE Banks Index. Furthermore, Garanti shares constituted 24% of the foreign transactions in the ISE and represented almost half of the foreign transactions among all listed banks.

US\$ 100 invested in Garanti shares five years ago, increased to US\$ 246, whereas TL 100 invested reached TL 282 by the end of 2010.

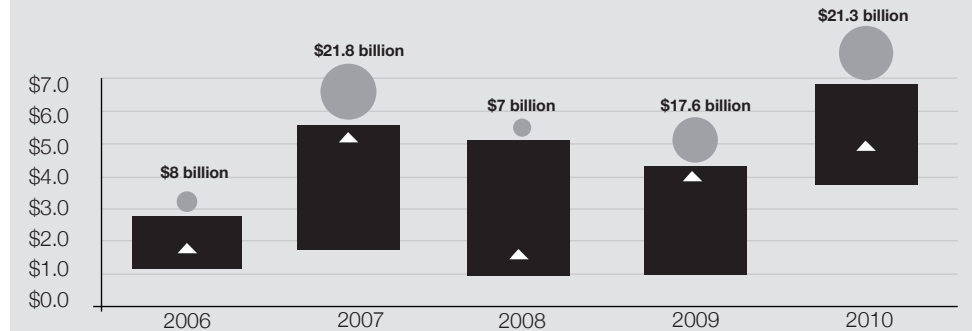
TOTAL CUMULATIVE SHAREHOLDER RETURN IN 5 YEARS



(US\$ - Year-end)	2005	2006	2007	2008	2009	2010
ISE-100	100	94	162	60	120	145
ISE Banks Index	100	91	162	58	126	146
Garanti	100	92	252	81	204	246

(TL - Year-end)	2005	2006	2007	2008	2009	2010
ISE-100	100	98	140	68	133	166
ISE Banks Index	100	95	140	65	140	168
Garanti	100	96	218	92	226	282

5 YEAR STOCK PERFORMANCE AND MARKET CAPITALIZATION



(US\$)	2006	2007	2008	2009	2010
High*	2.70	5.40	5.03	4.32	6.65
Low*	1.21	1.71	1.03	1.04	3.55
Close	△ 1.90	5.19	1.66	4.20	5.06

(TL)	2006	2007	2008	2009	2010
High*	3.57	6.34	5.88	6.28	9.38
Low*	2.00	2.45	1.74	1.87	5.49
Close	△ 2.68	6.05	2.54	6.28	7.82

● Market Capitalization (in US\$) * based on closing prices

Stock prices are adjusted for dividend distributions in April 2006, April 2007, September 2009 and April 2010; and capital increase in July 2008. (Source: Thomson Reuters)

“Hard work has made it easy. That is my secret. That is why I win.”

Nadia Comaneci (The first gymnast ever to be awarded a perfect score of 10 in an Olympic gymnastic event at the 1976 Summer Olympics, Nadia Comaneci of Romania has played a major role in popularizing the sport.)



OUR AWARDS

Honored with numerous national and international awards for its performance and successful results in every aspect, Garanti constantly strives harder to do even better.

AWARDS



Constantly developing innovative products and services with its customer-centric approach, Garanti has been honored by numerous national and international prestigious institutions with its exemplary practices. These awards motivated Garanti to achieve better and surpass global standards in all the fields it operates.

Garanti: “Best Managed Company in the Central and Eastern Europe” once again

Garanti Bank has been recognized as the “Best Managed Company in the Central and Eastern Europe” by Euromoney for the second consecutive years.

Garanti: “Best Bank in Turkey”

Garanti is recognized for the tenth time as the “Best Bank in Turkey” by Euromoney, one of the world’s leading financial magazines. Eagerly anticipated in finance circles every year, this particular award has never been received as many times as Garanti did by any other Turkish companies.

Garanti Bank has been voted as the “Best Bank in Turkey” by the Banker, Financial Times group’s leading finance magazine, based on the objective opinions of expert banking professionals and analysts.

STP Quality award to Garanti for the 7th time from the world banks

Garanti has been granted “Quality Award” by JP Morgan Chase Bank and Commerzbank AG Bank for achieving huge payment volumes with high straight through processing (STP). Garanti has also received STP Excellence Award (EUR & USD payments) for the seventh time from Deutsche Bank.

Garanti: Best Domestic Cash Management Bank

Garanti, with the customers’ votes, named as the “Best Domestic Cash Management Bank” in Turkey once again in the Cash Management survey conducted by Euromoney for the tenth time.

Garanti Cash Management was also awarded by Treasury Today for one of its unique supply chain solutions, “Golden Key” designed for Atasay and its dealers. Garanti received the prize in Banking Relationship Management category.

Two awards to Garanti in Project Finance

Euromoney/Project Finance Magazine’s “European Hydro Deal of the Year” prize was awarded to the financing arranged for the Boyabat HEPP project – the largest private sector hydro power project in Turkey, while the “European Utilities Deal of the Year” prize went to the financing arranged for the privatization of Uludağ and Çamlıbel electricity distribution companies. Both financings were closed in 2010 with Garanti Bank’s substantial efforts as MLA.

Garanti: “The Best Private Bank in Turkey”

Garanti Masters Private Banking received the “Best Private Bank in Turkey” award from The Banker and PWM (Professional Wealth Management), periodicals by the Financial Times group, within the frame of 2010 Global Private Banking Awards. This marks the first time a bank from Turkey has been honored with this award given to institutions that set the standards of excellence in wealth management in private banking.

Further, in 2010 Garanti Masters Private Banking has been designated as the “Best Local Private Bank” operating in Turkey for the second time in a row by Euromoney magazine.

Gold Medal for Garanti Call Center

Garanti Bank Call Center was awarded with silver medal in the “Best Contact Center”, “Best Outbound Campaign” and “Best Technology Innovation” categories in Europe, Middle East and Africa region in the 2009 Contact Center World Awards, and with the gold medal in the main category the “Best Call Center” in 2010.

The Golden Spider goes, once again, to Garanti

Garanti collected the awards in 2010 at the Golden Spider Web Awards, the first and only event not affiliated to any platform in Turkey. www.garanti.com.tr won the 1st Prize in “Online Banking” category for the eighth time.

Garanti iPhone e-Trader tops the rankings

Garanti iPhone e-Trader application is granted the “First Prize” in Financial Services/Best New Product & Services category at The Stevie International Business Awards which is considered to be the world’s premier business awards

Four awards to www.garantimortgage.com

Garanti Mortgage’s website garantimortgage.com collected four awards in 2010: “Outstanding Achievement Award” in the WebAward Competition and Interactive Media Awards Financial Services categories, “Award of Distinction” and the “Highest Honor” in Financial Services category in Communicator Awards 2010.

Another first from Garanti, the Mortgage Expert

A first among mortgage applications of banks... The viral encouraging consumers to be a homeowner instead of living in a rented place, www.kiracinindrami.com was the “Midas Finalist Winner” in Art Direction category at the Midas Awards, an international competition in the communication of financial services.

Best Investment Bank again in 2010: Garanti Securities

Garanti Securities has been bestowed with the “Best Investment Bank 2010” award by Global Finance financial magazine for the fourth consecutive year.

Two international awards to Garanti Technology

Garanti Technology won the first prize for the Video Contact Center project developed for Garanti Bank in the “Most Innovative UC and Collaboration Project of the Year” category within the frame of Cisco Networkers Innovation Awards 2010 organized in Bahrain.

Garanti Technology, along with Avea, received the ‘Best New Product Launch’ award in October 2010 at The Telecoms World Awards/ Middle East held in Dubai for the NFC project that makes use of contactless communication feature of SIM cards on mobile phones and enables making small amount payments via the mobile phone.

New hobby for Garanti Pension: award collection!

Garanti Pension Hobby Clubs project has again been the recipient of multiple significant awards given by national and international prestigious institutions in 2010: “Distinguished Honoree” award in “Advertising and Campaigns, and Financial Services” categories at the Stevie Awards; “Excellence” award in “Marketing, Customer Services– Financial Services” category at the PRSA Silver Anvil Awards, and the “Golden Compass” award at the Golden Compass Public Relations Awards. Garanti Pension also won the first prize at 2010 Golden Spider Web Awards for its www.garantiemeklilik.com.tr website.

Garanti Factoring: The Most Admired Factoring Company again in 2010

Garanti Factoring has been named the “Most Admired Factoring Company” in Turkey once again in 2010 based on the results of the broadly-participated survey carried out by Capital magazine among thousands of professional managers and businessmen.

A year full of awards for GarantiBank International

Garanti Bank International (GBI) has been awarded the silver medal in the “Best Trade Bank in Eastern Europe” and the bronze medal in the “World’s Best Trade Bank in Soft Commodities” categories given by Trade & Forfeiting Review magazine in 2010.

GBI has also taken the third place in the Best Bank in the Dutch Deposits Market rankings in a poll conducted by *www.independ.nl*, an independent website that specializes in deposit and insurance products.

Garanti conquers Romania with Bonus

Garanti Bank SA, Garanti Bank’s subsidiary in Romania, continues its operations successfully. With Bonus Card, the outstanding card loyalty program in Turkey with its innovative features and technology Garanti Bank SA received the “Most Active Bank in the Romanian Card Market” award of Cards Forum and the “Best Selling Credit Card” award of No Cash magazine in 2010.

Garanti Payment Systems inundated with awards

Developed in cooperation with Avea, BonusluAvea product received the “Most Innovative Use of IT” award at the Banking Technology Awards in the UK and was selected the “Best New Product” by Telecoms World.

Bonus Card and Shop&Miles have been named “Best Brands in Turkey” and they both appeared in Superbrands 2010 Turkey catalogue.

At the Turkish Direct Marketing Association Awards, Garanti won the first prize in three categories with the campaign “In commemoration of the 10th Anniversary of Bonus Card, cross the bridges for free Turkey” organized to celebrate 10th anniversary of Bonus card, offering free passage from the Bosphorus bridges: Integrated Promotional Marketing, Most Creative Direct Marketing Implementation and Guerilla Activities. The campaign was also selected the “Most Daring Project”, while events organized for celebrating the 10th anniversary throughout the year were honored with the “first prize”.

Garanti was named the ‘lovemark’ from amongst the first place holders of 23 categories and won the “Blue Ribbon” at the MediaCat Felis Awards that selects the best media ideas and strategies.

Besides the Blue Ribbon, Garanti won the first prize and achievement awards in five other categories at the MediaCat Felis Awards. Bonus Card 10th Anniversary campaign brought the first prize for the Best Use of TV, Best Use of Cinema, Best Use of Multimedia and Adults categories, while Beyoğlu Digital Interactive Screens project was deemed worthy of a ‘Certificate of Achievement’ in the Best Use of Digital Signage.

Developed to share the joy of Bonus Card’s 10th anniversary and to set masses in motion, advergaming won the Silver medal in Interactive Digital Out-of-Home category at the Mixx Awards. The same project was also the recipient of the first prize in the “Most Creative Use of Digital Media” category at the MCI Digital Age Awards, and the “Best Game-Based Marketing Campaign” category at AVEA GIA Awards.

Garanti websites collected awards again in 2010

Bonus Card’s website at www.bonus.com.tr has been honored with the “Midas Finalist Winner” award in the Credit Card category at the Midas Awards organized by the International Awards Group.

Money Card’s website at www.money.com.tr won the “Outstanding Website” award, the highest honor at the Internet Advertising Competition Awards 2010.

Flexi Card’s website at www.flexicard.com.tr earned the “Silver” medal in two categories, namely “Financial” and “Professional Services” at the Davey Awards.

Corporate Social Responsibility Awards for the support to women entrepreneurs and No Limits in Teaching projects

In 2010, Garanti Bank was deemed worthy of two different international awards for its projects directed towards women entrepreneurs. The winner of the first prize in the “Corporate Social Responsibility Program” category at the European Excellence Awards, Garanti claimed the first prize in the “Corporate Social Responsibility Programme of the Year in Europe” category also at The Stevie International Business Awards.

Garanti took the second place in the “Corporate Social Responsibility Programme of the Year in Europe” category at The Stevie International Business Awards for the “Öğretmenin Sınırı Yok” (No Limits in Teaching) project conducted by the Teachers Academy Foundation set up by the Bank.

Training and Development Management Award from PERYÖN to Garanti

On the basis of the criteria designed by PERYÖN (Personnel Management Association of Turkey) and the results of the assessment processes determined by PriceWaterhouseCoopers, Garanti was honored with the “Training and Development Management” award by PERYÖN, Turkey’s largest-scale NGO in human management.

9 awards to Garanti’s 2009 Annual Report

Garanti’s 2009 Annual Report was recognized by the League of American Communications Professionals’ (LACP) 2009 Spotlight Awards - Encore Competition in 3 different award categories. The report received first place with “Platinum Award” in overall Annual Report category and selected as the “Most Creative”. The report was also ranked # 3 in the Top 50 Communications Materials of 2009.

Garanti also received the Silver Vision award in Banking category at the Vision Awards, organized by LACP, in which there were over 4,000 entries from 25 countries.

Garanti’s 2009 Annual Report received 3 awards in MerComm, the organization sets that the standard of excellence in communication. Garanti honored with Gold Award for Green/Environmentally Sound Annual Reports; Gold Award for Non-Traditional among banks; Honors Award for Financial Data among international public banks. In the ARC Awards, globally recognized as the “Oscars” of the Annual Report Competition, judging is based on the values of creativity, clarity, effectiveness, and excellence. Garanti showed an outstanding performance

among participants from 60 countries with its extraordinary, environmentally sound report and expression of financial data.

Garanti, bronze award winner of last year honored with Gold Award in 2010 at the 21st International Galaxy Awards Competition held by MerComm.

Garanti well-recognized at Investor Relations Awards 2010

At the Investor Relations awards 2010 organized by Acclaro for the second time, Garanti named in 3 categories. Honored with the first place in “Turkey’s Best Investor Relations Department” and “Turkey’s Best Investor Relations Annual Report” categories, Garanti took the second place in “Turkey’s Best Investor Relations by the CEO” category. With “Turkey’s Best Investor Relations Department” award, Garanti has become the only company to rank first in this category for the second consecutive years. Winners were selected with the participation of investors and analysts from international financial institutions and by electronic voting conducted by Thomson Reuters Extel Surveys.



"The only side effect of too much training is that you get into better shape. There is nothing wrong with that."

Mark Andrew Spitz (Winner of seven gold medals at the 1972 Munich Olympic Games, the famous swimmer broke 33 world records in his career. He was named World Swimmer of the Year in 1969, 1971 and 1972.)

2010 ACTIVITIES

Always dynamic and in shape with its customer-centric approach, superior technology, swift workflows, innovative culture, successful relationship management, and quality service understanding, Garanti adds value to its customers' lives with its numerous offerings.

RETAIL BANKING



Garanti Bank, stands out from the competition in retail banking, with its service model designed with a **particular focus on sales** which is supported by **solid customer relationship management (CRM) infrastructure, competent human resource and rich product variety. The Bank continues to make life easier for its millions of customers with innovative marketing approach, combined with effective and dynamic process management.**

Active in retail banking for 23 years in line with the principle of “making a difference” in the lives of individuals, Garanti Bank focuses on making life easier for its customers utilizing its state-of-the-art technological infrastructure and broad product and service portfolio.

The innovative marketing approach and effective and dynamic process management underlie Garanti’s long-standing leadership in retail banking and successful service offered to millions of customers from different segments of society.

The key elements that set Garanti apart in retail banking are:

- Customer-centric corporate culture,
- Innovative product processes and performance systems,
- Innovative products, services and practices to suit the changing needs of customers,
- Dynamic, constantly developing and highly-qualified human resources,
- A broad-based and expanding network of physical distribution channels,
- Reliable and innovative alternative delivery channels,
- State-of-the-art technological infrastructure

enabling fast and effective performance monitoring.

2010 Activities

Observing profitability along with growth in 2010, Garanti Bank had a productive year in terms of retail banking, and registered solid growth in consumer loans, particularly in general-purpose lending. Introducing a new approach to the general-purpose loan market with the “Full Support” platform, Garanti stood by its customers in every phase of the loan process. Credit consulting service offered within the scope of Full Support, along with the facilities to increase the loan amount if needed during the repayment period, to reduce or postpone their installments, to extend new credit line upon full repayment, and to offer “former credit customer” discount services, supported the expansion of the general-purpose loan portfolio, while enhancing the loyalty of existing credit customers. Garanti continues to offer general-purpose loans for different segments through innovative marketing approach like “Full Support”. In addition, Garanti, in 2010, kept up with its strategy to broaden its customer base by developing alternative deposit and investment products.

Garanti Bank continued its rapid branch expansion, initiated in 2008, at full speed in 2010 and increased its new customer acquisition. The Bank, continuously pursuing efforts that will increase the activities of salary payment customers who offer high prospects for cross-sales opportunities, secured higher profitability and efficiency in this aspect, as well. Garanti currently offers services through 863 branches and a retail banking sales and relationship management team of 2,000 and serves a retail customer base of 8.4 million, 1.6 million of which is made up of salary payment customers.

Reaching TL 45 billion in 2010, retail banking volume share in the Bank’s overall business volume increased from 26% to 28%. Consumer loan disbursements totaled TL 8.8 billion, and Garanti’s retail deposit volume, amounting to TL 28.8 billion, upped its share in the Bank’s total deposits from 37% to 39%.

Consumer Loans

Garanti kept growing in consumer loan products capitalizing on creative marketing concepts targeting different customer needs. Garanti expanded its retail banking mortgage portfolio to TL 7,861 million, thereby maintaining, in 2010, its leadership in this segment that had been ongoing since 2007. General-purpose loan disbursements extended to individuals got the largest share within the total consumer loan disbursements with the 54%. The volume of retail banking general-purpose loans reached TL 4.767 million, while that of auto loans stood at TL 787 million by the end of 2010.

Retail Deposits and Investments

Garanti’s retail deposit base grew 24% in 2010, bringing the Bank’s market share in savings deposits to 11.85%. The drivers behind this growth were widespread availability, scale, reliability, quality service, customer satisfaction and innovative products.

Structured deposits that were launched in 2010, principal protected funds (Agriculture, ISE 30, linked to USD/TL and Gold) and similar alternative deposit and investment products served to enrich the financial products line.

Other Products that Make Life Easier

In 2010, Garanti continued to make life easier for customers through its service-oriented products. At the end of last year, 3.2 million customers were using E.L.M.A., while 2.1 million customers had automatic-payment facility and another 1.7 million were making use of overdraft accounts aiming to finance short-term cash needs of individuals.

Life Cycle Banking

In 2010, youth banking program “g’bank” and university banking program “Unibank” were merged under Extragenç. Extragenç, targeting youngsters aged between 15 and 23, was built on the main premise of offering benefits for the youth and positioned as the new youth banking program of the Bank.

Projections for 2011

Garanti Bank will maintain its focus on growth also in 2011. Consumer loans, led by general-purpose and mortgage loans, are designated as the areas that will guide the growth target. Garanti, which will continue to broaden its branch network and product portfolio, will support the expansion in its customer base with the emphasis placed on new salary payment customer acquisition. In achieving all these objectives, the Bank will keep giving the foreground to its customer-centric approach as always, and go on pioneering the retail banking segment. To this end, Garanti will uninterruptedly continue to invest in its qualified human resource, solid technological infrastructure, and effective physical and alternative delivery channels, thereby responding to evolving consumer needs with innovative product and service processes.

In 2010
67%

Growth in

**TL GENERAL PURPOSE
LOANS**

46%

Growth in

TL MORTGAGE PORTFOLIO

32%

Growth in

**TL TIME DEPOSIT
ACCOUNTS**

PRIVATE BANKING

Garanti Masters Private Banking successfully remains the leader on the back of its robust portfolio performance, numerous innovative products designed specifically for private banking customers, and high-quality services offered by a well-trained and experienced team.



Garanti Masters Private Banking offers private banking service through the widest product range available in the sector and on the basis of a wealth management approach in the tradition of our western peers. Formulating innovative products that fit the customers' risk appetite, needs and expectations, Garanti Masters creates a difference with its return quality, as well as service quality.

Eligibility criteria for accessing the private banking services of Garanti Masters, which targets customers with a net-worth of US\$ 1 million and above, require a minimum asset size of US\$ 500,000. Working exclusively with real persons and servicing over 7,000 clients, Garanti Masters currently manages more than US\$ 4.5 billion in total assets.

Garanti Masters operates with a team of 172 specialists and 12 private banking branches: seven in Istanbul, one each in Ankara, Izmir, Bursa, Antalya and Adana.

2010 Activities

The low interest rate environment and the rise in investors' appetite for alternative investment products in 2010 intensified the need for seeking financial consultancy services from specialized, experienced institutions and individuals. 2010 has been a stellar year in many aspects for Garanti Masters Private Banking. On a year-on-year basis, the number of customers grew 11% and went up from 6,880 to 7,645, assets under management augmented 9.1% and rose from TL 5.9 billion to TL 6.4 billion, while commissions earned were up 16% from TL 24.1 million to TL 28 million. Garanti Masters secured a total of TL 535 million new assets in 2010.

The private banking business line took an important share in the Bank's total transaction volumes. Garanti Masters accounted for 44% of the T-Bill, Government Bond and Eurobond trading volume of individual investors with

TL 1.29 billion, and 19.3% of the Bank's equity trading volume of individual investors with TL 12.8 million. Of Istanbul hedge fund sales that reached TL 144 million, Garanti Masters got 86.4% share.

The business line's mutual funds that averaged TL 498 million in 2009 were up 30% in 2010 and reached a yearly average of TL 650 million, and the year-end balance grew by 23% to TL 706 million. The share of mutual funds in the business line's total assets rose from 10% to 11%, while the business line's share in Garanti Bank's total fund volume was 43%. In 2010, 17% of the business line's total mutual funds consisted of funds issued specifically for Garanti Masters customers. Meanwhile, the private banking business line constituted 25% of Garanti's total options trading volume.

Last year, Garanti Masters once again introduced a series of products specifically designed for private banking customers that were unprecedented in the sector. These products included, among others, structured deposits linked to selected emerging currencies (ruble, peso and TL), Japanese yen, Canadian dollar, LIBOR, ISE-30 and oil. In addition, selected industrial metals (platinum and copper), agriculture and global luxury brands funds under the capital guaranteed funds were the other products that stood out as pioneering solutions in the sector. The business line got 27% share of Garanti's capital guaranteed funds.

In 2010, Garanti Masters increased the diversity of structured deposit products in view of the developments in national and international financial markets also taking into consideration clients' expectations and needs, and designed the best fitting alternative products. In the reporting period, the business line posted US\$ 380 million on the sales of structured deposits, option

strategies, capital guaranteed funds and Istanbul hedge fund.

Possessing expertise in financial markets through their education and experience and holding licenses from the CMB, Private Banking Customer Relationship Managers, in cooperation with the Wealth Managers in charge of the pension plans of Garanti Masters customers within the Garanti Pension Company, continued to handle the customers' pension plans in line with the market conditions. In 2010, Garanti Masters reached 27% of the Bank's share with TL 23.4 million in Private Pension Insurance production, and reached 7% of the Bank's total Pension Funds under management with TL 116 million.

Garanti Masters kept taking on various organizations and sponsorships in 2010. In this context, the business line continued to extend support for the development and recognition of equestrianism as the main sponsor of the Turkish Equestrian Federation and Turkish National Teams. During the course of the year, Atatürk and Presidential Cups, Istanbul Horse Show, and many other cups were sponsored. Cultural and artistic activities such as Istanbul Jazz Center Concerts, various exhibition inaugurations and special invites were hosted for Private Banking clients. In addition, Garanti Masters held the conference "In Search of Global Recovery: Growth Scenarios in Economies and its Effects on Financial Markets" with the support of the Institute of International Finance (IIF) for its Private Banking clients.

During 2010, technical and personal development training programs continued for the Private Banking Customer Relationship Managers, which included, among others, advanced portfolio theory and contemporary art training. Within this context, head office and branch staff attended domestic and international training programs for an average of 9.3 days.

Garanti Masters continued to introduce new groundbreaking services in the sector in 2010. One of the latest products of the business line, the horse insurance developed within the frame of the support given to equestrianism took its place among special solutions provided to customers. Following Masters Online Magazine, Garanti Masters Digital Newsletter was launched in April 2010. This digital media gives Private Banking business line an opportunity to reach a broader client base, while providing information on the major organizations in cities where Garanti Masters is active.

Projections for 2011

Drawing on its innovative banking services and products, advanced technological infrastructure, qualified human resource and solid portfolio performance, Garanti Masters aims to maintain its leading position in private banking in 2011. Planning to maintain the increase in the number of customers and in total assets under management in 2011 as it did in 2010, Garanti Masters targets development with strict adherence to quality not only in terms of the total assets under management, but also in terms of the scope of services offered and product diversity. Introduced at the beginning of 2011, tax consultancy service provided to clients in cooperation with PwC Turkey stands out as a step taken in line with this approach.

TL 6.4 Billion

ASSETS UNDER MANAGEMENT

TL 706 Million

up 23% year-on-year

MUTUAL FUNDS

\$380 Million

up 67% year-on-year

STRUCTURED PRODUCTS

SME BANKING

Garanti further strengthens its leadership position in SME banking through the difference it makes as being the ally bank of its customers, via its extensive branch network, with its specialist staff which stand out with exemplary team work, with its innovative products that cater to diverse needs of the SMEs along with the advisory services enabling its customers' easy access to information.

Known as the Bank of SMEs, Garanti has been serving enterprises from different sectors with an annual turnover of up to TL 10 million, as well as their shareholders and owners, with a wide range of products and customer-oriented approach since 1997.

The key qualities that solidify Garanti in SME banking and fortify the Bank's leading position are financial solutions produced and advisory offered with a focus on the needs and priorities of SMEs, specialty products geared toward the requirements of the relevant sector and the region, and its innovative approach backed by extensive branch network, qualified human resource, and strong technological infrastructure.

Garanti Bank draws the attention in SME banking for its pioneering activities, as well. The first bank to use the word SME in its service model and to introduce sector-specific packages in an effort to approach its customers on a sectoral breakdown, Garanti is also the first private Turkish bank to arrange its organizational structure on the basis of the head office, regional offices and branches to serve the SMEs most effectively.

2010 Activities

"The Bank of SMEs", Garanti once again showed that it is an ally bank in 2010. Continuing to be there for the SMEs for all kinds of financial and consultancy needs in the reporting period, Garanti kept extending affordable support to its customers. In 2010:

- The banking volume contributed by SME banking was up 38% as compared with December 2009, and reached TL 20 billion.
- Achieving considerable expansion in deposits, Garanti realized 18.4% growth in its FC deposits and 46.8% in TL deposits year-on-year, and reached TL 10.5 billion in total deposits. With this performance, SME banking had 14.9% share of total deposits across Garanti.

- Garanti extended 157,000 new loans to the SMEs with a total worth of TL 6.7 billion. Garanti had 12.60% and 10.43% share in cash and non-cash loan markets, respectively, according to the official definition of SMEs across the banking sector.
- Continuing to expand its SME customer base in 2010, Garanti increased the number of its SME banking customers to 1,271,000.
- Garanti acts as an intermediary for the loan interest support projects provided by KOSGEB (Small and Medium Sized Industry Development Organization); in this frame, the Bank provided support to SMEs for the financing of manufacturing, exports, production and employment. In 2010, the Bank extended 23,800 loans amounting to TL 843 million under five support programs of KOSGEB.
- Garanti started acting as an intermediary for the "Growth Support Linked to Scale" and the "SME Export Finance Support" programs introduced by KOSGEB in November. Ranking first in applications with 34% share in the "Growth Support Linked to Scale" program and with 23% share in the "SME Export Finance Support" program, Garanti endorsed that it is the bank most frequently preferred by SMEs.
- Supporting small enterprise owners through discounted interest rates on loans and advantageous product proposals, Garanti extended TL 268 million in Business Owner Support Loan to 15,900 customers during 2010. While TL cash loans extended to micro enterprises increased by 33% across the sector, Garanti reached 50% growth in TL cash loans extended to these micro enterprises.
- Through the Women Entrepreneurs Support Package, Garanti provided new loan support in the amount of TL 126 million to more than 3,300 women entrepreneurs last year. 12,000 loans extended to date to women entrepreneurs by Garanti amounted to TL 349 million. Aimed at supporting and encouraging woman entrepreneurship, the

Woman Entrepreneur of Turkey Competition reached 3,600 participants in its fourth year. In addition, with the Women Entrepreneurs Meetings, more than two thousand women entrepreneurs were reached in total, creating a platform for exchanging information, opinions and experience in management, marketing, and technology.

- Strengthening and maintaining cooperation with the chambers of commerce, industry and trade in various cities within the frame of its service understanding focusing on local needs since 2002, Garanti granted over 35,000 loans, amounting to TL 1.2 billion, to SME customers.
- Continuing to finance agricultural activities, Garanti undertook joint efforts with the Development Agencies, IPARD (Instrument for Pre-Accession Assistance for Rural Development), Kayseri Sugar Plant and the Pioneering Farmer Association (Önder Çiftçi Derneği). New loans extended to farmers with a grace period that is aligned with harvest times were up 20% year-on year and reached TL 122 million. Garanti disbursed TL 27.2 million within the framework of Turkish Grain Board Receipts and increased its share in all banks to 34.3%.
- Garanti acted as an intermediary in the channeling of overseas funds created by the European Investment Bank (EIB), Development Bank of Germany (KfW), the US Overseas Private Investment Corporation (OPIC), and European Bank for Reconstruction and Development (EBRD) to the SMEs. The loans extended under these agreements totaled TL 543 million in 2010. With the addition of the funds to be provided by the Council of Europe Development Bank (CEB), the financing support to the SMEs is projected to amount to TL 293 million in 2011.
- Thanks to the strategy of growing in loans by correct risk measurement and effective risk monitoring policies, the NPL ratio stood at 3.27% as of December 2010, significantly below the overall sector figure.

- With the participation of 3,000 SME representatives, Garanti organized seven Anatolian Meetings, aiming to bring industrialists and managers in Anatolia together with Turkey's leading experts and join forces to develop regional solutions. Since 2002, the Bank has met 22,000 SME representatives in total at 69 gatherings in 51 provinces. The Bank plans to hold eight Anatolian Meetings in 2011.
- 12,700 customers made use of the "SME Health Package" introduced in 2009, which provides "emergency cover" in cases requiring urgent treatment, offers "sickness support cover" and gives access to complementary healthcare including dental care package and flu vaccination.
- The Bank introduced "SME Bill Payment Protection" insurance product, under which disability cover is provided by Garanti Bank in the event of temporary disability, death, or permanent total disability of SME customers resulting from an accident or illness.

Projections for 2011

- In 2011, Garanti targets to maintain its customer-centric approach and sustain any support given to assist the SMEs in their development, along with achieving profitable and healthy growth through adding new customers to its existing clientele. Along these lines, priority activities identified by Garanti SME Banking for 2011 are presented below:
- Focus on attaining increase in the number and volume of loans,
 - Effective management of non-interest income and commissions,
 - Continue to give weight to customer visits and cooperation with local/sectoral organizations to strengthen customer relations,
 - Introduce new products and services that facilitate, and provide protection for, the commercial lives of SMEs,
 - Offer advisory service to provide SMEs with easier access to information.

TL 20 Billion

BANKING VOLUME

157,000

new loans through


**A SUPPORT OF
TL 6.7 BILLION**

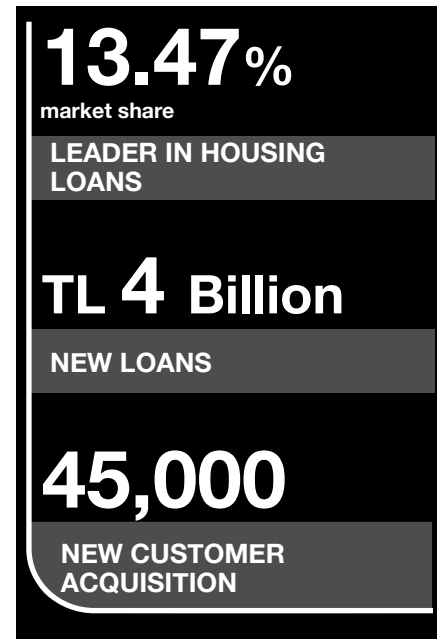
23,800

loan disbursements totaling

**TL 843 MILLION WITHIN
THE SCOPE OF KOSGEB
PROGRAMS**

HOUSING FINANCE

Offering Turkey's
 sole certified
Mortgage
Expertise through
the widest
range of products,
advanced processes,
and broadest
delivery channel
alternatives, Garanti
successfully remains
the leader and the
pioneer in the market
with its innovative
operations in housing
finance.



Established in October 2007, Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. (Garanti Mortgage) makes a distinction in the sector with the name "Garanti, the Mortgage Expert" that stands out with its product variety, its focus on delivery channels, its field teams and outstanding service quality.

Garanti offers service to customers willing to purchase house via its specialist staff and underlines the message that Garanti should be the first point of contact for all consumers. The key characteristics that make Garanti strong in this field include its Portfolio managers who become specialists upon completion of a certification program and its ability to offer various product options via the call center, the Internet and mobile phones in addition to branches.

2010 Activities

Preserving its leadership in 2010, Garanti continued to turn its customers' home-ownership dreams into reality in 2010. During a period of intense competition, Garanti's housing loans portfolio significantly grew by 35% to TL 8.2 billion at year-end 2010 with a market share of 13.47%. The housing loan portfolio expanded on the back of its service quality, delivery channels and wide variety of products responding to different customer needs, and brought the share of housing loans within total consumer loans excluding credit cards to 56%.

In 2010, Garanti gave priority in housing finance to support its service quality, to acquire new customers with its expertise in mortgage, to keep its focus on profitability and market share. Focusing on improvement in processes for execution of "the fastest" and "most accurate" underwriting, Garanti continued to introduce sector-pioneering practices with its new payment plan alternatives for customers with different needs and risk perceptions. The new "quick application" process made it possible for Garanti to instantly respond to housing loan applications. Today with the utilization of its improved and rapid processes, Garanti averages 3 days to finalize a mortgage application and makes its customers home-owners.

Pursuing a strategy of using alternative delivery channels in an effective manner, "Garanti,

the Mortgage Expert" ensured that 25% of the loans extended by the Bank took place with referrals from real estate agencies. Garanti continued to make investment on expert-training and organized educational conferences for real estate agencies in various cities during the year.

Garanti continued to use its alternative delivery channels, notably its call center; the ratio of customers initiating the application process via the call center continued in the region of 6% within total loan extensions. Daily serving 750 people on average with a team of 20 specialists since April 2008, Turkey's first mortgage call center at 444 EVIM (HOME) continued to respond incoming calls with an average of 10 seconds.


Activities continued in 2010 to improve garantimortgage.com, Turkey's first housing loan website backed by a bank, and the website received four international awards. Prepared with the support of "Garanti, the Mortgage Expert", the REIDIN Real Estate Index that went live in 2009 remained the real estate index that was most closely followed-up in Turkey. Garanti launched various viral video and web sites in an effort to increase the prevalence of housing loans on the consumer side. As a result of these activities, the Bank won an award for kiracinindrami.com.

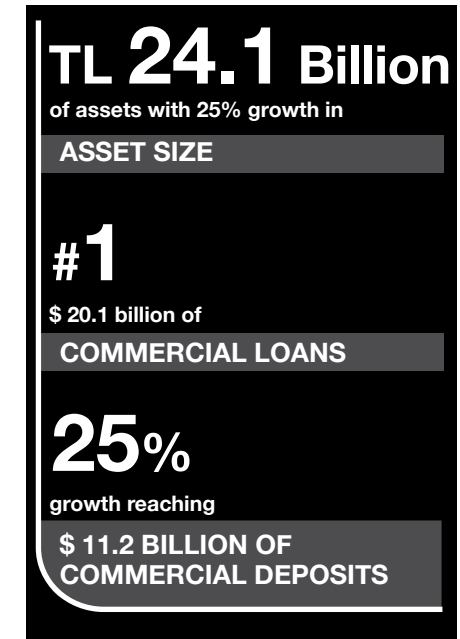
Projections for 2011

In 2011, Garanti Bank aims to constantly enhance its service quality and improve its delivery channels to offer its expertise to a wider base of customers, while continuing to outperform the sector's growth and maintaining its market leadership.

Delivery channels will continue to be the main focus for Garanti in 2011. In order to maintain its leadership and expertise, Garanti will keep providing certified mortgage trainings to branch personnel, strengthening relationships with real estate agencies, taking on developer financing activities, and launching new and pioneering online initiatives. Additionally, the Bank aims to broaden the services offered via alternative delivery channels and to add information and application features to the call center and online banking services.

COMMERCIAL BANKING

Garanti, Turkey's
 largest lender,
carried on its stable,
profitable and sustainable
growth as the primary
banking partner of its
customers through
its customer-
oriented strategy,
extensive service
network and improved
product range that call
for specialization
in various fields,
and sustained its
leadership position in
commercial banking.



Garanti, operating as the primary banking partner of its customers by offering custom-tailored solutions quickly and at the most favorable terms to companies with an annual turnover of above TL 10 million or a credit line of above TL 2 million through a rich array of high value-added products and services, is the first bank that comes to mind in the commercial banking segment. The key elements that render Garanti's performance in commercial banking sustainable are effective risk management, its expertise in relationship banking, and custom-tailored solution concept that fulfill the needs of customers from different sectors.

Garanti serves its commercial customers with a total of nine dedicated commercial banking branches located in Istanbul, Ankara, Bursa and Antalya, 330 commercial customer relationship managers working in 196 branches across 46 provinces, and 492 commercial and SME customer representatives.

2010 Activities

Moving one step ahead of competition as a result of its customer-oriented approach implemented during the crisis, Garanti continued to fulfill the funding needs of its customers with a business partner approach, supported by its solid capital structure, asset creation and asset management capability, also in 2010 where the effects of the economic crisis started to diminish.

Growing its customer base on the back of effective relationship banking management and extensive service network, and deepening relationships with existing customers, Garanti Commercial Banking, in 2010, reached:

- TL 24.1 billion in asset size, with an increase of 25%,
- US\$ 20.1 billion in total lending volume, with an increase of 15%,
- US\$ 11.2 billion in total deposits, with an increase of 25%,
- US\$ 31.8 billion in total business volume, with an increase of 18%.

With this figure, commercial banking business line accounted for 32% of Garanti's overall business volume. In 2010 that was a year of intense competition, Garanti Commercial Banking displayed an outstanding performance in profitability thanks to effective cost and profitability management.

Projections for 2011

The key drivers of commercial banking in the year coming will be Garanti Bank's features that distinguish it in the highly competitive environment, such as strong capitalization, customer relationship management, the quality and experience of its human resource, rich array of products and services, far-reaching service network, technological infrastructure, and the synergies created with its financial affiliates.

Garanti will continue its active and effective basic banking operations such as foreign trade, investment and working capital finance under the current market conditions, and remain the solution partner of its customers from various sectors with its structured cash management products and long-term project finance loans.

2011 targets of Garanti Commercial Banking business line are spelled out below:

- Increase market share and maintain its position as the sector leader by a large margin,
- Become the primary banking partner of its customers with a broad product range and custom-tailored solutions,
- Effectively manage costs and profitability,
- Reduce the NPL ratio,
- Maintain its success in relationship banking through active customer visits,
- Increase the number of new customers acquired and build permanent relationships with new customers,
- Deepen relationships with existing customers and achieve increased customer penetration.

CORPORATE BANKING

Garanti Corporate Banking, supporting its customers in every market condition and accurately analyzing their needs, maintained its leadership position in 2010.



Having pioneered the banking sector by defining Corporate Banking as a separate business line in the early 1990s, Garanti, today, is the most preferred business partner of major Turkish conglomerates and multinational corporations operating in Turkey under every market condition.

The solution-oriented approach, extensive and flexible product array backed by technology, custom-tailored service concept and effective customer relationship management all play significant roles in Garanti's two decades of leadership in corporate banking. Combining innovative products and services based on knowledge, backed by technology, and realized by financial power with an expert marketing team that accurately analyzes its customers' needs and produces solutions on project basis, the Bank continues to reinforce its pioneering position in this segment.

Since new client acquisition is very limited due to the nature of the business, Corporate Banking line of business builds its primary strategy on the notion of establishing long-lasting cooperation with its customers and further deepening existing relationships. Its strategy in corporate banking, customer relationship perspective and team spirit are the key factors that make Garanti's solid performance sustainable in corporate banking.

Garanti serves its corporate customers via specialized personnel at four exclusive corporate branches, one in Ankara and three in Istanbul.

2010 Activities

Proving once again that it is behind its commitment to back its customers through any market condition and to keep fulfilling their needs in its exemplary attitude throughout the crisis period, Garanti significantly increased its business volumes in all product groups

and enhanced customer satisfaction, while sustaining its market leadership in 2010, the year of economic recovery.

Corporate Banking business line outperformed the sector's averages by attaining major growth in loans, as well as in deposits that serve as an indication of customer trust in Garanti.

As a reward for its distinctive business approach, according to the results of a market research conducted by an independent firm in 2010, Garanti is the most extensively worked bank of its customers.

Projections for 2011

In 2011, Garanti will back the experience and competitive advantages it possesses with its customer-centric and innovative perspective, and will continue to respond to its customers' needs in the most accurate, fastest and all-round manner within the frame of its mission in corporate banking.

In the year ahead, Garanti will remain the solution partner for its customers and will keep transforming its potential in corporate banking into performance, by preserving its market leader position.

CASH MANAGEMENT AND TRANSACTION BANKING

Garanti offers advanced technology in providing innovative solutions that create value for its customers' collections, payments and financial supply chain management transactions, and solidifies its leadership with a strong performance, while it realizes many "firsts" in Cash Management and Transaction Banking.



Long-standing experience, expertise, innovative approach and advanced technological infrastructure represent Garanti's greatest strengths in cash management and transaction banking, and it gives heed to its customers and provides collection and payment solutions that best meet customer needs, leads the sector with its dynamic structure and innovative solutions.

2010 Activities

In 2010, revenues on basic banking activities and transaction banking gained importance all over the world. Garanti initiated several projects aiming to increase commission income, while continuing to give support to its customers through innovative products and services, and thus, reinforced its traditional leadership in cash management and transaction banking.

Representing as a one of Garanti's key contributions to the sector in financial supply chain management, the Direct Debit System (DDS) projects continued with contracts made with 60 new firms, bringing about 36% growth in credit limits and 16% increase in the number of customers. As a leading bank in Turkey in solving the problem of accessing funds for 22,000 small and medium sized companies from various sectors across the country through its 2 billion DDS credit limits, Garanti has been honored with an award with its "gold financing" solution developed for the gold industry, a first in Turkey.

Launched as another first in banking sector two years earlier, Garanti Discount product expanded its volume by a major 150% on annual basis and contributed to the customers' financing needs with a discount volume worth TL 250 million. In addition, Garanti has moved the supplier financing system one-step forward and strengthened its position by financing the suppliers' own commodity provision.

Preserving its stance as a bank for its customers' collection and payment transactions with respective market shares of 19% and 12.4% in interbank money transfer and cheque market, respectively, 12.7 million bills paid through Garanti per month that corresponded to 30% growth in terms of volume. The Bank also introduced bill payment by credit card facility for the use of its customers.

Garanti launched an account integration with TÜRMOB (the Union of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey), unique authority of public accountants of Turkey having nearly 78,000 registered members. Thanks to this unique project, bank activities are fully accounted automatically through Luca, Turkey's first web-based accounting software developed by TÜRMOB. The project makes life easier for the members of the profession as records take just several minutes to reach Luca and also represents the beginning of a collaboration that will result in faster evaluation of loan applications in the future.

In November, starting to carry out Western Union transactions through branches that offer fast and alternative way for international money transfers, contributed to generate a new commission income tool.

Projections for 2011

In 2011 Garanti aims to increase its commission income generation capacity on transaction banking by creating new products and services and concentrate on brand new product development under "custom-tailored solutions" in the cash management. On the other side, leveraging the market leaderships is among the priority targets for Garanti Cash Management and Transaction Banking.

20 years
of ongoing

TRADITIONAL LEADERSHIP

31%

GROWTH IN TL CASH LOANS

29%

GROWTH IN FC CASH LOANS

#1

in the interbank money transfers

19% MARKET SHARE

~22,000

customer base in direct debit system

~2 BILLION CREDIT LINE

12.4%

market share

LEADER IN CHEQUE COLLECTIONS

PROJECT FINANCE

Garanti Bank sustains its leadership in the Turkish project and acquisition finance market, through its long-term client relationships based on trust, diversified sector and project experience, rapid analysis capability, and innovative approach.

Garanti Bank has been involved as a lead arranger in the financing of all major privatization, infrastructure, energy projects and acquisitions realized in the recent years. Capitalizing on its wealth of experience and know-how, Garanti Bank offers long-term financial solutions at international standards that meet the needs of its corporate and commercial customers engaged in various sectors.

Garanti Bank pursues the strategy of maintaining its leadership in financing acquisitions, energy, real estate, transportation, and infrastructure projects by structuring financings that support Turkey's sustainable growth, privatizations and foreign investment inflow, while providing solutions that meet its customers' long-term structured finance requirements.

2010 Activities

While electricity generation, electricity distribution and commercial real estate projects took to the fore in 2010, Garanti Bank's project finance portfolio grew 15% as of year-end and reached US \$ 8.9 billion.

Energy and Steelmaking

- Garanti provided a long-term facility of US \$ 206.25 million for Boyabat HEPP project with a total installed capacity of 510 MW, the largest hydroelectric power plant project by the private sector in Turkey. This important project has been named the "European Hydro Power Deal of the Year" by Euromoney Project Finance Magazine.

- Renewable energy projects are critical for reducing Turkey's dependence on external sources for energy provision. In this scope, Garanti Bank provided US \$ 1,246 million financing for renewable energy projects with a total installed capacity of 822 MW in 2010. Following suit of previous years, Garanti Bank continued to give substantial support to the financing of environment-friendly wind energy projects in particular. Garanti single-handedly

financed approximately half of the total installed wind power capacity of 1,270 MW operating in Turkey.

- Garanti continued to finance thermal power plants in 2010, which are crucial for uninterrupted fulfillment of Turkey's growing energy need. In this frame, the Bank allocated a total of US \$ 215 million to Diler Group's İskenderun Thermal Power Plant and Park Group's Silopi Thermal Power Plant with an aggregate installed capacity of 870 MW.

- Long-term project finance loans have been extended to Zorlu Group for the Gas Distribution Infrastructure projects in Thrace and Gaziantep. Garanti participated with US \$ 90 million in the loan packages with a total of US \$ 180 million.

- Transferred to the private sector in August 2010 through 100% share sale within the frame of electricity distribution privatizations, Uludağ Electricity Distribution Inc. and Çamlıbel Electricity Distribution Inc. have been acquired by Uluğ Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. and by Çamlı Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. for US \$ 940 million and US \$ 258.5 million, respectively. Uluğ Enerji and Çamlı Enerji are co-owned by Limak İnşaat - Kolin İnşaat - Cengiz Holding. In both projects, the tender prices have been covered with the financing support of five banks including Garanti. These two projects have been named the "European Utilities Deal of the Year" by Euromoney Project Finance Magazine in the field of Power Services.

- Along with three other Turkish banks, Garanti participated in the financing package provided to Çoruh Akse Elektrik Hizmetleri A.Ş., a subsidiary of Akse Elektrik, in September 2010 for the privatization of Çoruh Electricity Distribution Inc. through 100% share sale for US \$ 227 million.

Acquisition Finance

- With the revived interest of international

investors in Turkey, and improved liquidity conditions, M&A activity picked up in 2010; however, pre-crisis levels are yet to be recaptured in terms of the number of transactions and volume.

- The acquisition financing provided to Ataer Holding, a subsidiary of Oyak Holding, within the frame of the privatization of Erdemir, has been refinanced by the US \$ 1.6 billion long-term facility offered by three Turkish banks including Garanti.

- Ortadoğu Liman İşletmeleri A.Ş., co-established by Global Yatırım Holding - Çelebi - Antmarin and holding the operating rights of Antalya Port until 2028, has been taken over in its entirety by Global Yatırım Holding's subsidiary Global Liman İşletmeleri A.Ş.. 60% share acquisition from Çelebi and Antmarin has taken place with the long-term financing support extended by Garanti.

Transportation

- Garanti Bank provided a long-term loan of US \$ 185 million on 01 March 2010 to Marport Liman İşletmeleri Sanayi ve Ticaret A.Ş., co-owned by Arkas and MSC.

Real Estate

- Soyak Group has been allocated a long-term financing of EUR 130 million in conjunction with another Turkish bank, for the office development project started in Levent, İstanbul.

- A long-term financing in the sum of EUR 62.5 million has been extended to Multi Corporation for the refinancing of Forum shopping centers operating in Nevşehir and Denizli.

- A long-term facility of EUR 60 million has been allocated to the Rönesans Group for the shopping center development project in İzmir.

- A long-term facility of EUR 75 million has been provided in connection with another Turkish bank for the shopping center project

being developed by Eria Pramerica in Antalya.

Other Activities

- Garanti continued to diversify its structured finance portfolio with the medium-term financing package extended to LBT Varlık Yönetim A.Ş., a portfolio company of the private equity fund Actera.

- The 3-year US \$ 360 million club loan arranged for Coca-Cola İçecek A.Ş. was closed in March 2010 with the participation of Garanti Bank.

- As Çimento Sanayi ve Ticaret A.Ş. has been granted a syndicated loan facility in the amount of US \$ 210 million consisting of a long-term refinancing loan and a working capital loan. Garanti was an arranger with US \$ 70 million in this project.

- While improving its portfolio monitoring infrastructure through a software program that is in development phase, Garanti Bank raises the quality of its post-closing services to project companies and participating banks to international standards.

Projections for 2011

Closely following up major projects such as electricity generation and distribution privatizations, the Bosphorus Car Tunnel, Gebze-Izmir motorway, privatizations of highways and bridges, İDO (İstanbul Sea Buses Inc.) privatization, PPP hospital projects, Galata Port and İskenderun Port, Garanti Bank will sustain its support to similar major infrastructure and energy projects in 2011.

Further, as the investment cycle of some private equity sponsored deals approach to their exit stages, Garanti Bank aims to be the leading financier of the new wave of acquisitions expected in the near future.

4,807MW

total installed capacity of
**POWER GENERATION
PROJECTS FINANCED**

Half of the

1,270MW

total installed wind power capacity
**SINGLE-HANDEDLY
FINANCED--\$1 BILLION**

Financed **6**
Out of 10 electricity distribution

**PRIVATIZATIONS
CARRIED OUT**

BRANCHLESS BANKING / ALTERNATIVE DELIVERY CHANNELS

Garanti creates innovative products and services that facilitate the lives of its customers by utilizing its state of the art technology and maintains its leadership in alternative delivery channels through continuous technology and brand investment.

Garanti Bank positions alternative delivery channels (ADCs), a significant contributor to operational efficiency, as in-depth customer satisfaction tools and sales outlets. Based on its competence to know its customers well and its customer-centric approach, Garanti formulates Branchless Banking strategies with the objective of developing the most effective products, programs and campaigns responding to customer needs. Supporting integrated use of all ADCs with a rich selection of transaction options, and infrastructures capable of offering flexible products, Garanti provides complex products through branchless banking channels, and thus enhances customer satisfaction through personalized advantages. Garanti Bank remains the leader in alternative delivery channels through continuous technology and brand investment.

2010 Activities Internet Banking

In 2010, Garanti maintained its solid standing in internet banking that had been going on for 13 years. Capturing 37% market share within all financial transactions carried out via internet banking in Turkey, Garanti grew the number of its active Internet Banking users to nearly 1.7 million. Based on data from the Banks Association of Turkey, Garanti retained its leadership in the number of active internet banking customers with a market share of 26%, while generating a total of TL 250 million annual commission income from branchless banking.

Facilitating 98% of all retail banking transactions and offering more than 300 transaction options, Garanti Internet Banking has been instrumental in the execution of more than 140 million transactions last year.

In 2010, Garanti expanded its Internet Banking services by adding another new one, and launched e-Trader in the first quarter of the year. With e-Trader, customers can execute

their buying-selling orders while following equity and derivatives markets, can keep track of shallow trading data, perform technical analyses based on the past performances of a selected stock, and have real-time access to international indexes, exchange rates, and market news.

Garanti supported its strategy of steering its customers to actively use branchless channels through various products including e-pension, the private pension product free of entrance fee, e-time deposit account with additional interest yield, and the general purpose e-loan designed specifically for the Internet Banking applying a lower interest rate than the ones posted at branches, as well as advantageous transaction charge specific to branchless channels and the facility that enables getting Internet Banking PIN instantly from garanti.com.tr and branches.

While time deposit accounts opened from the Internet Banking got 30% share of the time deposit accounts opened during the year, the loans applied for and extended via Branchless Banking channels got 17% share of total general purpose loans granted throughout 2010.

Mobile Banking

Garanti carried its leadership in the variety of transactions offered on the Internet Banking also to the Mobile Banking. The Bank's leadership in mobile banking that has become a significant channel particularly in banking has been sustained with the number of Mobile Banking customers that reached almost 300,000 at the end of the year.

Collaboration initiated with mobile phone operators Turkcell and Avea in 2009, which enables free-of-charge access to wap.garanti.com.tr and Garanti Mobile Banking for subscribers of these operators, has been extended in 2010 with the inclusion

of the mobile operator Vodafone into the coverage. Free of charge access brought new customers, as well as enhanced customer loyalty.

iPhone e-Trader, the mobile version of e-Trader application specifically designed for Internet customers, was launched in the first quarter of 2010. With this application, customers can now access various services from a single application such as entering the Mobile Banking site, finding the nearest ATM, and contacting the customer representatives, as well as dealing in equity and derivatives markets on the phone.

As a result of the collaboration with the Samsung in the third quarter of 2010, new Samsung phones were put on the market with Garanti Bank Market Data application already installed thereon. Further, Turkey's first android financial application has been introduced, via installation on Samsung mobiles.

Introduced in the fourth quarter of 2010 with the cooperation of Nokia, Garanti Bank Market Data application can be acquired by the customers via Nokia's application store.

Garanti Paramatik

Facilitating more than 140 different transactions in addition to cash withdrawals, Paramatik network has been expanded in 2010, bringing the total number of these ATMs to 3,000. 51% of transactions conducted using Garanti Paramatiks were those other than cash withdrawal.

An important step has been taken for foreign card holders with the introduction of Dynamic Currency Conversion (DCC) service in 2010 through enabling foreign card holders to withdraw money directly exchanged by the transaction date. In addition, Western Union transaction, the international money transfer that can be performed via the Internet Banking

site exclusively by Garanti customers, can now be executed via Garanti Paramatiks, as well. Thus, being the first in Turkey to enable this transaction via the Internet Banking, Garanti introduced another first enabling the transactions be performed on ATMs.

In 2010, banking product sales via Internet Banking, Alo Garanti, and Paramatiks accounted for more than 30% of the overall Bank total. The share of the Offer Box platform that allows personalized campaign management through the Internet Banking and Paramatiks played a major role in enhancing customer loyalty through advantageous packages offered in cooperation with various business partners, as well as product sales.

Projections for 2011

Garanti's 2011 targets include increasing the number of active customers using Internet Banking to 2 million and growing product sales carried out via these channels. Aiming to top 5 million in the number of products sold via alternative delivery channels, Garanti plans to strengthen customer loyalty through advantageous products and programs specific to non-branch channels. Branchless Banking will be a constant direct contributor to the Bank's strategy of creating sustainable value capitalizing on the functionality and service versatility of alternative channels. Objectives of Branchless Banking cover augmenting its commission income, and increasing the number of Paramatiks to over 3,300. Garanti pursues operations with the target of maintaining its leadership in the sector and pioneering the sector's development through Branchless Banking channels.

TL 4.8 Billion

in 2010

E-SAVINGS VOLUME

>3,000 ATMs

facilitating

>140 DIFFERENT
TRANSACTIONS

37%

financial transactions via internet

MARKET SHARE

CALL CENTER

Garanti Call Center continuously increases the value it creates with its **strong performance**, while making life easier for the customers with **high quality services around the-clock** via its **expert teams** and **advanced technological infrastructure**.



Responding quick and reliably to customer demands and needs, with its effective business processes, Garanti Bank Call Center continues to make life easier for customers with its adjustable structure according to the customer's expectations and needs.

2010 Activities

Turkey's largest financial call center with a total of 51.1 million customer contacts in 2010, Garanti Call Center continues to be the leader in the sector with an average response time of 22 seconds.

The Call Center, realizing 2.7 million sales, with right positioned sales and after-sales activities, continually increases the added value to the Bank with a product range of 32 different products.

Providing high customer satisfaction through effective handling of thanks, complaints and suggestions via the special line at 444 0 338, Garanti Call Center gives customer experience feedbacks to business units concerning products and practices on a regular basis. functions as a single point of contact for communicating, and thereby ensures

continuity of banking applications that remain strictly adhered to quality.

Garanti Call Center, provides expert support to its customers about mortgages via 444 EVIM, first mortgage phone line in Turkey. In addition, Garanti Call Center has launched the Full Support line, 444 0 335 in 2010 where it responds to customer needs regarding general purpose loans via expert agents. Besides the phone lines, 3G, webchat, webmail applications are offered to the customers as alternative channels.

The Call Center provides service in ISE and TurkDEX markets via specialist agents authorized by a license by the Capital Market Board (CMB) in capital markets, and offers videophone service to investment banking customers. As a result of having great emphasis on its human resources, Garanti, keeps working to make its dynamic team even better trained and better equipped.

Aiming to provide easy access to customers with the superior technological infrastructure and smart Interactive Voice Response (IVR) system, the Call Center supports marketing

activities through information on new products and campaigns provided via the IVR system, as well as incoming and outgoing calls.

With the Branch Calls Centralization project, launched in the second half of 2010, Garanti Bank aims to manage branch calls from a single point of contact. As a result of this project, Garanti targets to attain more efficient management of its human resource in the branches and give faster service to the customers.

The second Garanti Call Center location, established in Sivas Cumhuriyet University in 2009, currently handles 24% of the incoming calls and is responsible for 19% of total sales with a team of 201 agents.

The Garanti Bank Call Center manages the outsource companies that are carrying out the Bank's credit card information and marketing activities. The annual new credit card acquisition of the Call Center accounts for 14% of the Bank, via these outsource companies.

Garanti Bank Call Center has become a profit center rather than a cost center, through the

business volume created and commission income generated. The Call Center intends to increase its profitability based on its high-quality service understanding and shapes its targets and product diversity around profitability strategies

Projections for 2011

Garanti Call Center will keep steering the sector in 2011, and aims to manage its service and sales activities while giving priority to customer loyalty. The unit plans to achieve growth in areas that have financial return, while increasing its sales volume by broadening its product range. The objective of the branch calls handling project is to cover all the branches and enable centralized management of in-branch transactions. Targeting sustainable high performance in their operations based on quality and customer satisfaction in sales and service fields, Garanti Call Center aims to increase the value it creates for the Bank in 2011.

Handling

18%

of total sector calls with

**ITS EXPERT TEAM OF
800 AGENTS**

2.7 Million

products sold

**1 OUT OF EVERY 4
PRODUCT SOLD ACROSS
THE BANK**

With

**TL 151.3
Million**

premium realized

**TL 38 MILLION VALUE
ADDITION**

PAYMENT SYSTEMS / CREDIT AND DEBIT CARDS

Pursuing operations for creating a cashless society, Garanti Payment System sustains its leadership with its customer-centric approach, endeavors to offer best in class products and services and dynamism. Its products and services regarded exemplary not only in Turkey, but also across the world.



Managing a massive payment systems infrastructure consisting of more than 14 million debit and credit cards and over 405,000 POS terminals, Garanti Payment Systems, the sector's leader, pursues operations with the ultimate objective of creating a cashless society in Turkey by 2023. Along this line, Garanti aims to reach individuals who do not use payment systems due to their ages or income via prepaid and debit cards, besides credit cards, and to optimally make use of technology in its products such as Trink, thereby expanding the payment systems market and promoting card use.

Placing great emphasis on customer analyses in order to manage portfolio returns optimally, Garanti Payment Systems integrates technology into Customer Relationship Management (CRM) efforts and undertakes exemplary and pioneering projects in risk measurement, as well as in customer profitability and loyalty.

Covering Bonus, Flexi, Money, Shop&Miles, American Express, commercial credit cards, Paracard (debit and prepaid cards brand) in its product range, Garanti Payment Systems makes it a principle to reach its customers with the most appropriate cards that caters to their different needs. To this end, Garanti stands out as the bank with the highest number of

credit cards that exceed 8 million. Vital in terms of generating non-interest income, credit cards account for 37.8% of the Bank's net commission income.

Also furnishing Kolay Vezne (EasyTeller), Ödeme Noktası (Payment Point) and Card Application Point services to merchants, Garanti Payment Systems fully meets the payment needs of all businesses. It also provides e-commerce and e-tailing services via www.garantialisveris.com, and offers various payment solutions including dial-up POS, ADSL POS, Mobile POS and Virtual POS.

2010 Activities

Garanti ranked first in terms of the number of plastic and total credit cards in 2010. Garanti Bank boasts being the issuer of the cards that are most frequently preferred to be used by their holders for their purchases not only in Turkey, but also abroad.

In terms of POS volume derived on international cards, Garanti Bank is the sector's leader. Garanti also leads the debit cards segment with Paracard, which is the most frequently used card in purchases. Paracard is also the top choice of consumers for their purchases and cash withdrawals abroad. Taking a market share of 20.1% in terms of volume in 2010, Garanti was the sector's

leader in the number of total and plastic credit cards that topped 8 million.

On the basis of all products, Garanti continued to attain growth in transaction volume, and numbers of users, member merchants and POS terminals. Serving through more than 405,000 POS terminals in total and 341,000 member merchants, Garanti commands market shares of 21.4% and 20.1% in acquiring volume and retail volume, respectively. With 14% year-on expansion in the number of POS terminals, Garanti increased its acquiring volume by 12%.

Having grown 45% in retail volume in debit cards by virtue of innovative projects, Garanti averages TL 252 In per card spending. Having 19.96% market share with an retail volume per card that reached 2.5 folds of the market, Garanti Payment Systems remained the leader. Garanti finished the year as the leader also in international retail volume with 32.37% share.

Offering the market's richest selection with nine unique commercial products under four categories, Garanti attained 13% increase in the number of commercial cards, whereas volume on commercial cards expanded 34% thanks to innovative campaigns and initiatives. Garanti attained growth in different, new areas that replace cash in the market including Joint Card that facilitates payments between retail-parent companies, and prepaid and debit cards offered to large-scale organizations for motivation, rewarding and salary payment purposes based on cooperations with the leading companies in the market.

Running a total of 400 campaigns to member merchants using GarantiPOS during 2010, Garanti captured 98% volume growth under these initiatives.

The leader in international card volume, Garanti targeted higher growth in 2010 and conducted

"Destination: İstanbul" campaigns jointly with CUP and American Express payment systems, thereby achieving 15% growth in volume.

Always giving top priority to customer satisfaction, Garanti Payment Systems achieved 48% response rate in the customized campaigns for cardholders in 2010, and created an extra volume worth nearly 400 million. A role model with its environmentalist stance, Garanti increased the rate of e-statements to 40% in overall credit cards and continued to set an example. Throughout 2010 that was characterized by a large number of lost customers and greater difficulty in new sales, 425,000 cards were retained for the portfolio by solving customer problems and ensuring customer satisfaction.

Based on the thought of sharing a successful brand like Bonus with the customers of other banks instead of limiting its use exclusively to its own, Garanti Payment Systems introduced a first in Turkey and reached an agreement with DenizBank in 2002, thereby introducing the card platform to Turkey. Covering DenizBank, Türk Ekonomi Bankası (TEB), Garanti Bank SA, Şekerbank, ING Bank, TFKB and Eurobank Tekfen, the Bonus Card Platform was expanded with the incorporation of Alternatifbank. Continuing to increase its market share by every month, the Bonus Card Platform finished 2010 as the market leader with a share of 26.13% in terms of volume. Issued by nine different banks including Garanti, Bonus Card keeps growing as "Bonus Card Platform", in other words Turkey's largest card platform, with more than 12 million cards.

Rapidly remodeling the shopping culture as the first and only chip-based credit card in Romania, as was the case in Turkey, Bonus Card reached 6,700 POS terminals and 118,000 cards in Romania. Following Trink that features contactless payment, Garanti has acted with the purpose of offering segmented

#1

Offering the richest selection of

CREDIT AND PLASTIC CARDS

With
>12 Million
Cards

BONUS: TURKEY'S
LARGEST CARD PLATFORM

400 Campaigns

98% IN GarantiPOS
VOLUME GROWTH



products in Romania as it does in Turkey, and introduced the Environmentally Friendly Bonus Card and Bonus Mirror Card for Women in 2010.

Garanti Bank authored many novelties in 2010...

In 2010, Garanti celebrated the tenth anniversary of Bonus Card, Turkey's first chip-based and multi-branded credit card. A number of events and campaigns carried out in this frame helped increase Bonus Card volumes, while also contributing positively to the brand's image. Capturing market leadership in terms of volume in April that corresponded to Bonus's tenth anniversary, Garanti managed to reach three million people in total, solely on the basis of the events held. 2010 also saw many new product introductions by Garanti.

A global first in cooperation with Atasay Jewellery: Golden Bonus Card

Garanti Payment Systems authored a unique initiative across the world, introducing a brand new dimension to the loyalty program understanding, and offered Golden Bonus Card, the first gold-saving credit card. Combining the strength of Bonus with the value of gold, and saving up Atasay's ATAKulche gold products as a physical prize in cooperation with Atasay, worldwide accepted Golden Bonus Card that bears the Visa logo offers additional benefits like "Automated Gold Purchase Order", and "Gold for Your Promise" that allows for saving ATAKulche at prices below the market value, as well as profitable shopping thanks to the gold saved up.

Garanti, the first bank merging mobile phones with contactless payment: BonusluAvea

Garanti has been the first organization in the world to roll-out NFC (Near Field Communication) technology. Launched in cooperation with the GSM operator Avea, the

so-called BonusluAvea phone-independent, contactless payment application requires a simple replacement of the SIM card to get going. Compatible with a large number of devices, the new technology does not require purchase of a new mobile handset. Once AVEA NFC SIM Card is inserted in the handset, Bonus, Shop&Miles and Paracard cards are automatically defined.

Prepaid and debit card brands now merged into one: Paracard – the card for money

Paracard visual has been changed in order to promote the use of Paracard not just for cash withdrawals but also in purchases, thereby increasing the number of cards and usage volume. Previously named Bonus Kontör, the prepaid cards are now merged with the debit card under the brand name Paracard.

Annual membership fee for Flexi Card is only TL 3.99

The world's most flexible card that can be shaped by customers to suit their needs, Flexi Card has now gotten richer with the new features added. Using the new package created for Flexi, cardholders are able to install only the features they want on their cards, and do not have to pay any fees for unused properties. Customers still have the option to participate in any Bonus campaign by sending an SMS and pay just TL 3.99 as annual membership fee.

A brand new card packed with offers for the youth: Extragenç

Garanti Bank introduced Extragenç, a youth club that cracks open the door for young people aged 15-23 to a world filled with opportunities and surprises. In addition to special discounts and campaigns, Extragenç makes life easier for the youth through products and services designed for this segment as and when they need them. Using Extragenç debit card and credit card,

youngsters make their payments at the speed of Trink, choose from the specially designed four card options, and convert the bonus points they earn into minutes.

New POS service: POSON

POSON product has been developed to offer POS service to low-turnover business places. The product aims to incorporate small-sized business places that did not accept credit cards before in the payment systems, thereby acquiring new customers and expanding the market.

Garanti exceeded 1 million in the number of cards incorporating Trink feature

Offered by Garanti Payment Systems, Europe's pioneer in contactless payment systems, the cards with Trink features topped 1 million in number. Not only pioneering but also leading the market, Garanti offers Shop&Miles, Money and Paracard with Trink feature, in addition to the Bonus card.

Garanti keeps growing in transportation activities

First initiated in Europe by Garanti Payment Systems, the number of projects covered under the contactless credit card in transportation initiative rose to 12. Commuters can use contactless cards to pay for cabs bearing the Bonus Trink logo in Eskişehir, Ayvalık, Diyarbakır, Samsun, Çanakkale, Muğla, and İstanbul, Boğaziçi University shuttle buses, and Dentur's Beşiktaş-Kabataş-Üsküdar ferry lines. Garanti generates 60% of its contactless transactions on transportation projects.

Projections for 2011

Having propagated across the sector the objective of creating a totally cashless society in Turkey by 2023, Garanti aims to achieve this target by expanding the market. Garanti intends to reach individuals who do not use payment systems due to their ages and income via Paracard, its prepaid debit card

brand, and to optimally adapt technology in its products through initiatives such as Trink, thus embedding payment systems in daily life. Taking these steps, Garanti will seek to acquire customers, who prefer to use cash, and thus, tap new sources of income.

Targeting growth in all products in terms of the number of cards, per card spending and total volume in 2011, Garanti Payment Systems plans to acquire new customers for the Bank, through products such as American Express and renewed Shop&Miles which addresses the upper income segment, in particular. Following the American Express contract extended for ten years, efforts will be spent to render the brand even more prevalent.

On the commercial cards side, activities will be carried out to promote wider use of cards in the SME segment, in particular. An additional target is to finalize product and service developments addressing international companies.

On the customer management side, Garanti Payment Systems plans to carry on, in 2011, with Early Engagement, created to activate existing customers from the very first day, and Attrition Alert designed for customer attrition. Allowing development of projects that cater to segments based on the customers' various properties such as ownership and activity of bank products, credit card ownership, credit card limit, and card usage habits, Customer Segmentation is intended to be continued in an expanded scope in 2011.

Garanti aims to include Kocaeli, Gebze, Sivas and Manisa within transportation initiatives, which represent the most intensive usage of Trink.

Contactless POS check-out integration carried out at Migros stores is targeted to bring about increased Money Card use, as well as augmented Trink transaction volume.

On the front of cards specially designed for the fans of a specific sports club, Fenerbahçe and Galatasaray Bonus cards will be followed by Beşiktaş Bonus card in the first quarter of 2011.

Turkey's first and broadest-based card platform, Bonus Card Platform is intended to be expanded with the participation of new banks that will add to brand equity and create a productive synergy in 2011.

2011 objectives include activities to bring the number of Bonus Cards issued in Romania to 150,000.

With the bill payment implementation initiated at 1,800 stores owned by Migros in December 2010, commission income is targeted to be augmented by US\$ 6 million within three years. 2011 is also planned to be the year during which new currencies will be incorporated under DCC POS, and DCC ATM and DCC Multicurrency projects will be finalized and put into life.

In 2011, CepBank Shopping product will be relaunched under the name BonusPay, which eliminates the need to enter credit card or account information in online shopping. Efforts will be spent to promote this facility, which will enable payments by entering the mobile phone number only.

As a result of the meetings held with the Revenue Administration, infrastructure will be provided for repayment of debts due to the state in installments through electronic commerce.

For the use of e-commerce, the new virtual POS infrastructure developed and launched at the end of 2010 is targeted to be expanded to cover 12,500 virtual business places.

INVESTMENT BANKING

Sustaining its **pioneering** position in the capital markets, Garanti responds to **diverse investment needs** of its customers and moves forward with the objective of being an **essential partner** for them with its **dynamic structure, quality service understanding, innovative products, advanced technical infrastructure, and expert team** that accurately analyzes trends.



Having made it a goal to retain its pioneering position in the capital markets, to closely monitor market developments, and to further improve its product range and technological infrastructure, Garanti Investment Banking provides special investment services to the Bank's branches and customers via 17 Investment Centers, 2 Corporate Investment Branches, and an Investment Banking Branch.

Successfully implemented relationship management, its specialized team, innovative products and quality service understanding are the factors that render Garanti strong in investment banking. Thanks to these features, Garanti Bank is able to maintain its privileged position in the capital markets, and to secure itself a distinctive place among the leading corporations.

2010 Activities

Garanti's primary target in 2010 was to fulfill its customers' needs in the most effective manner by maintaining its strength in capital markets, backed by its market share and product variety.

Mutual Funds

In 2010, Garanti increased its market share in mutual funds to 15.54% and further strengthened its market position. In the reporting period, the Bank issued 15 different

capital protected funds and expanded its product range in the mutual funds.

Garanti merged the expertise of Garanti and MSCI Barra, one of the most prestigious index makers in the world, and launched GAREN, the Bank's first Exchange Traded Fund, in July. The fund gives the investors the chance to invest in all of the shares in one go on the MSCI Turkey index.

In addition, Minibank Type A Hybrid Fund was also issued in 2010, which can be purchased within the frame of Minibank account. Through this fund available to Minibank customers, parents now have access to a new long-term investment instrument on behalf of their children.

Equity Market and TurkDEX

In January 2010, Garanti added e-Trader and iPhone e-Trader applications to its standard channels of service to ISE and TurkDEX customers that covered Investment Centers, Branches, Alo Garanti, Mobile Banking and Internet Banking facilities. Thus, the Bank offered the speed-oriented investment group the chance to trade "in the blink of an eye". While investors can now access online the real-time prices of both markets and depth information, if so desired, they are able to forward their orders to the exchange market at the speed of Garanti.

In addition, the warrants that were started to be traded on the ISE during the course of 2010, and new contracts introduced at TurkDEX at the end of the year served to market expansion and product diversification for investors. Therefore, Garanti augmented its trading volume on the ISE by 31% to TL 76 billion, and on TurkDEX by 31% to TL 58 billion.

Corporate Bonds

Continuing to pioneer the corporate bond issues, which provide the investors with an alternative investment option and creates new funding for companies, Garanti carried out 7 issues in 2010 worth TL 505 million.

Projections for 2011

In the year ahead, Garanti will maintain its pioneering stance in the sector with its broad product array and cutting-edge technological infrastructure. Targeting to increase the number of products offered and to dynamically monitor and communicate market developments to its customers, Garanti will pursue its activities based on the notion of being an essential partner for its clientele.

Garanti, aiming to increase its asset size in mutual funds and win new customers, will continue to accurately analyze the trends across the world and offer alternative investment options to its customers through

new capital protected funds to be issued in 2011.

Adhering to its pioneering identity in the sector, Garanti will closely monitor the developments in the capital markets in terms of new product releases and technical infrastructure revisions. The Bank will follow up the customers' investment products and diversify the e-Trader investment platform on its delivery channels, which facilitates order forwarding, and thus reach all customers interested in the capital markets.

Garanti will keep playing an active role in the Corporate Bonds market which will continue to grow in the forthcoming period.

2011 targets of Investment Banking include increasing the number of investment centers in parallel with the Bank's growth, so as to be able to provide one-on-one service to customers. Garanti Investment Banking also intends to expand the fund size and the investor base of its two Corporate Investment Branches that serve corporate customers.

In 2011, Garanti will capitalize on opportunities drawing on its innovative and dynamic structure, backed by technology in investment products, and preserve its pioneering stance in the capital markets.

15

new capital protected funds

INNOVATIVE

7

issues in corporate bonds

PIONEER

6%

market share in trading volume

#2 IN THE ISE

INSURANCE AND PENSION

Reinforcing its **leading** position in bancassurance with an outstanding **performance**, Garanti continues to break new ground in the sector with **innovative** products and **implementations** developed with strict adherence to quality.

Combining banking and insurance with quality product and efficient service concept, Garanti continued to provide all kinds of protection required by its customers under the reliable "Garanti" brand. While investing in many fields in order to offer the best in service based on customer satisfaction, Garanti sustains its leadership in bancassurance. The Bank holds a leading position in the development of the insurance business in Turkey, with its effective process management and innovative product structure set up with its business partners Garanti Pension and Life and Eureka Insurance.

2010 Activities

In 2010, the banks stood out as the fastest-growing distribution channel in life and non-life branches. While holding 13.3% share of total production in non-life, banks realized the majority of the production in life branch with a share of 69.5%. It is anticipated that the development of bancassurance led by Garanti will continue in coming years.

Garanti performed successfully in bancassurance in 2010. Maintaining its leadership in non-life insurance with a market share of 20.7%, Garanti remained second in life branch with 15.4% market share.

In the pension sector, Garanti Pension and Life's high sales capacity fortified Garanti's position.

In 2010, Garanti's premium production increased 21.7% owing to bancassurance activities. Accordingly, there was 42.4% growth in commission income.

For higher quality service to its customers, Garanti concentrated on product development, sales process efficiency, marketing and training activities last year. In addition, infrastructure improvements and work on betterment of the existing product portfolio were started in order to fulfill all customer needs from a single point and to ensure operational efficiency.

Keeping up with new product development, Garanti introduced Acil Tedavi Plus (Emergency Treatment Plus), Sağlığım Garantide Prime (My Health Guaranteed Prime), and Fatura Ödeme Güvencesi (Bill Payment Protection) products for retail and SME customers.

Facilitating long-lived relations with customers, private pension has been in the forefront as a product fortifying customer loyalty. Advantageous campaigns and sales activities provided 13.5% increase in the number of pension participants, bringing the figure to

425,337. The branches also continued to serve as an outlet for many life insurance products, as well as pension products.

The upward trend went on in unemployment insurance in 2010. With more than 1 million unemployment insurance policies sold, Garanti has secured one out of every ten people working in the private sector through unemployment products.

With redesigned processes, a more effective and innovative era has begun in customer information. In this way, Garanti once again showed the importance it places on customer satisfaction with the improvements introduced in 2010.

Projections for 2011

In the year ahead, bancassurance activities will keep its importance both in life and non-life branches. Garanti aims to maintain its lead in the sector by increasing its market share again in 2011. To this end, the Bank intends to increase customer penetration by meeting the needs of more customers via bancassurance activities.

By focusing on housing, health and motor group products in the forthcoming period, Garanti targets to secure rapid growth in these branches. In parallel, service delivery

will be improved due to more efficient and stronger channel structure with increased communication and integration.

Further, emphasis will be placed on structure improvements to maximize effectiveness of after-sales services. In this frame, infrastructure developments to give the customers easy access to information on insurance products via different alternative delivery channels such as ATMs, Online Branch and Call Center will be prioritized.

Product development and revision of existing products, sales process effectiveness improvements and marketing activities raising customers' awareness of insurance will go on in 2011.

Securing Garanti customers' futures, pension plans will maintain their importance in 2011. By growing in number of participants and in pension funds size, Garanti Bank will reinforce its leader bank position in pensions, as well as in bancassurance.

Garanti intends to achieve growth in total revenues and new customer acquisition by introducing new projects in collaboration with its business partners in insurance and pension Garanti Pension and Life and Eureka Insurance.

#1

in non-life insurance

MARKET SHARE OF 20.7%

425,337

Pension participants

13.5% INCREASE

21.7%

GROWTH IN PREMIUM PRODUCTION

INTERNATIONAL BANKING

Building its **relationship management** principles on **sustainability**, Garanti's International Banking Team continues to **differentiate** itself in global borrowing facilities and trade finance transactions with **strong and long-lasting relationships**.

Executing projects in the fastest and the most efficient manner with its expert team, broad customer base and large product variety, Garanti Bank maintains its leading position on the vision of marking itself as the first choice of international banks and investors abroad. The greatest strength of the Bank is its ability to adapt its international banking and trade finance strategies and relationship management policies to the changing global market conditions.

2010 Activities

2010 has been a year of remarkable transactions in correspondent banking, trade finance and structured finance. Solidifying its leadership in the sector through effective relationship management and innovative approach, Garanti further expanded its international investor base, concluded the best-priced syndicated loan facilities and distinguished itself by offering new products that meet the specific needs of customers in trade finance.

Correspondent Banking

Responsible for Garanti's relationships with international banks and financial institutions, the correspondent banking team, manages a strong and extensive correspondent banking network of nearly 3,000 foreign banks in 154 countries. The team continues to tap cost-effective funds and sustain close relationships with international financial institutions built on the principles of mutual trust, cooperation and transparency.

Garanti Bank continues to differentiate itself in the sector with its dynamic team by offering a broad product range to correspondent banks and by providing tailor-made solutions for its customers in international trade transactions. Garanti remained the leader in correspondent banking, positioning itself as the primary relationship bank of foreign institutions in 2010.

Trade Finance

In 2010, Garanti, improving its relationships with banks and financial institutions abroad, focused on creating alternative sources for funding of exports and imports, and new product development in line with customer requirements. Garanti kept investing in various fields where it is the leader, such as supply chain finance and ECA loans. In order to support its customers' export transactions to new markets, special attention was paid to develop solutions in this area. Garanti aims to successfully maintain its leadership position in trade finance by devising innovative and customer-focused solutions in export and import transactions.

Garanti entered into an agreement with Türk Eximbank so as to obtain the opportunity to finance the insured transactions of exporting companies. In order to provide foreign long-term financing at favorable interest rates for its customers importing investment goods, the Bank maintained its existing cooperation agreements with correspondent banks and Exim institutes and signed new agreements. Targeting to create new financing alternatives tailored to customer needs, Garanti concluded an agreement with a global bank in line with the significance it places on cooperating with correspondent banks within the frame of Trade Services Utility (TSU) system. The agreement provided Garanti with the possibility of financing its customers in transactions that will be carried out through TSU system.

In 2010, Garanti organized five foreign trade meetings where customers were informed by the Bank's expert team about local and international developments in foreign trade, legislation and products. Intending to keep holding these meetings throughout Turkey, Garanti continues its support towards organization of international trade finance seminars in Turkey.

Structured Finance

Garanti Bank continued its structured finance activities also in 2010.

In May, Garanti participated in TURSEFF, the financing program for increasing energy efficiency and promoting renewable energy through a US\$ 60 million funds secured from the European Bank for Reconstruction and Development (EBRD). The loan which was aimed at small-sized businesses for increasing their energy efficiency, the credit package consisted of two tranches: a 5-year tranche of US\$ 48 million funded directly from EBRD, and a 15-year tranche of US\$ 12 million from Clean Technology Fund (CTF), set up by development banks and international financial institutions under the lead of the World Bank.

Again in May, a one-year syndication loan was for an amount of EUR 700 million, which comprised of two tranches; US\$ 117 million and EUR 617 million. Participated by 41 banks from 17 countries, the loan will be channeled to export finance. The all-in cost of the loan was Libor + 1.5% and Euribor + 1.5%, respectively.

In June, under the framework agreement signed with the European Investment Bank (EIB) on November 25th, 2009 giving access to a loan in an amount corresponding to EUR 150 million, Garanti withdrew the EUR 50 million equivalent of US\$ 60 million of funds. The facility will be utilized in the financing of loans extended to small and medium sized businesses.

In September, Garanti signed a credit agreement with the Development Bank of Turkey worth of US\$ 65 million. To be channeled from the World Bank funds, the facility will have a grace period of two years, a final term of five years, and it will be utilized in the financing of loans extended to small and medium sized enterprises.

In October, Garanti undersigned a new cooperation with the EBRD, whereby EUR 50 million was secured to be channeled to small and medium sized enterprises. The EUR 20 million tranche of the facility with a 5-year term has been extended directly from EBRD funds, while EUR 30 million with a one-year term was funded via Standard Chartered Bank.

Garanti, in November, signed a 1-year syndication facility in an amount equivalent to US\$ 1 billion, consisting of two tranches of US\$ 316.5 million and EUR 513.5 million. Completed with the participation of 49 banks from 18 countries and to be utilized for export finance, the total cost of the facility was determined as Libor + 1.2% and Euribor + 1.2%, respectively. This facility signified the lowest all-in cost transaction among the syndication loans realized by Turkish banks in 2010.

In December, Garanti completed a EUR 250 million securitization transaction, which received an "A-" rating by Fitch which was the highest-rated unwrapped transaction of all structured finance transactions completed by Turkish banks. Of the facility, the EUR 150 million 12-year fund to be financed in two separate tranches by EIB and EBRD will be used for the financing of the mid-sized energy-efficiency and renewable energy projects. EUR 100 million 5-year tranche of the loan has been funded by West LB, the arranger of the transaction.

Projections for 2011

Garanti International Banking Department aims to continue and further increase its international borrowing activities at the most favorable conditions through its strong relations; focusing on the effective and productive structuring of foreign trade transactions, and maintaining its leading position in the sector in 2011.

\$1 Billion

with the contribution of 49 banks

**THE LOWEST COST
FOR A SYNDICATION DEAL
OUT OF TURKEY**

"A-" rating by Fitch

€250 Million

Turkish DPR securitization deal

**THE HIGHEST-RATED
UNWRAPPED TRANSACTION**

TREASURY

Retaining its customer-centric approach and achieving its profitability targets by accurately analyzing threats and opportunities while constantly working towards finalizing investment opportunities in capital markets in its own favor, Garanti maintains its competitive edge drawing on its dynamic team.



The sense of confidence instilled in the customers over the course of many years is today one of the key factors that bring growth to Garanti in terms of volume and profitability. Activities by the Treasury Division played a big part in ensuring this confidence and allowing Garanti to stand solidly and strongly even through a challenging period.

The experience, theoretical and technical know-how, the broad range of products, and custom-tailored innovative solutions are the primary strengths that carry Garanti Bank Treasury Division to success. The advanced technological infrastructure and database are the other important factors that result in the successful performance of the Treasury. Financial Planning and Analysis Department, the provider of regular maintenance to this database established by Garanti Technology and facilitator of swift inquiries on a need basis, bestows upon Treasury Division a significant strategic advantage in taking the necessary position or improving its existing strategy.

Treasury Department

Treasury Department is responsible for the management of Garanti Bank's foreign currency position and risks related to the Turkish Lira (TL) and foreign currency (FC) bonds portfolio. It is the Department's responsibility to increase the share of the Bank in customer transactions through competitive pricing to corporate and commercial customers via the Treasury Marketing Unit and the branch network. Maintaining and improving the Bank's long-term market making position in the interbank market and executing customer-based gold market transactions as a member of the Istanbul Gold Exchange are also among the Department's duties.

Treasury Marketing Department

Treasury Marketing Department consists of four sections in line with Garanti Bank's customer segmentation: corporate banking, commercial

banking, private banking and financial solutions. For both the limited number of corporate and commercial customers that are served directly and other customers served through branches, the Treasury Marketing Department performs the pricing of treasury products (foreign exchange, cross rates, forwards, options, swaps, repo, deposits, loans, TL/FC bonds, Eurobonds, etc.). In addition, the Treasury Marketing Department informs corporate and commercial customers on risk management, offers solutions related to balance sheet management and potential financial risks, and structures products as needed.

Asset/Liability Management Department

The primary purpose of the Asset/Liability Management Department is to maximize the risk-adjusted return-on-capital of Garanti Bank. Asset/Liability Management Department manages the Bank's interest rate, sovereign credit, structural exchange rate and liquidity risks, in accordance with the objectives set by the Asset/Liability Committee. The Department creates investment, funding and hedging strategies based on prevailing market conditions, interest rates and volume trends of the balance sheet items and risk parameters. The Asset/Liability Management Department also takes action based on quantitative analyses performed according to the principles of financial engineering.

Treasury Derivatives Department

The Treasury Derivatives Department carries out activities for the effective management of the Bank's balance sheet and liquidity, such as those aimed at increasing profitability and hedging current risks in the balance sheet. To this end, the Department works in coordination with the other departments under the Treasury Group to develop all kinds of derivative products that might be needed and prepares the contracts related thereto. The Treasury Derivatives Department also contacts other relevant units, and assesses and analyzes the

documented risks of treasury transactions from the perspective of applicable legislation, regulations and accounting standards, in accordance with local and International Financial Reporting Standards (IFRS).

The Risk Control and Middle Office Unit monitors market risk, profitability and volume of treasury transactions; verifies and reports on the position size and stop-loss limits of each trading desk, as well as the confirmations of treasury transactions and the accuracy of system entries of transactions.

2010 Activities

2010 has been a volatile year with regard to the markets, dogged by concerns over the economies of developed countries rather than those of emerging economies. In a turbulent environment due to the uncertainties particularly over the developed economies of Europe, Garanti Bank Treasury Department maintained its balanced and disciplined stance in the markets and achieved its sustainable profitability target to a significant extent.

- Garanti Bank's transactions with its customers (against the Turkish lira) in the foreign currency spot market in 2010 accounted for 17% of the market. Having increased its share that stood at 15% in 2009, the Bank maintained its leading role in the foreign exchange markets.

- Taking an amazing 30% share in options and forwards with bank customers against the Turkish lira in 2010, Garanti remains the leader in this emerging and highly competitive market.

Projections for 2011

At the onset of 2011, worries over European economies mounts due to the new question marks that arise. Potential distresses to be suffered by these economies will possibly lead to inevitable consequences globally due to their large scales. Under these circumstances,

demand for derivative transactions for hedging purposes is expected to increase particularly in the first part of 2011. With this perspective, Garanti aims to meet the diverse needs of its customer base, from hedging transactions to transactions performed for the purpose of enhancing returns, with an extensive product portfolio. The high potential in this area is highlighted by the large share taken in derivative transactions carried out in previous years.

With constantly increasing exports and imports figures, Turkey is rapidly increasing its presence in the world economy. Foreign currency transactions resulting from commercial relations, combined with the continued stance of the foreign currency as an investment vehicle for Turkish investors, though at lesser extents than before, clearly show that this market will keep expanding. With its competitive pricing, Garanti targets to remain the first choice of customers from any sector in the foreign currency market in 2011.

The group of investors targeting higher returns than government debt instruments offer is expected to show interest in the private sector and banking sector bond issues, which are projected to increase in 2011. Along these lines, Garanti intends to increase its customer trading volume with its expertise in these markets, custom-tailored innovative solutions and its competitive pricing competency.

In 2011, the Asset/Liability Management aims to maximize the risk-adjusted return-on-capital, by identifying the strategies to hedge interest, liquidity and sovereign credit risk in the balance sheet and by taking investment positions in accordance with Garanti Bank's capital.

In the year coming, Garanti will continue to conduct analyzes and take action swiftly, thereby optimally meeting its customers' needs, and sustain its solid, balanced and disciplined stance to 2011 and beyond.

17%
200 bps increase in domestic foreign currency spot market transactions

MARKET SHARE

30%
share in foreign currency derivative transactions

MARKET LEADER

ABACUS sets a model for the sector with its pioneering implementations that enhance productivity, while ensuring centralized, fast and secure execution of operational transactions at high standards with its competent and experienced human resource, superior technological infrastructure, customer-oriented and high quality service approach.



99%

CENTRALIZATION RATIO

24%

market share in foreign currency transfers

LEADER

ABACUS, the central operation unit of Garanti, ensures that the operational transactions of millions of customers are executed at high standards, and its branches and customers are provided year-round non-stop cash service at 5,086 locations. Garanti started to work on centralization in 1994 and became the first bank to set up central operations in Turkey. Today, the Bank captures a high centralization ratio with the branches channeling 99% of operational transactions to ABACUS. ABACUS employs a team of 1,005 individuals, 41 of whom hold CDCS (Certified Documentary Credit Specialist) certificates that prove their expertise on foreign trade transactions in the international arena, working with an outstanding service approach. Key factors that enable ABACUS to achieve high standards are advanced technology, and highly-qualified and well-trained human resource, as well as the experience and know-how.

ABACUS handles the following tasks at Garanti:

- All foreign trade transactions,
- Issuance of domestic and international letters of guarantee,
- SWIFT transactions,
- All operations regarding the utilization of commercial loans and system entry of related collaterals,
- Verification of documents submitted with consumer (general purpose/auto/housing) loan applications,
- All domestic payments including EFT, tax and Social Security Institution (SGK) premium collections,
- Physical and electronic archiving processes,
- Confiscation processes and query letters received from governmental offices,
- Data entry of hard copy credit card application forms,
- Card embossing processes,
- POS application and installation follow-up,
- Cheque and promissory note transactions,
- High volume salary payments/high volume internal and interbank (EFT) money transfers,
- Investment account opening and account

transfer operations,

- After-sale support services for credit cards,
- Cash support services including cash collection and delivery,
- Answering any queries related to legislation and banking practices directed by the Bank's branches and Head Office Departments,
- Monitoring changes in legislation and regulations, and informing all of the Bank employees and conducting necessary training sessions.

2010 Activities

Efforts were undertaken toward increasing operational efficiency, ensuring continuity of high quality service and reducing risk at ABACUS in 2010. In this frame, the following activities were carried out:

- Another important step was taken in the centralization of installment loan documents verification through the inclusion of general-purpose loans to the underlying process in May 2010. The initiative serves to centralized checking of the Repayment Schedule and Consumer Loan Agreement signed at the branches by the customers, thus ensuring standardization, faster transactions, and mitigated documentation risk.
- Upon enforcement of the revised Cheque Law, document content check was also introduced to cheque application procedure, in addition to verification of the existence of documents only as per the former implementations.
- ABACUS started to execute the system entry of some insurance products of Garanti Pension and Life Company, including those that give payment guarantee for credit card and overdraft accounts. Efforts are ongoing for the entry of private pension products of the Company.
- Previously applicable for İstanbul branches only, centralized handling of confiscation orders, placement of blockage, and issuance of letters has been expanded to cover the entire branch network in 2010.
- Physical and electronic archiving efforts

continued in 2010 for the Banking Service Agreements (BSA), which occupy a huge space in branches and which are difficult to keep. Slated for completion in May 2011, the project involves archiving the BSAs of more than 5 million customers.

- Under the Centralization of Cheques Project, cheques of 104 branches started to be processed at ABACUS. With the launch of centralized data entry and control for cheques, mistakes were reduced significantly and high customer satisfaction was attained, in addition to enhanced efficiency.
- In credit card deliveries, effective contract management has been achieved through checking whether the relevant customer has a valid contract in the banking system and informing the package delivery companies accordingly. In addition, card embossing and delivery parameters are now managed and tracked over a module.
- With the Option Project launched in December 2010, identification of option contracts in the system has been integrated with the Customer Documents System.
- Effective planning and changes in work flows at ABACUS Cash Planning and Operations Unit resulted in savings in labor and time despite the increase in number of cash points from 4,512 at the end of 2009 to 5,086.
- Increased number of cash points led to a growth in the amount of money processed. With the improvements made, and revamped and expanded cash processing locations, the quality of the service offered was enhanced, while error rates were minimized. The new structuring at group centers helped alleviate the workload on branches in certain locations.
- In order to manage cash demand and surplus at Türkiye Finans Katılım Bankası branches which are serviced like Garanti branches, the online Company Cash Transactions System went live following the establishment of the technological infrastructure. Thanks to barcode tracking, cash delivery to and collection from companies were put under monitoring, thereby minimizing risk and enhancing operational quality.

- Owing to the technological infrastructure employed and coordination of units, Garanti is the bank that most rapidly adapts to the changes in legislation and banking practices. Following the regulatory changes regarding the foreign currency loans in June 2009, necessary adjustments in the systems had been fully implemented within the same year. Moreover, regional training programs were organized in November and December 2010 and 350 branch managers received training on this subject.
- The Bank gives consultancy support to the project jointly conducted with İstanbul Gold Exchange for the transfer of gold in domestic and overseas markets without physical delivery thereof.
- Within the frame of the project carried out in conjunction with the Audit Department to keep track of export incentive credits, Garanti monitors all commitments on a monthly basis and various actions are planned so as to provide information directly to Branch Managers by ABACUS depending on numeric sizes.
- To help ABACUS and branch staffs get better acquainted and empathize, the rotation program continued in 2010. Branch personnel and ABACUS personnel spent one day at one another's work places, and learned about the business conduct of the other. There was concrete evidence of the positive reflections of the rotations on the business,
- The expertise possessed in letters of credit and letters of guarantee stands out as a key factor that leads many customers to prefer Garanti.

- Considering Garanti branches as customers of ABACUS, the Operations Center paid periodic visits to branches and regional offices. During these visits, feedbacks were received with respect to how the services provided by ABACUS were perceived by the branches. Necessary actions were taken in line with the comments and suggestions to enhance the satisfaction level of branches.
- Thanks to highly-qualified and experienced human resource, combined with the checkpoints placed throughout the system, the Bank's loss resulting from operational errors was a mere US\$ 12,700 within the total transaction volume worth US\$ 830 billion handled by ABACUS.

Projections for 2011

ABACUS will continue to perceive branches as its customers and aims to enhance its service quality further to improve its score in Internal Customer Satisfaction Survey in 2011. To this end, it is planned to be closer to the field than ever before, seek opinions and comments from branches and regional offices, and determine improvement areas in line with the comments and suggestions received. Identification of additional tasks that may be taken over from branches in an effort to reduce their operational workload remains a critical topic as always.

In the year ahead, ABACUS will maintain and further expand the scope of its understanding launched in 2010: "Not just operating, but also preventing the risk undertaken by performing all necessary document and information checks during the process".

Key Indicators for ABACUS

	2010	2009
Number of annual transactions	45 million	44 million
Transaction volume (US\$)	830 billion	768 billion
Average number of monthly transactions	3.8 million	3.7 million

HUMAN RESOURCES

The first Turkish company rewarded with the “Silver” statute, of which only 0.36% of the companies holding Investors in People (IIP) certificate around the world are granted with, Garanti differentiates in the field of human resources as well, owing to its highly-qualified team, emphasis on innovation, and efficiency-oriented systems and processes.

2,432
Promotions

EFFECTIVE PERFORMANCE MANAGEMENT

90%
University graduate employees

COMPETENT HUMAN RESOURCES

~9 Days training
per year per employee

DOUBLE THE NUMBER OF EUROPEAN COMPANIES'

Garanti Bank grows in an established and firm manner, continually investing in its people based on the solid conviction that its human resource is its most valuable asset. In parallel with this growth, the Bank exceeds world standards in its HR practices.

2010 Activities

Garanti Bank maintained its long-term healthy growth process, backing the controlled expansion of the past two years in its branch network with effective HR and training functions, and paying attention to utilization of internal resources.

In 2010, Garanti Bank kept recruiting experienced candidates and new graduates for its Head Office and branches. In the reporting period, 20 people started to work under the Management Trainee program, while 19 others joined the Assistant Internal Auditors program. Emphasizing on the internship programs, Garanti Bank offered internship to 32 students at the Head Office, to 31 at Regional Offices, and to 1,940 at branches, thereby supported university students in their educations and development.

Employee Performance and Development

Garanti Human Resources was involved in all projects and practices carried out across the Bank also in 2010, taking into consideration their impact on its people. The Bank also continued to make use of feedback tools periodically such as 360 Degree performance appraisal, Internal Customer Satisfaction, Employee Engagement Survey and Human Resources Index results, which provide the opportunity to observe the impacts of these practices on the employees. The Department shared the results derived from these tools with the senior management and directors, collaborated with them to formulate development plans, and tailored the development tools that fit specific needs. Garanti Human Resources maintained its target-focused perspective, and integrated the performance system used for the field in the “Star Career Management”, similarly to the system utilized at the Head Office.

In this frame, employees started making competence-based self-assessments, and preparing their development plans upon meeting with their line managers during the performance appraisal.

Initiated in 2009 to enhance employee motivation, strengthen the bonding among employees, and facilitate a more effective communication across the Bank, “4 Seasons” gatherings continued in 2010. In 2009, the existing recognition program was revised and renamed SPOT Awards. More weight was given in 2010 to internal communication regarding SPOT that has been introduced to reward employees that make a difference, and to create awareness throughout the organization. Communication activities resulted in 60% increase in the usage ratio of SPOT by directors as compared with 2009.

Training

Investments in employee trainings continued in 2010 in line with the continuous training and development approach espoused by Garanti Bank. The Bank’s investment in this area last year was nearly two-fold of the average of European companies. Employees received 68 hours of training per person in classroom sessions and via e-learning methods, with a particular focus on training programs and practices building expertise in investments, loans and sales.

Summit and training programs specifically organized for Garanti executives concentrated on leadership, coaching, strategy and marketing. The organization collaborated with Turkey’s and Europe’s leading business schools and trainers.

While employees continued to receive technology-based training programs, development support was extended via 12 hours of remote training per person annually. With the 24 new e-learning programs started in 2010, the total number of programs reached 87 in total. In addition, 10% of employees received training via webinar application. Garanti senior management

shared their experiences in business and team management with 15% of the organization in training sessions held during the year.

In 2010, the Bank measured the return on training investments (ROI), which yielded an ROI of above 100% for the programs measured.

Career Development

Giving priority to appointing managers from within, Garanti Bank posts the internal openings via Intranet under the heading “Career Opportunities”, and shares them with all the employees. Employees are able to set their career targets making use of the “Career Maps” application accessible to all employees, and apply for the positions they are interested in. Candidates who cannot be evaluated immediately for relevant positions are placed in the candidate pool.

Within the scope of controlled growth strategy in 2010, priority was given to inter-regional and intra-regional transfers for new branch openings and vacant positions. 667 employees were appointed to different positions within the frame of Career Opportunities that became available during the reporting period. In line with the tradition to appoint its managers from within, 103 Garanti employees, all of whom have been evaluated by the “Assessment Center”, were promoted to manager positions, while 2,329 others rose to non-manager positions. Capitalizing on branch visits and one-on-one

meetings carried out during the year, Garanti Human Resources offered career advisory to all employees, and held regional informational meetings, thereby getting the chance to talk about HR practices. These activities contributed towards assessment of employees for the correct positions along their career paths, as well as to the business objectives of branches.

Projections for 2011

Garanti Bank will prioritize internal resources, remain loyal to its development strategy, and keep concentrating on investments that observe employee motivation and highlight communication at any level.

2011 Targets of Garanti Human Resources

Garanti Human Resources works towards realizing an integrated structure designed to ensure loyalty and permanence of high-performing and high-potential employees, to enhance their efficiency through customized career and development programs, and to get the employees ready for positions the organization will need. Along the line, the Department plans various career support, reward and development implementations based on talent management.

Garanti Bank will continue to measure and evaluate the training programs, based on its approach to determine the reflection of its training activities on the actual business (ROI) launched two years earlier. Targeting to provide

training programs that will make more efficient use of its employees’ time particularly through e-learning methods, Garanti will employ information management platforms to be set up, and videos, e-books, and podcasts, so as to diversify the channels whereby employees will share their knowledge and experiences with each other.

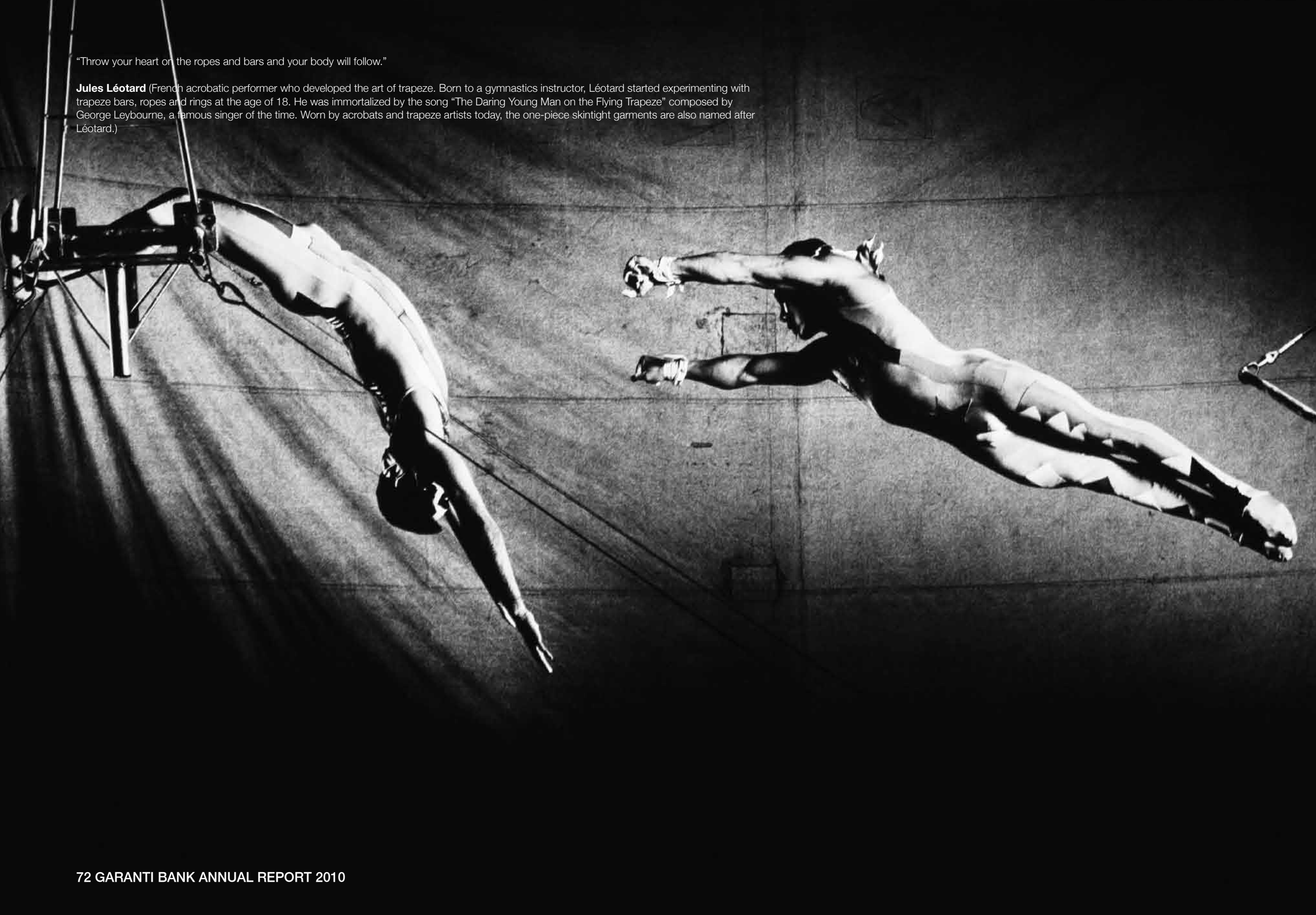
Carrying on with its activities on the back of a performance-based culture for many years, Garanti Bank will keep its focus on continual development in 2011, and continue to organize recognition and communication practices such as “SPOT” and “4 Seasons” and the “Star Career Management” for the branches, a career and performance management program introduced in 2010. In addition, “Employee Volunteer Work” project developed to ensure team spirit among employees and to support sense of belonging to the organization, will be launched in 2011.

In the year ahead, momentum will be given to activities that will increase internal communication so as to back employer brand positioning and set the standards. With a view to increase the effect of communication, the Department will continue to make use of suitable communication channels that address different employee segments (CCTV, webinar, conference calls, videoconference, intranet, magazines, etc.), and carry on with meeting and e-mail management activities to ensure efficient time management.

	2006	2007	2008	2009	2010
Number of personnel (excluding security guards)	11,158	13,631	15,285	15,654	15,419
Number of branches	487	592	724	792	863
Number of personnel per branch (excluding security guards)	22.91	23.02	21.11	19.77	17.87
	2006	2007	2008	2009	2010
Career Opportunities Program	97	167	87	76	68
Total Promotions	813	1,050	3,130	2,679	2,432

“Throw your heart on the ropes and bars and your body will follow.”

Jules Léotard (French acrobatic performer who developed the art of trapeze. Born to a gymnastics instructor, Léotard started experimenting with trapeze bars, ropes and rings at the age of 18. He was immortalized by the song “The Daring Young Man on the Flying Trapeze” composed by George Leybourne, a famous singer of the time. Worn by acrobats and trapeze artists today, the one-piece skintight garments are also named after Léotard.)



GARANTI'S INTEGRATED SUBSIDIARIES

Responding to changing needs and expectations rapidly with its versatility, Garanti demonstrates successful performance in a variety of specialized areas, proving its dedication in balanced growth and sustainable profitability.

GARANTIBANK INTERNATIONAL N.V.

 Combining **competitive and innovative products tailored to the diverse needs of its customers** and **high-quality service, GBI seized the opportunities in the reshaped post-crisis environment successfully and increased its customer base, business volume and profitability.**

GarantiBank International N.V. (GBI), a wholly-owned subsidiary of Garanti Bank, was established in 1990 in Amsterdam. Headquartered in the Netherlands, GBI also has operations in Germany, Turkey, Switzerland and Ukraine via its branches and representative offices. As a “global boutique bank”, GBI furnishes customized, innovative and country-specific financial solutions to its customers worldwide in the areas of trade finance, private banking, structured finance, and corporate and commercial banking.

Acquiring customers for Garanti in the international arena from amongst SMEs and corporate companies as well as financial institutions, the Trade Finance Division offers

commodity finance, structured finance and trade finance products. GBI stands out with its high-quality services and the added value created in international trade.

Providing advisory and intermediary services in Private Banking, GBI offers customized and sophisticated global products and services to high net worth private and corporate customers.

Structured Finance Division works in synergy with the other departments of GBI and provides upscale services to select customers in project finance, Islamic finance and shipping finance globally.

Established by mid-2009 and having quickly reached a customer base and trading volume above expectations, Corporate and Commercial Banking Division operates to fulfill all banking requirements of the target companies in its segment assuring utmost speed and quality of service.

GBI has a Long Term Deposits Rating of Baa1 from Moody's, which was confirmed in September 2010. Four notches higher than the Turkish sovereign rating, this rating reflects GBI's role as a niche player in the competitive segment of international trade and commodity finance, its strong financial fundamentals and asset quality, its solid funding profile and stable profitability.

With the divestment of its Romania branch in 2010, GBI further strengthened its capital structure, increasing the year-end Capital Adequacy Ratio to 16.03%, out of which 14.24% is Tier-I ratio. Maintaining its high asset quality in the post-crisis environment, GBI's NPL ratio was, once again, below 1% at the end of 2010. Having one of its most successful years in 2010 in terms of profitability, GBI recorded a net profit of EUR 47 million, with a year-on-year increase by 69%.

Geared up for the new obligations consequent to the revisions to the European banking legislation and even tougher market conditions in the coming period, GBI will maintain a steady return on equity owing to its strong capitalization, flexible balance sheet structure, prudent risk management and expertise in its fields of activity, focusing on customer-oriented healthy growth and innovation.

16.03%

Capitay Adequacy Ratio

TIER-I RATIO OF 14.24%

<1%

NON PERFORMING LOANS RATIO

69%

profit growth

€ 47 MILLION NET PROFIT

GARANTI BANK SA

 Garanti Bank SA continues to **differentiate itself in the Romanian banking sector with its business model, solid technology, and innovative products...**

Having obtained the necessary incorporation authorization from the Central Bank of Romania in March 2009 and the operating license in August 2009, Garanti Bank SA started its operations in May 2010 upon transferring GarantiBank International NV's Romania branch. With the acquisition of the shares in D Netherlands Holding BV (based in the Netherlands) held by Doğuş Holding A.Ş., Garanti became an indirect shareholder in Garanti Bank SA and three non-bank financial institutions: Domenia, Ralfi and Motoractive. Accordingly with the mass market businesses such as mortgage, consumer finance and leasing, the operations in Romania were broadened further towards the objective of becoming a regional player. Following other transactions in December, T. Garanti Bankası A.Ş. became the sole shareholder in Romania operations by acquiring the remaining shares from GE, the other indirect shareholder.

With more than 80% geographic coverage, Garanti Bank SA introduced a number of innovations to the Romanian banking sector. Bonus Card, a successful card loyalty program in Turkey with its innovative features and technology, and online banking services were well-received in the country. With Bonus Card, Romania's first international chip-based credit card with a reward program, Garanti Bank SA was rewarded with the “Premiere of the Year” award by No Cash magazine and “Best Banking Product” award of Piata Financiara in 2008.

The Internet banking service received the “Best Consumer Internet Banking” award from Global Finance and the “Most Sophisticated Internet Banking Service” award from e-Finance in 2009. Presented with the “The Most Innovative Financial Solutions for SMEs” award by Piata Financiara magazine in 2009, Garanti Bank SA sustained its success, and received the “Best Selling Credit Card” award of No Cash magazine and the “Most Active

Bank in the Romanian Card Market” award of Cards Forum in 2010.

Garanti Bank SA will maintain its focus on growth and market share in 2011, and continue its operations with the aim to establish a structure that is based on a solid foundation, a pioneer in the sector in terms of technology and that supports its rapid and healthy growth through the ongoing projects.

With

€ 1.7 Billion

consolidated assets

RANKS 14TH IN ROMANIA

65

BRANCHES

~500,000

CUSTOMERS

GARANTIBANK MOSCOW



Standing out with its ability to rapidly adapt to changes and its service quality, GarantiBank Moscow focuses on stable growth and sustainable profitability without compromising asset quality in the current market conditions characterized by increased competition and diminishing profit margins.

GarantiBank Moscow (GBM), which began operations in 1996, is one of the 80 foreign banks operating in Russia. Holding a full-scale banking license, GBM operates with 80 employees in one branch and one satellite branch.

Having defined its core businesses as corporate and commercial banking, GBM serves a clientele of Russian firms from various sectors and major Turkish companies active in the Russian market. GBM also offers service to large-scale Turkish tourism establishments in Russia. Of the nearly 600 commercial customers in its portfolio, 84% is constituted by resident companies and 16% by non-residents.

Economic Developments

The Russian economy, which contracted by 7.9% in 2009 with the effect of the global economic crisis, entered into a recovery period in 2010. Annual growth and inflation in 2010 are estimated to be 4% and 8 %, respectively.

In view of the economic crisis and easing in inflation, the Russian Central Bank cut interest rates by 525 basis points. After the latest interest rate cut in May 2010, interests left stable in the second half of the year. On the other hand, 2011 is expected to see decisions to increase interest rates at a certain ratio.

While the country's currency ruble tended to gain value on the basis of the euro/dollar basket monitored by the Central Bank, it started losing value from the summer months and went down to year-end 2009 values. The capital outflow from the country in the global crisis period from 2008 year-end through 2009 amounted to US\$ 130 billion. This figure is estimated to remain at

a mere US\$ 22 billion in 2010. After standing in the region of US\$ 440 billion at year-end 2009, foreign currency reserves are estimated to rose to US\$ 500 billion at the end of 2010, driven by increases in oil and other raw material prices.

The Central Bank started to gradually decrease the liquidity support extended to the banking sector during the global crisis period and the non-collateralized loans item was reset.

Projected to attain 4-5% growth in 2011, the Russian economy's growth rate and overall performance will continue to depend on the global economic developments, owing particularly to its dependence on commodity prices and integration with the worldwide financial system.

2010 Activities

GarantiBank Moscow had another successful year in 2010, thanks to the successful strategy pursued during and after the crisis, combined with its ability to correctly analyze the conjuncture and quickly adapt to changes under adverse conditions.

During 2010, GBM kept concentrating on real sector companies that have strong shareholding structures, relatively low leverage, strong cash generation capability, strict financial discipline and a sound management. In line with the target of recapturing the pre-crisis levels in the lending portfolio which had been intentionally narrowed down during the crisis period, new customer relationships were established with large-scale companies enjoying high credibility. The Bank started witnessing the positive impact of these newly developed relationships on volumes starting from the last quarter of 2010.

Having downsized its assets by 60% and cash lending portfolio by 78% during the crisis, GBM finished 2010 with an asset size of US\$ 329 million, and preserved its asset quality despite the remaining uncertainty on risky assets in the Russian banking sector. With the support of relationships with existing and potential customers, GBM targets to achieve US\$ 470 million in asset size at year-end 2011.

The corporate bond market that came almost to a standstill during the global financial crisis started opening up gradually, initially on the basis of companies with high credibility. This activity continued at an increasing pace in 2010. GBM made new purchases in this period in corporate bonds offering attractive returns and enjoying high credibility. Furthermore, owing to the attractive returns that recently formed in the market, investments started in the ruble denominated Russian Sovereign bonds, which had failed to attract investors due to their low returns in the pre-crisis period. The bond prices saw significant increases, and investment opportunities were capitalized on in the market, particularly due to the interest rate cuts of the Central Bank and decreased funding costs in 2010. GBM will continue to evaluate opportunities to materialize in 2011.

In 2010, GBM started operating from its new head office building and from its new branch property purchased in 2009.

GBM's pre-tax profit for 2010 grew 70% year-on-year to reach US\$ 17 million, despite decreased interest margins and increased competition.

Anticipating similar conditions to persist through 2011, GarantiBank Moscow aims further enhance the performance shown to-date via its accurate analysis skill and ability to easily adjust to changing market conditions, even though it operates in geography where different market dynamics exist.

\$329 Million

TOTAL ASSET SIZE

With
70%
increase

**\$17 MILLION PRE-TAX
PROFIT**

84%
of the total portfolio is resident
companies

**600 COMMERCIAL
CUSTOMERS**

GARANTI SECURITIES

Garanti Securities is the sector's **leader**, having advised on over USD 12.5 billion worth



of corporate finance transactions to date, with an equity portfolio that outperformed the index by 15% in 2010 and a 6.1% market share in ISE trading volume.

A subsidiary of Garanti Bank, Garanti Securities provides corporate finance, research and capital markets brokerage services to its domestic and foreign clients. Garanti Securities is Turkey's most preferred brand in corporate finance and brokerage services with its highly experienced team characterized by teamwork and custom-tailored solutions. Garanti Securities has continued to provide returns above the market average to investors, complemented by detailed research reports on ISE-listed companies, on the economy and fixed income securities.

Corporate Finance

Garanti Securities was mandated by the Privatization Administration as the sell-side advisor for the privatization of Başkent Natural Gas Distribution company in 2010. The tender process for the privatization was completed August, with US\$ 1,211 million as the highest bid. Upon obtaining the necessary approvals and financing, the closing is expected to occur in the first half of 2011.

In 2010, Garanti Securities executed 8 debt offerings with a total value of TL 475 million (US\$ 318 million) for Koç Consumer Finance, as well as Garanti Bank's GAREN exchange traded fund issue in June.

Garanti Securities continues to offer advisory services for public offerings, debt offerings and merger and acquisitions advisory services to clients engaged in various industries including energy, mines, ports, cement, logistics and real estate for a total estimated transaction size of US\$ 6 billion.

Brokerage Services

Garanti Securities provides equity market brokerage services to domestic and foreign clients. The Company's cutting-edge technological infrastructure enables retail and corporate clients to easily execute their transactions. Garanti Securities had a market share of 6.1% in 2010 with an average daily trading volume of TL 300 million, thus becoming the second highest trader on the ISE. Garanti Securities served 310,000 clients in 2010, with total trading volume reaching TL 62 billion.

Research

Reports drawn up by Garanti Securities' experienced research team are delivered to the extensive client base, investment centers and international corporate investors across the world. The team's portfolio recommendations consistently outperform the index returns every year. The equity portfolio constituted based on the research team's recommendations in 2010 outperformed the index by 15%.

The Research Department issues reports on ISE-listed companies, as well as on macro economics and fixed income securities. The current scope of coverage encompasses Turkey's leading industries, financial institutions that steer the ISE, and industrial companies. The research team provides periodical and daily updates with fundamental and technical analysis for stocks in its coverage to its domestic retail and institutional clients, while extending support to corporate projects including IPOs, asset sales and M&A projects.

International Institutional Sales

The International Institutional Sales Department has been set up to offer trading services in ISE and/or TurkDEX to international investors, brokerage firms and funds which have an investment or interest in the capital markets. The Department's services are provided by an experienced sales team.

International brokerage transactions performed with an approach at international investment banking standards were improved significantly as a result of the restructuring undertaken in 2010. Reaching an extensive international corporate client base quickly, the Department attained a considerable increase in market share. The targets for the years ahead include increasing the trading volume and the number of investors by several folds. The department also furnishes brokerage services in international capital markets to domestic investors who wish to trade on overseas markets.

Private Equity

Garanti Securities proceeds with its activities to engage in the private equity segment, which has especially gained momentum and prevalence as a funding tool adopted by Turkish companies, particularly after 2006. Garanti Securities continues to perform research and reviews on candidate companies suitable for investment, for those which would potentially be seeking to accept capital participation by a private equity partner; in anticipation that appropriate price levels will be established in relevant markets, depending particularly on the post-global

crisis conjuncture. As part of these activities; Garanti Bank's extensive branch network and its customer portfolio are aimed to be utilized to reach small and medium-sized Turkish enterprises, in particular need of such capital leverage, to create funding for them, to contribute towards reaching their targeted growth, and as such, to create value in the private equity investment portfolio.

>\$12.5 Billion

value to date

**CORPORATE FINANCE
TRANSACTIONS**

ISE trading volume

#2

with 310,000 clients

~6% MARKET SHARE

Outperformed the index by

15%

EQUITY PORTFOLIO

GARANTI ASSET MANAGEMENT

As the standard-setter focusing on leadership, Garanti Asset Management stands out as one of the best asset management companies with its experienced team, effective decision-making processes, high quality service approach and innovative products.

As the first asset management company in Turkey, Garanti Asset Management has been providing individual and corporate investors with mutual fund, pension fund and discretionary portfolio management as well as alternative investment solutions since 1997. With a corporate investment and management philosophy based on analytical thought, competent human resources and an advanced technological infrastructure, Garanti Asset Management stands out as one of the best asset management companies in the sector.

As of December 2010, Garanti Asset Management was managing 27 mutual funds of Garanti Bank, 3 mutual funds of Garanti Securities, 11 pension funds of Garanti Pension and Life, Garanti Bank's Istanbul Hedge Fund, and the Garanti Investment Trust portfolio. Owing to the solid performance displayed during the year, the Company grew by 17% and reached total assets worth TL 7.4 billion with 15.77% market share among asset management companies.

Mutual Funds

The Turkish mutual funds market grew by 9% in 2010; in the same period Garanti Asset Management surpassed the overall sector's average with 14% growth rate and reached TL 5.1 billion in funds under management as of year-end.

In July 2010, Garanti Bank and Garanti Asset Management launched GAREN, an Exchange Traded Fund based on MSCI Turkey Index. The fund enables investors to invest at once in a portfolio constituted by the stocks of 20 companies quoted on the ISE.

Pension Funds

The fastest growing investment product in Turkey, pension funds make up an important component of the collective investment instruments industry. Growing continuously, the sector expanded by 32% in 2010, thus increasing the importance of pension funds from the standpoint of market share. Pension funds managed by Garanti Asset Management outperformed the sector figure and reached a volume of TL 1.8 billion, with 39% annual growth.

Discretionary Portfolio Management According to December 2010 figures published by the Capital Markets Board of Turkey (CMB), the overall discretionary portfolio management market had assets under management of TL 4.4 billion, whereas Garanti Asset Management had assets under management worth TL 442 million in this segment, corresponding to 10.16 % market share.

Alternative Investment Products

Investment choices that change in Turkey, combined with the developments in global markets, increased the need for diversification of investment instruments, resulting in growing demand for alternative investment products. As of December 2010, there were 103 Income Guaranteed and Capital Protected Funds in the sector. Garanti Asset Management controls 12.56% market share with 11 funds with TL 312 million total assets under management.

Istanbul Hedge Fund draws the attention as a key novelty introduced by Garanti brand to the Turkish capital markets. Set up by Garanti Bank, Istanbul Hedge Fund has a capital of TL 500 million and is the largest hedge fund set up in Turkey. Launched to the investors in June 2009, Istanbul Hedge Fund performed successfully and attained a rapid growth during 2010 and reached a volume of TL 162 million at the end of the year.

Global developments in the past two years reveal that investors will need professional support more than ever for the management of their assets. In this respect, Garanti Asset Management will continue to work on professional evaluation of medium and long term funds and thereby contribute to the national economy. Putting the perfect competitive edge in the capital markets to utilize increased value-add for its stakeholders, Garanti Asset Management will keep managing change and sustain its performance level.

Projecting that demand for new products and alternative investment instruments will get stronger and growth in mutual funds sector will gain momentum with these products in the period ahead, Garanti Asset Management will continue to broaden its alternative investment products portfolio offered to its customers by issuing new funds in 2011.



GARANTI LEASING

Maintaining its customer-centric approach irrespective of the reigning market conditions and responding to changing customer needs with high quality service, Garanti Leasing, despite increased competition in 2010, continued to act as the driving force of the sector without compromising the importance attached to profitability.

Rated by Standard and Poor's (S&P) and Fitch Ratings, Garanti Leasing is noted as the only Turkish leasing company rated by two different rating agencies. Fitch Ratings issued a BBB- rating for Garanti Leasing, which indicates "investment grade" in terms of local and foreign currency, with a positive outlook. Garanti Leasing was also assigned a positive outlook by S&P and a long-term foreign currency rating of BB. The Company preserved its national credit rating of AAA(tur) in 2010.

As a well-known Turkish leasing company in the international market, Garanti Leasing takes the lead over its peers with its funding ability and broad borrowing portfolio.

In keeping with its long-going strategy that places the small amount transactions of SMEs in its focal point, Garanti Leasing set itself apart from competition, maintaining the asset quality through the variety of products in its portfolio. Yet, its risk-adjusted balance sheet structure

kept the Company immune from the volatilities in the market.

Standing out as the leasing company with the broadest customer base owing to 1,998 new contracts signed in 2010, Garanti Leasing augmented its business volume by 38% to US\$ 466.6 million. With more than TL 2.1 billion in total assets, TL 419 million in total capital, and over TL 1.5 billion in leasing receivables, Garanti Leasing successfully operates as one of the largest companies in its sector.

Garanti Leasing, making effective use of Garanti Bank branches and vendors in addition to its own sales network, increased the number of Garanti Bank branches via which it carries out business, and achieved an efficiency ratio of over 50% in this respect.

Distinguished from its peers also with its solid technical infrastructure, Garanti Leasing, drawing on this strength, enjoys flexibility and agility, as well as the capability to instantly respond to diverse customer needs under changing market conditions.

Garanti Leasing launched the Call Center project in 2010, which will result in increased efficiency in customer relations and enhanced customer satisfaction and will also be used as a sales channel. The Company aims to concentrate more on alternative delivery channels in 2011, so as to attain improved efficiency and customer satisfaction.

According to the "Turkey's Most Admired Companies" survey carried out annually by Capital magazine, Garanti Leasing has been designated Turkey's Most Admired Leasing Company based on 2010 results. Poll results are determined by middle and upper managers who name their three admired companies in their relevant sector excluding the one they work for. The opinions of 1,321 middle and upper managers have been sought for the 2010 survey.

Garanti Filo Yönetimi A.Ş.

Established in 2007 to operate in operational leasing, Garanti Filo Yönetimi A.Ş. (Garanti Fleet Management) made itself an important place in the market in the three years since then and was able to set new standards in fleet management service.

Ever since its inception, Garanti Fleet Management has been the fastest grower in the sector owing to its high quality service understanding. Effective use of Garanti Bank branches has played a major part in the Company's attainment of this goal.

Exceeding the targeted 2,300 new vehicle purchase in 2010 and making a total of 2,620 new additions to its portfolio, Garanti Fleet Management reached total assets worth TL 195 million and a total fleet size of 7,150 vehicles.

1.998

new contracts in 2010

BROADEST CUSTOMER BASE

38%

growth in business volume reaching

\$ 466.6 MILLION

TL > 2.1 Billion

TOTAL ASSETS

GARANTI FACTORING

Garanti Factoring keeps making a difference in the sector as Turkey's leading factoring company with its innovative products tailored to customer needs, strong IT infrastructure, and competent human resource exhibiting successful teamwork.

Having started operations in 1990 as one of the first factoring companies in Turkey, Garanti Factoring offers products built on win-win principle for businesses controlling an extensive dealer or supplier network, export and import oriented companies, and SMEs. In addition to traditional factoring products, Garanti Factoring diversifies its services through solutions tailored to the relevant sector's or customer's features and operates as Turkey's leading factoring company with its innovative, dynamic and customer-oriented approach.

Garanti Factoring provides, in a single package, the financing, guarantee and collection management products required by both the domestic and international trade. 34.82% of the Company's shares are traded on the ISE National Market.

In 2010, Garanti Factoring attained positive results both in the number of customers and market penetration.

In addition to the standard banking products, the need for receivable-based financing methods continuously increases as the export and import financing rapidly develops in Turkey. Garanti Factoring delivers fast and effective solutions for its customers' needs, using export factoring, and international supplier financing structures.

A set of services which allowed for the handling and reporting of corporate clients' collections by the Call Center of Garanti Factoring continued to grow rapidly in 2010. With the newly designed reporting system, corporate clients were provided with a much broader assessment on the status of their collections. Structures that will give CRM

support to customers using this product are slated for introduction in 2011.

Garanti, with the "Alacağım Garanti'de" (My Receivable Guaranteed) product developed in 2010, attained increased activity in irrevocable factoring, a practice yet to realize its potential in Turkey. Customers who handle their sales through a multi-dealer network but have difficulty in measuring the dealer risk and also in making collections therefrom, are able to take their receivables under guarantee without restricting their dealers to strict collateral structures. Offering a much faster and much more effective process compared to the Direct Debit System or letters of guarantee, the product gives Garanti customers the chance to manage their commercial collections in a much more secure manner.

Garanti Factoring reaches its customers directly or via Garanti branches, with which it maintains a close cooperation. In addition, the Company makes effective use of Internet-based systems as an alternative delivery channel. In 2011, Garanti aims to build on this significant alternative delivery channel that accelerates new customer acquisition, enhances existing customer satisfaction, and targets to introduce major projects that will offer e-factoring solutions to customers.

Designed to increase operational efficiency, and thus help the Company capture technological leadership in the sector, the IT project has been brought to completion and introduced to a large extent in 2010. In the year ahead, increased productivity to be derived on new systems will reflect in the Company's performance.

Garanti Factoring, the sector's leader in import factoring, supports its customers in their international procurements. Offering products and services that are preferred also by export companies abroad, Garanti Factoring intermediated imports worth more than US\$ 200 million in 2010.

As 2010 saw rapid increase in Turkey's exports, Garanti Factoring formulated creative solutions for national exporters. Previously, guarantee provided for exports by the factoring sector was limited to certain export destinations. During 2010, Garanti Factoring provided guarantee for its customers' exports to an increased number of destinations in 2010.

Garanti Factoring will keep improving its existing cooperation with Garanti Bank in 2011. Along this line, the Company plans to build on the existing collaboration with branches and business lines, contribute to customer satisfaction by offering the complementary products of factoring, and carry out factoring transaction at every Garanti branch serving corporate, commercial and SME customers. Garanti Factoring works with the objective of further improving its performance in 2011 and deepening the roots of its leading position in the sector.

Garanti Factoring Ratings

FC Long Term Rating	BBB-
FC Short Term Rating	F3
LC Long Term Rating	BBB-
LC Short Term Rating	F3
National Long Term Rating	AAA (tur)
Support Rating	2

Fitch Ratings

7,000

More than 50% growth in

NUMBER OF ACTIVE CUSTOMERS

22%

Market share in factoring volume

LEADING POSITION

\$10 Billion

Sustainable Business Model

FACTORING VOLUME

GARANTI PENSION AND LIFE

A solid performer also in 2010, Garanti Pension and Life continues to lead and shape the sector with its proactive approach to business development, innovative practices, and dynamic structure.



Founded in 1992 and operating with the goal of providing the best in service to its customers in pension and life insurance sectors, Garanti Pension continues to lead the sector by virtue of its innovative practices, as well as its strong sales performance and financial success, drawing on its experience in bancassurance. Steering the future of the sector through visionary novelties introduced in various fields, Garanti Pension maintains its fast pace of development on the back of its proactive product development and service process.

Having brought its market share up to 18.7% in 2010 with TL 439 million in net contributions, Garanti Pension outperformed the overall sector in the growth of funds under management, reaching TL 1.8 billion in total. The highest new share winner in the pension sector with 0.7 percentage points in funds under management and 1 percentage points in contributions, Garanti Pension increased its

market share to 20.0%, arriving at 455,000 people in the number of participants.

Based on successful bancassurance activities carried out in conjunction with Garanti Bank, Garanti Pension achieved a big success, realizing 39% of employer sponsored pension plan production in the sector and augmented its market share in this respect by 6.6 percentage points.

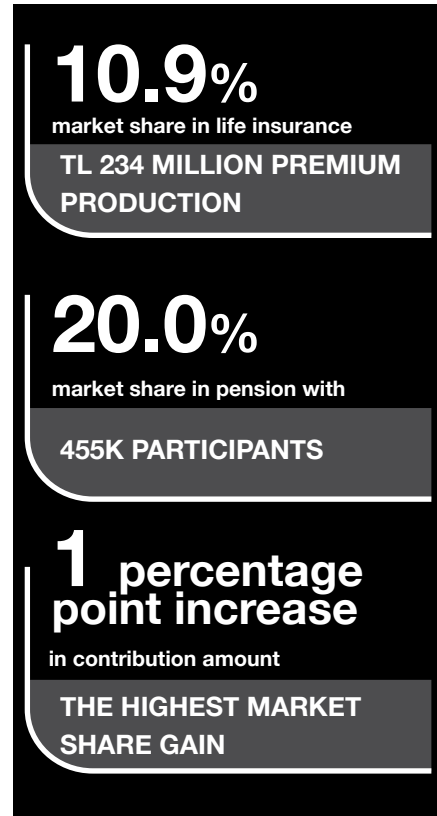
Garanti captured 10.9% market share with TL 234 million in premium production in life insurance in the reporting period, translating into 0.7 percentage points market share increase as compared with year-end 2009. This performance was mainly driven by production in risk life and unemployment products realized through Garanti Bank branches and alternative delivery channels led by the Call Center.

Garanti Pension offered the sector's first non-interest fund investing only in income-linked bonds for interest-sensitive customers last year. In 2010, the Company established cooperation with Türkiye Finance, a leading participation bank in Turkey, and got participation bank customers acquainted with the private pension system, thus pioneering the sector.

Originating two other novelties in relation to informing its customers about the pension system and pension contracts, Garanti Pension, in 2010, launched "online pension advisor", whereby customers can get the answers to any question about private pension and life insurance, and "social security advisor" created to help fill in the information gap related to the public retirement system online via the corporate website.

For 2011, Garanti Pension set its priority targets as sustainable market share increase

in life and private pension sectors in parallel with premium production, funds under management, and number of participants. Aiming to increase the number of employer sponsored contracts, in particular, in the pension sector, Garanti Pension also regards it a priority to fortify its leadership in group pension plans. Moving ahead with innovative products and customer-centric service approach, Garanti Pension set its sights on adding to its financial strength and profitability, along with new market share acquisition in 2011.



GARANTI PAYMENT SYSTEMS

Espousing a customer-centric approach and developing systems that will replace cash, Garanti Payment Systems draws the attention for its products and implementations that are exemplary across the world, as well as for its successful figures.



Garanti Ödeme Sistemleri A.Ş. (Garanti Payment Systems) was established by Garanti Bank in 1999 on the vision of developing systems that will replace cash. Garanti Payment Systems renders commercial and virtual cards, marketing and e-commerce services including chip-based, multi-branded and co-branded card programs as the fastest and most active service provider in the Turkish credit card market. Defining the structure of the sector with its product implementations and projects diversified according to customer needs and financial dynamics, Garanti adeptly analyzes customer demands thanks to its marketing-oriented payment systems team and state-of-the-art technology infrastructure. As a result, the Company strives to reach card users in each segment via specially tailored products.

The product portfolio of Garanti Payment Systems includes:

- Bonus Card, the credit card for customers who like smart shopping in every segment,
- Flexi Card incorporating no feature other than those needed by its holder for customers who wish to pay only for properties that are actually used and to self-tailor the card,
- Money Visa Card earning extra points called

"money" in addition to "bonus" points, besides instant discount at check-out and free surprise shopping chance for customers who like to spend even less on their supermarket shopping while enjoying unique benefits,

- Golden Bonus that saves "gold" as you spend which also serves as an investment tool through gold coins for customers who wish to save up and even invest while shopping,
- Shop&Miles that earns miles from purchases and flights, provides discount on dining expenses, and makes life easier and more enjoyable with its travel and concierge consultancy service for customers who frequently travel abroad and spend high entertainment and restaurant expenses in and out of Turkey,
- American Express Centurion Line as a global brand that offers high standards for customers who spend high entertainment expenses abroad, provides up to 20% discount on restaurant and hotel expenses, wins exclusive gifts through MR points, and offers international reliability and comfort with travel, concierge and insurance services,
- Paracard for customers who prefer to use debit or prepaid card instead of cash for shopping,
- Bonus Trink for customers who don't want to carry change, also available in the form of watches, key fobs and stickers as well as a regular plastic card,
- BonusluAvea, a first in the world, for customers who wish to pay for their shopping with contactless debit or credit card, with NFC technology,
- Environmentally Friendly Bonus for customers who wish to protect the nature while spending,
- Fenerbahçe and Galatasaray Bonus for customers who want to support their team,
- Bonus Mirror Card, presents all the features of a credit card, offers at the same time to the ladies a mirror as an accessory,
- Transparent Bonus that is differentiated with its three corners and see-through design,
- Business card portfolio consisting of Bonus Business Card, Shop&Miles Business Card, Joint Card, Corporate Card, Fleet Card, Ekin Card, Corporate Travel Card and American Express Business Card for customers who prefer to make payments on behalf of their companies in a secure and easy manner as well as for those with diverse needs.

Garanti Payment Systems provides Kolay Vezne (Easy Teller), Ödeme Noktası (Payment Point), and Card Application Point services to merchants. Fully satisfying all payment needs of all businesses, Garanti Payment Systems also provides e-commerce and e-tailing services via garantialisveris.com, and offers various payment solutions including dial-up POS, ADSL POS, Mobile POS and Virtual POS.

Garanti is also the only bank in Turkey that accepts VISA, MasterCard, American Express, JCB, CUP, Diners and Discover cards.

Garanti, with its most favored card portfolio domestically and internationally and the highest issuing volume generated through this portfolio, holds the leader position in total number of plastic and credit cards in 2010. Garanti also continued to pioneer the debit card market with Paracard, the most frequently used debit card in shopping.

Having propagated across the sector the objective of creating a totally cashless society in Turkey by 2023, Garanti aims to achieve this target by expanding the market. Garanti intends to firstly reach the individuals who do not use payment systems due to their ages and income via Paracard, its prepaid debit card brand, and to optimally adapt technology in its products through initiatives such as Trink, thus embedding payment systems in daily life.



GARANTI MORTGAGE

Continuing to make a difference with more than **20 product options** that cater to customers'

 **diverse needs and alternative delivery channels** in a period when the sector is characterized by price competition, **Garanti Mortgage** has been enjoying **unbroken leadership** in the sector since its debut.

Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. (Garanti Mortgage), the first in the Turkish sector, was established in October 2007, in accordance with the growth potential of mortgages in Turkey, which is one of the most crucial components of the global financial system.

House purchase takes the lead among the long-term and the most important investment decisions for consumers. Recognizing that purchasing a house with a mortgage loan requires expertise, Garanti set out with a dedicated team that closely monitors the developments and needs in Turkey and across the world and designs suitable solutions. Garanti Mortgage continues its operations as the sector's leader with a team of 70 individuals possessing exclusive expertise in this field.

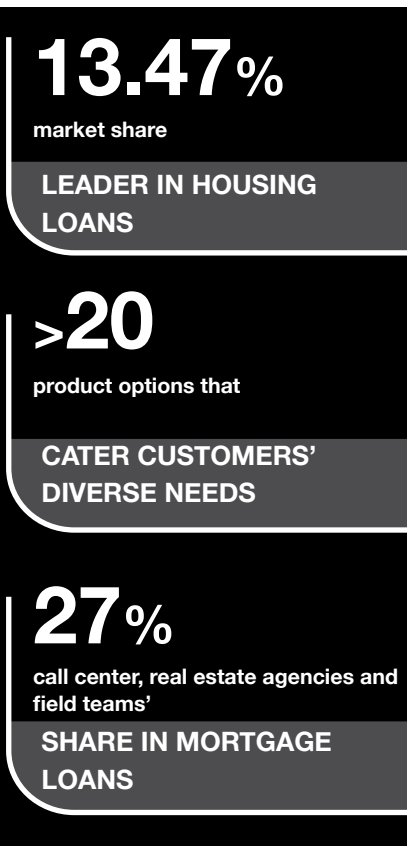
During the reporting period:

- The Company kept highlighting "Garanti, the Mortgage Expert" identity
- Mortgage certification program in collaboration with a private university continued, covering all relevant branch


personnel so that they can become Mortgage Experts.

- Having captured the sector's leadership in 2007, Garanti sustained its leading position owing to its delivery channels and the importance it attaches to expertise in a highly competitive period, and attained 13.47% market share.
- Turkey's first mortgage call center, 444 EVİM (HOME) successfully pursued its operations. Enabling customers to take mortgage advice and place applications on the phone and thus eliminating the need to visit a branch, the Call Center was responsible for 6% of the mortgage loans provided in 2010.
- www.garantimortgage.com, providing consumers with access to information on mortgages and real estate, was the recipient of five national and international awards in 2010.
- Loans extended have increased on the back of special campaigns addressing various regions, sectors and professions.
- Accomplishing yet another first, Garanti Mortgage launched the first mobile mortgage website in 2010, giving consumers easy reach to installment calculation and Mortgage Experts, as well as other conveniences.

- Garanti Mortgage sponsored Reidin Real Estate Index, and led the creation of Turkey's housing index, an important necessity of the Turkish real estate sector. The index data is made available to the consumers at www.garantimortgage.com.
- The team formed to manage the relations with real estate agencies successfully continued with its activities. Loans referred via real estate agencies accounted for more than 20% of the total lending in 2010.
- Developer financing activities continued to establish new collaborative relations with more than 300 construction firms and projects around Turkey.
- 22 products have been launched, addressing different product and payment method needs of consumers. Among these, Fixed Rate Mortgage and Discounted Mortgage products continued to attract the highest demand.
- Products addressing different segments such as the Non- Resident Mortgage and Mortgage for Foreigners continued to be offered. In this frame, ads were placed in the Europe editions of certain printed media, while information was provided at border checkpoints.



GARANTI TECHNOLOGY

 Turkey's largest and leading information technology company, Garanti Technology enhances the efficiency, speed and quality of banking transactions through its solutions that make a distinction, and thus makes life easier for its customers and contributes to Garanti Bank's profitability.

A provider of services in information technology, Garanti Technology (GT) delivers technology infrastructure, software development, internet applications, integration, systems management, security management, project management and office application services as well as consultancy services for the Group companies (Garanti Bank, Garanti Bank Romania, Garanti Pension, Garanti Leasing, Garanti Factoring, Garanti Investment, Garanti Asset Management, Garanti Payment Systems, Garanti Fleet Management, Eureka, Garanti Pension Fund).

Operating as a full-scale IT Center, GT has a technological architecture providing real-time, uninterrupted system resources, an infrastructure executing millions of on-line transactions, and an operational control system ensuring perfect operability of the system 24/7. With a strong communications backbone, voice, video and data communications services, and design and engineering activities at global standards, GT manages all of the hardware and communication software. GT also provides field support services at more than 3,000 points.

GT develops IT strategies for the organizations it serves, transforms customized solutions into value-added services, creates, manages and maintains change and quality. GT's corporate governance is based on the ITIL process model and built on Design-Operate-Support principle. Every single project is developed in accordance with quality standards including COBIT and ISO.

2010 Application Projects

Loan Projects

- Full Support (Loan Club) – Loyalty-based loan proposal system has been developed.
- Dental Support – Under the cooperation established with dentists, patients can apply

for loans via the dentists' offices to pay for treatment services.

- NPL ratios have been reduced by approximately 50% with the use of PD (Probability of Default) calculations in lending strategies.
- Loan applications have been integrated with e-pledge application, thus shortening application and approval time.
- In retail and commercial car loan extension processes, a link has been established with the EGM (Police Department), thus automating preliminary pledge and pledge formalities.
- Commercial Loans system has been based on repayment schedules.

New Products and Applications

- Multi-Currency Deposit Account has been developed.
- VARANT product has been added to the Investment Banking product range.
- Besides the online payment facility, Western Union payments can be made from branches and ATMs starting from 2010.
- In project finance projects, a reminder function has been set up, and Project Finance Document Management System has been established, which enables tracking of periodic procedures and stores documents in the digital environment.
- Designed to focus on sales activities at branches and to measure performance, the PUSULA system went live. The new system produces sales lists in line with customer, product and financial metrics, and dynamically proposes the product that suits a specific customer.
- With the new Interbranch Customer Handover approach, the customers are briefed more efficiently during handover, thus alleviating the operational load on regional offices and units.
- "Salary-Protocol Profitability" system has been established to enable system-based tracking of the salary payment performance.
- Incoming calls to the branches are diverted to the Call Center, thus minimizing the phone

traffic at branches; the aim is to complete the transactions of customers coming to the branches more efficiently and quickly with the time saved in this manner. To support this objective, G-Matic application has been enriched, and touch-operated G-Matic devices have been introduced.

- Cheque system has been aligned with the new cheque law.
- Personnel were actively involved in the product development process via two applications called "Önersen", the employee suggestion platform, and "Atölye", innovation platform.

Payment Systems Applications

- The youth segment has been targeted with "Extragenç Card", the new credit and debit card.
- "Golden Bonus Card" product has been developed in collaboration with Atasay, which saves gold instead of Bonus points for purchases.
- Making use of the contactless communication feature of SIM cards on mobile phones with NFC, small amount payments, bonus and ticket redemptions can be made via mobile phones.
- Alignment with PCI DSS (Payment Card Industry Data Security Standards) ensured protection of credit card data at a higher security level.
- The card embossing process has been renewed, resulting in version-based management of customer contracts and improved plastic card control. The card delivery tracking process has been introduced whereby performance of package delivery companies was put under follow-up.
- Card services (issuing/acquiring) have been launched for Eurobank Tekfen.

Alternative Delivery Channel Applications

- Garanti Bank website technology has been upgraded, giving the website a new appearance and dynamic content management.
- "Cep Şifrematik", i.e. the single-use PIN

generator for mobile phones, and "Garanti Trader" software programs were developed for iPhone devices.

- Re-cycle ATMs, which enable withdrawal of banknotes deposited at these machines, have been introduced.
- Mobile phones are now topped up in terms of Turkish Lira instead of prepaid minutes.

2010 System and Network Projects

- Processing capacities have been increased for the mainframe, thus reducing the end-to-end response time to 0.15 seconds. While the number of daily transactions increased 25% in 2010, system capacities were expanded by a mere 4%.
- Physical servers continued to be consolidated into virtual servers in order to cut operating costs.
- The Call Center and branches moved to IP-based systems, thus providing transition from the 'Call Center' to the 'Contact Center'. Communication means with customers were enriched with the inclusion of e-mail, web collaboration, and 3G video.
- As a result of the developments concerning more effective tracking of ATMs, the ratio of ATMs in service rose from 80% to 91%.
- Data sent to the Disaster Recovery Center on real-time basis were encrypted and communication capacity was increased.

Garanti Technology will pursue its activities in 2011 based on an awareness of its identity as an organization that develops all the firsts in its industry and on the mission of keeping Garanti Bank, its subsidiaries one step ahead at all times. GT will maintain its technological leadership in the year ahead by constantly investing in current technology, uninterrupted processing capability, infrastructure security, and others that will ensure energy saving and reduce overall IT management costs. Making a difference and contributing to its customers with its solutions, GT will keep providing its services at minimum cost and maintain its efficiency in 2011.

0.15 Seconds
END-TO-END RESPONSE
TIME

234 Million
NUMBER OF DAILY
TRANSACTIONS

3,400
APPLICATION PROJECTS
DEVELOPED IN 2010

"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do."

Pelé (Voted as the Football Player of the Century by the IFFHS International Federation of Football History and Statistics in 1999, the Brazilian player scored a total of 1281 goals in his career, setting an almost unbreakable record.)



CONTINUOUS PROGRESS AND INNOVATION

Garanti, pioneering the sector with its proactive approach and commitment to innovation, always looks ahead and continues to develop and launch projects that will solidify its leading position.

RESEARCH AND INNOVATION MANAGEMENT



Product Development and Innovation Management

Department, defined as a **pathway to change**, constantly monitors customers' evolving needs and attitude, as well as trends in Turkey and across the world, and identifies the fields in which future activities will be concentrated.

The way to offer high quality and value-added service at Garanti Bank passes through accurate and timely identification of customer requirements. Garanti identify new potential fields and improvement areas in existing product/service processes in the light of its researches.

Through research activities conducted, Garanti Bank identifies;

- Customers' satisfaction regarding their experience with existing products/services and performance areas that can be further improved,
- Changing consumer attitude, trends and motivations,
- Efficiency in communication efforts compare to its competitors.

Marketing research activities carried out in 2010 are categorized under three main headings:

1. Brand, Image and Advertising Research

- Advertising and Brand Image Tracking Research
- Women Entrepreneurs Communication Research
- Jazz Sponsorship Research
- Basketball Sponsorship Research
- Education Sponsorship (Teachers Academy Foundation) Research
- Environmental Sensitivity Survey
- Advertising Pre-test

2. Customer Experience Surveys

- Corporate Banking Customer Satisfaction Survey
- General-purpose Loan Usage Survey
- Car Dealers Penetration and Satisfaction Survey

3. Customer Needs and Trends Research

- Research on Approaches to Retail General-purpose Loans and Attitudes
- Youth Banking Research
- Research for Understanding the Needs of SMEs
- Retirement Banking Research

According to the results of research carried out with banking customers, key factors that distinguish Garanti from its peers are as follows: standing by its customers and understanding their needs; its constant development and innovation in processes; speed and service quality; non-bureaucratic processes; being close to its customers, and its support to sports activities.

Garanti collects ideas for new product/service/process development not only from its customers but also from its employees as indicated by 5,000 ideas collected from employees during 2010. Since the launch of the suggestion platform "Önersen" in 2007, monthly average of 220 suggestions have been assessed and incorporated

into processes. In addition, almost 1,700 innovative ideas concerning 3,000 ongoing processes were collected via the innovation platform "Atölye" which was launched in 2010.

Solutions that will help customers to be financially healthy and sustainable will come to the fore in the banking sector in 2011. Accordingly, Garanti Bank will work on new solutions designed to ensure that customers are able to manage their financials well and save up in a most suitable way.

Other key areas Garanti will concentrate on in 2011 will include working on new product/service designs specific to segments that present potential in terms of increasing their relationship with banking, such as the youth, retirees, farmers and new entrepreneurs.

15

MARKETING RESEARCH SURVEYS

~10,000

CUSTOMERS POLLED

~5,000

ideas gathered from employees

THROUGH IDEA PLATFORMS

PRODUCT DEVELOPMENT

Garanti utilizes innovation methodology to capitalize on opportunities that present potential with respect to banking. In this frame, the Bank collaborates with business partners on new product/service ideas, makes accurate analyses and develops new products/services that create value for its customers.



Constantly targeting to introduce innovative products with a view to offering solutions to changing market conditions and customer needs, Garanti Bank expanded its product portfolio with 63 new products and kept responding to its customers' diversified needs with 424 products in total. The products Garanti added to the product portfolio in 2010 and are planning for 2011 are presented below:

Loan Products

Access to fast and correct financing gained even greater importance for customers to cover their consumption requirements, for businesses to survive and grow, particularly in the aftermath of the economic crisis.

In line with this target, Garanti, in 2010, introduced a different approach to general-purpose loans under the brand name Full Support. This platform offers borrowers,

within a framework of certain criteria, a chance to take out an additional loan without increasing their installment repayments, to reduce installment with automatic maturity extension, to restructure loan in a short period without the burden of formalities, and to get discounted interest rates.

In 2011, Garanti will launch Guaranteed Payment service seeking to offer solutions for payment and collection difficulties which is one of the key dynamics in the trade between SMEs. In order to fulfill the growing financing needs of the SMEs, systematic extension of national and international guarantee programs such as the Credit Guarantee Fund (KGF) and the European Investment Fund (EIF) is also aimed. For the purpose of meeting the loan requirement quickly, without any formalities and before demanded by the customer, Debt Structuring Loan that will allow for the systematic structuring of the customers' personal debts under a single loan, and the new Overdraft Account directed towards different usage attitudes and needs is planned to offer under Proactive Credit Line proposal.

Deposit Products

In deposits, Garanti concentrated on activities to provide effectiveness in existing deposit and investment products along with new investment products. The need to save up money, a rising trend in 2010, defined the headline of product and service projects to be dwelled upon in 2011.

Utilizing the opportunity from the developments in the foreign exchange market, Garanti offered a new product, the Multi-Currency Account, for customers willing to take advantage of changes in the exchange rates while allocating their investments at time deposit accounts.

Garanti plans to introduce the Savings Account in 2011, for Retail segment customers who have difficulty saving up due to limited means or lack of habit.

Product Packages

Garanti Bank groups its products around various forms of relationships and needs to help customers easily identify the products that best fit their requirements. In 2011, Garanti will launch "Garanti Account", the account infrastructure that will help customers make use of the entire set of banking services.

Insurance Products

Garanti added Bill Payment Protection product to the Unemployment Insurance product set introduced in 2008, which provides cover for due bills of its retail and SME customers. Two other products were My Health Guaranteed that covers hospital treatment expenses to be incurred in case of illness and/or injury of customers, and Emergency Treatment Plus that provides protection for retail customers in cases requiring urgent treatment.

13

improved

PRODUCTS AND PROCESSES

63

NEW PRODUCT DEVELOPMENTS

424

products

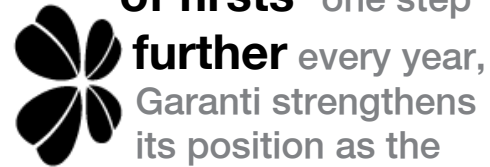
RICH VARIETY OF PRODUCTS

ORGANIZATION AND PROCESS DEVELOPMENT

Carrying its image as

“Garanti, the bank

of firsts” one step



further every year,
Garanti strengthens
its position as the

sector’s leader with
customer-centric
processes built on
automation.

Organization and Process Development Department, via its team that aims to achieve constant development and differentiation, bases its efforts on integration of technology with business process, most efficient use of available resources, and ensuring efficiency in every aspect. Garanti’s distinction in this respect lies in its process approach that targets creating value for the customer.

Believing in the importance of planning skill and the power to set related parties in motion in order to deliver the desired result in projects undertaken, the Organization and Process Development Department designates contributing to Garanti Bank’s stance that makes a difference in the sector, as the vital achievement. The most important key to this success is to identify and correctly analyze the need before starting to work. Working shoulder to shoulder with bank, non-bank parties and business owners as the members of the same team comes to the forefront as another factor that brings success to the Department.

2010 Activities

In 2010, efficiency management gained prominence in addition to speed, convenience, effective management, customer-focus and service quality concepts that are essential for the Department’s activities.

Just like every year, organizational structures and business conduct of branches, regional offices and head office departments have been analyzed in 2010 in view of efficiency. Activities that do not contribute value to the customers were eliminated, and various positions were redesigned accordingly.

Although it was a tough period for the overall sector, 2010 was marked by Garanti with

its growing organization and expanding branch network. In the reporting period, Organization and Process Development Department supported the growing and expanding organization by designing the structure that will deliver the most effective management.

Efforts in 2010 were concentrated on investment processes that gained increased importance owing to decreased interest rates. Simple and controlled process approaches were embraced in an effort to bring the products to a broader base of customers.

Representing a key area of banking, loans remained on the agenda of the Department also in 2010. In lending decision systems, projects were developed that aimed to ensure more effective use of existing customer data, to require minimum the data and documents from customers, to maximize automation, and reach customers via different channels, thereby accessing large groups of customers and expanding the lending volume.

Acting on the principle of contributing to the Bank’s profitability, the Department identified the items that create cost in processes and delivered major savings through suitable solutions.

As always, new customer acquisition and increasing commission income remained at the top of crucial tasks for the Organization and Process Development Department, as is the case for other departments. Collaboration with business units and subsidiaries supported new product and service development.

2010 has proven to be an active year with respect to regulatory activities and legal changes. Garanti Bank’s efforts to align its

processes and practices with regulatory changes had an important part in the Department’s activities in 2010.

Organization and Process Development Department followed-up e-government implementations that came to the forefront particularly recently, and ensured quick integration with processes.

The value given to these efforts by customers continued to be a critical indicator of success as always. Within the scope of the Customer Centricity Index that measures customer service quality on the basis of branches since 2008, service quality score improved 28% over the last two years. Organization and Process Development Department continues to measure the aspects that customers value in banking relationships, and improves constantly.

Projections for 2011

For Organization and Process Development Department, works already in progress will gain momentum in 2011. The Department will focus on the following areas in the year ahead:

Efficiency: Activities centered on efficiency will maintain their priority.

Integration: The Department will concentrate on integration in two key areas:

- Managing, independently run but inter-connected processes along with system support, and thus being faster.
- Integrating cooperation with non-bank parties into processes to contribute to additional business opportunities.

Process design and development activities for new products: The Department will support

renewed loan products with plain and smart processes, thus contributing to increasing the market share in this area.

Automation: The Department will continue to increase automation in processes and value it creates for customers.

Sales processes: The Department will re-design processes, which are time consuming for the sales teams and cause delays on the part of the customers, and thus support new customer acquisition.

~80%

branch operations'

EFFICIENCY INCREASED

30

increase in

TELEPHONE SERVICE QUALITY

Up to

90%

saving in certain processes through use of

LOW-COST ALTERNATIVE SOLUTIONS



"It is not the mountain we conquer, but ourselves."

Sir Edmund Hillary (The first climber known to reach the summit of Mount Everest, Hillary was an explorer and philanthropist. He died in 2008 aged 88.)

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Garanti retains its successful performance also in social responsibility projects. The Bank invests in long-lived, sustainable projects that add value to society and contributes to the community.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS



Developing banking services that contribute added value to the economy and the society on the back of a **productive, profitable and sustainable growth strategy**, Garanti reflects the same approach in the corporate social responsibility projects it supports.

Not restricting its mission to banking services only, Garanti remains strictly committed to its objective of constantly building on the values it creates for the society in its activities. To enhance and sustain the society's quality of life along these lines, the Bank extends long-lived support to projects in education, culture, arts, sports and environment that represent the corporate culture and broaden the vision of individuals and the community.

Supporting Education

Teachers Academy Foundation (Öğretmen Akademisi Vakfı)

Garanti, recognizing the role education plays in upgrading the overall well-being of the society, set up a foundation in 2008, an initiative exhibiting its sensitivity in this aspect and its long-term commitment. The objectives of the Teachers Academy Foundation include, among others, supporting the personal and professional development of teachers who educate the future generations. In this frame, a five-year protocol has been signed with the Ministry of National Education in relation to the Foundation's first project, Öğretmenin Sınırı Yok (No Limits in Teaching) which seeks to contribute to the current education model, supporting analytical thinking and research. Within the scope of the project formulated to provide teachers with training activities

on personal and professional development, 100,000 elementary school teachers, directors and inspectors will receive face-to-face training. The project started in April 2009 with pilot runs in five cities, and reached more than 20,483 teachers in 58 cities by the end of 2010. The aim is to spread the project across the country.

Community Volunteers Foundation (TOG)

Since 2003, Garanti has been the main corporate sponsor of TOG, a foundation that acts on the vision of achieving social peace, solidarity and change through the involvement and leadership of the youth.

Denizyıldızları (Starfish) Project

The Denizyıldızları (Starfish) Project has been supported by the donations of Garanti employees, customers, and friends since 1998. Within the frame of the project, every year, 2,500 students receive education on the campus, comprising one primary school and four vocational and technical high schools. With their construction completed in 2010, the theater and conference hall seating 320, the semi-Olympic size indoor swimming pool, and the indoor sports facility with a spectator capacity for 600 opened their doors for the students.

Dad, Send Me to School (Baba Beni Okula Gönder) Project

Since 2006, Garanti has annually been providing scholarships for the education of 100 female students through its support to the Dad, Send Me to School project, a joint effort of Milliyet newspaper and the Association in Support of Contemporary Life (Çağdaş Yaşamı Destekleme Derneği).

Supporting Art & Culture

Garanti Kültür A.Ş.

Garanti, via its own cultural and artistic institutions, provides solid support to culture and the arts in Turkey, and takes on "sustainable" initiatives in these areas. Platform Garanti Contemporary Art Center signifies the first example of these initiatives, which was decided to continue with its activities after it has been taken over from the Ottoman Bank in 2001. Platform had been regarded as one of the world's top few institutions in

contemporary arts, its main focus, from 2001 until 2010 during which time it was active. On another wing, the Ottoman Bank Museum and the Ottoman Bank Archives and Research Center established in 2002 to perpetuate the invaluable legacy of the Ottoman Bank not only narrated the story of an establishment and of a period, but also contributed to collective memory with endeavors in social and economic areas, as well as a comprehensive activity program. Transformed from Garanti Art Gallery, Garanti Gallery was established in 2003 and hosted projects that combined all disciplines concerned with architecture and design.

Each one producing major projects in its own field, these three entities were brought together under Garanti Kültür A.Ş. in 2009, and the new structure will actively commence operations in 2011 with exhibition, research, archive and education functions, and will be engaged in activities in the national and international arena. Istanbul will be presented with a new epicenter of culture and the arts covering an area of 15,000 m² when the historical buildings in Galata (former OBM building) and Beyoğlu (former Platform Garanti building) reopen their doors upon completion of the renovation that will vest them in a contemporary setting.

Garanti Jazz Green

Garanti, aiming to broaden and spice up music lovers' horizons in the genre of jazz, is among the leading sponsors of jazz music in Turkey, extending long-term support with the slogan "Garanti Jazz Green". Garanti has, for the past 13 years, been undertaking the main sponsorship of the International Istanbul Jazz Festival, organized by the Istanbul Foundation for Culture and Arts (IKSV). Supporting Istanbul Jazz Center, Tamirane and Salon IKSV concerts and sponsoring one of the top music venues in Istanbul, Babylon, for ten years, Garanti has been creating opportunity to listen to worldwide famous jazz artists, engaged predominantly in jazz.

Istanbul Museum of Modern Art

Garanti Bank sponsors the education program of Istanbul Modern, Turkey's first and only modern and contemporary art museum. The program aims to play a central role in raising

creative and inquisitive individuals who are literate, and also actively involved, in the arts, while supplementing classroom education. Through the ongoing Garanti-sponsored İstanbul Modern training programs, over 300,000 children and teenagers received training to date.

In 2010, Garanti also sponsored "The Enemy Inside Me", the first ever retrospective exhibition in Turkey of the internationally acclaimed artist Kutluğ Ataman.

Mini Bank International Children's Film Festival

Since 2004, Garanti has been co-organizing the first children's film festival in Turkey, "Mini Bank International Children's Film Festival", with TURSAK (Turkish Foundation of Cinema and Audio-Visual Culture). The Festival brought some of the world's select children films to almost 52,000 children so far. Having expanded its reach beyond İstanbul, Ankara and İzmir in 2009, the festival reached children in Urfa and Mardin in 2009, and in Diyarbakır and Adıyaman in 2010.

The Lycian Way

Garanti sponsored putting in place a way-marking system at international standards along the Lycian Way, a 500 km long-distance trail stretching from Fethiye to Antalya, and further contributed to tourism in the region by publishing a guidebook for the Lycian Way in 2006.

Supporting Sports

Basketball

A long-time supporter of basketball that reflects Garanti's values of teamwork, dedication, confidence and discipline, the Bank has been the main sponsor of the 12 Giant Men (Turkish National Men's Basketball Team) since 2001, and of the Turkish National Women's Basketball Team since 2005. Garanti was also a main sponsor of 2010 FIBA World Championship that took place Turkey.

12 Giant Men Basketball Schools Project

Since 2002, Garanti has been supporting the 12 Giant Men Basketball Schools (12 DABO) which were initiated in cooperation with the Turkish Basketball Federation in an

effort to inculcate basketball culture in young children, and help basketball become a commonly played game and reach a broad base in Anatolia. At 12 DABO schools, 33,000 youngsters received basketball training in 55 centers to date.

NBA Skills Challenge

To bring the American National Basketball Association (NBA) closer to Turkish basketball fans, Garanti has been the main sponsor of the events held by NBA in Turkey in 2008, 2009 and 2010. Young players aged 13-18 uploaded short videos displaying their basketball skills on www.nba-garanti.com, for a chance to attend the NBA camp in the USA. Winners of the contest were sent to the 5-day instructional camp in Orlando as a prize.

Equestrian Sports

With the belief that the discipline and aesthetics inherent in equestrian sports coincide perfectly with its service notion, Garanti Masters Private Banking has been undertaking sponsorships of various equestrian competitions and events since 2005. Additionally, the business line is the official sponsor of the Turkish Equestrian Federation since 2008.

Football

With the objective of contributing to improvement of football and broadening the scope of its commitment to support sports, Garanti has become one of the main sponsors of the Turkish National Men's Football Team in 2008. Garanti extended the range of its support to football and became a prime sponsor of the Garanti Beach Football League that has been organized by the Turkish Football Federation (TFF) since 2006.

Supporting Environment

WWF-Turkey

(Foundation for Protecting Wildlife)

Garanti Bank has been the main sponsor of the Foundation for Protecting Wildlife (WWF-Turkey) since 1992, thereby helping the conservation of natural resources and creating enhanced awareness of environmental issues among the public. One of the many projects jointly conducted by Garanti and WWF-Turkey and introduced in 2007, the Environmentally

Friendly Bonus Card is a credit card providing cardholders with the chance to donate parts of their spending credits to WWF-Turkey to support their activities to protect the nature. Through the "Environmentalist SME" package devised in 2009, the Bank supports businesses to operate in a livable environment, with sustainable resources.

Creating Value for Customers

Supporting Women Entrepreneurs

Garanti, the first private bank in Turkey providing services specific to women entrepreneurs, supports entrepreneurial women in terms of courage, training and funding. To this end, Garanti Bank, in cooperation with the Economist magazine, organized the fourth edition of "Turkey's Women Entrepreneur Competition". The Bank has, for the second time in 2010, been the main sponsor of the International Women Entrepreneurship & Leadership Summit, organized by KAGIDER (Women Entrepreneurs Association of Turkey). Garanti kept organizing the "Women Entrepreneurs Gatherings" across 9 cities in cooperation with KAGIDER.

Garanti Anatolian Meetings (GAS)

In 2002, Garanti initiated a series of conferences, known as Garanti Anatolian Meetings, to bring together SMEs and local administrators from all around Turkey. Paving the way for professionals and experts to discuss changing economic and market conditions, evaluate regional and international opportunities, explore potential areas of business, and find regional solutions in cooperation with local businesses and officials, these meetings gathered 23,000 SMEs in 62 different cities so far.

Risk Management Meetings

The concept of risk management aims to protect and develop a company's core values while enabling it to assess potential risks using the right management methods and tools to deal with them in a way that is in keeping with the unique structure of that company. With this in mind, Garanti Bank is offering representatives of the business world a series of "Risk Management Meetings" which hold great importance in terms of helping companies be prepared for any and all eventualities.



"Talent wins games, but teamwork and intelligence wins championships."

Michael Jordan (The world's best-known basketball player, Jordan is cited as the greatest basketball player of all time on the NBA website. He has been instrumental in kindling a love of the game in all generations in 1980s and 1990s during his active sports career.)

MANAGEMENT AND CORPORATE GOVERNANCE

A firm believer that success is the product of teamwork, Garanti walks together with all of its employees and entire management towards its goals.



SUMMARY OF THE BOARD OF DIRECTORS' ANNUAL REPORT

Garanti's **commitment to sustainability** was demonstrated in over 20% ROAEs the Bank has delivered in the last five years. Garanti reinforced its solid stance with the remarkable performance achieved in 2010. The consolidated net income of Garanti grew by **10%** year on year and reached **TL 3 billion 401 million 986 thousand** in 2010. The Bank's return on average equity stood at 22.3%.

Today, Garanti Bank has leading position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **10 million customers** through an extensive distribution network that includes **863 branches, over 3 thousand ATMs**, Turkey's largest financial Call Center, and the state-of-the-art internet and mobile banking platforms. With its massive payment systems infrastructure consisting of more than **14 million debit and credit cards** and **over 405 thousand POS** terminals, Garanti today manages Turkey's largest merchant network via its innovative products and services.

Garanti, with its 70 branch openings in 2010 aiming to provide greater access to and convenience for its customers, continued to be the driver of the economy by its **uninterrupted support**. Garanti's **assets** increased by **18%** in 2010, reaching **TL 136 billion 784 million 224 thousand**; while the support provided to the economy through **cash and non-cash lending** reached **TL 86 billion 622 million 946 thousand**. Garanti, with its **disciplined growth** target, did not pursue market share increasing efforts based purely on price competition and in this respect, has been selective in terms of growth so as to manage the increasing pressure on margins in an **effective and balanced manner**. Garanti retained its leadership in **total cash loans** despite the slight dip in its market share, at the same time, was able to grow the retail loans more than the sector. Garanti expanded its mortgage loans by **31%** in 2010 and preserved its leadership position as the **largest mortgage provider in Turkey**.

Garanti delicately addressed the issue of its non-performing loans on the back of the actions taken against the effects of the global crisis, and significantly improved the Bank's **asset quality** in 2010. Owing to the prudent credit policies and the positive developments in the economy, collections grew nearly by 20% in 2010, as compared to 2009, and NPL inflow declined by more than 50% within the year. While **NPL ratio** decreased from 4.1% in 2009 to **3.1%** in 2010, profitability of the Bank was strengthened with higher collection revenues than loan loss provisions within the period.

Garanti stands out with its **well-diversified and solid funding structure**. In 2010, customer **deposits** increased by **16%** as compared to 2009 and rapid expansion of the customer base continued. As a natural consequence of Garanti's successful business model, which has been solidified through the Bank's effective strategy to capture wider customer base, high demand deposit levels were maintained. In 2010, the **share of demand deposits in total deposits** has been realized as **19%**.

In 2010, Garanti further **strengthened its capital base** and reached a lower financial leverage in its operations. As of year-end 2010, the Bank's **consolidated capital adequacy ratio** stood at **18%**. Garanti's **free equity** grew by **25%** on an annual basis, enabling the Bank to finance nearly 1/4 of its interest earning assets through free funds.

The enduring low-inflation period will lead to radical changes in the banking sector. Adopting a **proactive approach** as always, Garanti started realizing projects that will strengthen its leading position in the banking sector within this new period. We expect that the positive effects of these new projects will be observed starting in 2011 and add to Garanti's leadership in **efficiency metrics and non-interest income generation**.

Despite the challenging market conditions and plenty of uncertainties, Garanti's **dynamic balance sheet management** carried the Bank ahead in becoming the most profitable private bank in Turkey during the past two crisis-inflicted years. In a year when Garanti focused on **core banking activities**, the Bank managed to grow without entering into any irrational competition. Despite the narrowing margins, with the importance Garanti places in **operational effectiveness**, Garanti delivered a 10% increase in net income and continued to be the most profitable private bank in Turkey.

Garanti, in 2010, similar to prior years, was honored by numerous national and international prestigious institutions with its **exemplary practices** backed by the **synergies** the Bank created through its **dynamic human resources capable of making a difference, the state-of-the-art technology, innovative customer-oriented products and services and the best customer relationship management solutions**.

Garanti Bank is recognized as the **"Best Managed Company in the Central and Eastern Europe"** by Euromoney for the second consecutive year. Garanti, for the tenth time, has been voted as the **"Best**

Bank in Turkey" by Euromoney, one of the world's leading financial magazines. Eagerly anticipated in finance circles every year, this particular award has never been received as many times as Garanti did by any other Turkish companies. Garanti Bank was also recognized as the **"Best Bank in Turkey"** by the Banker, Financial Times group's leading finance magazine, based on the objective opinions of expert banking professionals and analysts.

The awards received by Garanti range from private banking to payment systems, from cash management to alternative distribution channels.

Garanti Masters Private Banking received the **"Best Private Bank in Turkey"** award from The Banker and PWM (Professional Wealth Management), periodicals by the Financial Times group, within the frame of 2010 Global Private Banking Awards. This marks the first time a bank from Turkey has been honored with this award given to institutions that set the standards of excellence in wealth management in private banking. Further, in 2010 Garanti Masters Private Banking has been designated as the **"Best Local Private Bank"** operating in Turkey for the second time in a row by Euromoney magazine.

Bonus Card and **Shop&Miles** have been named **"Best Brands in Turkey"** and they both appeared in Superbrands 2010 Turkey catalogue.

Garanti, with the customers' votes, named as the **"Best Domestic Cash Management Bank"** in Turkey once again in the Cash Management survey conducted by Euromoney for the tenth time.

Garanti collected the awards in 2010 at the Golden Spider Web Awards, the first and only event not affiliated to any platform in Turkey. **www.garanti.com.tr** won the 1st Prize in "Online Banking" category **for the eighth time**.

All these awards continue to motivate Garanti to surpass global standards in all the fields it operates. In 2011, Garanti will, as always, continue to take solid steps and move ahead even more strongly together with all of its stakeholders.

Sincerely,

Board of Directors

Based on BRSA consolidated financials



BOARD OF DIRECTORS AND AUDITORS

Ferit Faik Şahenk Chairman

Mr. Şahenk earned a Bachelor's degree in Marketing and Human Resources from Boston College and is a graduate of the "Owner/President" Management Program at Harvard Business School. He served as the founder and Vice President of Garanti Securities, CEO of Doğuş Holding and Chairman of Doğuş Otomotiv. Currently, Mr. Şahenk is the Chairman of Doğuş Group. Mr. Şahenk served as the Chairman of Turkish-American Business Council of the Foreign Economic Relations Board (DEİK), and currently serving as the Chairman of the Turkish-German Business Council and a member of Turkish-United Arab Emirates Business Council. He is an active member of the World Economic Forum and the Alliance of Civilizations Initiative. He is also on the Regional Executive Board for Massachusetts Institute of Technology (MIT) Sloan School of Management for Europe, Middle East, South Asia and Africa.

Süleyman Sözen Vice Chairman

Süleyman Sözen is a graduate of Ankara University Faculty of Political Sciences and has worked as a Chief Auditor at the Ministry of Finance and the Treasury. Since 1981, he has served in various positions in the private sector, mainly in financial institutions. Sözen has been serving on the Board of Directors of various Doğuş Holding and Garanti affiliates since 1997. He holds a Certified Public Accountant license.

Ahmet Kamil Esirtgen, PhD Board Member

After graduating from Istanbul University Faculty of Economics, Ahmet Kamil Esirtgen earned his MBA from Stanford Graduate School of Business and his PhD from Istanbul University School of Business Administration. He worked at various private sector companies after concluding his academic career in 1975. In 1987, he joined Doğuş Group as Finance Group President. He currently is a Board Member of several subsidiaries of Garanti, as well as some other companies in the private sector.

Ergun Özen Board Member, President and CEO

Ergun Özen earned a BA in Economics from New York State University and is a graduate of the Advanced Management Program at Harvard

Business School. He joined Garanti in 1992 where he has been serving as President, CEO and Board Member since April 1, 2000. He is a Board Member of Garanti Bank Moscow, Garanti Bank International NV, The Banks Association of Turkey, The Turkish Industrialists' and Businessmen's Association (TUSIAD), The Istanbul Foundation for Culture and Arts (IKSV). He is also the Chairman of the Board of Directors of Garanti Securities, Garanti Asset Management, Garanti Pension and Life, Garanti Factoring, Garanti Leasing and Teachers Academy Foundation.

M. Cüneyt Sezgin, PhD Board Member

M. Cüneyt Sezgin received his undergraduate degree from Middle East Technical University Department of Business Administration, his MBA from Western Michigan University and his PhD from Istanbul University Faculty of Economics. He served in executive positions at several private banks. Sezgin is the Country Director of the Global Association of Risk Professionals. He is a Board Member at Garanti Bank SA, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Eureko Insurance, Garanti Bank Pension Fund Foundation and World Wildlife Fund-Turkey.

Dmitri Lysander Stockton Board Member

Dmitri Lysander Stockton earned his undergraduate degree in Accounting from North Carolina A&T State University. He started his career at GE and served in executive positions at various group companies. Stockton served as the President and CEO of GE Money's Central and Eastern European Strategic Business Unit between 2005-2008. In 2009, he was appointed as the President and CEO of GE Capital-Global Banking, responsible for GE Capital's global banking and consumer lending businesses and joint venture relationships in 25 countries. Stockton is also a member of the GE Company Corporate Executive Council.

Des O'Shea Board Member

Des O'Shea received his undergraduate degree from University College Cork, Ireland. He is a Fellow of the Institute of Chartered Accountants in Ireland. After working in an audit firm, he assumed positions in risk

management at various banks. O'Shea joined GE Consumer Finance Europe in 1998 as Risk Management Director and worked at several positions including Chief Commercial Officer (CCO), Head of Business Development and Chief Risk Officer. He is currently the CCO of GE Capital-Global Banking with responsibility for Global Partnerships, Business Development and Sales & Distribution. O'Shea is a Board Member of four other foreign banks as well.

Denis Arthur Hall Board Member

Denis Arthur Hall is a graduate of Spalding Grammar School. After 35 years of experience in Finance and Banking, he joined GE Money in 2007. Since January 2009, he has been the Chief Risk Officer for GE Capital Global Banking Group. In addition, he sits on the board of BAC (Central America) and the supervisory board of Bank BPH (Poland) where he is also the chairman of the risk committee.

Xavier Pascal Durand Board Member

Xavier Pascal Durand is a graduate of Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées in France. After beginning his career as a Strategy and Management Consultant, Xavier Pascal Durand has accumulated over 20 years of international experience in the financial services sector in sales, business development and general management positions. He joined GE in 1996. In 2005, Xavier Pascal Durand was appointed as the CEO of GE Capital Global Banking for Western Europe. Effective January 2010, he is the CEO of GE Capital Global Banking for Western Europe, Russia & Latvia.

Murat İnan Auditor

Murat İnan graduated from Istanbul University Faculty of Economics. After serving in various positions at the Ministry of Finance and at private companies, he joined the Doğuş Group in 1998.

Altan Reha Göksu Auditor

Altan Reha Göksu graduated from Istanbul University Law School and became an attorney after graduation. He joined Doğuş Group in 1972 and serves as Legal Advisor for the Doğuş-GE Real Estate Investment Trust.



From left to right
Tolga Egemen, Hüsnü Erel, Av. Aydın Düren, Murat Mergin, Nafiz Karadere, Zekeriya Öztürk, Ali Fuat Erbil,
Ebru Dildar Edin, Adnan Memiş (crouching)

From left to right
Mehmet Sezgin, Gökhan Erün, Ergun Özen, Turgay Gönensin, Aydın Şenel, Ali Temel, Afzal M. Modak,
Uruz Ersözöğlü

Ergun Özen

Board Member, President and CEO

Please see page 103 for his biography.

A. Aydın Düren

Executive Vice President – Legal Services

Aydın Düren graduated from Faculty of Law at Istanbul University and earned his graduate degree from International Law at American University Washington College of Law. After working as a senior executive and managing partner positions at various national and international private law firms over 18 years, Düren joined Garanti in 2009 as Executive Vice President responsible of Legal Services.

Ebru Dildar Edin

Executive Vice President - Project and Acquisition Finance

Ebru Dildar Edin graduated from Boğaziçi University Department of Civil Engineering. After she worked at various private banks, in 1997 she joined the Corporate Banking division at Garanti Bank. In 1999, she took part in the establishment of Garanti Bank's Project and Acquisition Finance Department. After leading the department for six years as Senior Vice President, and another three years as Coordinator, Edin was appointed to her current position in 2009.

Tolga Egemen

Executive Vice President – Financial Institutions and Corporate Banking

Tolga Egemen graduated from the Middle East Technical University Department of Mechanical Engineering. He began his banking career in 1992 and joined Garanti as the Head of Cash Management Unit in 1996. He was appointed as an Executive Vice President in 2000 and has been responsible for Corporate Banking, Financial Institutions, Cash Management and foreign branches and offices since 2004. Egemen is a Board Member of Garanti Securities as well.

Ali Fuat Erbil

Executive Vice President – Retail Banking and Distribution Channels

Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering. He earned his MBA from Bilkent University and his PhD in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti as the Distribution Channels Unit Manager in 1997. Erbil was appointed to his current position in 1999 and is a Board Member of Garanti Pension and Life, Garanti Asset Management and Garanti Bank Pension Fund Foundation.

Hüsnü Erel

Executive Vice President - Technology, Operational Services and Central Marketing

Hüsnü Erel graduated from Istanbul Technical University Department of Electronics and Communications Engineering. He served as an executive at various private companies and banks. In 1994, he joined Garanti Technology as General Manager and was appointed to his current position in 1997. Erel is a Board Member of Garanti Bank SA.

Uruz Ersözoğlu

Executive Vice President – Treasury

Uruz Ersözoğlu graduated from Middle East Technical University Department of Economics. After serving as an executive at various private banks and the Istanbul offices of foreign banks, he joined Garanti as Head of Treasury Marketing, Trading and Asset-Liability Management in 2003. He was appointed to his current position in 2006 and is a Board Member of Garanti Asset Management.

Gökhan Erün

Executive Vice President – Human Resources / Investment Banking

Gökhan Erün earned his undergraduate degree from Istanbul Technical University Department of Electronics and Communications and his graduate degree from the Business

Administration Department of Yeditepe University. In 1994, he joined Garanti Bank's Treasury Department, and between the years 1999 and 2004, he served as the Senior Vice President of the Commercial Marketing and Sales Unit. In 2004, he became the CEO of Garanti Pension and Life and in 2005, he was appointed to his current position. Erün is also the Vice Chairman of the Board of Directors at Eureka Insurance, Garanti Pension and Life and Teachers Academy Foundation and a Board Member of Garanti Asset Management and Garanti Securities. In addition, Erün is the Chairman of the Board of Directors of Garanti Bank Pension Fund Foundation.

Turgay Gönensin

Executive Vice President – Commercial Banking

Turgay Gönensin graduated from Boğaziçi University Department of Business Administration. In 1987 he joined Garanti Bank, where he worked at various departments. He served as the CEO of Garanti Bank International between 1997 and 2000 and CEO of Ottoman Bank between 2000 and 2001. Gönensin was appointed to his current position in 2002 and is the Vice Chairman of the Board of Garanti Leasing and Garanti Factoring and a Board Member of Garanti Bank International and Garanti Bank SA.

Nafiz Karadere

Executive Vice President - SME Banking / Corporate Brand Management and Marketing Communication

Nafiz Karadere graduated from the Faculty of Political Sciences' Department of International Relations at Ankara University. He worked as a senior executive at various private banks and was appointed to his current position in 1999. Karadere is a Board Member of Garanti Pension and Life, Garanti Payment Systems, and the Teachers Academy Foundation and also the Vice Chairman of World Wildlife Foundation-Turkey.

Adnan Memiş

Executive Vice President – Support Services

Adnan Memiş earned his undergraduate degree from Istanbul University Faculty of Economics and his graduate degree from the Managerial Economics Institute of the same university. He joined Garanti Audit Board as an Assistant Inspector in 1978, served as the Manager of Loans Department and then was appointed to his current position in 1991. Memiş is currently the President of the Financial Restructuring Working Group of the Banks Association of Turkey and a Board Member of Garanti Bank Pension Fund Foundation and Darüşşafaka Society. He is also the Group Leader of Denizyıldızları (Starfish) Project.

Murat Mergin

Strategic Planning Executive Director

Murat Mergin graduated from the City University of New York Departments of Economics and Finance. He assumed executive responsibilities at various private banks before joining Garanti in 1994. Mergin was appointed to his current position in 2002.

Afzal M. Modak

Executive Vice President - CFO

Afzal M. Modak earned his undergraduate degree from Mechanical Engineering Department of the Indian Institute of Technology and his graduate degree from Computer Sciences Department of Pace University, New York. He joined GE in 1985 and assumed senior executive positions in many GE companies including GE Mortgage Services (US), GE Capital Bank (Hong Kong) and GE Capital International Services (India). He was appointed to his current position at Garanti Bank in 2007.

Zekeriya Öztürk

Executive Vice President – International Business Development

Zekeriya Öztürk earned his undergraduate degree from Istanbul Technical University, Department of Marine Engineering, graduate degree from the Robotics Department of the

same university, and his MBA from Edinburgh University. After working as a senior executive at various national and international private investment banks, he joined Garanti in 2006. Öztürk is a Board Member of Garanti Bank SA, Garanti Securities and Garanti Asset Management.

Mehmet Sezgin

Garanti Payment Systems – CEO

Mehmet Sezgin graduated from Middle East Technical University Department of Business Administration and earned his MBA from the University of Massachusetts. He worked at various private banks and at MasterCard Europe. Sezgin has been serving as the CEO of Garanti Payment Systems since 1999. He is a Board Member of Garanti Pension and Life and MasterCard Europe.

Aydın Şenel

Executive Vice President – General Accounting

Aydın Şenel is a graduate of Marmara University Faculty of Commercial Sciences. Between the years 1981 and 1984, he worked as Auditor, Human Resources Group Manager, Credit Cards Manager, Financial Analysis Coordination Manager and Financial Monitoring Manager at Garanti. Şenel was appointed Head of General Accounting in 1999 and promoted to his current position in 2006. He is the Vice Chairman of the Board of Directors at Garanti Bank Pension Fund Foundation and member of the Board of Trustees at Teachers Academy Foundation.

Ali Temel

Executive Vice President – Loans

Ali Temel graduated from Boğaziçi University Department of Electrical-Electronic Engineering. He worked in various departments in Interbank between 1990 and 1997. He joined Garanti as the head of Cash Management department in 1997, after that, he worked as the department manager in Commercial Banking. He was appointed to his current position in 1999. Temel is a Board Member of Garanti Leasing and Garanti Factoring.

COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

Credit Committee

In accordance with the Banking Law, the Board of Directors of Garanti Bank has delegated a certain amount of its loan allocation authority to the Bank's Credit Committee.

The Credit Committee holds weekly meetings to review appropriate loan proposals from among those sent by the branches to the Head Office but exceed the loan authorization limit of the Head Office. The Credit Committee reviews these loan proposals and decides on those that are within its authorization limits. The Committee then submits the remaining proposals that are outside of its authorized limits, but it deems appropriate to the Board of Directors for finalization.

Committee Members

Ergun Özen (President and CEO, Board Member), **Süleyman Sözen** (Vice Chairman), **Ahmet Kamil Esirtgen, Ph.D.** (Board Member), **Xavier Pascal Durand** (Board Member), **Denis Arthur Hall** (Board Member).

The individuals named below may attend meetings in order to communicate opinions, although they are not members of the Credit Committee.

Ali Temel (Executive Vice President), **Turgay Gönensin** (Executive Vice President), **Tolga Egemen** (Executive Vice President), **Ebru Dildar Edin** (Executive Vice President), **Ufuk Tandoğan** (Coordinator), **Recep Baştuğ** (Coordinator), **Fulya Göyenci** (Senior Vice President), **Mustafa Tiftikçioğlu** (Senior Vice President).

Assets and Liabilities Committee

Assets and Liabilities Committee is charged with managing the assets and liabilities of the Bank, and its objective is to assess interest rate risk, exchange rate risk, liquidity risk, and market risks. Based on these assessments and taking into account the Bank's strategies and competitive conditions, the Committee adopts the decisions to be executed by the relevant units in relation to the management of the Bank's

balance sheet, and monitors their practices. The Committee is chaired by the Chief Executive Officer and holds weekly meetings.

Committee Members

Ergun Özen (President and CEO, Board Member), **M. Cüneyt Sezgin, Ph.D.** (Board Member), **Hüsnü Erel** (Executive Vice President), **Uruz Ersözoğlu** (Executive Vice President), **Turgay Gönensin** (Executive Vice President), **Nafiz Karadere** (Executive Vice President), **Tolga Egemen** (Executive Vice President), **Ali Fuat Erbil** (Executive Vice President), **Zekeriya Öztürk** (Executive Vice President), **Aydın Şenel** (Executive Vice President), **Afzal M. Modak** (Executive Vice President), **Ali Temel** (Executive Vice President), **Gökhan Erün** (Executive Vice President), **Ebru Dildar Edin** (Executive Vice President), **İbrahim Aydın** (Financial Coordinator), **Mehmet Sezgin** (CEO of Garanti Payment Systems), **Alpaslan Özbey** (Garanti Payment Systems Executive Vice President), **Murat Mergin** (Strategic Planning Executive Director), **Recep Baştuğ** (Coordinator), **Esra Kıvrak** (Coordinator), **Didem Dinçer Başer** (Coordinator), **Aydın Güler** (Senior Vice President), **Metin Kılıç** (Senior Vice President), **Ali İhsan Gelberi** (Senior Vice President), **Handan Saygın** (Senior Vice President), **Ebru Ogan Knottnerus** (Senior Vice President), **Nihan Turgay** (Senior Vice President), **Fulya Göyenci** (Senior Vice President), **Çağrı Memişoğlu** (Senior Vice President).

Note: Corporate branch managers and regional managers alternate in attending the committee meetings.

Risk Management Committees

Audit Committee

The Audit Committee is comprised of two non-executive Board members.

Committee Members:

M. Cüneyt Sezgin, Ph.D. (Board Member)
Des O'Shea (Board Member)

Committee Activities

The Audit Committee is set up to assist the Board of Directors in the performance of its audit and supervision functions. The committee is responsible for:

- Monitoring the effectiveness and adequacy of Garanti Bank's internal control, risk management and internal audit systems, the operation of these systems and accounting and reporting systems in accordance with applicable regulations and the integrity of resulting information;
- Conducting necessary preliminary evaluations for the selection of independent audit firms and regularly monitoring their activities;
- Ensuring the internal audit functions of consolidated entities are performed in a consolidated and coordinated manner.

In this context, the duties and authorities of the Audit Committee are defined as follows:

- Monitoring compliance with internal control regulations and internal policies and procedures approved by the Board of Directors and advising the Board of Directors on measures that are deemed necessary;
- Monitoring the Internal Audit Department's fulfillment of its obligations under internal policies;
- Verifying that the internal audit system covers existing and planned activities of Garanti Bank, as well as risks arising from these activities, and reviewing the Bank's internal audit regulations that are going to become effective upon the approval of the Board of Directors;
- Advising the Board of Directors on the election and dismissal of the managers of internal systems units reporting to the Audit Committee;
- Monitoring whether the auditors perform their duties in an independent and unbiased way or not;
- Reviewing internal audit plans;
- Monitoring the measures taken by senior management and affiliated units about issues identified by auditors and independent auditors;
- Confirming methods, tools and procedures

that are in place to identify, measure, monitor and control Garanti Bank's risks;

- Reviewing and evaluating the independent audit firm's conclusions in relation to the compliance of Garanti Bank's accounting practices with applicable legislation;
- Confirming the rating firms, independent audit firms and valuation firms which are going to sign contracts with Garanti Bank (including their managers and employees) that are able to act independently in their relations with the Bank and confirming that adequate resources have been set aside for these purposes;
- Evaluating the risk involved in the support service to be obtained by Garanti Bank and monitoring the adequacy of the support service provided by the relevant firm;
- Supervising that the financial reports of Garanti Bank are accurate, contain all necessary information and are drawn up in accordance with applicable legislation and ensuring that any identified errors and irregularities are corrected;

In 2010, the Audit Committee held seven meetings, which were attended by all committee members.

Liquidity Risk Management Committee (LRMC)

Committee Members

Ergun Özen (CEO and Board Member), **M. Cüneyt Sezgin, Ph.D.** (Board Member), **Uruz Ersözoğlu** (Executive Vice President), **Barış Karaayvaz** (Senior Vice President), **Ebru Ogan Knottnerus** (Senior Vice President), **Metin Kılıç** (Senior Vice President)

Committee Activities

The Liquidity Risk Management Committee is responsible for:

- Determining the excess liquidity Garanti Bank holds in foreign currencies;
- Periodically monitoring the liquidity report and early-warning parameters;
- Determining the stress level of Garanti Bank; monitoring internal and external factors that might affect Garanti Bank's liquidity in case of a

liquidity crisis;

- Ensuring that the action plan aligned with the Liquidity Crisis Plan is properly implemented;
- Determining measures required by the Bank's customer confidence, cost of funding and key liquidity increasing strategies, and ensuring internal communication and coordination with regard to the implementation of committee decisions.

Anti-Fraud Committee

The committee is chaired by a non-executive Board Member. Committee members are; Senior Vice Presidents and Executive Vice Presidents of technology and operation services, alternative delivery channels and retail loans, CEO of Garanti Payment Systems, Executive Vice President in charge of Finance and Risk Management of Garanti Payment Systems, Senior Vice President of Anti-Fraud Monitoring Department, Director of Internal Audit Department and Senior Vice President of Internal Control Unit.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Board Member), **Hüsnü Erel** (Executive Vice President), **Mehmet Sezgin** (CEO of Garanti Payment Systems), **Ali Fuat Erbil** (Executive Vice President), **Ali Temel** (Executive Vice President), **Beyhan Kolay** (Senior Vice President), **Osman Bahri Turgut** (Director of Internal Audit Department), **Faruk Ergin** (Senior Vice President), **Alpaslan Özbey** (Executive Vice President of Garanti Payment Systems), **Barbaros Uygun** (Senior Vice President), **Emre Özbek** (Senior Vice President), **Feridun Aktaş** (Senior Vice President)

Committee Activities

The Anti-Fraud Committee is responsible for:

- Providing feedback and suggestions regarding the strategies and precautionary actions performed by Anti-Fraud Monitoring Department in order to prevent external fraud attempts and incidents;
- Providing feedback on the strategies and



COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

precautionary actions that are implemented or planned to be implemented, in order to prevent fraud attempts and incidents, and to minimize resulting financial and non-financial losses;

- Assessing the impact of new products and processes to be launched at Garanti Bank on fraud risk, and providing suggestions when necessary;
- Communicating all decisions regarding strategies and precautionary actions carried out by Anti-Fraud Monitoring Department to the business lines in a timely manner;
- Establishing a corporate culture and awareness of fraud throughout Garanti Bank.

Environment Committee

Set up in 2010, the Committee is chaired by a non-executive Board Member. Committee members are Executive Vice Presidents of support services, loans and project finance, Corporate and Commercial Loans Coordinator, Senior Vice Presidents of project finance, investor relations, financial institutions, and Compliance Controls Manager.

Committee Members

- M. Cüneyt Sezgin, Ph.D.** (Board Member),
- Adnan Memiş** (Executive Vice President),
- Ali Temel** (Executive Vice President),
- Ebru Dildar Edin** (Executive Vice President),
- Ufuk Tandoğan** (Coordinator),
- Mustafa Tiftikçioğlu** (Senior Vice President),
- Handan Saygın** (Senior Vice President),
- Nihan Turgay** (Senior Vice President),
- Barış Gülcan** (Manager)

Committee Activities

Sustainability and Environmental Impact Assessment task forces were set up under the Committee, which will evaluate risks arising from Garanti Bank's direct or indirect impact on the environment. The Committee is responsible for:

- Monitoring energy consumption, wastes, and similar matters, as well as assessment of risks that might arise from the Bank's direct impact on the environment;

- Overseeing assessment of risks that might result from indirect impact on the environment via projects financed, and other loans (and other subsequent transactions in this scope) and providing feedback to the Credit Committee and other relevant decision-making bodies as and when necessary;
- Ensuring the development of environmental impact assessment system at the Bank to be employed in lending processes;
- Setting up necessary task forces to guarantee effectiveness of environmental activities and efforts;
- Supervising the activities of task forces so formed; approving their job descriptions, and making suggestions;
- Providing information to the Board of Directors on the Committee's activities when needed.

Basel Steering Committee

The Committee is formed by a Board Member, Executive Vice Presidents of technology and operation services, loans, financial affairs, general accounting and financial reporting, treasury, financial institutions and corporate banking departments, and the financial coordinator. An executive committee was also set up under the Committee, as well as task forces thereunder.

Committee Members

- M. Cüneyt Sezgin, Ph.D.** (Board Member),
- Hüsnü Erel** (Executive Vice President),
- Ali Temel** (Executive Vice President),
- Afzal M. Modak** (Executive Vice President),
- Aydın Şenel** (Executive Vice President),
- Uruz Ersözoğlu** (Executive Vice President),
- Tolga Egemen** (Executive Vice President),
- İbrahim Aydın** (Financial Coordinator)

Committee Activities

- Basel Steering Committee is responsible for:
- Ensuring the Bank's compliance with Basel guidelines;
 - Creating the Bank's Basel roadmap and getting the approval of the Board of Directors therefor;

- Approving and monitoring efforts to be undertaken to achieve compliance with Basel;
- Planning the human resource and setting up task forces;
- Planning, deciding and supervising the activities of the task forces.

Other Committees

Sub-committees for market risk, credit risk and operational risk have been set up to facilitate exchange of information and views with the relevant units of Garanti Bank and to support the establishment of risk management and internal audit systems within the Bank.

Market risk committee monitors market risk arising from trading activities, the interest rate risk arising from maturity mismatches, the liquidity risk, risk limits and limit utilizations of the trading portfolio. This committee ensures flow of information on changes in the positions exposed to market risk. The committee also reviews the models and assumptions employed; evaluates their relevance, and ensures necessary adjustments to be made.

Credit risk committee monitors the effectiveness of the methods and models that are being used to measure credit risk, assesses the credit risk results and ensures flow of information on changes in the positions exposed to credit risk.

Finally, **the operational risk committee** performs activities related to the control and management of operational risk loss database and the follow-up of actions to be taken. The committee also coordinates key risk indicators, risk and control self-assessment and operational risk scenario analysis activities so as to roll them out across the Bank.



SUPPORT SERVICES PROVIDERS

Companies providing support services in accordance with the regulations on the provision of support services to banks and the authorization of support service providers are indicated below, together with the type of service outsourced:

- Garanti Bilişim Teknolojisi ve Ticaret A.Ş.: Consulting services for network management, system management, infrastructure management and support services, software applications, security services, policy and procedure management.

- Garanti Ödeme Sistemleri A.Ş.: Consulting, product development and promotion services related to payment systems.

- Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş.: Consulting services in relation to promoting, marketing and product/system development for housing finance and mortgage finance.

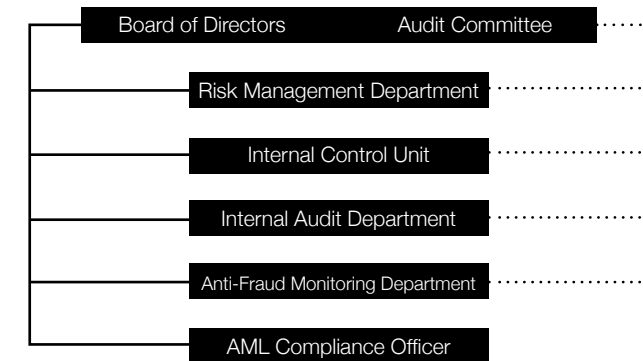


RISK MANAGEMENT POLICIES

Risk Management and Internal Audit Organization

At Garanti Bank, risk management, internal audit and control functions are carried out in compliance with applicable legislation and independent of executive functions through an organization that reports directly to the Board of Directors. The Board of Directors is ultimately responsible for establishing and ensuring the effective functioning of risk management and internal audit systems and for devising, implementing and maintaining risk management and internal audit and control strategies and policies that are compatible with Garanti Bank's capital and risk level. In accordance with the importance given to corporate governance principles, the Audit Committee continues its activities in order to enable the Board of Directors to carry out its audit and supervision functions. The Audit Committee receives information from the units set up under internal control, internal audit, risk management and anti-fraud monitoring systems, as well as from the independent auditor, with regard to performance of their activities. It confirms that adequate methods

are in place to identify, control and monitor Garanti Bank's risks and regularly informs the Board of Directors of its activities and their results. It also gives its opinion to the Board of Directors regarding activity results of the responsible departments, actions that must be taken and other issues it deems important for safe conduct of Garanti Bank's activities.





RISK MANAGEMENT POLICIES

Risk Management Activities

Garanti Bank measures and monitors market, credit and operational risks using methods that comply with international standards. In 2007, Garanti has begun to install advanced risk management software to be used throughout the entire risk management system and for Basel II applications. In this frame, installation of operational risk loss database has been completed, as well as of economic capital, trading risk and Basel II regulatory capital modules.

Market Risk

Market risk is measured, effectively managed and evaluated within a continuously improving structure in accordance with local and international regulations, Garanti Bank's structure, policies and procedures, using internationally accepted methodologies. For market risk management and limit allocation, Garanti Bank uses such methods as Value-at-Risk (VaR), stress tests, scenario analyses, duration, gap and sensitivity analyses and economic capital. Market risk is managed by measuring and limiting risk in accordance with international standards, providing sufficient capital and mitigating risk through hedging transactions.

Trading Risk

Trading risk is defined as the risk Garanti Bank faces arising from fluctuations in market prices in relation to the positions it maintains on or off its balance sheet for trading purposes, and is calculated daily using the VaR model. Value-at-Risk is a measure of the maximum expected loss in market value of a portfolio of a certain maturity as a result of market price fluctuations, at a certain confidence interval and a certain probability. VaR is calculated using historical simulation method and 260-day historical data at 99% confidence interval.

The VaR measure is used to manage the trading transactions of the Treasury. VaR limits are specified in accordance with the capital allocation approved by the Board of

Directors and dynamically updated at the end of each quarter depending on changes in the Bank's shareholders' equity. These limits are monitored and reported daily by the Risk Management Department. Calculated for the entire trading portfolio including available for sales portfolio, VaR stood at TL 82.6 million by the end of 2010 and its average value for 2010 was TL 73.1 million.

Having decreased due to the relative reduced volatility of market prices in the last period, VaR does not constitute an important risk for the Bank when being evaluated considering Garanti Bank's shareholders' equity amount. In order to identify risks that might arise from major market fluctuations, regular stress tests and scenario analyses are conducted using the VaR model.

Structural Interest Rate Risk

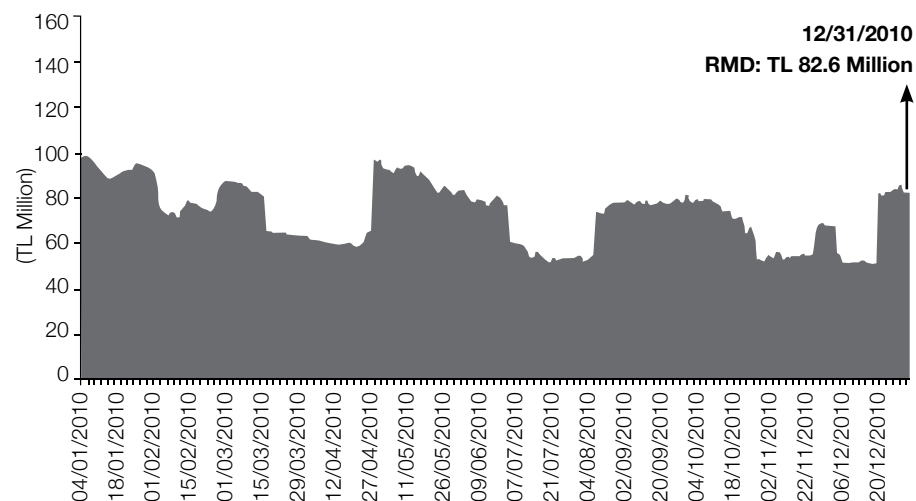
Reports on duration/gap and sensitivity analyses are prepared to determine the interest rate risk Garanti Bank faces as a result of maturity mismatches in its balance sheet. The Assets and Liabilities Committee and

the Asset-Liability Management Department use the duration/gap report to manage balance-sheet interest rate risk and for liquidity management. Instruments such as IR swaps, futures, long-term borrowings and credit default swaps (CDS) have been used to manage basis interest rate, funding and country credit spread risks. Long-term funding such as syndication and securitization has been provided. Approval of the Assets and Liabilities Committee is required for hedging transactions that are related to Garanti Bank's balance sheet.

Liquidity Risk

The Asset-Liability Management Department and the Assets and Liabilities Committee manage liquidity risk with a view to taking appropriate and timely measures in case of a liquidity crisis arising from market conditions or Garanti Bank's balance sheet structure. Garanti Bank uses a corporate procedure to monitor liquidity risk within the context of written early warning signals, cash flow projections, stress levels and possible actions to be taken. Deposits are an important balance sheet item

Value at Risk Annual Trend



in terms of liquidity management and undergo core-deposit analyses. Garanti Bank complies with the regulatory liquidity ratio requirements. Cash flow projections are used to identify liquefiable assets and alternative funding sources to meet possible liquidity requirements on the basis of maturity tranches in different scenarios. Day-to-day cash management is performed by the Asset-Liability Management Department.

Credit Risk

Credit risk management is a process for consistently evaluating and monitoring credit risk and covers all credit portfolios. The internal risk rating model, which was developed for the corporate and commercial loans portfolio, has been used in loan allocation stage since 2003 and was incorporated into the relevant lending policies and procedures. This model was developed using statistical methods on historical data in order to rate customers using objective criteria. The internal risk rating model calculates the default probability for each client. Concentrations are monitored across the portfolio with respect to internal risk ratings, sectors, groups and clients. Three models have been established for specialized lending using Supervisory Slotting Criteria method. Application scorecards are being used in the allotment process of the consumer loan and credit card portfolios. In addition, behavior scorecards were also designed for these portfolios. Within the context of treasury operations, necessary netting adjustments are made and counterparty credit risks are monitored accordingly. Efforts to achieve alignment with Basel II continue in parallel with Basel II draft guidelines published in April 2010.

Operational Risk

All of Garanti Bank's operational risks are managed under the supervision of the Board of Directors and the Audit Committee, with emphasis on the identification, evaluation, monitoring and control/mitigation of risks. The Audit Committee monitors and evaluates the results of the operational risk monitoring

activities of the Internal Audit Department and the Internal Control Unit. Garanti Bank is making the necessary efforts in line with local and international regulations (Basel II) to measure operational risk in accordance with its scale, internal control systems and databases. As part of this effort to measure and manage operational risks, Garanti Bank has primarily prepared a risk matrix that uses Basel II categories to categorize existing and potential operational risks and the related business units, reasons and cause and effect types. The audit status, impact and probability of each risk are evaluated within this matrix with a view to controlling risk. The risk matrix is monitored, updated and used in their reviews by the Internal Control Unit and the Internal Audit Department. Garanti Bank's operational risk loss data are evaluated and gathered in an internal loss database centrally and systematically and in compliance with Basel II standards.

Activities of the Internal Control Unit

The Internal Control Unit ensures that a sound internal control environment is in place at the Bank. Accordingly, this unit performs the necessary coordination work in this regard, assuring that activities are performed regularly, efficiently, effectively and in accordance with the management strategy and policies of the Bank and the applicable rules and regulations; additionally, it monitors the integrity and reliability of accounting and recording systems. In this context, efforts are made to set up an infrastructure based on the functional separation of tasks, the sharing of authorities and responsibilities, the establishment of a sound reconciliation system, the integration of self-control mechanisms and systemic controls into processes and the identification and monitoring of exposures. The control activities and improvement efforts of the Internal Control Unit are centered on the operational risk matrix. This allows Garanti Bank to monitor operational risks within an integrated risk-based system that combines impact, probability and current processes. Internal

controllers reporting to the Internal Control Unit perform monitoring tasks using centralized and on-site control methods:

- Within the scope of Central Control, retail loans and investment banking transactions of all branches are examined in a sampling methodology in addition to monitoring of the whole Bank's accounting and MIS records' availability. Furthermore; in commercial loans of all branches which have not been included in the on-site control's scope as a result of a risk assessment conducted, agreements, collaterals and the documentation are examined in a sampling methodology by the Central Control's team in terms of their compliance with the Bank's procedures and the legislation.

- In on-site controls, selected units of the head office and branches that have been selected on a risk-based assessment undergo controls for the compliance of their transactions and documents with internal regulations and applicable legislation. In addition, tools such as risk reporting and self-assessment applications are used to enable all branches and units to manage their operational risk.

The disaster recovery and business continuity management at Garanti Bank is being conducted within the organization of the Internal Control Unit. Within this scope; in addition to efforts on maintaining the existing Disaster Recovery and Business Continuity Plan, periodical tests are being executed with relevant units in order that critical processes on the plan, required back-up systems and alternative working sites could be kept ready for being active in a projected period and quality.

Compliance Controls

In accordance with Article 18 of the Regulation on the Internal Systems of Banks issued by the Banking Regulation and Supervision Agency on 01 November 2006, a Compliance Controls Division was set up under the



RISK MANAGEMENT POLICIES

Internal Control Unit, to perform compliance function with respect to applicable laws, organizational standards and ethical principles, to prevent incidents that would cause Garanti Bank to suffer financial losses, cancellation of authorization or loss of reputation. The Compliance Controls Division coordinates and supervises existing control mechanisms regarding the compliance of Garanti Bank's transactions with laws, internal policies and rules, and banking practice, ensures that processes are updated in accordance with changes in legislation, monitors efforts to communicate such changes to employees and gives its opinion on new products and transactions before they are implemented. Other basic responsibilities of the compliance function include the monitoring of international branches and consolidated partnerships for compliance risks arising from foreign legislation and the continuous improvement of the compliance culture and awareness within Garanti Bank.

Activities of the Internal Audit Department

The auditing of Garanti Bank's head office units, branches and subsidiaries is performed by the Internal Audit Department. During audits, the Department inspects and evaluates the effectiveness of the internal control systems of the relevant units, with special emphasis on the following:

- Compliance of activities with applicable legislation and internal regulations;
- Accuracy and reliability of all financial and non-financial data;
- Effectiveness of asset protection practices;
- Efficiency and effectiveness of operations.

The Internal Audit Department is also responsible for conducting investigations into fraud, swindling and counterfeiting activities of employees or third parties against Garanti Bank. In order to effectively perform all these functions, the Internal Audit Department has divided its activities into the categories of on-site audits, centralized audits, investigations and examinations and IT audits, and has

arranged its structure accordingly. On-site audits involve fieldwork at the subsidiaries, head office departments, regional offices and branches of Garanti Bank. These are prioritized according to risk weights and various audit techniques are used. The Internal Audit Department adopts a risk-focused approach to ensure efficient use of existing resources and to maximize the benefit the Bank derives from its activities. Annual on-site audit plans are prepared and implemented with this approach in mind. The Department also conducts centralized audits that use remote monitoring techniques aimed at identifying systematic deficiencies and errors in banking products, applications and processes. Moreover, the investigation of internal/external fraud events and the detection of fraud attempts via early warnings are also among the responsibilities of the department. Considering the external fraud events, close collaboration is observed with the Anti-fraud Monitoring Department. Also, in line with the risk-based audit approach, IT audits take place in the form of general controls as well as application controls. The scope and frequency of audits are determined based on the risk assessments to be performed by the Internal Audit Department, the resources and priorities of the Department and in accordance with the targets and strategies of Garanti Bank. In addition, previous audit results are used as an input to plan subsequent audits.

AML Compliance Officer

In accordance with Law No. 5549 on Compliance Program with Obligations Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism, the AML Compliance Officer of the Bank has the following duties and responsibilities:

- To carry out all necessary efforts to achieve Garanti Bank's compliance with the regulations issued pursuant to Law 5549 and to provide necessary coordination and communication with MASAK (Financial Crimes Investigation Board),
- To ensure that the compliance program is carried out; to develop policies and procedures

within this scope, to execute risk management, monitoring and control activities, to follow up the results of internal audit and training activities,

- To present to the approval of the Board the efforts related to the training program about Prevention of Laundering Proceeds of Crime and Financing of Terrorism and to ensure that the approved training program is carried out effectively,
- To look into and evaluate the information received or that he/she has become aware of sua sponte; to report any transaction that he/she deemed to be suspicious to MASAK (Financial Crimes Investigation Board),
- To manage relations with relevant official or private agencies.

In performing the above duties and responsibilities, the AML Compliance Officer cooperates with the Internal Audit Department, the Internal Control Unit, Training Department and Legal Department, and meets with the relevant executives to review ongoing activities.

Activities of the Anti-Fraud Monitoring Department

The Anti-Fraud Monitoring Department, which has started its activities in October 2007, is a new structure that brings together credit card, merchant, Internet and application fraud teams that were previously working under different organizations in order to counteract fraud, in accordance with the "enterprise fraud prevention" approach. Within the scope of monitoring and controlling operational risks that Garanti Bank is exposed to, Anti-Fraud Monitoring Department develops strategies to monitor, detect, control and prevent external fraud actions with the aim of minimizing the Bank's and customers' losses due to fraud incidents. For this purpose, the Department performs forward-looking forecasts, and process- and product-based trend analysis with regard to external fraud actions. The Department develops views and suggestions by means of assessing new products and services with regard to external fraud risks in

order to manage operations to detect fraud events on time and more effectively. Within the scope of Intelligence Management, the Department carries out all necessary investigation about external fraud actions, sharing information regarding external fraud actions within the bank and with other banks. In addition to that, it carries out training and awareness programs in order to help Garanti Bank personnel understand the importance of struggle against fraud and to establish this culture throughout the Bank. Within the scope of monitoring and prevention of fraud attempts and incidents, the Department follows up technological developments to make products and services provided by alternative delivery channels and card-based payment systems more reliable, and to detect and prevent credit card and consumer loan application frauds and attempts of account takeover. For this purpose, the Department takes the most efficient and effective actions in a short period of time, by means of developing strategies that comply with the Bank's policies.

Managers of Internal Systems Units

Names, Terms of Office, Responsibilities, Educational Background and Professional Experience

Ebru Ogan Knottnerus

Ebru Ogan graduated from the Business Administration Department of the Middle East Technical University. She has worked as an executive at various private companies and banks between 1991 and 2001. Having joined the Subsidiaries Risk Management Department of Garanti in 2001, Ogan has been Garanti Bank's Risk Management Senior Vice President since 2003. The responsibilities of the Risk Management Senior Vice President are outlined below:

- Ensure that risk management culture is recognized and risk management applications are widespread throughout Garanti Bank and its subsidiaries,
- Set up an integrated risk management system, which measures market, credit and

operational risks together, and which is in compliance with regulations, and ensure that by means of this system, Garanti Bank's capital is used in a way to maximize the Bank's value,

- Determine risk management strategies and policies of Garanti Bank and present these to the Board of Directors.

Osman Bahri Turgut

Osman Bahri Turgut holds a degree in economics from Marmara University. He joined Garanti in 1990 and worked as an Assistant Auditor, Auditor, Branch Manager, Assistant Director of the Internal Audit Department, Commercial Loans Senior Vice President and Internal Control Unit Manager. Serving as the Director of the Internal Audit Department since 04 October 2006, he has 20 years of experience in the banking sector. The responsibilities of the Director of the Internal Audit Department are outlined below:

- Determine internal audit policies and procedures and implement these after obtaining the necessary approvals,
- Monitor and guide the supervision, auditing, policies, programs, processes and practices of internal audit activities,
- Verify that Department members possess the qualifications required by their authorities and responsibilities,
- Confirm that Department members perform their duties in an independent, diligent and unbiased manner.

Emre Özbek

Emre Özbek got his degree in business administration from Ankara University, Faculty of Political Sciences. He joined Garanti Bank as an Assistant Auditor in 1999 and was appointed as the Assistant Director of the Internal Audit Department in 2007. Özbek, also holding a certificate of a Certified Internal Auditor and having 12 years banking experience, has been serving as the Senior Vice President of Internal Control Unit since 07 May 2009. The responsibilities of the Internal

Control Unit Senior Vice President are outlined below:

- Ensure the establishment of the Bank's internal control system in accordance with applicable legislation and Garanti Bank's goals and policies,
- Collaborate with top management to define the principles and procedures governing the distribution of internal control tasks between operational employees and internal control employees,
- Prepare the annual business plans of the Internal Control Unit and ensure that activities are performed in accordance with these plans,
- Verify that internal controllers possess the qualifications required by their authorities and responsibilities,
- Confirm that internal controllers perform their duties in an independent, diligent and unbiased manner.

Beyhan Kolay

Beyhan Kolay holds a degree in public administration from the Middle East Technical University. She joined Garanti in 1994 as an Assistant Auditor and was promoted to Assistant Director of the Internal Audit Department in 2005. Kolay has 17 years of experience in banking and has been serving as Anti-Fraud Monitoring Senior Vice President since 15 September 2006. The responsibilities of the Anti-Fraud Monitoring Senior Vice President are outlined below:

- Develop and ensure the implementation of strategies for the minimization of financial and non-financial losses that may arise from external fraud,
- Prepare the annual business plans of the Anti-Fraud Monitoring Department and ensure that activities are performed in accordance with these plans,
- Evaluate whether the unit's employees possess the qualifications required by their authorities and responsibilities,
- Supervise that the employees of the Anti-Fraud Monitoring Department perform their duties in an independent, diligent and unbiased manner.



AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

Following 2009 that was heavily inflicted with the effects of the global financial crisis upon economic activity, 2010 was a year of relative recovery for the world economy. According to IMF data, the global economy that contracted by 0.6% in 2009 is estimated to expand by 4.8% in 2010. Despite the accelerated worldwide economic growth in 2010, the disparity in the growth rates of developed and emerging countries became even more pronounced. As developed countries suffered from a graver and deeper impact due to the crisis, the result was a slower pace of post-crisis recovery in these countries compared to emerging countries. While increasing unemployment ratios in developed countries and debt issues that became evident particularly in Europe made it difficult for economic activity to be restored to its former state, pre-crisis levels have been recaptured in many of the emerging countries, within which especially Asian countries are active. On the other hand, low interest rates in developed countries led to accelerated money flow in the form of portfolio investments into emerging countries that presented relatively higher interest rates during 2010, which was characterized by globally high liquidity. While some emerging countries adopted measures against investment inflows as a result of the acceleration in capital flows, some others introduced decisions to cool down the economy.

In 2010, Turkey drew the attention as one of the countries that quickly revitalized economic activity. With 8.9% growth rate in the first three quarters of the year, the economic expansion in Turkey represents the highest figure among European and OECD countries. As a result of this growth, combined with the vibrant domestic demand and the Turkish lira that continued to gain value in real terms, the increase in imports outpaced that in exports, which showed a moderate increase in 2010. The current deficit thus surged up, continuing to pose a risk for Turkey. The current deficit is estimated to account for more than 5.5% of the GDP at the end of the year. Besides the rapid expansion in the current deficit, deteriorated quality of its financing was also striking in the reporting period. While tax rates were differentiated in Turkey depending on maturity in overseas bond issue in order to promote longer terms in investment inflows, major changes were made to the monetary policy by the Central Bank of the Republic of Turkey (CBRT). Actions were launched aimed at reducing short-term investment inflow and at keeping the domestic demand at a certain level, in order to slow down the rate of increase in the high current deficit, which takes place among the major risks for the coming period.

On the regulatory front, advices developed by international agencies that seek to establish global financial stability and execute more effective risk management, continued to be improved this year as well. Proposed changes that are formulated by the subcommittees of Basel Committee on Banking Supervision and referred to as Basel III Accord were ratified at the Group of Governors and Heads of Supervision meeting of 12 September 2010, which also released the rules text. Basel II Accord, which is not in force in our country yet, is expected to be applied during 2011. Garanti Bank gave momentum to its ongoing efforts carried out to achieve alignment with draft regulations, and redesigned the activities of the Bank's Basel Committee.

In 2010 that existed economic expansion, Garanti Bank registered 6% growth in net profit and 22% increase in free capital on a year-on-year basis as of December 2010. The non-performing loans ratio stood below the overall sector's average.

After 2009 that significant interest rate cuts are done by the CBRT, benchmark interests remained relatively unchanged in 2010. During this period, taking into account the potential fluctuations in interest rates due to exit from the global crisis, in order to manage interest rate risk and profitability, the Bank's trading portfolio was composed by giving more weight to floating rate securities. Due to significant reduction in lending rates, credit volumes and maturities increased in the balance sheet of 2010. Interest rate swaps and long-term borrowings have also been used this year in the management of balance sheet interest rate risk arising from maturity mismatch; this risk was regularly monitored through duration and gap analyses, and necessary measures were adopted by the limits. In addition, the impact of changes of interest rates on the balance sheet is followed by sensitivity analyses.

The syndication facility that expired in November 2010 has been renewed at 143% at a lower interest rate, creating a significant source of funding. The interest rate risk of the trading portfolio and derivative products were measured using the value-at-risk model and were monitored with limits set based on the Bank's capital. The Bank did not have any significant exchange rate risk stemming from the foreign currency position, which has been kept at limited levels. Within the frame of liquidity risk management, Garanti Bank continued to successfully manage the liquidity risk that might arise from the market and the Bank, by monitoring the early warning signals as well as the daily cash flows and compliance with regulatory ratios.

During 2010, Garanti Bank continued to expand its loan portfolio. Through to the systematic annual reviews of the loan approval processes, lending policies and the solid risk rating and scoring systems, the NPL ratio realized as 2.96%, 0.69 points below the sector's average as of December 2010. This ratio is still 1.45 points below the ratio in December 2009. As a result of the importance given to assessment of credit needs of

borrowers, collateralization and constantly improved credit monitoring and system infrastructure in the lending process, the Bank continued to timely set aside special provisions for past due receivables. The Bank regularly reviews scoring and rating models, and expands their scopes accordingly on an annual basis.

The Bank continued to manage operational risk effectively. Controls of Internal Control Unit and audits of Internal Audit Department continued to be conducted both by centralized and on-site audit techniques, including information systems and covering the Bank's all operations, domestic and international, and its subsidiaries subject to consolidation. Losses in relation to operational risk was at low levels as in previous years, thanks to centralized controls integrated into processes, limit setting and authorization processes supported by information systems infrastructure, and effective internal control and internal audit activities. Compliance Controls team within the Internal Control Unit, evaluated all new products and services introduced by the Bank, providing compliance with regulations and internal procedures before their launch. In addition, as required by the Compliance Controls Team's coordinating role in relation to compliance, considering the changes in regulation, necessary actions to be taken on a timely manner were closely monitored. The AML Compliance Officer and team supervised compliance with internal and external regulations as an independent function reporting to the Board of Directors. Within the frame of the Compliance Program that covers corporate policies and procedures, training activities were carried out in order to support corporate culture and increase knowledge and create awareness about risk management, monitoring and control activities. Furthermore, activities were carried out to supervise the development of policies and practices by the Bank's financial services subsidiaries, designed to prevent laundering of proceeds from crime and financing of terrorism. Efforts continued to establish and prevent external fraud attempts and incidents in 2010; a decrease was ensured on a year-on-year basis in the Bank's losses arising from cards, member merchant and internet fraud incidents that continued at an increasing extent since 2009. Thanks to close monitoring of evolving fraud trends, effective use of technology and software, and well-trained expert staff, fast and flexible actions were taken, striving to minimize the Bank's and customers' losses.

2011 is expected to be a challenging year for the Turkish banks in a market environment of gradually narrowing profit margins. It is estimated that banks will target to expand their lending volumes. Based on these targets, banks have to give importance to credit risk management in 2011, considering the deterioration in credit quality due to an increasing competition environment where retail and commercial loans, SME loans and credit cards will grow. Other key considerations that will need closer monitoring in the coming year include the interest rate risk that will stem from maturity mismatches in balance sheet management and sustainable profitability management through correct pricing due to shrinking interest margins.

Garanti Bank will continue to grow in loans with strict adherence to credit quality and by continuing to employ rating and scoring systems in the management process and keeping a keen eye on the costs. On the market risk side, the balance between floating versus fixed interest rates in portfolios will be secured once again by observing interest rate fluctuations. Risk measurement and limit allocation activities will be sustained. Since active margin management will gain increased importance, funding items and maturity structure in the balance sheet and fund allocation will be monitored carefully. As always, monitoring and controlling of possible fraudulent activities will be the crucial aspects of operational risk management.

Taking into consideration the high capital adequacy ratio of the industry, the Turkish banking industry is not expected to be faced with major issues in 2011, due to minor fluctuations in market prices and application of Basel II guidelines for capital adequacy ratio calculation. Nevertheless, risk management and audit activities must be carried out effectively and proactively by the sector in order to assure timely adoption of necessary measures concerning; the credit risk that might result from shrinking margins and deterioration of credit quality that will result from the increasing lending volume to expand balance sheets; interest rate risk; and possible changes in the funding costs due to short term structure of funds.

Des O'Shea
Board Member, Member of the Audit Committee

M. Cüneyt Sezgin, Ph.D.
Board Member, Member of the Audit Committee



RELATED PARTY RISKS

(Thousands of Turkish Lira (TL))

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

Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,454,678	23,581	2	920	214,868	299,669
Balance at end of period	3,475,734	757,091	14	4,831	232,831	358,273
Interest and Commission Income	55,279	179	8	7	13,125	2,818

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,729,413	122,864	25	1,661	220,662	183,932
Balance at end of period	1,454,678	23,581	2	920	214,868	299,669
Interest and Commission Income	51,623	137	17	2	14,485	2,411

Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	231,523	240,915	359,876	300,582	323,665	183,763
Balance at end of period	571,953	231,523	207,006	359,876	389,333	323,665
Interest Expense	32,238	26,476	22,919	16,547	12,087	10,088

Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	303,015	-	-	-	3,326	-
Balance at end of period	707,375	303,015	-	-	3,992	3,326
Total Profit/(Loss)	206,168	83,325	-	-	1,565	595
Transactions for Hedging:	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

The Bank's risk group

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.

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

The cash loans of the risk group amounting TL 1,425,195 thousands (31 December 2009: TL 551,924 thousands) compose 2.20% (31 December 2009: 1.11%) of the Bank's total cash loans and 1.15% (31 December 2009: 0.52%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,708,579 thousands (31 December 2009: TL 1,669,548 thousands) compose 2.99% (31 December 2009: TL 1.59%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,120,195 thousands (31 December 2009: TL 324,170 thousands) compose 7.14% (31 December 2009: 2.21%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,168,292 thousands (31 December 2009: TL 915,064 thousands) compose 1.61% (31 December 2009: 1.46%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of TL 357 thousands (31 December 2009: TL 4,178 thousands) from the transactions carried

out with related parties. As a result of these transactions, a leasing expense of TL 439 thousands (31 December 2009: TL 1,785 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 53,634 thousands (31 December 2009: TL 37,215 thousands) to related parties. Operating expenses of TL 5,447 thousands (31 December 2009: TL 6,708 thousands) for IT services and of TL 1,977 thousands for consultancy services rendered by related parties and rent income of TL 2,082 thousands (31 December 2009: TL 1,664 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 66,705 thousands to its top management considered as key management as of 31 December 2010 (31 December 2009: TL 59,001 thousands).

Other matters not required to be disclosed
None.

Transactions accounted for under equity method

Please refer to Note 5.1.8.

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, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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



"It is like children; you don't have a favorite gold medal!"

Steven Redgrave (An English rower, Steven Redgrave is a legend in the British sports circuit and is recognized as the greatest rower in the history of Olympic Games. Redgrave won a gold medal at five consecutive Olympic Games, a record that remains unbroken.)

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The underlying factor behind Garanti's successful performance is the implementation of effective and balanced policies that are combined with competent corporate governance ability.

1. Statement of Compliance with Corporate Governance Principles

Garanti complies with articles constituted under the 4 major chapters of corporate governance principles published by the Capital Markets Board and pays optimum attention for the application of these principles. The Bank accordingly updates its Annual Reports and website, making them available to stakeholders. Stakeholders can access detailed information at Garanti's website updated real-time and they can ask questions to the Investor Relations Department.

PART 1 - SHAREHOLDERS

2. Shareholder Relations Division

Investor Relations Department is in charge of managing relations with foreign investors and shareholders. Investor Relations Department is mainly responsible for;

- establishing and carrying out relations with prospective and existing investors,
- participating in the investors' meetings and conferences in Turkey and abroad,
- executing meetings with rating agencies,
- conducting conference calls on financial results,
- preparing unified meeting tools such as corporate presentations, organize targeted road shows and various other informational meetings,
- posting corporate updates on its website, www.garanti.com.tr/investorrelations, in a timely manner.
- cultivating shareholder loyalty; proactively informing shareholders on a regular basis, As part of its activities throughout the year, the Department has;
- participated in 19 domestic and international investor conferences with executive,

Investor Relations Department

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Subsidiaries and Shareholders Service of General Accounting Department

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management in 2010 along with one-on-one meetings with more than 710 international investment funds,

- executed 6 due diligence meetings with 5 rating agencies,
- conducted 4 cohesive conference calls on financial results and posted these call logs on its website,
- for submission to the Carbon Disclosure Project, the Bank's 2009 greenhouse gas emission (GHG) was calculated and detailed report was prepared with the cooperation of Investor Relations Department,

- Department spearheaded the establishment of Environment Committee (EC) and was assigned as a member in 2010. Department also plays an active role in Sustainability Committee, a sub-committee established under the EC one in order to manage and monitor the work conducted regarding the assessment of risks arising from the direct impact of Bank's operations. Detailed information about committee activities are on page 108. The Department aims to provide responses to all incoming inquiries in complete depth

and with timely manner in order to represent Garanti and communicate the value creation in a proactive, transparent and consistent way. All actions and activities conducted by the Investor Relations Team are managed in an environmentally-conscious manner.

In addition, to facilitate the follow-up of shareholder rights, Garanti operates a Subsidiaries and Shareholders Service at its General Accounting Department.

The Subsidiaries and Shareholders Service is mainly responsible for:

- organizing the Annual Shareholders' Meetings of the Bank,
- carrying out capital increases of the Bank,
- ensuring the necessary amendments in Articles of Association of the bank comply with the regulations
- facilitating the use of bonus and rights offerings after the capital increase,
- facilitating the dividend payments as specified in article 45 of Articles of Association in case the General Assembly resolves to make a dividend distribution to shareholders,
- sending the public announcements of the Bank via Public Disclosure platform in Material Event Disclosure format,
- responding to the questions of branches and shareholders about share certificates in a timely manner or forwarding them to the related departments.

3. Exercise of Shareholders' Rights to Obtain Information

The Subsidiaries and Shareholders Service receives an average of 100 inquiries from shareholders every month in relation to share certificate procedures, general shareholders' meetings, capital increases, and dividend distributions. In addition, for the fiscal year that ended on December 31, 2010, requests of shareholders and third parties related to matters such as annual reports, the current status of share certificates and the inheritance of share certificates were answered in writing. The Investor Relations Department receives an

average of 300 inquiries by telephone or email per month. It organizes 60 or more one-on-one or group meetings each month with existing and potential investors and bank analysts, thus responding to all questions about the Bank. Garanti has two investor relations websites, in Turkish and in English.

- The Investor Relations site in Turkish can be reached at www.garanti.com.tr/yatirimciiliskileri
- The Investor Relations site in English can be reached at www.garanti.com.tr/investorrelations

These websites contain information about shares, corporate information, periodically published financial statements and annual reports, information about corporate governance, social responsibility projects, presentations that provide information about the Bank and press releases about the Bank. All information and changes occurred in shareholders' rights are published via Public Disclosure Platform (www.kap.gov.tr) in Material Event Disclosure format.

The appointment of a special auditor is not required by the Articles of Association of the Bank and so far no request regarding the appointment of a special auditor has been submitted to Garanti.

4. Information on the General Shareholders' Assembly

During the fiscal period (January 1, 2010 - December 31, 2010), one Ordinary General Assembly Meeting was held. Meeting quorum in the Ordinary General Assembly Meeting was 58.48%. Shareholders wishing to attend the meeting were able to do so. The General Shareholders' Assembly Meeting is held in accordance with a resolution adopted by the Board of Directors. Before these meetings, information about the date, the place and the agenda are provided to shareholders through Public Disclosure Platform in accordance with the general principles, as well as the Turkish Trade Registry Gazette and national

newspapers.

Balance sheets, income statements and annual reports are prepared prior to the General Shareholders' Assembly Meeting and made available to shareholders 15 days before the meeting via the website, at the branches and at the Head Office of the Bank. At General Shareholders' Assembly Meetings, agenda items are discussed and submitted for the shareholders' approval. Shareholders are entitled to ask questions, express their opinions and submit proposals. Questions are handled and answered in accordance with the principles and procedures specified in the Turkish Commercial Code.

Proposals are submitted for the approval of the General Assembly and become resolutions if approved by the specified majority. The meeting minutes and the list of attendants of the General Shareholders' Assembly Meetings are announced in the Turkish Trade Registry Gazette and resolutions are published via Public Disclosure Platform.

The minutes and the list of attendants of the General Shareholders' Assembly Meetings are available to shareholders at Garanti Bank's website and the Subsidiaries and Shareholders Service. In accordance with the provisions of the law, 184 share certificates are issued on an anonymous basis; the rest are registered to their owners. No time limit is specified for the registration of anonymous shares in the share book of the Bank.

5. Voting Rights and Minority Rights

Shareholders' rights for voting and execution of these rights are specified in articles 38 and 39 of the Articles of Associations. At the General Shareholders' Assembly Meetings, there are no privileged voting rights. Companies controlled by the majority shareholder of the Bank vote in the General Shareholders' Assembly Meetings. Minority shares are not represented in management. Garanti's Articles of Association do not specify regulation on cumulative voting procedures.



6. Dividend Policy and Dividend Distribution Period

Details of dividend distributions are specified in articles 45, 46, and 47 of Articles of Association. As witnessed in the past years, the Bank has added its profit to its capital base and distributed it to shareholders in the form of bonus shares. In accordance with article 46 of the Articles of Association, dividend proposals are submitted for approval at General Shareholders' Assembly Meetings based on a decision by the Board of Directors. The proposed resolution becomes effective if approved in the General Shareholders' Assembly and resolutions are published via Public Disclosure Platform at the same date.

7. Transfer of Shares

The Articles of Association of the Bank do not contain any provisions that restrict the transfer of shares. The transfer of shares is executed in accordance with the Articles of Association and regulations including the article 5411 of the Banking Law.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Policy

The Information Policy of Garanti Bank, approved by the Board of Directors, came into effect during 2009. The Information Policy is publicly disclosed within the Bank's annual report and under the Corporate Governance heading on the Investor Relations website.

Purpose and Basis

This Disclosure Policy which has been prepared in accordance with the Communiqué on Principles Regarding Material Events Disclosure Serial: VIII, No: 54 issued by the Capital Markets Board of Turkey ("Communiqué") to ensure that high quality information will be provided to the Bank's

shareholders, investors and all other beneficiaries including the public, has been entered into effect by a prior approval of the Board of Directors.

General Principles

Disclosure Policy:

- is in strict compliance with the relevant provisions of the Banking Law and the Capital Markets Law;
- has been formulated under the Bank's Corporate Governance Principles and transparency policy;
- aims at enabling the public administration and authorities, shareholders, existing and potential investors, customers and all other beneficiaries to have timely access to accurate and complete information under equal conditions;
- ensures that all information disclosed to public are direct, easily understandable, analyzable and accessible at the most affordable cost so as to help and assist the decision making process of all persons and entities intending to use such information;
- does not result in any obligation of public disclosure in respect of the information in the nature of banking secrets and/or trade secrets or information which is not legally allowed to be disclosed.

Disclosure Means

The following means, channels and methods will be used for public disclosure purposes:

- Material events disclosures,
- Financial statements and their footnotes, independent audit report and Activity Report,
- Announcements published in the Turkish Trade Registry Gazette,
- Press bulletins and announcements,
- Information meetings, teleconferences and videoconferences,
- Investor meetings and presentations,
- Corporate website, and
- News Channels (Reuters, AP, Bloomberg, Foreks, etc.)

Persons Authorized to Make Public Statements

Material events disclosures should be issued and published by the Executive Vice President in charge of General Accounting.

Only the Chairman and Members of Board of Directors, the CEO and the Executive Vice Presidents are authorized to make statements directed towards press and media and/or data distribution firms in the name of the Bank. Information requests of the stakeholders will be handled and satisfied by the Executive Vice President in charge of Investor Relations and by the relevant Senior Vice President.

Enforcement and Amendments

The Board of Directors is authorized and responsible to follow-up, monitor and improve the disclosure policy. Efficiency and reliability of public disclosure processes as a part of the disclosure policy are under supervision and control of the Board of Directors. Accordingly, the Board of Directors is authorized to make changes and amendments in the text of this policy, and all such changes and amendments will be made public and published in the corporate website within one week following the date of change or amendment. The Bank Management is responsible to enforce and implement this disclosure policy.

9. Material Event Disclosures

Upon occurrence of any one of the transactions, events and circumstances specified in the Capital Markets Board of Turkey's Communiqué Serial: VIII, No. 54, a material event disclosure which is to be prepared and issued in the form attached to the Communiqué should be sent to the Public Disclosure Platform (www.kap.gov.tr) for public disclosure purposes, and this disclosure will be further published in the corporate website no later than the first business day following the public disclosure. Such disclosures should be kept in the corporate website for a period

of five years. In addition, such material event disclosures should be also circulated and distributed to corporate investors in electronic form.

In accordance with the Capital Markets Board of Turkey's Communiqué Serial: VIII, No. 54 on Public Disclosure of Material Events, 73 material event disclosures were made to the Istanbul Stock Exchange (ISE), via the Public Disclosure Platform during 2009. Neither the Capital Markets Board of Turkey, nor the ISE requested any additional explanation regarding the material event disclosures during the year that were made in line with the Capital Markets Board of Turkey regulations. Garanti Bank made all material event disclosures in a timely manner. English translations of certain material event disclosures, that might have an impact on company valuation, are also sent to the capital market regulators in London, within the frame of depositary receipts issued in the U.S. and listed on the London Stock Exchange in order to keep the foreign investors informed. These disclosures are made available on the Investor Relations website simultaneously.

10. Company's Website and Its Content

Garanti has two separate websites, one in Turkish and the other in English.

- The Turkish website is available at www.garanti.com.tr
- The English website is available at www.garantibank.com

In addition to general information about the Bank, the websites contain detailed information on banking, credit cards, investment, insurance, leasing, factoring, pension and e-commerce products and services, while the Online Branch offers customers the opportunity to perform their banking transactions online. Prepared in both Turkish and English, the website feature an Investor Relations section, offering detailed information about shares such as listing information, financial data on stock performance, capital increases, dividend ratios,

lists of analysts, credit ratings, the quarterly investor bulletin StockWatch, latest ownership and management structure, periodic financial statements, reports and presentations prepared in accordance with international accounting standards and Banking Regulation and Supervision Agency (BRSA) regulations, reports and presentations on macroeconomic developments, corporate information, annual reports, material event disclosures, social responsibility projects, corporate governance information and awards.

Corporate website is organized to ensure quick and easy access of all stakeholders to information. The information published in the website is updated regularly. At the same time, for the sake of comparability, past-related information are kept and stored in a systematic manner. Initiatives aimed at improving the corporate website so as to create the opportunity to have access to top quality and accurate information is prioritized and importance attached. Security of the website is insured by the Bank.

Questions, comments and information requests of all stakeholders are answered by the Investor Relations Department and Subsidiaries and Shareholders Service as soon as possible. Mail address, telephone and facsimile numbers and e-mail address of such Departments are available to all stakeholders in the Turkish and English corporate websites. In addition, the website also contains a frequently asked questions section.

11. Disclosures of Real Person(s) Holding Ultimate Controlling Shares

The Bank does not make any public disclosures about individuals who are ultimate controlling shares after eliminating the indirect-shareholding and cross-shareholding relations. There is sufficient public information and awareness about real person(s) holding ultimate controlling shares at Garanti and thus the Bank is not required to provide further data.

12. Public Disclosure of People who are in a Position to Acquire Insider Information

According to Article 16 of the Communiqué Serial: VIII No: 54 on Public Disclosure of Material Events, names of individuals with regular access to the Bank's internal information are stated in a list, which is kept up-to-date. The list clearly specifies the responsibilities of the individuals named therein, as well as the reason for their inclusion in the list.

Since the list of those with access to internal information and any updates made to the list are required, by applicable legislation, to be sent to the Capital Markets Board of Turkey and to the relevant stock exchange, the people in a position to acquire insider information are not publicly disclosed.

Necessary preventive measures are taken to ensure that any legal counsels, independent auditors, tax consultants, and people of similar nature, who can get into a position to access internal information during the execution of tasks and processes on behalf of the Bank, keep any information acquired as such in confidence, both legally and within specific articles of contracts.

PART III – STAKEHOLDERS

13. Informing Stakeholders

Stakeholders of Garanti receive information on a constant basis through material event disclosures sent to the Istanbul Stock Exchange, press bulletins, newspaper announcements, annual reports, meetings and internal announcements. All information regarding the stakeholders can be accessed on the Bank's website allowing instant reach to the latest data. Moreover, the Investor Relations Department regularly holds proactive meetings with investors to share detailed analysis, latest developments and forecasts, strategy, the competitive environment and market expectations with the effort to establish lean, transparent, consistent and timely



communication.

In order to ensure accurate and timely flow of information, presentations are prepared on the Bank's quarterly announced financial statements. These presentations are shared with investors through the internet and by e-mail and also announced during live teleconferences. The Investor Relations Department regularly attends investor meetings organized by brokerage firms, providing information on recent developments at Garanti in particular and the sector in general. The Department also responds to questions and inquiries by phone or e-mail on a daily basis. Also, all Garanti departments respond to customers' needs and requests for any information about Garanti's services and products immediately.

A Corporate Portal has been created as an employee information sharing system. Since access to all corporate information including the procedures, announcements and documents can be accomplished via this particular portal, employees can instantly access the information they are seeking from different means of communication in the most effective manner. In addition, at Vision Meetings held at the beginning of every year, Garanti's CEO shares the past year's assessment and next year's targets with the employees.

14. Participation of Stakeholders in Management

The Bank, taking all stakeholders into consideration, aims to improve product and service quality and to achieve internal and external customer satisfaction. In order to achieve this, the Bank bases all its systems so that they can be open to further and continuous improvement. The stakeholders can participate in management through these specially designed systems and meetings. In addition to responding to customer inquiries, to receive their advice and to respond to their complaints, the "Customer Care Line"

was established to provide services to the customers. Garanti customers can submit their demands, complaints, ideas and suggestions about management anytime through our website or Call Center 444 0 338. The participation of employees to management is ensured via meetings organized where both parties can share their ideas. Participation in management is always encouraged and employees' improvement suggestions are collected via a suggestion system. Since the launch of the suggestion platform "Önersen" in 2007, monthly average of 200 employee suggestions have been assessed and incorporated into processes. In addition, the innovation platform "Atölye" was launched in 2010, another channel to collect employee views about the ongoing projects. For instance, in 2010, almost 2,000 innovative ideas concerning 3,000 ongoing processes were collected via "Atölye" platform.

15. Human Resources Policy

The pillar of Garanti's approach to human resources is investing in human capital. With the awareness that human capital is the driving force behind all progress, the Bank builds systems to continuously recruit, train and develop young and innovative individuals. In order to provide its employees a working environment that encourages full utilization of their skills and to offer a wide range of opportunities and recognition as well as to award their accomplishments. Garanti human resources are committed to prioritizing human, ensuring continuous investment, deploying sufficient resources for training, giving priority to internal promotions, undertaking training programs for this purpose, developing human resources systems, maximizing participation by pioneering an environment of open communication, being fair and objective, and developing practices at international standards.

The mission of the Human Resources Department is to play a strategic role

implementing efficient human resource policies to assist the organization to achieve its business objectives. Accordingly, the Department operates in accordance with Garanti's ethical values based on the principles of recognizing the Bank's business objectives, closely cooperating with business units and those in the field, employing objective measurement and rating tools and methods that match the right person with the right job. The Department develops human resources applications in accordance with the Bank's strategies, makes efforts to improve employee motivation, creates communication forums that allow employees to express themselves freely, provides "career consulting" for employees in accordance with their competencies, knowledge, skills, needs and expectations, and ensures that employees receive proper training for personal development.

The criteria (experience, seniority, performance, competency evaluation, tests, interview, etc.) have been identified for all internal promotions and transfers between positions. They are transparently announced throughout the Bank via career maps as employees are guided and supported in accordance with the career path of their choice.

The compensation system of the Bank is based on salaries that fit the positions; employees who are employed in similar jobs receive similar compensation. Jobs are rated and receive compensation according to objective criteria such as required competency, risk involved and number of employees supervised.

The performance evaluation system at Garanti measures employee performance by evaluating their objectives and their success in reaching these objectives. Employees of the Bank receive bonuses based on EVA (Economic Value Added) financial accomplishment metrics and the "Sell-Earn" bonus system. As a result, discrimination related complaints from employees have been eliminated. Systematic bonus and performance models

are major and effective management tools for achieving cost management and efficiency while ensuring fairness among the employees. Bonus payments made as part of the EVA model based on Profit and Risk Management has developed a significant level of awareness of these criteria among all employees at branch level. With the help of quarterly sector analysis, issues on compensation, number of employees at branches and head office and turnover rates of branches are monitored closely, and the effects of sector dynamics on human resources strategies are taken into account. Garanti holds a pioneering position in the sector thanks to its low turnover rates and controlled personnel costs per capita.

In 2005, Garanti received quality certification of its human resources practices, the IIP (Investors in People) and recognized as the first Turkish recipient of the award.

Also in 2009, Garanti was honored with the "Silver" certification from the IIP, an award presented to only 0.36% of IIP certified organizations worldwide. As it grows larger, Garanti proves its dedication to preserve the standard of its human resource applications with these rewards.

16. Information on Relationships with Customers and Suppliers

The Customer Satisfaction Department was established on January 1, 2001 with a aim of "build a culture of customer satisfaction throughout the Bank and keep customer loyalty at the highest level". As of January 23, 2009, in order to centralize Garanti's communication and service providing channels with its customers, Customer Satisfaction Department was transferred fully to the Call Center Department along with all its functions. The Customer Satisfaction Department serves Garanti customers under the "Customer Care Line" brand.

The quality of the Complaint Management System of "Customer Care Line" has been documented with the ISO 10002:2004

certificate issued by the British Standards Institution (BSI). Garanti is the first Turkish bank to receive an international certificate for its system of complaint management, which aims to maximize customer satisfaction. Garanti customers can use a variety of channels to submit their questions and complaints to the Customer Care Line.

Telephone: 444 0 338

Internet: www.garanti.com.tr/hakli_musteri_hatti/

E-mail: haklimusteri@garanti.com.tr

Address: PK 338 AVPIM/ISTANBUL

Fax: +90 (212) 630 16 68

Complaint Box: located at all branches

The new IVR system has been introduced in August 2009 in order to provide a better quality of service to the customers. Under the new system, customers that call the Customer Care Line on 4440338 are put through after punching in their card or customer ID numbers in combination with their card or Garanti Telephone Banking PIN, in order to complete the verification steps for security purposes. In addition, through segment prioritization, the customers receive faster service without being held on the line.

Every message which is transmitted to Customer Care Line, regardless of its subject, is assigned a reference number by the system. These messages are stored on the system permanently. Messages received from all other channels are recorded automatically on the system by a fax server, which then become revision and change-proof. For the messages received over the phone, the agents record the message in the exact manner it is communicated by the customers. Moreover, the phone conversations with customers are recorded in the system. Each message recorded includes its customer's phone conversation, attached documents; information on investigation and solutions offered;

information on follow-up and request records, and information on the category forming the basis of reporting. Based on the above mentioned information entered into the system, incorporated reports can instantly be produced with desired details. These reports serve for the effective management of processes, and for the input provided for corrective actions. In order to share information with all employees of the Bank about frequent complaint areas and customers' sensitivities; the number of messages received each month is announced by group, channel, category and subject. For frequent complaints, detailed reports are provided to relevant units and periodic meetings are held in order to take necessary corrective actions. Complaints from the employees are shared with the Human Resources and the Internal Audit Department on regular basis.

Complaints related to branches or employees are immediately communicated to the relevant branch managers to ensure rapid action and conveyed directly to the Customer Centricity Index.

In some cases, instead of contacting the Customer Care Line; customers send their complaints to certain consumer websites, public institution or press. Garanti Bank checks these websites daily and; complaints sent to media outlets are resolved in coordination with the Corporate Brand Management and Marketing Communication Department and those sent to government agencies are resolved in coordination with the Legal Department. If customers are unjustly treated because of the fault or negligence of the Bank, then these customers are compensated by the reimbursement of the loss. As of 2009, the reimbursements of the losses are reflected on the relevant branches after the evaluation of the customer complaints.

In addition to effectively and rapidly resolving



customers' problems and complaints within a centralized system and in accordance with quality standards. Customer Care Line also makes efforts to establish a customer satisfaction culture throughout the Bank.

For this purpose, Garanti makes an effort to;

- Provide data for the creation of efficient and detailed reports that let related units take just actions for resolutions.
- Provide necessary process and system changes for the realization of planned solutions for frequent complaints.
- Gauge service quality of Customer Satisfaction Department by customers and thus improve the quality of the service provided.

17. Social Responsibility

Garanti pursues efficient, profitable, long-term and sustainable growth strategy while designing banking services that create value for the economy and society. Firmly believing that its corporate mission extends beyond just banking, Garanti provides continuous support for the cultural, artistic, environmental, educational and athletic fields with the same approach and aims to deploy financial and other know-how to enhance quality of life and meet its social responsibilities. For this purpose, Garanti improves and implements long-term national and international projects that improve the vision of the individual and society and create value through its corporate culture. It also provides long-term sponsorship support to these projects.

Garanti prioritizes Social Responsibility Projects that are part of its corporate values. Garanti chooses the projects to undertake or support based on the criteria of sustainability, ability to work as a partner with the institution it has teamed up with, contributes to the social quality of life, and most importantly, compatibility with the corporate identity. With all the projects supported, Garanti strives to

improve its own corporate culture along with the cultural know-how of society.

PART IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

The Board of Directors has nine members. The executive members are the Chairman of the Board of Directors Ferit Faik Şahenk, Vice Chairman Süleyman Sözen, Ahmet Kamil Esirtgen, Chief Executive Officer Ergun Özen, Dmitri Lysander Stockton, Denis Arthur Hall and Xavier Pascal Durand. There are two non-executive members, Muammer Cüneyt Sezgin and Des O'Shea, on the Board of Directors in accordance with the Banking Law. Garanti Bank's Articles of Association does not include regulations regarding the independent members of the Board. In addition, in accordance with Article 23 of the Banking Law, the General Manager, if not available, his delegate is the natural member of the Board of Directors. Within the framework of the aforementioned article, the General Manager of the Bank also serves as a natural member of the Board of Directors. As regards to the rules and/or restrictions regarding the members of Board of Directors taking on additional duties outside the Bank, practices that comply with the Turkish Commercial Code and other related applicable legislation are adopted.

19. Qualifications of the Members of the Board of Directors

At Garanti, the selection of the member of the Board of Directors is carried out in compliance with the provisions of Articles 3.1.1, 3.1.2 and 3.1.5 of Part IV of the Corporate Management Principles of the Capital Markets Board of Turkey and the relevant provisions of the Banking Law. The principles of these articles are situated between Articles 18 and 20 of the

Garanti Bank Articles of Association.

20. The Mission, Vision and Strategic Objectives of the Company

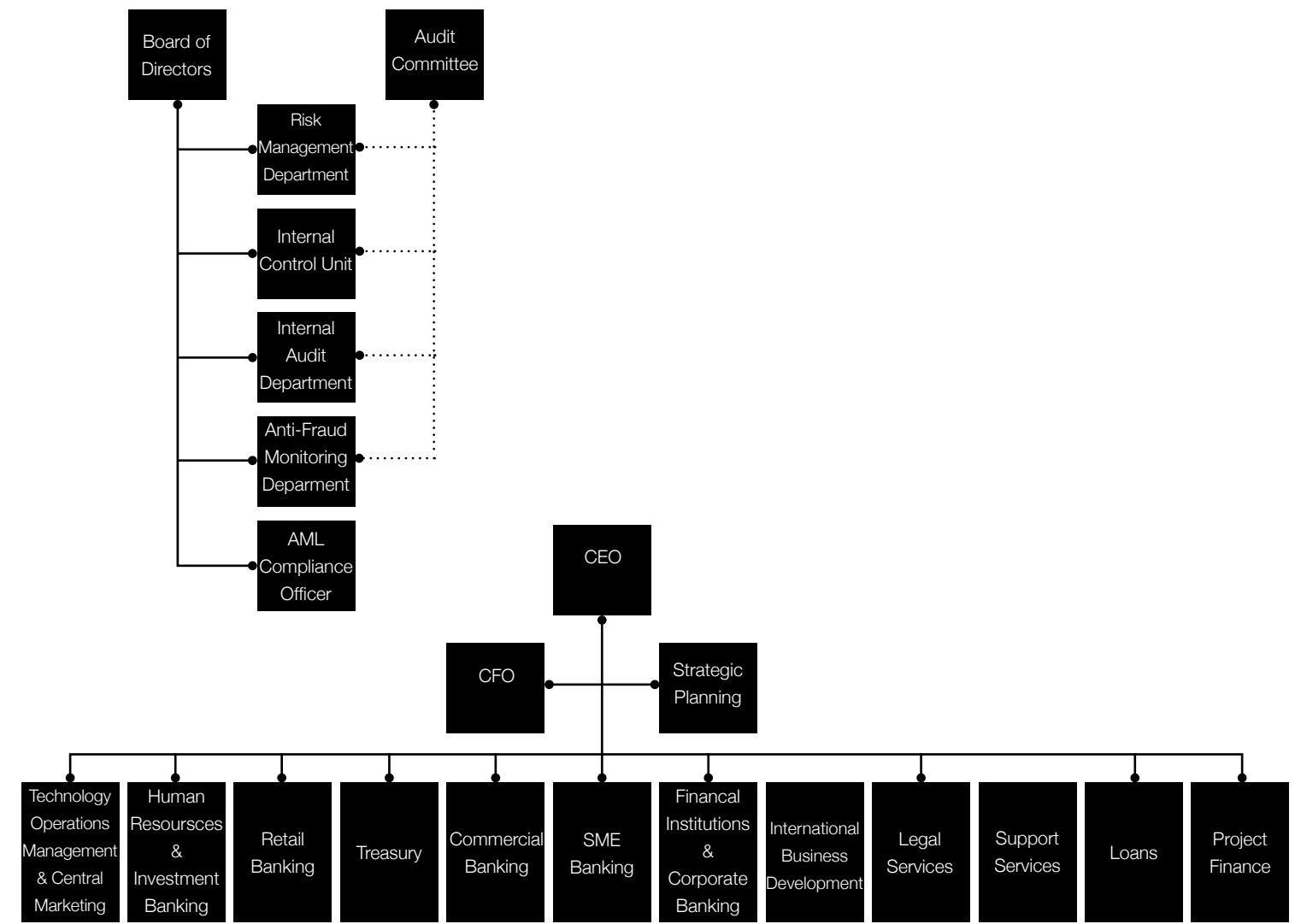
Garanti's vision is to be the best bank in Europe. Its mission is to continuously and noticeably increase the value it creates for its customers, shareholders, employees, society and the environment by utilizing its influence, agility and organizational efficiency. The vision and the mission of Garanti are publicly announced on the Bank's English and Turkish websites. In addition, both the Board of Directors and executives disseminate the mission and vision of the Bank at meetings, interviews and other communications through print and visual media channels. Information regarding Garanti's strategy and its pillars are presented on pages 11 and 12 of the Annual Report.

Within the context of this strategy, Garanti's budget and its short, medium and long term business plans are formed; reports on realization of objectives are monitored on weekly basis. The executives of the Bank hold quarterly performance review meetings with every branch and regional managers regarding the attainment of the targets. Moreover, effective realization of strategic objectives can be monitored in real-time through the Garanti management information and reporting infrastructure (MIS), systems and the display screens.

21. Risk Management and Internal Control Mechanisms

The Board of Directors is ultimately responsible for developing and monitoring the Bank's internal audit and risk management policies and strategies. Accordingly, the following units directly report to the Board of Directors: the Internal Audit Department; performing internal audit functions, the Internal Control Unit; performing internal control functions, the Risk Management Department; performing

GARANTI BANK ORGANIZATION SCHEME





risk management functions, the Anti-Fraud Monitoring Department; monitoring and taking actions to prevent external fraud and the Anti-Money Laundering Compliance Officer; performing activities on the prevention of money laundering proceeds of crime and combating financing of terrorism. The departments that perform these functions are structured in line with the “segregation of duties” principle. They are independent of executive functions and directly report to the Board of Directors.

The current system is structured within the organization of Garanti Bank as given in page 129.

The Internal Control System; consists of continuous control activities and the related mechanisms that Bank employees at all levels must comply with and implement in order to ensure the proper performance of Garanti Bank’s activities in accordance with the instructions of the Board of Directors, applicable legislation and internal regulations. Additionally, these guarantee the integrity and reliability of accounting and reporting systems and the timely availability of information.

The Internal Audit Department; performs systematic audits that cover all activities and units of Garanti Bank in accordance with applicable legislation, the Bank’s policies and especially the Banking Law. These audits are performed independently of day-to-day activities and they mainly focus on internal control and risk management systems. In this context, audit work is carried out in the domestic and foreign branches of Garanti Bank and in units at the headquarters and in the subsidiaries that are subject to consolidation.

The Internal Control Unit; ensures that a sound internal control environment is in place at Garanti Bank and performs necessary coordination work in this regard and guarantees that activities are performed regularly, efficiently, effectively and in line with the management strategy and policies of the

Bank and applicable rules and regulations and monitors the integrity and reliability of accounting and recording systems. In this context, efforts are made to set up an infrastructure based on the functional separation of tasks, the sharing of authorities and responsibilities, the establishment of a sound reconciliation system, the integration of self-control mechanisms and systemic controls into processes and the identification and monitoring of risks the Bank is exposed to. Also, compliance function is performed by a team set up under the Internal Control Unit. This team coordinates existing control mechanisms regarding the compliance of Garanti Bank’s actions with laws, internal rules and policies and banking practice, and controls new products and services and related processes, before they are implemented.

The Risk Management System; consists of the standardization, information flow, compliance monitoring, decision-making and implementation mechanisms specified by the Board of Directors to monitor, control and, when necessary, change the risk-return structure of Garanti Bank’s future cash flows and the nature and level of resulting activities. Duties of the Risk Management Department include the establishment of an integrated risk management system that measures and manages all risk arising from activities of Garanti Bank, including the risks of the subsidiaries, in accordance with applicable-legislation and to set up a structure throughout the Bank that will ensure an optimum risk-return-capital balance to maximize the value of Garanti in accordance with the above-mentioned system.

The Bank adopts an “enterprise fraud prevention” approach to find more effective solutions and measures against fraudulent activities that are becoming increasingly complicated and dependent on high

technology. As part of a new and pioneering approach and structure in the field of fraud prevention, credit cards, internet banking and application fraud teams that were previously working under different organizations and departments were brought together under *The Anti-Fraud Monitoring Department*. The purpose of this department is to prevent fraudulent acts with an enterprise approach, to minimize the risks arising from such acts, to reduce the losses incurred by Garanti Bank in this regard and to take more effective operational security measures. The department also aims to save time and labor by reducing error rates in the identification of suspicious transactions and applications, to improve operational efficiency and to establish a corporate culture and awareness of fraud throughout Garanti Bank.

22. Duties and Responsibilities of Board of Directors and Executives

Details of the duties and responsibilities of the Board Members and Executives of Garanti are presented between articles 18 and 26 of the Garanti Bank Articles of Association, available on the Bank’s website.

23. Principles Related to the Activities of the Board of Directors

The Board of Directors meeting agenda mainly consists of requested matters by the Chief Executive Officer and any additional matters requested by one of the Board members.

The Board of Directors meets on a monthly basis and the meeting dates are circulated to all members in the beginning of the particular year.

A secretarial office has been set up to facilitate communication between the members of Board of Directors and the Head Office. Naturally, the Board members have the possibility to express different opinions, explanations and dissenting votes at Board of Directors meetings. In accordance with the

legal provisions, Garanti Board of Directors does not have any independent members.

24. Non-compete and Non-transaction Rules

Garanti adopts principles in compliance with Articles 334 and 335 of the Turkish Commercial Code to make decisions regarding the non-compete and non-transaction issues between Garanti and its Board members.

25. Rules concerning Ethics

In addition to a Handbook of Ethical Principles and Handbook of Ethical Sales Principles issued by Human Resources and Internal Audit Department, an announcement has been published with the purpose of regulating employee behavior and the professional relations of employees in parallel to the Bank’s commitment to corporate governance principles and ethical values concerning. Garanti’s Handbook of Ethical Principles defines some of its general principles such as integrity, equality, transparency, protection of social benefits, respect for the environment, and emphasizes the responsibilities of employees in situations where conflicts of interest may arise as well as the importance of the concept of confidentiality first and foremost relating to customer information. In addition, the Handbook lists the responsibilities of managers regarding relations with customers, suppliers, the media, government institutions and colleagues in other banks and the creation of a working environment in compliance with ethical principles. Violations of ethical principles include all actions that break the law, contradict with the community and with Garanti’s values, breach employee and customer rights as well as the ones that increase the Bank’s operating expenses and reduce its efficiency. Furthermore, the Handbook of Ethical Sales Principles emphasizes on the concept that does not appear on the Bank’s balance sheet, “reputation”, and explains the expected code

of conduct in details for employees who engage in sales activities. Garanti believes that total quality can only be achieved through a strict implementation of its human resources policy, business and ethical principles based on integrity, honesty and respect. In addition to the Handbook of Ethical Principles and the Handbook of Ethical Sales Principles, the Core Values are published both on the intranet where all employees have access to, and on the Internet. Garanti has also compiled its principles and values concerning its customer orientation philosophy in a handbook entitled the Customer Satisfaction Constitution, which has been made available to all employees and customers. The policies that Garanti has put into effect relating to the core components of the compliance system are listed in the “Compliance Policy” document. The Handbook of Compliance Policy emphasizes the concepts such as “compliance risk” and “reputation risk” and designates that employees are expected to engage in behavior that is in compliance with the laws, Ethical Principles of the Bank and corporate standards. The Handbook also defines the concept of integrity and lists the core tasks and responsibilities within the compliance system. In this context, it is emphasized that compliance is not only the responsibility of the senior executives or certain business units but of each employee.

26. Number, Structure and Independence of Committees under the Board of Directors

In line with its commitment to corporate governance principles, Garanti set up an Audit Committee to assist the Board of Directors in its audit and supervision activities and to more effectively protect the interests of the Bank and the investors at a time when no legal regulation was in act. The Committee has been actively working

since 2001, as the primary and ultimate responsibility being with the Board of Directors. The Committee’s duties and responsibilities are fully aligned with the Banking Law and the relevant regulations. Detailed information regarding the establishment and operation of the Audit Committee and other committees is given in the Committees and Committee Meeting Attendance section of this report.

27. Remuneration of the Board of Directors

Members of the Board of Directors are paid attendance fees. The amount of the attendance fee is determined and approved by the General Shareholders’ Assembly. The loans extended to the members of the Board of Directors and managers are restricted as per Article 50 of the Banking Law. The Bank does not extend loans to the members of the Board of Directors and managers outside of the aforementioned framework.



"I think that everything is possible as long as you put your mind to it and you put the work and time into it. I think your mind really controls everything."

Michael Phelps (Born in 1985, the young athlete won a total of 16 Olympic medals in his career. His record breaking performances earned him the World Swimmer of the Year Award six times.)

UNCONSOLIDATED FINANCIAL STATEMENTS

Believing that success is not a coincidence, and that it can be sustained only through hard work, perseverance, accurate analysis and a strategic perspective, Garanti enhances its performance with its targeted and dynamic structure.

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To the Board of Directors of Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2010 – 31 DECEMBER 2010

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2010 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

Basis For Qualified Opinion

As of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL 330,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions, and all of this reserve amount was charged to the income statement as expense in the previous period.

Independent Auditor's Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph on the financial statements, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Other Matters

The financial statements of the Bank as of and for the year ended 31 December 2009 were audited by another auditor. The other independent auditor expressed a qualified opinion in their audit report dated 11 February 2010 for the financial statements as of 31 December 2009, stating that the financial statements included a general reserve amounting to TL 330,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which might arise from any changes in the economy or market conditions, and all of this reserve amount had been charged to the income statement as expense in that period.

Additional paragraph for English translation

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Hasan Kılıç
Partner

İstanbul, February 10, 2011

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

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

1. General Information about the Bank
2. Unconsolidated Financial Statements
3. Accounting Policies of Unconsolidated Financial Statements
4. Financial Position and Results of Operations of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Report

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

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



Ferit F. Şahenk
Board of Directors Chairman



S. Ergun Özen
General Manager



Aydın Şenel
Executive Vice President



Mustafa Keleş
Financial Accounting Director



M. Cüneyt Sezgin
Audit Committee Member



Des O'Shea
Audit Committee Member

The authorized contact person for questions on this financial report:

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

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

SECTION ONE - General Information

- I. History of the bank including its incorporation date, initial legal status, amendments to legal status
- II. 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
- III. Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the bank
- IV. Information on the bank's qualified shareholders
- V. Summary information on the bank's activities and services

SECTION TWO - Unconsolidated Financial Statements

- I. Balance sheet - Assets
- II. Balance sheet - Liabilities
- III. Off-balance sheet items
- IV. Income statement
- V. Statement of income/expense items accounted under shareholders' equity
- VI. Statement of changes in shareholders' equity
- VII. Statement of cash flows
- VIII. Statement of profit distribution

SECTION THREE - Accounting Policies

- I. Basis of presentation
- II. Strategy for use of financial instruments and foreign currency transactions
- III. Investments in associates and subsidiaries
- IV. Forwards, options and other derivative transactions
- V. Interest income and expenses
- VI. Fees and commissions
- VII. Financial assets
- VIII. Impairment of financial assets
- IX. Netting of financial instruments
- X. Repurchase and resale agreements and securities lending
- XI. Assets held for sale and discontinued operations
- XII. Goodwill and other intangible assets
- XIII. Tangible assets
- XIV. Leasing activities
- XV. Provisions and contingent liabilities
- XVI. Contingent assets
- XVII. Liabilities for employee benefits
- XVIII. Taxation
- XIX. Funds borrowed
- XX. Shares and share issuances
- XXI. Confirmed bills of exchange and acceptances
- XXII. Government incentives
- XXIII. Segment reporting
- XXIV. Other disclosures

SECTION FOUR - Financial Position and Results of Operations

- I. Capital adequacy ratio
- II. Credit risk
- III. Market risk
- IV. Operational risk
- V. Currency risk
- VI. Interest rate risk
- VII. Liquidity risk
- VIII. Fair values of financial assets and liabilities
- IX. Transactions carried out on behalf of customers, items held in trust

SECTION FIVE - Disclosures and Footnotes on Unconsolidated Financial Statements

- I. Assets
- II. Liabilities
- III. Off-balance sheet items
- IV. Income statement
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Related party risks
- VIII. Domestic, foreign and off-shore branches or investments and foreign representative offices
- IX. Significant events and matters arising subsequent to balance sheet date

SECTION SIX - Other Disclosures and Footnotes

- I. Other disclosures on activities of the bank

SECTION SEVEN - Independent Auditors' Report

- I. Disclosures on independent auditors' report
- II. Disclosures and footnotes prepared by independent accountants

Page No:

1
1
2
3
3
4
5
6
7
8
9
10
11
12
12
13
13
14
14
14
15
15
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16
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16
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83
84
85
87
87

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 853 domestic branches, six foreign branches and four representative offices abroad. The Bank's head office is located in İstanbul.

1.2 The bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on bank's risk group

As of 31 December 2010, the group of companies under Doğuş Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğuş Group (the Group). On 22 December 2005, Doğuş Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti" of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank's management.

GE Araştırma ve Müşavirlik Limited Şti has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 each to Doğuş Holding AŞ, representing 4.65% of the issued share capital of Türkiye Garanti Bankası AŞ on 27 December 2007.

Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

Doğuş Group

The Doğuş Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and over 29 thousand employees.

The major worldwide joint ventures of the Group are; GE in finance and real estate, Volkswagen AG and TÜVSÜD in automotive, French Alstom and Japan Marubeni in construction, CNBC in media and Starwood Hotels & Resorts, Worldwide Inc., HMS International Hotel GmbH (Maritim) and Aldania GmbH in tourism.

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

General Electric Group

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services.

GE operates in more than 100 countries through its four major business lines providing services through their own business units with more than 300 thousand employees.

These four business lines are;

GE Technology Infrastructure, GE Energy Infrastructure, GE Capital Finance and NBC Universal

GE Global Banking that operates under GE Capital Finance, one of GE's major business lines extends loans to consumers, retailers and car vendors in 26 countries. GE Global Banking provides variety of financial products to customers such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards and debt consolidation.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	20 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	28 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	36 years
Denis Arthur Hall	Member	08.10.2008	College	26 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	33 years
Dmitri Lysander Stockton	Member	22.12.2005	University	19 years
Xavier Pascal Durand	Member	02.04.2009	Master	10 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	23 years

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	23 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	32 years
Afzal Mohammed Modak	EVP-Finance and Accounting	20.07.2007	Master	25 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	18 years
Ali Temel	EVP-Loans	21.10.1999	University	20 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	28 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	25 years
Uruz Ersözoğlu	EVP-Treasury	05.04.2006	University	19 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	18 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	25 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	29 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	15 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	16 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	16 years

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

1.4 Information on the bank's qualified shareholders

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğuş Holding AŞ	1,121,504	26.7025%	1,121,504	-
GE Capital Corporation	833,712	19.8503%	833,712	-
GE Araştırma ve Müşavirlik Limited Şti	42,000	1.0000%	42,000	-

On 23 December 2009, Doğuş Holding AŞ acquired 1,703,451 shares of the Bank at a total face value of TL 1,703 thousands from Doğuş Nakliyat ve Ticaret AŞ.

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 İstanbul 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 setforth 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.

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

2 Unconsolidated Financial Statements

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	3,162,714	4,347,318	7,510,032	3,848,995	3,016,978	6,865,973
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	763,702	216,213	979,915	784,350	130,442	914,792
2.1 Financial assets held for trading		763,702	216,213	979,915	784,350	130,442	914,792
2.1.1 Government securities		556,878	15,929	572,807	317,533	14,312	331,845
2.1.2 Equity securities		6,993	-	6,993	1,108	-	1,108
2.1.3 Derivative financial assets held for trading		191,829	200,284	392,113	456,737	116,130	572,867
2.1.4 Other securities		8,002	-	8,002	8,972	-	8,972
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		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	2,500,227	5,820,958	8,321,185	2,518,057	5,816,281	8,334,338
IV. INTERBANK MONEY MARKETS		-	-	-	1,000,180	-	1,000,180
4.1 Interbank money market placements		-	-	-	1,000,180	-	1,000,180
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	29,851,339	2,484,871	32,336,210	25,218,752	2,876,281	28,095,033
5.1 Equity securities		60,131	68,602	128,733	54,356	78,066	132,422
5.2 Government securities		28,743,514	964,406	29,707,920	24,952,926	1,049,312	26,002,238
5.3 Other securities		1,047,694	1,451,863	2,499,557	211,470	1,748,903	1,960,373
VI. LOANS	(5.1.5)	37,297,159	27,530,151	64,827,310	28,582,799	21,149,896	49,732,695
6.1 Performing loans		36,945,599	27,530,151	64,475,750	28,158,157	21,149,896	49,308,053
6.1.1 Loans to bank's risk group	(5.7)	105,221	1,319,974	1,425,195	254,147	297,777	551,924
6.1.2 Government securities		-	-	-	-	-	-
6.1.3 Others		36,840,378	26,210,177	63,050,555	27,904,010	20,852,119	48,756,129
6.2 Loans under follow-up		1,939,109	-	1,939,109	2,237,105	-	2,237,105
6.3 Specific provisions (-)		1,587,549	-	1,587,549	1,812,463	-	1,812,463
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	4,580,741	1,313,190	5,893,931	5,960,353	1,385,808	7,346,161
8.1 Government securities		4,576,594	1,313,190	5,889,784	5,960,353	1,385,808	7,346,161
8.2 Other securities		4,147	-	4,147	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	29,512	-	29,512	29,705	-	29,705
9.1 Associates consolidated under equity accounting		-	-	-	-	-	-
9.2 Unconsolidated associates		29,512	-	29,512	29,705	-	29,705
9.2.1 Financial investments in associates		27,798	-	27,798	27,991	-	27,991
9.2.2 Non-financial investments in associates		1,714	-	1,714	1,714	-	1,714
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	292,722	1,362,412	1,655,134	284,458	718,802	1,003,260
10.1 Unconsolidated financial investments in subsidiaries		275,324	1,362,412	1,637,736	270,155	718,802	988,957
10.2 Unconsolidated non-financial investments in subsidiaries		17,398	-	17,398	14,303	-	14,303
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 RISK MANAGEMENT	(5.1.11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	1,200,888	425	1,201,313	1,141,266	1,326	1,142,592
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	30,527	-	30,527	20,626	-	20,626
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		30,527	-	30,527	20,626	-	20,626
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSET		106,515	-	106,515	22,439	-	22,439
17.1 Current tax asset		-	-	-	3,903	-	3,903
17.2 Deferred tax asset	(5.1.15)	106,515	-	106,515	18,536	-	18,536
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	98,056	-	98,056	81,150	-	81,150
18.1 Assets held for sale		98,056	-	98,056	81,150	-	81,150
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	928,019	45,773	973,792	832,352	40,758	873,110
TOTAL ASSETS		80,842,121	43,121,311	123,963,432	70,325,482	35,136,572	105,462,054

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.2.1)	44,000,765	28,657,654	72,658,419	36,093,812	26,714,233	62,808,045
1.1 Deposits from bank's risk group	(5.7)	522,780	645,512	1,168,292	467,020	448,044	915,064
1.2 Others		43,477,985	28,012,142	71,490,127	35,626,792	26,266,189	61,892,981
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	243,549	217,994	461,543	111,538	117,246	228,784
III. FUNDS BORROWED	(5.2.3)	5,113,873	11,519,439	16,633,312	3,190,609	9,816,865	13,007,474
IV. INTERBANK MONEY MARKETS		10,370,745	883,398	11,254,143	10,377,251	157,453	10,534,704
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		33,506	-	33,506	-	-	-
4.3 Obligations under repurchase agreements	(5.2.4)	10,337,239	883,398	11,220,637	10,377,251	157,453	10,534,704
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		2,914,888	27,685	2,942,573	2,339,620	20,730	2,360,350
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		766,328	253,286	1,019,614	707,043	223,933	930,976
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.2.5)	246	111	357	914	3,264	4,178
10.1 Financial lease payables		265	116	381	984	3,548	4,532
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred expenses (-)		19	5	24	70	284	354
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	2,347	2,347	-	3,464	3,464
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	2,347	2,347	-	3,464	3,464
11.3 Net foreign investment hedges		-	-	-	-	-	-
XII. PROVISIONS	(5.2.7)	1,275,606	31,297	1,306,903	1,009,841	32,725	1,042,566
12.1 General provisions		593,530	28,735	622,265	407,179	30,155	437,334
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		232,163	-	232,163	165,367	-	165,367
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		449,913	2,562	452,475	437,295	2,570	439,865
XIII. TAX LIABILITY	(5.2.8)	324,821	158	324,979	351,317	151	351,468
13.1 Current tax liability		324,821	158	324,979	351,317	151	351,468
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)	-	884,726	884,726	-	874,358	874,358
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	16,041,837	432,679	16,474,516	13,007,477	308,210	13,315,687
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital reserves		2,877,281	416,896	3,294,177	2,635,113	295,299	2,930,412
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		1,555,432	418,378	1,973,810	1,313,680	297,466	1,611,146
16.2.4 Revaluation surplus on tangible assets		598,187	-	598,187	598,194	-	598,194
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		2,453	-	2,453	2,453	-	2,453
16.2.8 Hedging reserves (effective portion)		(63,225)	(1,482)	(64,707)	(63,648)	(2,167)	(65,815)
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		772,554	-	772,554	772,554	-	772,554
16.3 Profit reserves		5,819,323	15,783	5,835,106	3,210,123	12,911	3,223,034
16.3.1 Legal reserves		524,1					

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		40,214,279	56,056,490	96,270,769	31,164,658	45,427,130	76,591,788
I. GUARANTEES AND SURETIES	(5.3.1)	4,958,877	10,730,903	15,689,780	4,513,990	10,169,309	14,683,299
1.1. Letters of guarantee		4,951,727	7,155,138	12,106,865	4,513,454	7,451,475	11,964,929
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		350,400	272,075	622,475	331,518	335,464	666,982
1.1.3. Other letters of guarantee		4,601,327	6,883,063	11,484,390	4,181,936	7,116,011	11,297,947
1.2. Bank acceptances		-	164,105	164,105	514	125,327	125,841
1.2.1. Import letter of acceptance		-	164,105	164,105	514	124,968	125,482
1.2.2. Other bank acceptances		-	-	-	-	359	359
1.3. Letters of credit		7,150	3,354,914	3,362,064	22	2,592,507	2,592,529
1.3.1. Documentary letters of credit		-	-	-	-	4	4
1.3.2. Other letters of credit		7,150	3,354,914	3,362,064	22	2,592,503	2,592,525
1.4. Guaranteed refinancings		-	-	-	-	-	-
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		-	56,746	56,746	-	-	-
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	20,106,498	5,485,168	25,591,666	15,449,634	4,255,825	19,705,459
2.1. Irrevocable commitments		20,106,498	5,484,511	25,591,009	15,449,634	4,255,179	19,704,813
2.1.1. Asset purchase and sale commitments		395,731	1,393,682	1,789,413	270,190	1,170,188	1,440,378
2.1.2. Deposit purchase and sale commitments		-	24,450	24,450	46,000	1,736	47,736
2.1.3. Share capital commitments to associates and subsidiaries		2,000	9,373	11,373	2,250	10,136	12,386
2.1.4. Loan granting commitments		4,045,824	2,879,006	6,924,830	3,270,340	1,694,869	4,965,209
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,910,095	-	1,910,095	1,513,300	-	1,513,300
2.1.8. Tax and fund obligations on export commitments		21,447	-	21,447	25,746	-	25,746
2.1.9. Commitments for credit card limits		12,467,191	-	12,467,191	9,057,598	-	9,057,598
2.1.10. Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,264,210	1,178,000	2,442,210	1,264,210	1,378,250	2,642,460
2.2. Revocable commitments		-	657	657	-	646	646
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	657	657	-	646	646
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	15,148,904	39,840,419	54,989,323	11,201,034	31,001,996	42,203,030
3.1. Derivative financial instruments held for risk management		-	167,200	167,200	-	245,850	245,850
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	167,200	167,200	-	245,850	245,850
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		15,148,904	39,673,219	54,822,123	11,201,034	30,756,146	41,957,180
3.2.1. Forward foreign currency purchases/sales		1,947,971	3,827,379	5,775,350	1,927,085	2,992,507	4,919,592
3.2.1.1. Forward foreign currency purchases		622,702	2,280,152	2,902,854	716,991	1,761,347	2,478,338
3.2.1.2. Forward foreign currency sales		1,325,269	1,547,227	2,872,496	1,210,094	1,231,160	2,441,254
3.2.2. Currency and interest rate swaps		8,242,884	24,906,206	33,149,090	5,776,756	18,227,184	24,003,940
3.2.2.1. Currency swaps-purchases		5,919,370	5,014,155	10,933,525	2,588,879	4,718,074	7,306,953
3.2.2.2. Currency swaps-sales		2,196,114	8,884,697	11,080,811	3,187,877	3,965,784	7,153,661
3.2.2.3. Interest rate swaps-purchases		63,700	5,502,918	5,566,618	-	4,771,663	4,771,663
3.2.2.4. Interest rate swaps-sales		63,700	5,504,436	5,568,136	-	4,771,663	4,771,663
3.2.3. Currency, interest rate and security options		4,841,892	9,579,515	14,421,407	3,469,504	8,863,465	12,332,969
3.2.3.1. Currency call options		1,861,152	3,378,729	5,239,881	1,211,007	3,047,363	4,258,370
3.2.3.2. Currency put options		2,465,329	2,834,386	5,299,715	2,234,906	2,294,698	4,529,604
3.2.3.3. Interest rate call options		-	1,630,000	1,630,000	-	1,810,844	1,810,844
3.2.3.4. Interest rate put options		-	1,630,000	1,630,000	-	1,710,560	1,710,560
3.2.3.5. Security call options		115,016	106,400	221,416	18,368	-	18,368
3.2.3.6. Security put options		400,395	-	400,395	5,223	-	5,223
3.2.4. Currency futures		14,359	28,681	43,040	24,689	24,715	49,404
3.2.4.1. Currency futures-purchases		2,066	13,270	15,336	-	4,704	4,704
3.2.4.2. Currency futures-sales		12,293	15,411	27,704	24,689	20,011	44,700
3.2.5. Interest rate futures		-	91,200	91,200	-	32,184	32,184
3.2.5.1. Interest rate futures-purchases		-	91,200	91,200	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	32,184	32,184
3.2.6. Others		101,798	1,240,238	1,342,036	3,000	616,091	619,091
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		264,998,067	150,809,364	415,807,431	185,131,605	131,521,185	316,652,790
IV. ITEMS HELD IN CUSTODY		79,388,862	14,996,078	94,384,940	45,183,674	15,367,633	60,551,307
4.1. Customers' securities held		57,239,310	1,000	57,240,310	23,873,575	1,133	23,874,708
4.2. Investment securities held in custody		14,621,951	3,934,713	18,556,664	14,546,869	4,662,027	19,208,896
4.3. Checks received for collection		5,181,861	922,581	6,104,442	4,762,507	822,559	5,585,066
4.4. Commercial notes received for collection		2,291,385	1,737,683	4,029,068	1,955,218	1,791,447	3,746,665
4.5. Other assets received for collection		30,771	7,895,502	7,926,273	21,265	7,683,438	7,704,703
4.6. Assets received through public offering		-	37,530	37,530	-	34,412	34,412
4.7. Other items under custody		23,584	467,069	490,653	24,240	372,617	396,857
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		185,609,205	135,813,286	321,422,491	139,947,931	116,153,552	256,101,483
5.1. Securities		1,379,977	102,120	1,482,097	548,240	257	548,497
5.2. Guarantee notes		26,249,041	7,740,382	33,989,423	20,386,072	7,192,615	27,578,687
5.3. Commodities		-	-	-	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		36,472,372	38,791,780	75,264,152	26,911,048	34,618,660	61,529,708
5.6. Other pledged items		121,507,645	89,178,557	210,686,202	92,102,401	74,341,580	166,443,981
5.7. Pledged items-depository		170	447	617	170	440	610
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		305,212,346	206,865,854	512,078,200	216,296,263	176,948,315	393,244,578

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

Türkiye Garanti Bankası Anonim Şirketi

Income Statement For the Twelve-Month Period Ended 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2010- 31 December 2010	PRIOR PERIOD 1 January 2009- 31 December 2009
I. INTEREST INCOME	(5.4.1)	9,499,876	10,441,368
1.1. Interest income on loans		5,308,907	6,003,840
1.2. Interest income on reserve deposits		87,246	148,186
1.3. Interest income on banks		224,527	220,269
1.4. Interest income on money market transactions		3,375	3,182
1.5. Interest income on securities portfolio		3,742,070	3,917,937
1.5.1. Trading financial assets		49,782	18,151
1.5.2. Financial assets valued at fair value through profit or loss		-	-
1.5.3. Financial assets available-for-sale		2,856,777	2,897,216
1.5.4. Investments held-to-maturity		835,511	1,002,570
1.6. Financial lease income		-	-
1.7. Other interest income		133,751	147,954
II. INTEREST EXPENSE	(5.4.2)	4,745,136	5,361,386
2.1. Interest on deposits		3,598,786	3,936,377
2.2. Interest on funds borrowed		729,366	668,499
2.3. Interest on money market transactions		411,219	752,660
2.4. Interest on securities issued		-	-
2.5. Other interest expenses		5,765	3,850
III. NET INTEREST INCOME (I - II)		4,754,740	5,079,982
IV. NET FEES AND COMMISSIONS INCOME		1,815,536	1,771,914
4.1. Fees and commissions received		2,117,544	2,088,234
4.1.1. Non-cash loans		151,437	161,167
4.1.2. Others		1,966,107	1,927,067
4.2. Fees and commissions paid		302,008	316,320
4.2.1. Non-cash loans		750	808
4.2.2. Others		301,258	315,512
V. DIVIDEND INCOME	(5.4.3)	5,290	78,937
VI. NET TRADING INCOME/LOSSES (Net)	(5.4.4)	363,925	880,698
6.1. Trading account income/losses		202,344	361,107
6.2. Income/losses from derivative financial instruments		123,967	379,039
6.3. Foreign exchange gains/losses		37,614	140,552
VII. OTHER OPERATING INCOME	(5.4.5)	637,989	279,252
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		7,577,480	8,090,783
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	584,297	1,612,814
X. OTHER OPERATING EXPENSES (-)	(5.4.7)	3,040,830	2,699,441
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,952,353	3,778,528
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. OPERATING PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.4.8)	3,952,353	3,778,528
XVI. PROVISION FOR TAXES (±)	(5.4.9)	807,120	816,287
16.1. Current tax charge		973,542	817,616
16.2. Deferred tax charge/(credit)		(166,422)	(1,329)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,145,233	2,962,241
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1. Income from assets held for sale		-	-
18.2. Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3. Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1. Expenses on assets held for sale		-	-
19.2. Expenses on sale of associates, subsidiaries and joint-ventures		-	-

Türkiye Garanti Bankası Anonim Şirketi
Statement of Income/Expense Items Accounted for under Shareholders' Equity
For the Twelve-Month Period Ended 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2010- 31 December 2010	PRIOR PERIOD 1 January 2009- 31 December 2009
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	329,578	1,379,598
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(169)	196
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	856	(66,849)
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	528	9,583
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	90,038	98,527
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	(57,235)	(261,683)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	363,596	1,159,372
XI.	CURRENT PERIOD PROFIT/LOSSES	3,145,233	2,962,241
1.1	Net changes in fair value of securities (transferred to income statement)	179,765	109,738
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	2,965,468	2,852,503
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	3,508,829	4,121,613

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity For the Twelve-Month Period Ended 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)																
		FOUNDED	PAID-IN CAPITAL	RESERVES FROM INITIATION ADJUSTMENTS TO PAID-IN CAPITAL	SHARE PREMIUM	CANCELLED SHARE PROFITS	LEGAL RESERVES	STATUS RESERVES	EXTRAORDINARY RESERVES	OTHER RESERVES	CURRENT PERIOD PROFIT/(LOSS)	RISE/DECREASE IN SECURITIES INCREASE FUND	REVALUATION SURPLUS ON TANGIBLE AND INTANGIBLE ASSETS	BONUS SHARES PARTICIPATIONS	HEDGING RESERVES	ACQU. RES. HELD FOR SALE DISCOUNT, O.P.s	TOTAL SHAREHOLDERS' EQUITY	
PRIOR PERIOD																		
(1 January - 31 December 2009)																		
I.	Balance at beginning of the period	4,200,000	772,554	11,880	11,880	272,893	1,470,724	4,837	1,750,488	392,517	597,090	2,453	(6,582)	-	-	-	9,469,074	
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	11,880	272,893	1,470,724	4,837	1,750,488	392,517	597,090	2,453	(6,582)	-	-	-	9,469,074	
Changes during the period																		
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Market value changes of securities	-	-	-	-	-	-	-	-	1,218,629	-	-	-	-	-	-	1,218,629	
VI.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	(69,453)	-	-	-	(69,453)	
6.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	(67,119)	-	-	-	(67,119)	
6.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	7,666	-	-	-	7,666	
VII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2.	Intervall sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX.	Current period net profits/losses	-	-	-	-	-	-	-	2,962,241	-	-	-	-	-	-	-	2,962,241	
XX.	Profit distribution	-	-	-	-	94,024	1,377,040	3,320	(1,750,468)	-	1,104	-	-	-	-	-	(275,000)	
20.1.	Dividends	-	-	-	-	6,500	(241,500)	-	-	-	-	-	-	-	-	-	(235,000)	
20.2.	Increases to reserves	-	-	-	-	8,524	1,638,540	3,320	(1,746,964)	-	1,104	-	-	-	-	-	-	
20.3.	Others	-	-	-	-	-	-	-	(4,424)	-	-	-	-	-	-	-	-	
Balance at end of the period (I+II+III+...+XIX+XX+XXI)		4,200,000	772,554	11,880	11,880	367,032	2,847,764	8,238	2,962,241	1,911,146	598,194	2,453	(65,915)	-	-	-	13,315,587	
CURRENT PERIOD																		
(1 January - 31 December 2010)																		
I.	Balance at beginning of the period	4,200,000	772,554	11,880	11,880	367,032	2,847,764	8,238	2,962,241	1,911,146	598,194	2,453	(65,915)	-	-	-	13,315,587	
Changes during the period																		
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Market value changes of securities	-	-	-	-	-	-	-	-	362,664	-	-	-	-	-	-	362,664	
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	1,108	-	-	-	1,108	
4.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	666	-	-	-	666	
4.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	423	-	-	-	423	
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2.	Intervall sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Current period net profits/losses	-	-	-	-	-	-	-	3,145,233	-	-	-	-	-	-	-	3,145,233	
XVIII.	Profit distribution	-	-	-	-	182,112	2,446,312	3,817	(2,962,241)	-	-	-	-	-	-	-	(590,000)	
18.1.	Dividends	-	-	-	-	182,112	2,446,312	3,817	(2,598,424)	-	-	-	-	-	-	-	(590,000)	
18.2.	Increases to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.3.	Others	-	-	-	-	-	-	-	(3,817)	-	-	-	-	-	-	-	-	
Balance at end of the period (I+II+III+...+XVII+XVIII)		4,200,000	772,554	11,880	11,880	528,465	5,294,076	12,574	3,145,233	1,973,310	598,187	2,453	(64,707)	-	-	-	16,474,516	
4,200,000		772,554	11,880	11,880	528,465	0	5,294,076	12,574	3,145,233	1,973,310	598,187	2,453	(64,707)	0	0	0	16,474,516	

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows For the Twelve-Month Period Ended 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2010- 31 December 2010	1 January 2009- 31 December 2009
A.			
CASH FLOWS FROM BANKING OPERATIONS			
1.1		3,938,627	3,755,718
1.1.1		9,122,411	10,657,486
1.1.2		(4,645,569)	(5,478,564)
1.1.3		5,290	78,937
1.1.4		2,264,719	2,271,798
1.1.5		801,354	393,571
1.1.6		54,748	39,016
1.1.7		(2,489,338)	(2,076,921)
1.1.8		(872,174)	(1,035,411)
1.1.9	(5.6)	(302,814)	(1,094,194)
1.2		(2,948,155)	7,708,099
1.2.1		(241,547)	(309,542)
1.2.2		-	-
1.2.3		(1,494,614)	(2,814,808)
1.2.4		(15,296,891)	(388,822)
1.2.5		(298,915)	1,062,576
1.2.6		80,585	665,402
1.2.7		9,687,218	9,552,211
1.2.8		3,617,131	2,296,389
1.2.9		-	-
1.2.10	(5.6)	998,878	(2,355,307)
I.		990,472	11,463,817
B.			
CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(2,635,108)	(8,008,898)
2.1		(553,497)	(2,655)
2.2		5,568	-
2.3		(300,936)	(297,743)
2.4		63,239	25,378
2.5		(18,597,566)	(17,790,579)
2.6		15,213,763	9,869,206
2.7		(4,143)	(927,839)
2.8		1,538,464	1,115,334
2.9	(5.6)	-	-
C.			
CASH FLOWS FROM FINANCING ACTIVITIES			
III.		(354,922)	(307,799)
3.1		-	-
3.2		-	-
3.3		-	-
3.4		(350,000)	(275,000)
3.5		(4,922)	(32,799)
3.6	(5.6)	-	-
IV.		64,049	(48,103)
Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)		
V.		(1,935,509)	3,099,017
Net increase/(decrease) in cash and cash equivalents			
VI.		8,130,742	5,031,725
Cash and cash equivalents at beginning of period			
VII.		6,195,233	8,130,742
Cash and cash equivalents at end of period			

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Profit Distribution At 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

STATEMENT OF PROFIT DISTRIBUTION	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD (*)	PRIOR PERIOD
	31 December 2010	31 December 2009
I.		
DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	3,952,353	3,778,528
1.2	807,120	816,287
1.2.1	807,120	816,287
1.2.2	-	-
1.2.3	-	-
A.	3,145,233	2,962,241
1.3	-	-
1.4	157,262	148,112
1.5	3,507	3,817
B.	2,984,464	2,810,312
1.6	-	210,000
1.6.1	-	210,000
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	140,000
1.9.1	-	140,000
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.10	-	14,000
1.11	-	-
1.12	-	2,446,312
1.13	-	-
1.14	-	-
II.		
DISTRIBUTION OF RESERVES		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
III.		
EARNINGS PER SHARE (per YTL'000 face value each)		
3.1	749	705
3.2	75	71
3.3	-	-
3.4	-	-
IV.		
DIVIDEND PER SHARE		
4.1	-	-
4.2	-	-
4.3	-	-
4.4	-	-

(*) Decision regarding to the 2010 profit distribution will be held at General Assembly meeting.

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

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

3 Accounting policies

3.1 Basis of presentation

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

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

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

3.1.1 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

3.2 Strategy for the use of financial instruments and foreign currency transactions

3.2.1 Strategy for the 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.

The fundamental strategy to manage the liquidity risk 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.

The Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank prospectively discontinued this application as of 1 January 2009 within the framework of TFRIC 16 – Comment on Hedges of a Net Investment in a Foreign Operation, published in the Official Gazette dated 8 January 2009, no. 27104. The Bank started to apply fair value hedge accounting as at 1 January 2009 by designating the exchange rate risk of these foreign investments that are recognized under fair value accounting as hedged item, in compliance with "TAS 39 *Financial Instruments: Recognition and Measurement*". Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

In the currency conversion of the financial statements of the Bank's foreign branches, the Bank's spot purchase rates are used for balance sheet items and average foreign currency rates for income statement. All foreign currency differences arising from this conversion, are classified as "other profit reserves" under the shareholders' equity.

3.3 Investments in associates and subsidiaries

The unconsolidated investments in associates and subsidiaries are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement". Investments in companies quoted in organized markets and for which their fair values can be reliably determined, are valued at their fair values. Others are valued at costs reduced by provisions for impairment losses, if any, in the accompanying financial statements.

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

3.4 Forwards, options and other derivative transactions

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

According to the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement"; forward foreign currency purchases/sales, swaps, options and futures are classified "hedging purposes" and "trading purposes". Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for trading" or "derivative financial liabilities held for trading", respectively. Subsequent fair value changes for trading derivatives are recorded under income statement. While, the effective portions of cash flow hedges are recorded under shareholders' equity, their ineffective portions are posted through 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.

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

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are calculated according to either accrual basis of accounting or effective interest rate method depending on nature of fees and commissions, income derived from agreements and asset purchases from third parties are recognized as income when realized.

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in "securities value increase fund" under the shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

Loans and receivables are financial assets raised by the Bank 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.

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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 published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

3.9 Netting of financial instruments

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

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

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

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.

3.11 Assets held for sale and discontinued operations

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

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank 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 the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

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.

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

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) " Impairment of Assets" and if the recoverable amount is less then 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 sales price.

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

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

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

The depreciation rates and the estimated useful lives of tangible assets are:

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

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

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

3.14 Leasing activities

The maximum period of the leasing agreements is 4 years. Leased assets are recognized by recording an asset or a liability. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

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

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

3.15 Provisions and contingent liabilities

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

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

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 period in which the change occurs.

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

As per the existing labour law in Turkey, the 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:

	31 December 2010	31 December 2009
Discount rate	4.66%	5.92%
Interest rate	10.00%	11.00%
Expected rate of salary/limit increase	5.10%	4.80%
Estimated employee turnover rate	7.25%	6.70%

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

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

3.23 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking business lines. 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, Shop&Miles, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro ve Electron Garanti24 cards 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 "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card and bill payment.

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.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Information on the business segments is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,030,119	2,471,188	1,897,592	173,291	7,572,190
Other	-	-	-	-	-
Total Operating Profit	3,030,119	2,471,188	1,897,592	173,291	7,572,190
Net Operating Profit	1,034,432	1,235,041	1,814,874	(137,284)	3,947,063
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,290	5,290
Net Operating Profit	1,034,432	1,235,041	1,814,874	(131,994)	3,952,353
Provision for Taxes	-	-	-	807,120	807,120
Net Profit	1,034,432	1,235,041	1,814,874	(939,114)	3,145,233
Segment Assets	21,610,482	43,216,828	54,096,048	3,355,428	122,278,786
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,684,646	1,684,646
Undistributed Items	-	-	-	-	-
Total Assets	21,610,482	43,216,828	54,096,048	5,040,074	123,963,432
Segment Liabilities	43,312,701	30,282,003	31,745,974	2,148,238	107,488,916
Shareholders' Equity	-	-	-	16,474,516	16,474,516
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	43,312,701	30,282,003	31,745,974	18,622,754	123,963,432
Other Segment Items					
Capital Expenditures	-	-	-	226,281	226,281
Depreciation Expenses	102,322	54,045	3,837	6,427	166,631
Impairment Losses	252,070	296,021	1,776	37,356	587,223
Other Non-Cash Income/Expenses	(36,032)	(11,182)	127,686	(4,409)	76,063
Restructuring Costs	-	-	-	-	-

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	2,681,170	2,425,221	2,461,229	444,226	8,011,846
Other	-	-	-	-	-
Total Operating Profit	2,681,170	2,425,221	2,461,229	444,226	8,011,846
Net Operating Profit	1,229,331	1,633,665	2,379,317	(1,542,722)	3,699,591
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	78,937	78,937
Net Operating Profit	1,229,331	1,633,665	2,379,317	(1,463,785)	3,778,528
Provision for Taxes	-	-	-	816,287	816,287
Net Profit	1,229,331	1,633,665	2,379,317	(2,280,072)	2,962,241
Segment Assets	16,937,989	32,794,707	51,676,386	3,020,007	104,429,089
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	1,032,965	1,032,965
Undistributed Items	-	-	-	-	-
Total Assets	16,937,989	32,794,707	51,676,386	4,052,972	105,462,054
Segment Liabilities	36,742,265	26,367,015	27,062,023	1,975,064	92,146,367
Shareholders' Equity	-	-	-	13,315,687	13,315,687
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	36,742,265	26,367,015	27,062,023	15,290,751	105,462,054
Other Segment Items					
Capital Expenditures	-	-	-	264,560	264,560
Depreciation Expenses	101,691	52,480	3,982	13,714	171,867
Impairment Losses	861,957	361,700	703	397,202	1,621,562
Other Non-Cash Income/Expenses	(36,348)	(196,896)	1,425,632	17,003	1,209,391
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 19.62%.

4.1.1 Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006.

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and commitments. In calculation of risk weighted assets, impairments, depreciation and amortisation, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The credit derivative contracts are included in the calculation of the value at credit risk and of the capital requirement for general market risk and specific risk in accordance with the principles in "Regulation on Taking Credit Derivatives into Consideration for Calculation of Capital Adequacy Ratio according to the Standard Method".

4.1.2 Capital adequacy ratio

	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	20,869,668	-	2,859,617	16,492,464	49,500,025	493,769	17,082
Cash on Hand	960,173	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,548,250	-	1,264,650	-	2,476,497	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,449,513	-	312,320	16,321,800	43,100,836	493,769	17,082
Loans under Follow-Up (Net)	-	-	-	-	351,560	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	10,339	-	-
Miscellaneous Receivables	45,505	-	-	-	71,153	-	-
Accrued Interest and Income	332,202	-	6,147	170,664	634,550	-	-
Investments in Associates, Subsidiaries and Joint- Ventures (Net)	-	-	-	-	1,671,536	-	-
Tangible Assets (Net)	-	-	-	-	1,120,483	-	-
Other Assets	408,330	-	277,804	-	58,928	-	-
Off-Balance Sheet Items	1,767,384	-	1,569,069	870,715	12,230,076	-	-
Non-Cash Loans and Commitments	1,767,384	-	886,104	870,715	11,940,653	-	-
Derivative Financial Instruments	-	-	682,965	-	289,423	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22,637,052	-	4,428,686	17,363,179	61,730,101	493,769	17,082

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk (VaCR)	72,072,246	54,763,611
Value at Market Risk (VaMR)	3,553,288	2,525,413
Value at Operational Risk (VaOR)	10,184,205	7,212,178
Shareholders' Equity	16,839,261	13,672,917
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	19.62%	21.20%

4.1.4 Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	528,456	367,032
I. Legal Reserve (Turkish Commercial Code 466/1)	489,166	341,742
II. Legal Reserve (Turkish Commercial Code 466/2)	39,290	25,290
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	5,294,076	2,847,764
Reserve allocated as per the Decision held by the General Assembly	5,294,076	2,847,764
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	12,574	8,238
Profit	3,145,233	2,962,241
Current Period Profit	3,145,233	2,962,241
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	330,000	330,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,047	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	135,318	133,651
Prepaid Expenses (-)	190,263	210,859
Intangible Assets (-)	30,527	20,626
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	14,534,712	11,730,620
SUPPLEMENTARY CAPITAL		
General Provisions	622,265	437,334
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	966
Bonus shares of Associates, Subsidiaries and Joint-Ventures	2,453	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	861,875	851,910
45% of Securities Value Increase Fund (*)	873,672	710,309
Associates and Subsidiaries	135,932	95,790
Investment Securities Available for Sale	737,740	614,519
Other Reserves	-	-
Total Supplementary Capital	2,361,228	2,002,972
TIER III CAPITAL	-	-
CAPITAL	16,895,940	13,733,592
DEDUCTIONS FROM CAPITAL	56,679	60,675
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	13,110	13,110
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as	-	-
Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than	43,569	47,565
Five Years	-	-
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	16,839,261	13,672,917

(*) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if it is negative then the whole amount is considered in the calculation.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

4.2 Credit risk

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

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

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

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

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

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed under the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

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

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank's largest 100 cash loan customers compose 28.77% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 52.11% of the total non-cash loan portfolio.

The Bank's largest 100 cash and non-cash loan customers represent 10.42% of the total "on and off balance sheet" assets.

The general provision for credit risk amounts to TL 622,265 thousands.

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

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

	Current Period	Prior Period
	%	%
Above Average	49.67	45.10
Average	44.23	47.02
Below Average	6.10	7.88
Total	100.00	100.00

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Customer and regional concentration of credit risks:

	Loans to Individuals and Corporates		Balances with Banks and Central Bank of Turkey		Securities*		Other Credits**		Off-Balance Sheet Commitments and Contingencies	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer concentration										
Private Sector	41,918,703	31,443,893	-	-	764,760	593,801	379,638	280,010	41,582,223	32,370,910
Public Sector	1,206,924	1,253,389	-	-	35,883,293	33,667,037	-	672	322	2,305
Banks	142,872	106,923	14,870,214	15,307,130	2,034,164	1,388,751	756,436	943,104	25,110,871	20,951,990
Retail Customers	21,558,811	16,928,490	-	-	-	-	39,568	11,332	2,236,164	1,951,071
Equity Securities	-	-	-	-	135,726	133,530	1,684,646	1,032,965	-	-
Total	64,827,310	49,732,695	14,870,214	15,307,130	38,817,943	35,783,119	2,860,288	2,268,083	68,929,580	55,276,276
Regional concentration										
Domestic	62,910,764	48,794,662	7,325,618	7,445,437	36,320,775	34,097,811	1,311,249	1,064,524	43,411,523	37,693,756
European Union (EU) Countries	1,847,676	784,284	7,041,359	7,154,425	1,049,816	1,257,553	1,357,546	1,010,302	14,740,318	9,298,379
OECD Countries ***	-	17,317	3,435	16,213	-	-	142	-	646,397	2,464,238
Off-Shore Banking Regions	56,554	75,523	68,563	63,772	192,629	229,387	400	281	25,684	21,266
USA, Canada	37	8,927	304,276	544,533	928,238	75,644	71,124	116,180	9,798,122	5,575,977
Other Countries	12,279	51,982	126,963	82,750	326,485	122,724	119,827	76,796	307,536	222,660
Total	64,827,310	49,732,695	14,870,214	15,307,130	38,817,943	35,783,119	2,860,288	2,268,083	68,929,580	55,276,276

* Includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity

** Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above

*** Includes OECD countries other than EU countries, USA and Canada

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

4.2.1 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	110,120,680	101,544,927	12,848,667	226,281	3,130,889
EU Countries	11,626,151	13,955,701	1,151,551	-	7,202
OECD Countries*	3,647	1,111,232	622,627	-	-
Off-Shore Banking Regions	323,138	544,336	25,684	-	7,142
USA, Canada	1,303,675	6,272,608	735,208	-	-
Other Countries	586,141	534,628	306,043	-	-
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	123,963,432	123,963,432	15,689,780	226,281	3,145,233
Prior Period					
Domestic	93,744,414	82,234,658	12,528,207	264,560	2,858,005
EU Countries	10,232,419	14,407,286	1,101,122	-	99,349
OECD Countries*	33,530	514,743	384,922	-	-
Off-Shore Banking Regions	372,155	436,414	21,266	-	4,887
USA, Canada	745,284	7,680,608	429,465	-	-
Other Countries	334,252	188,345	218,317	-	-
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	105,462,054	105,462,054	14,683,299	264,560	2,962,241

* Includes OECD countries other than EU countries, USA and Canada

** Includes assets, liabilities and equity items that can not be allocated on a consistent basis

4.2.2 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	359,558	0.98	92,618	0.34	260,997	0.93	60,656	0.29
Farming and Stockbreeding	343,383	0.93	84,313	0.31	243,422	0.86	54,587	0.26
Forestry	10,462	0.03	-	-	10,263	0.04	-	-
Fishery	5,713	0.02	8,305	0.03	7,312	0.03	6,069	0.03
Manufacturing	4,775,566	12.93	11,088,425	40.28	3,678,528	13.06	7,508,606	35.50
Mining	166,102	0.45	430,757	1.56	102,415	0.36	205,355	0.97
Production	4,266,268	11.55	7,696,560	27.96	3,423,729	12.16	5,207,127	24.62
Electricity, Gas, Water	343,196	0.93	2,961,108	10.76	152,384	0.54	2,096,124	9.91
Construction	1,623,620	4.39	1,690,111	6.14	1,097,197	3.90	1,031,639	4.88
Services	6,874,227	18.60	10,399,177	37.77	4,874,984	17.32	9,329,664	44.11
Wholesale and Retail Trade	4,527,518	12.25	3,378,415	12.27	3,210,181	11.40	3,266,448	15.44
Hotel, Food and Beverage Services	367,507	0.99	1,005,341	3.65	244,417	0.87	1,198,029	5.66
Transportation and Telecommunication	679,884	1.84	3,622,085	13.16	553,652	1.97	3,325,939	15.73
Financial Institutions	693,394	1.88	1,555,575	5.65	543,237	1.93	728,769	3.45
Real Estate and Renting Services	56,919	0.15	399,221	1.45	57,200	0.20	385,292	1.82
Self-Employment Type Services	-	-	-	-	-	-	-	-
Educational Services	117,139	0.32	73,912	0.27	77,908	0.28	27,948	0.13
Health and Social Services	431,866	1.17	364,628	1.32	188,389	0.67	397,239	1.88
Other	23,312,628	63.10	4,259,820	15.47	18,246,451	64.79	3,219,331	15.22
Total	36,945,599	100.00	27,530,151	100.00	28,158,157	100.00	21,149,896	100.00

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

4.2.3 Credit risk by business segments

Current Period	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Loan Groups					
Performing Loans					
Cash Loans	41,187,049	13,633,284	7,798,641	7,682,197	70,301,171
Non-Cash Loans	15,511,793	6,924,830	12,467,191	6,198,988	41,102,802
Loans under Follow-Up					
Cash Loans	1,451,356	169,286	236,134	-	1,856,776
Non-Cash Loans	81,974	-	-	-	81,974
Non-Performing Loans					
Cash Loans	837,637	441,015	660,457	-	1,939,109
Non-Cash Loans	96,013	-	-	-	96,013
Total	43,476,042	14,243,585	8,695,232	7,682,197	74,097,056
Non-Cash Loans	15,689,780	6,924,830	12,467,191	6,198,988	41,280,789
Provision Types	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Specific Provision					
Cash Loans	576,401	377,447	633,701	-	1,587,549
Non-Cash Loans	57,287	-	-	-	57,287
General Provision					
Cash Loans	334,484	110,938	59,063	63,921	568,406
Non-Cash Loans	20,490	6,319	18,830	8,220	53,859

Prior Period	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Loan Groups					
Performing Loans					
Cash Loans	31,836,695	9,795,736	6,913,450	6,338,990	54,884,871
Non-Cash Loans	14,498,868	4,965,209	9,057,598	5,682,006	34,203,681
Loans under Follow-Up					
Cash Loans	422,778	148,757	190,637	-	762,172
Non-Cash Loans	81,316	-	-	-	81,316
Non-Performing Loans					
Cash Loans	819,834	605,007	812,264	-	2,237,105
Non-Cash Loans	103,115	-	-	-	103,115
Total	33,079,307	10,549,500	7,916,351	6,338,990	57,884,148
Non-Cash Loans	14,683,299	4,965,209	9,057,598	5,682,006	34,388,112
Provision Types	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Specific Provision					
Cash Loans	556,575	493,598	762,290	-	1,812,463
Non-Cash Loans	56,105	-	-	-	56,105
General Provision					
Cash Loans	224,188	72,196	49,126	51,253	396,763
Non-Cash Loans	18,731	4,768	12,011	5,061	40,571

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

4.3 Market risk

The Bank that had already started working on risk management area before the regulations on Bank's Internal Control and Risk Management Systems and Measurement and Assessment of Capital Adequacy Ratios of Banks issued by the BRSA in February 2001, restructured its internal systems in accordance with the related regulations under the responsibility of the board of directors and currently works accordingly.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

The risk policies defined for the Bank's market risk exposure and the applications are approved and reviewed regularly by the board of directors.

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

The board of directors follows up the effectiveness of risk management systems through audit committee, related other committees and top management, and take decisions in the light of various risk reports and the assessments made by audit committee. The board of directors is the highest authority responsible for the sound performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading, available-for-sale and derivative portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Beside the VaR limits, the limits on transaction, dealer, desk, stop loss for trading portfolio as approved by the board of directors are also applied and monitored.

4.3.1 Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	190,920
(II) Capital Obligation against Specific Risks - Standard Method	52,631
(III) Capital Obligation against Currency Risk - Standard Method	29,230
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	11,482
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	284,263
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	3,553,288

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2,255,906	2,796,062	1,883,974	3,042,250	4,084,562	2,062,874
Common Share Risk	256,823	277,713	237,975	184,339	259,438	117,075
Currency Risk	361,340	742,363	62,613	193,895	495,825	5,238
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	251,618	360,925	141,363	241,970	470,975	108,788
Total Value at Risk	3,125,687	4,177,063	2,325,925	3,662,454	5,310,800	2,293,975

The value at market risk as of 31 December 2006 is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and the "Regulation on Equities of Banks" published in Official Gazette no.26333 dated 1 November 2006.

4.4 Operational risk

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

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

	Basic Indicator Method	31 December 2009	31 December 2008	31 December 2007
(I) Net Interest Income		5,079,982	3,177,960	2,804,103
(II) Net Fees and Commissions Income		1,642,508	1,441,128	1,197,703
(III) Dividend Income		78,937	102,470	49,399
(IV) Net Trading Income/(Losses)		880,698	251,295	(135,904)
(V) Other Operating Income		279,252	297,971	1,017,870
(VI) Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity		362,823	48,991	47,375
(VII) Extraordinary Income		210,599	233,591	967,264
(VIII) Insurance Claim Collections		-	-	-
(IX) Gross Income (I+II+III+IV+V+VI+VII+VIII)		7,387,955	4,988,242	3,918,532
(X) Capital Obligation (IX * 15%)		1,108,193	748,236	587,780
(XI) Average Capital Obligation against Operational Risk			814,736	
(XII) Value at Operational Risk (XI * 12.5)			10,184,205	

4.5 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2010, the Bank's net 'on balance sheet' foreign currency long position amounts to TL 2,845,283 thousands (31 December 2009: a short position of TL 845,840 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 3,071,066 thousands (31 December 2009: a long position of TL 893,798 thousands), while net foreign currency short position amounts to TL 225,783 thousands (31 December 2009: a long position of TL 47,958 thousands).

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

The Bank's foreign currency position risk is measured by "standard method" and "value-at-risk (VaR) model". Measurements by standard method are carried out weekly, whereas measurements by "VaR" are done daily.

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	JPY (100)	GBP
Foreign currency purchase rates at balance sheet date	1.5200	2.0375	1.8768	2.3770
Rates for the days before balance sheet date;				
Day 1	1.5370	2.0399	1.8793	2.3680
Day 2	1.5450	2.0303	1.8840	2.3852
Day 3	1.5400	2.0253	1.8754	2.3694
Day 4	1.5300	2.0116	1.8469	2.3565
Day 5	1.5300	2.0066	1.8455	2.3626
Last 30-days arithmetical average rates	1.5057	1.9901	1.8085	2.3469

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Currency risk:

	EUR	USD	JPY	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,419,400	2,830,414	937	96,567	4,347,318
Banks	2,789,119	2,998,569	2,132	31,138	5,820,958
Financial Assets at Fair Value through Profit/Loss	85,131	69,822	-	-	154,953
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	216,067	2,268,804	-	-	2,484,871
Loans (*)	9,367,514	19,684,161	26,741	615,394	29,693,810
Investments in Associates, Subsidiaries and Joint-Ventures	1,242,585	119,827	-	-	1,362,412
Investments Held-to-Maturity	-	1,313,190	-	-	1,313,190
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	289	103	-	-	392
Intangible Assets	-	-	-	-	-
Other Assets	10,491	22,313	80	611	33,495
Total Assets	15,130,596	29,307,203	29,890	743,710	45,211,399
Liabilities					
Bank Deposits	486,670	514,021	2	10,666	1,011,359
Foreign Currency Deposits	9,394,035	17,302,351	45,009	436,235	27,177,630
Interbank Money Market Takings	-	883,398	-	-	883,398
Other Fundings	4,415,009	7,988,945	211	-	12,404,165
Securities Issued	-	-	-	-	-
Miscellaneous Payables	7,459	18,774	53	1,399	27,685
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	-	2,347
Other Liabilities (**)	185,230	198,946	161	475,195	859,532
Total Liabilities	14,488,403	26,908,782	45,436	923,495	42,366,116
Net 'On Balance Sheet' Position	642,193	2,398,421	(15,546)	(179,785)	2,845,283
Net 'Off-Balance Sheet' Position	(362,364)	(2,896,477)	14,178	173,597	(3,071,066)
Derivative Assets	3,119,422	7,397,305	263,680	1,009,823	11,790,230
Derivative Liabilities	3,481,786	10,293,782	249,502	836,226	14,861,296
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	12,662,309	23,653,640	39,485	705,702	37,061,136
Total Liabilities	13,779,499	23,281,265	29,995	816,217	37,906,976
Net 'On Balance Sheet' Position	(1,117,190)	372,375	9,490	(110,515)	(845,840)
Net 'Off-Balance Sheet' Position	1,409,510	(624,017)	(8,891)	117,196	893,798
Derivative Assets	2,479,074	6,237,239	8,893	1,028,763	9,753,969
Derivative Liabilities	1,069,564	6,861,256	17,784	911,567	8,860,171
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,163,659 thousands included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Other liabilities also include gold deposits of TL 468,665 thousands.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

4.6 Interest rate risk

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

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

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

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

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

As part of the duration-gap analysis, the sensitivity analysis for a +/-1 point change in the present values of interest sensitive balance sheet items excluding trading and available-for-sale portfolios as of 31 December 2010 is provided in the table below:

Sensitivity analysis for TL interest rates:

Stress applied	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(124,366)	(74,663)
(-) 1%	127,735	75,211

Sensitivity analysis for FC interest rates:

Stress applied	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(230,871)	(143,505)
(-) 1%	255,018	161,347

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

4.6.1 Interest rate mismatch for the Bank "Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates"

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,707	-	-	-	-	4,851,325	7,510,032
Banks	2,410,299	2,719,701	972,850	838,575	-	1,379,760	8,321,185
Financial Assets at Fair Value through Profit/Loss	269,581	141,942	79,213	78,914	7,341	402,924	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,360,452	5,581,763	8,001,403	2,287,775	622,107	3,482,710	32,336,210
Loans	14,295,231	8,370,267	12,397,500	19,014,744	9,617,578	1,131,990	64,827,310
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	21,302	-	-	1,495	5,525	4,066,527	4,094,849
Total Assets	34,281,286	16,813,673	21,455,109	24,247,875	11,539,223	15,626,266	123,963,432
Liabilities							
Bank Deposits	1,372,947	258,617	16,865	-	-	759,881	2,408,310
Other Deposits	46,673,599	8,494,540	2,546,541	351,612	141,634	12,042,183	70,250,109
Interbank Money Market Takings	10,195,518	773,415	260,062	-	-	25,148	11,254,143
Miscellaneous Payables	-	-	-	-	-	2,942,573	2,942,573
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,885,307	842,167	2,741,006	3,594,611	3,192,903	262,044	17,518,038
Other Liabilities	6,934	48	184	4	-	19,583,089	19,590,259
Total Liabilities	65,134,305	10,368,787	5,564,658	3,946,227	3,334,537	35,614,918	123,963,432
On Balance Sheet Long Position	-	6,444,886	15,890,451	20,301,648	8,204,686	-	50,841,671
On Balance Sheet Short Position	(30,853,019)	-	-	-	-	(19,988,652)	(50,841,671)
Off-Balance Sheet Long Position	1,023,629	683,593	2,443,591	2,035,464	1,093,941	-	7,280,218
Off-Balance Sheet Short Position	(1,087,251)	(699,734)	(2,426,976)	(2,084,788)	(982,987)	-	(7,281,736)
Total Position	(30,916,641)	6,428,745	15,907,066	20,252,324	8,315,640	(19,988,652)	(1,518)

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

Average interest rates on monetary financial instruments:

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.71	0.66	-	6.53
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	12.01
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.35	6.11	-	11.49
Loans	4.78	4.63	4.52	14.94
Investments Held-to-Maturity	-	7.22	-	15.43
Liabilities				
Bank Deposits	2.30	1.68	-	6.30
Other Deposits	1.83	2.05	0.55	7.28
Interbank Money Market Takings	-	1.05	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.14	2.20	3.00	10.73

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

4.6.2 Interest rate mismatch for the Bank “Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates”

Prior Period	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	3,381,166	-	-	-	-	3,484,807	6,865,973
Banks	2,619,893	3,268,100	1,531,570	-	-	914,775	8,334,338
Financial Assets at Fair Value through Profit/Loss	24,275	8,070	268,548	29,719	4,393	579,787	914,792
Interbank Money Market Placements	1,000,000	-	-	-	-	180	1,000,180
Financial Assets Available-for-Sale	8,119,497	5,787,005	8,151,995	2,612,367	468,557	2,955,612	28,095,033
Loans	15,080,303	8,011,378	11,504,216	9,799,800	4,168,639	1,168,359	49,732,695
Investments Held-to-Maturity	1,394,173	1,261,949	92,163	3,056,156	1,261,280	280,440	7,346,161
Other Assets	15,921	459	5,364	7,168	7,093	3,136,877	3,172,882
Total Assets	31,635,228	18,336,961	21,553,856	15,505,210	5,909,962	12,520,837	105,462,054
Liabilities							
Bank Deposits	856,621	48,816	42,404	-	-	1,381,242	2,329,083
Other Deposits	42,500,244	6,048,721	1,833,534	17,405	-	10,079,058	60,478,962
Interbank Money Market Takings	9,925,239	368	400,000	150,000	-	59,097	10,534,704
Miscellaneous Payables	-	-	-	-	-	2,360,350	2,360,350
Securities Issued	-	-	-	-	-	-	-
Other Fundings	6,748,328	4,373,084	2,515,234	2,217	-	242,969	13,881,832
Other Liabilities	56	1,424	2,674	23	-	15,872,946	15,877,123
Total Liabilities	60,030,488	10,472,413	4,793,846	169,645	-	29,995,662	105,462,054
On Balance Sheet Long Position	-	7,864,548	16,760,010	15,335,565	5,909,962	-	45,870,085
On Balance Sheet Short Position	(28,395,260)	-	-	-	-	(17,474,825)	(45,870,085)
Off-Balance Sheet Long Position	1,350,031	397,777	2,601,863	1,994,490	311,129	-	6,655,290
Off-Balance Sheet Short Position	(680,013)	(379,117)	(2,604,215)	(2,117,414)	(874,531)	-	(6,655,290)
Total Position	(27,725,242)	7,883,208	16,757,658	15,212,641	5,346,560	(17,474,825)	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

Average interest rates on monetary financial instruments:

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	5.20
Banks (*)	1.43	1.64	-	10.70
Financial Assets at Fair Value through Profit/Loss	6.28	3.78	-	9.26
Interbank Money Market Placements	-	-	-	6.50
Financial Assets Available-for-Sale	4.33	5.32	-	13.30
Loans	5.73	5.86	5.06	18.37
Investments Held-to-Maturity	9.25	7.52	-	14.74
Liabilities				
Bank Deposits	0.52	0.90	-	6.85
Other Deposits	1.75	1.93	0.23	7.78
Interbank Money Market Takings	-	4.84	-	7.34
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	2.43	2.26	3.16	12.37

(*) The interest rates for USD and TL placements at banks are 0.76% and 6.57%, respectively, excluding the placements with range accrual agreements.

4.7 Liquidity risk

In order to avoid the liquidity risk, the Bank diversifies funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity resources.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios of the years 2010 and 2009 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.16	129.40

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	140.51	175.51	99.52	117.84

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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.

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	2,408,310	2,405,993	757,552	1,372,959	258,617	16,865	-	-
Other Deposits	70,250,109	69,963,673	11,755,745	46,668,015	8,483,663	2,487,283	398,744	170,223
Other Fundings	17,518,038	17,255,994	-	296,399	387,585	5,608,473	6,599,202	4,364,335
Interbank Money Market Takings	11,254,143	11,228,995	-	10,195,518	773,415	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
Total	101,430,600	100,854,655	12,513,297	58,532,891	9,903,280	8,372,683	6,997,946	4,534,558

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Prior Period								
Bank Deposits	2,329,083	2,325,408	1,377,571	811,502	43,851	34,954	52,565	4,965
Other Deposits	60,478,962	60,276,454	9,876,596	42,492,544	6,021,843	1,649,962	127,587	107,922
Other Fundings	13,881,832	13,638,863	-	217,237	230,960	3,302,501	5,372,888	4,515,277
Interbank Money Market Takings	10,534,704	10,475,606	-	9,925,238	368	400,000	150,000	-
Securities Issued	-	-	-	-	-	-	-	-
Total	87,224,581	86,716,331	11,254,167	53,446,521	6,297,022	5,387,417	5,703,040	4,628,164

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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	4,679,698	2,830,334	-	-	-	-	-	7,510,032
Banks	1,348,441	1,308,612	324,812	514,906	2,389,164	2,435,250	-	8,321,185
Financial Assets at Fair Value through Profit/Loss	293	214,579	93,290	212,835	277,959	180,959	-	979,915
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	128,733	830,567	1,876,740	5,678,458	17,900,433	5,921,279	-	32,336,210
Loans	63,875	8,990,528	6,546,676	10,165,096	24,340,533	14,369,042	351,560	64,827,310
Investments Held-to-Maturity	-	1,449,809	-	4,147	3,126,785	1,313,190	-	5,893,931
Other Assets	578,094	196,891	-	-	1,495	5,525	3,312,844	4,094,849
Total Assets	6,799,134	15,821,320	8,841,518	16,575,442	48,036,369	24,225,245	3,664,404	123,963,432

Liabilities								
Bank Deposits	757,565	1,374,134	258,961	17,650	-	-	-	2,408,310
Other Deposits	11,755,747	46,885,334	8,519,133	2,518,521	400,787	170,587	-	70,250,109
Other Fundings	-	401,599	516,106	5,636,661	6,599,337	4,364,335	-	17,518,038
Interbank Money Market Takings	-	10,214,094	779,622	260,427	-	-	-	11,254,143
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	114,872	2,827,701	-	-	-	-	-	2,942,573
Other Liabilities (**)	604,127	211,745	109,767	129,121	77,966	131,607	18,325,926	19,590,259
Total Liabilities	13,232,311	61,914,607	10,183,589	8,562,380	7,078,090	4,666,529	18,325,926	123,963,432

Liquidity Gap	(6,433,177)	(46,093,287)	(1,342,071)	8,013,062	40,958,279	19,558,716	(14,661,522)	-
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Prior Period								
Total Assets	6,663,927	15,336,114	7,604,498	15,630,078	39,263,393	18,026,838	2,937,206	105,462,054
Total Liabilities	11,933,622	56,149,486	6,537,262	5,555,020	5,740,904	4,680,869	14,864,891	105,462,054
Liquidity Gap	(5,269,695)	(40,813,372)	1,067,236	10,075,058	33,522,489	13,345,969	(11,927,685)	-

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

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

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	117,927,665	100,481,019	118,220,176	101,353,097
Interbank Money Market Placements	-	1,000,180	-	1,000,180
Banks (*)	14,870,214	14,306,950	14,870,214	14,306,950
Financial Assets Available-for-Sale	32,336,210	28,095,033	32,336,210	28,095,033
Investments Held-to-Maturity	5,893,931	7,346,161	6,433,894	7,933,852
Loans	64,827,310	49,732,695	64,579,858	50,017,082
Financial Liabilities	93,119,030	79,050,227	93,119,030	79,050,227
Bank Deposits	2,408,310	2,329,083	2,408,310	2,329,083
Other Deposits	70,250,109	60,478,962	70,250,109	60,478,962
Other Fundings	17,518,038	13,881,832	17,518,038	13,881,832
Securities Issued	-	-	-	-
Miscellaneous Payables	2,942,573	2,360,350	2,942,573	2,360,350

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
31 December 2010				
Financial Assets Available-for-Sale	29,961,264	1,365	2,373,581	32,336,210
Financial Assets Held for Trading	579,556	6,507	1,739	587,802
Derivative Financial Assets Held for Trading	1,491	390,622	-	392,113
Investments in Associates and Subsidiaries	73,533	-	1,362,412	1,435,945
Financial Assets at Fair Value	30,615,844	398,494	3,737,732	34,752,070
Derivative Financial Liabilities Held for Trading	1,846	459,697	-	461,543
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
Financial Liabilities at Fair Value	1,846	462,044	-	463,890

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

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

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

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

None.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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	499,780	379,540	468,028	308,639
Central Bank of Turkey	2,662,934	3,886,095	3,375,837	2,596,775
Others	-	81,683	5,130	111,564
Total	3,162,714	4,347,318	3,848,995	3,016,978

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,662,934	1,055,761	3,375,837	850,486
Unrestricted Time Deposits	-	-	-	29,809
Restricted Time Deposits	-	2,830,334	-	1,716,480
Total	2,662,934	3,886,095	3,375,837	2,596,775

The banks operating in Turkey keep reserve deposits for turkish lira and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The reserves in TL and FCs do not earn any interests. As of the reporting date, reserve deposit rates for Turkish Lira liabilities vary from 5% to 12% depending on maturities of liabilities.

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	28,078	29,206	16,263	5,675
Swap Transactions	95,154	135,139	419,367	83,607
Futures	-	1,491	-	281
Options	68,597	34,448	21,107	26,567
Other	-	-	-	-
Total	191,829	200,284	456,737	116,130

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	78,219	698,371	61,207	411,438
Foreign banks	2,422,008	5,122,587	2,456,850	5,404,843
Foreign headoffices and branches	-	-	-	-
Total	2,500,227	5,820,958	2,518,057	5,816,281

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,501,748	2,766,800	5,539,611	4,387,625
USA and Canada	56,983	233,131	247,293	311,402
OECD Countries (*)	3,435	16,213	-	-
Off-Shore Banking Regions	47,602	47,948	20,961	15,824
Other	126,962	82,750	-	-
Total	1,736,730	3,146,842	5,807,865	4,714,851

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

The placements at foreign banks include blocked accounts amounting TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits, and TL 5,479,428 thousands as collateral against funds borrowed.

5.1.4 Financial assets available-for-sale

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

The collateralized financial assets available-for-sale in TL consist of government bonds. The total carrying value of such securities with total face value of TL 2,609,350 thousands (31 December 2009: TL 1,844,500 thousands) is TL 2,571,988 thousands (31 December 2009: TL 1,761,802 thousands). The related accrued interests amount to TL 140,204 thousands (31 December 2009: TL 234,079 thousands). There are no impairment losses on these securities (31 December 2009: TL 29 thousands). The collateralized financial assets available-for-sale in foreign currencies consist of Eurobonds. The total carrying value of such securities with total face value of USD 8,860,000 (31 December 2009: USD 7,000,000) is USD 9,277,029 (31 December 2009: USD 7,280,000). The related accrued interests amount to USD 1,117,252 (31 December 2009: USD 211,366). There are no impairment losses on these securities (31 December 2009: nil).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,712,192	15,799	1,995,852	11,162
Assets subject to Repurchase Agreements	9,760,434	574,242	7,957,698	84,018
Total	12,472,626	590,041	9,953,550	95,180

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	28,861,356	25,142,865
Quoted at Stock Exchange	26,681,034	23,570,847
Unquoted at Stock Exchange	2,180,322	1,572,018
Common Shares/Investment Funds	35,154	34,281
Quoted at Stock Exchange (*)	21,866	21,252
Unquoted at Stock Exchange	13,288	13,029
Value Increases/Impairment Losses (-)	3,439,700	2,917,887
Total	32,336,210	28,095,033

(*) TL xx thousands of quoted shares comprise of 26.4389% participation in Garanti Faktoring Hiz. AŞ.

As of 31 December 2010, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 725,000,000 (31 December 2009: USD 875,000,000) and a total carrying value of TL 1,115,681 thousands (31 December 2009: TL 1,322,035 thousands).

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	14	4,831	2	920
Corporates	14	4,831	2	920
Individuals	-	-	-	-
Indirect Lendings to Shareholders	232,682	358,273	212,884	299,669
Loans to Employees	78,769	-	71,717	-
Total	311,465	363,104	284,603	300,589

5.1.5.2 Loans and other receivables classified in groups I and II and restructured or rescheduled

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	62,618,974	-	1,176,661	680,115
Discounted Bills	215,623	-	144	-
Export Loans	3,625,568	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	1,852,311	-	1,243	45
Foreign Loans	1,911,613	-	4,933	-
Consumer Loans	13,633,284	-	91,710	77,576
Credit Cards	7,798,641	-	66,402	169,732
Precious Metal Loans	246,163	-	9,170	199
Other	33,335,771	-	987,379	419,300
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	62,618,974	-	1,176,661	680,115

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Collaterals received for loans under follow-up:

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	19,036	1,112	-	20,148
Loans Collateralized by Mortgages	1,138,661	92,441	-	1,231,102
Loans Collateralized by Pledged Assets	33,894	11,084	-	44,978
Loans Collateralized by Cheques and Notes	55,920	31,132	-	87,052
Loans Collateralized by Other Collaterals	169,682	3,132	-	172,814
Unsecured Loans	34,163	30,385	236,134	300,682
Total	1,451,356	169,286	236,134	1,856,776

Delinquency periods of loans under follow-up:

	Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	40,766	69,045	53,708	163,519
61-90 days	11,477	15,310	12,694	39,481
Others	1,399,113	84,931	169,732	1,653,776
Total	1,451,356	169,286	236,134	1,856,776

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-term Loans	20,662,703	-	220,334	199,836
Loans	20,662,703	-	220,334	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	41,956,271	-	956,327	480,279
Loans	41,956,271	-	956,327	480,279
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	369,675	12,474,932	12,844,607
Housing Loans	23,373	7,351,711	7,375,084
Automobile Loans	16,665	754,294	770,959
General Purpose Loans	27,927	485,044	512,971
Other	301,710	3,883,883	4,185,593
Consumer Loans – FC-indexed	-	499,554	499,554
Housing Loans	-	465,025	465,025
Automobile Loans	-	6,228	6,228
General Purpose Loans	-	14,236	14,236
Other	-	14,065	14,065
Consumer Loans – FC	-	31,983	31,983
Housing Loans	-	19,409	19,409
Automobile Loans	-	9,541	9,541
General Purpose Loans	-	1,451	1,451
Other	-	1,582	1,582
Retail Credit Cards – TL	7,561,631	74,554	7,636,185
With Installment	3,388,116	74,554	3,462,670
Without Installment	4,173,515	-	4,173,515
Retail Credit Cards – FC	22,755	-	22,755
With Installment	4,028	-	4,028
Without Installment	18,727	-	18,727
Personnel Loans – TL	22,608	16,012	38,620
Housing Loan	-	1,548	1,548
Automobile Loans	-	177	177
General Purpose Loans	1,105	743	1,848
Other	21,503	13,544	35,047
Personnel Loans - FC-indexed	-	130	130
Housing Loans	-	130	130
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	2	68	70
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Other	-	-	-
Personnel Credit Cards – TL	32,511	325	32,836
With Installment	23,544	325	23,869
Without Installment	8,967	-	8,967
Personnel Credit Cards – FC	445	-	445
With Installment	108	-	108
Without Installment	337	-	337
Deposit Accounts– TL (real persons)	387,606	-	387,606
Deposit Accounts– FC (real persons)	-	-	-
Total	8,397,233	13,097,558	21,494,791

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	566,900	5,446,667	6,013,567
Real Estate Loans	1,353	507,591	508,944
Automobile Loans	56,171	1,059,270	1,115,441
General Purpose Loans	509,376	3,876,160	4,385,536
Other	-	3,646	3,646
Installment-based Commercial Loans - FC-indexed	62,919	540,665	603,584
Real Estate Loans	-	55,245	55,245
Automobile Loans	4,183	163,220	167,403
General Purpose Loans	58,736	322,200	380,936
Other	-	-	-
Installment-based Commercial Loans – FC	485	91,140	91,625
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Other	-	82,869	82,869
Corporate Credit Cards – TL	337,954	660	338,614
With Installment	136,567	658	137,225
Without Installment	201,387	2	201,389
Corporate Credit Cards – FC	3,940	-	3,940
With Installment	438	-	438
Without Installment	3,502	-	3,502
Deposit Accounts– TL (corporates)	424,311	-	424,311
Deposit Accounts– FC (corporates)	-	-	-
Total	1,396,509	6,079,132	7,475,641

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,206,924	1,253,389
Private Sector	63,268,826	48,054,664
Total	64,475,750	49,308,053

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	62,559,204	48,370,142
Foreign Loans	1,916,546	937,911
Total	64,475,750	49,308,053

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	1,192,499	339,778
Indirect Lending	-	-
Total	1,192,499	339,778

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.5.9 Specific provisions for loans

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	21,413	185,391
Doubtful Loans and Receivables	102,679	560,941
Uncollectible Loans and Receivables	1,463,457	1,066,131
Total	1,587,549	1,812,463

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

Non-performing loans and other receivables restructured or rescheduled (gross amounts before specific provisions):

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
(Gross Amounts before Specific Provisions)	10,777	14,723	248,832
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
Prior Period			
(Gross Amounts before Specific Provisions)	55,667	227,343	229,139
Restructured Loans and Receivables	55,667	227,343	229,139
Rescheduled Loans and Receivables	-	-	-

Movements in non-performing loans and other receivables:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Balances at Beginning of Period	317,665	724,054	1,195,386
Additions during the Period (+)	427,565	41,910	184,275
Transfer from Other NPL Categories (+)	-	562,018	928,726
Transfer to Other NPL Categories (-)	562,018	934,265	23,054
Collections during the Period (-)	113,493	255,590	495,942
Write-offs (-)	-	-	58,128
Corporate and Commercial Loans	-	-	2,018
Retail Loans	-	-	36
Credit Cards	-	-	56,074
Others	-	-	-
Balances at End of Period	69,719	138,127	1,731,263
Specific Provisions (-)	21,413	102,679	1,463,457
Net Balance on Balance Sheet	48,306	35,448	267,806

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Movements in specific loan provisions:

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	556,575	493,598	762,290	1,812,463
Additions during the Period(+)	170,279	100,552	237,553	508,384
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	137,245	211,238	310,068	658,551
Write-offs (-)	1,809	36	56,074	57,919
Balances at End of Period	576,401	377,447	633,701	1,587,549

Non-performing loans and other receivables in foreign currencies:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	2,781	3,264	322,790
Specific Provisions (-)	105	456	258,665
Net Balance at Balance Sheet	2,676	2,808	64,125
Prior Period			
Balance at End of Period	73,754	39,090	188,322
Specific Provisions (-)	51,023	19,622	171,637
Net Balance at Balance Sheet	22,731	19,468	16,685

Gross and net non-performing loans and receivable as per customer categories:

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period (Net)	48,306	35,448	267,806
Loans to Individuals and Corporates (Gross)	69,719	138,127	1,724,148
Specific Provision (-)	21,413	102,679	1,456,342
Loans to Individuals and Corporates (Net)	48,306	35,448	267,806
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	132,274	163,113	129,255
Loans to Individuals and Corporates (Gross)	317,665	724,054	1,187,365
Specific Provision (-)	185,391	560,941	1,058,110
Loans to Individuals and Corporates (Net)	132,274	163,113	129,255
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,710
Specific Provision (-)	-	-	7,710
Other Loans and Receivables (Net)	-	-	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

Collaterals received for non-performing loans:

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	376	271	-	647
Loans Collateralized by Mortgages	357,427	80,919	-	438,346
Loans Collateralized by Pledged Assets	192,167	68,499	-	260,666
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	127,982	15,737	-	143,719
Unsecured Loans	30,782	100,390	660,457	791,629
Total	837,637	441,015	660,457	1,939,109

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 "Write-off" policies

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

5.1.6 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	2,904,701	406,444	1,860,387	280,390
Investments subject to Repurchase Agreements	908,463	409,643	2,637,831	116,555
Total	3,813,164	816,087	4,498,218	396,945

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	4,576,594	5,960,353
Treasury Bills	-	-
Other Government Securities	1,313,190	1,385,808
Total	5,889,784	7,346,161

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	5,583,946	7,092,872
Quoted at Stock Exchange	5,579,803	7,092,872
Unquoted at Stock Exchange	4,143	-
Valuation Increase / (Decrease)	309,985	253,289
Total	5,893,931	7,346,161

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	7,346,161	7,617,297
Foreign Currency Differences On Monetary Assets	25,395	(27,259)
Purchases during the Period	4,143	927,839
Disposals through Sales/Redemptions	(1,538,464)	(1,115,334)
Valuation Effect	56,696	(56,382)
Balances at End of Period	5,893,931	7,346,161

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 Eureka Sigorta AŞ	Istanbul/Turkey	20.00	20.00
2 Bankalarası Kart Merkezi AŞ	Istanbul/Turkey	10.15	10.15
3 Yatırım Finansman Menkul Değerler AŞ ⁽²⁾	Istanbul/Turkey	0.77	0.77
4 İMKB Takas ve Saklama Bankası AŞ ⁽²⁾	Istanbul/Turkey	5.83	5.83
5 Vadeli İşlem ve Opsiyon Borsası AŞ ⁽²⁾	Istanbul/Turkey	6.00	6.00
6 KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7 Gelişen Bilgi Teknolojileri AŞ ⁽¹⁾⁽²⁾	Istanbul/Turkey	5.00	5.00
8 Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾	Ankara/Turkey	2.48	2.48
9 Kredi Garanti Fonu AŞ ⁽²⁾	Ankara/Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (if available)
1	684,688	301,223	14,790	22,772	12,802	49,376	144,277	-
2	21,011	15,865	6,736	912	-	1,465	5,481	-
3	529,009	57,850	1,645	20,677	1,280	7,662	2,148	-
4	1,666,061	293,492	10,954	23,865	6,559	23,845	91,721	-
5	51,152	47,662	5,056	2,576	38	10,884	23,983	-
6	44,767	36,805	1,998	2,555	-	14,132	9,103	-
7	590	430	-	480	-	355	-	-
8	155,794	10,821	246	3,764	2,291	1,637	10,774	-
9	138,091	133,547	2,235	4,510	-	5,437	3,528	-

⁽¹⁾ Financial information is as of 31 December 2009.

⁽²⁾ Financial information is as of 30 September 2010

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

(**) The commercial name of Gelişen İşletmeler Piyasaları AŞ was changed as Gelişen Bilgi Teknolojileri AŞ during the period.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	29,705	27,705
Movements during the Period	(193)	2,000
Acquisitions and Capital Increases (*)	-	2,000
Bonus Shares Received	54	-
Dividends from Current Year Profit	-	-
Sales	(247)	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	29,512	29,705
Capital Commitments	2,000	2,250
Share Percentage at the End of Period (%)	-	-

(*) At the annual general assembly of Gelişen Bilgi Teknolojileri AŞ held on 5 April 2010, the company's capital was decreased from TL 10,000 thousands to TL 50 thousands.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	11,312	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	16,486	16,679
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	Current Period	Prior Period
Valued at Cost	29,512	29,705
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	-	-

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.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.1.8 Investments in subsidiaries

5.1.8.1 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
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	94.10	98.94
7	Garanti Faktoring Hiz. AŞ ⁽¹⁾	Istanbul/Turkey	55.40	55.40
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/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	D Netherlands Holding BV	Amsterdam/Holland	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	24,952	16,373	727	-	408	3,096	(94,020)	-
2	23,454	11,683	624	-	1,151	1,537	9,567	-
3	1,141	989	4	-	17	576	-	-
4	563	204	35	-	-	(1)	(140)	-
5	1,331	1,203	-	-	8	263	181	-
6	2,193,634	419,073	17,862	155,277	-	79,519	256,306	-
7	1,427,313	60,486	2,540	76,379	363	9,003	26,953	132,720
8	74,736	58,902	5,744	729	1,424	3,345	9,989	-
9	20,349	15,236	3,290	1,174	238	1,188	948	-
10	2,376,076	329,207	11,992	26,352	9,580	99,589	157,050	-
11	7,221,799	663,518	52,988	236,921	85,365	82,853	263,985	663,795
12	499,470	119,718	37,806	16,334	13,201	18,946	53,250	119,896
13	373,113	373,083	-	-	-	(86)	(221,101)	578,791

⁽¹⁾ Financial information is as of 30 September 2010.

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

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,003,260	812,128
Movements during the Period	651,874	191,132
Acquisitions and Capital Increases (*)	553,497	655
Bonus Shares Received (**)	953	(125,648)
Dividends from Current Year Profit	-	-
Sales/Liquidations	(4,227)	-
Increase in Market Values	80,512	310,519
Currency Differences on Foreign Subsidiaries	17,748	2,228
Impairment Reversals/(Losses)	3,391	3,378
Balance at End of Period	1,655,134	1,003,260
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) At 24 February 2010, the Bank acquired 430 common stocks of Garanti Bank Moscow representing 24.8555% of its registered capital at a total face value of RUR 109,650,000 from Garanti Financial Services Plc at a cost of USD 3,826,933.41 through subrogation.

On 27 May 2010, the Bank purchased the shares of D Netherlands Holding BV, established in Holland, presenting 100% ownership at a price of EUR 53.5 millions from Doğuş Holding AŞ, and subsequent to this share purchase, the paid-in capital of D Netherlands Holding BV was increased by EUR 118.4 millions. D Netherlands Holding BV is the shareholder of Doğuş GE BV directly, and GE Garanti Bank SA, Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through Doğuş GE BV. The paid-in capital of D Netherlands Holding BV was increased;

- from EUR 217,088,600 to EUR 247,088,600 on 27 August 2010 as per the decision made at the board of directors' meeting held on 3 August 2010, and
- from EUR 247,088,600 to EUR 329,088,600 on 15 December 2010 as per the decision made at the board of directors' meeting held on 8 December 2010

(**) The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 19,280 thousands to TL 21,000 thousands through appropriation from its retained earnings on 8 September 2010.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	783,622	689,498
Insurance Companies	56,545	56,545
Factoring Companies	73,533	68,365
Leasing Companies	76,169	76,169
Finance Companies	647,867	98,380
Other Subsidiaries	17,398	14,303

5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	73,533	68,365
Quoted at International Stock Exchanges	-	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	202,612	202,612
Valued at Fair Value	1,435,945	787,166
Valued by Equity Method of Accounting (*)	16,577	13,482

(*) Includes subsidiaries for which value decreases are provided against considering their equities.

5.1.8.6 Investments in subsidiaries disposed during the current period

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized and the disposals were recognized by 31 May 2010.

5.1.8.7 Investments in subsidiaries acquired during the current period

Please refer to Note 5.1.8.2.

5.1.9 Investments in Joint-Ventures

None.

5.1.10 Lease receivables

None.

5.1.11 Derivative financial assets held for risk management

5.1.11.1 Positive differences on derivative financial instruments held for risk management

None.

5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	975,838	402,004	32,127	829,736	2,239,705
Accumulated Depreciation (-)	(232,756)	(311,000)	(25,810)	(527,547)	(1,097,113)
Net Book Value at End of Prior Period	743,082	91,004	6,317	302,189	1,142,592

Balance at End of Current Period					
Additions	51,947	2,865	1,047	153,603	209,462
Disposals (Costs)	(1,845)	(8,774)	(2,369)	(39,373)	(52,361)
Disposals (Accumulated Depreciation)	727	8,503	2,266	39,238	50,734
Impairment/Reversal of Impairment Losses	9,670	-	-	-	9,670
Depreciation Expense for Current Period (-)	(22,720)	(36,629)	(3,121)	(96,258)	(158,728)
Currency Translation Differences on Foreign Operations	-	-	-	(56)	(56)

Cost at End of Current Period	1,035,610	396,095	30,805	943,910	2,406,420
Accumulated Depreciation at End of Current Period	(254,749)	(339,126)	(26,665)	(584,567)	(1,205,107)
Net Book Value at End of Current Period	780,861	56,969	4,140	359,343	1,201,313

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

Conditions for allocating/releasing any impairment:

None.

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

None.

5.1.12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually

A total provision of TL 9,670 thousands made for the impairment in values of certain real estates in prior periods in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", is reversed in 2010.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

Intangible assets include softwares and other intangible assets. The estimated useful lives of such assets vary between 3 and 15 years.

5.1.13.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation.

5.1.13.3 Balances at beginning and end of current period

	Beginning of Period		End of Period	
	Cost	Accumulated Amortisation	Cost	Accumulated Amortisation
Intangible Assets	87,045	56,518	68,282	47,656

5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at End of Prior Period	20,626	15,764
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	16,819	7,412
Disposals (-)	-	-
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(6,918)	(4,598)
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	2,048
Net Book Value at End of Current Period	30,527	20,626

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

5.1.14 Investment property

None.

5.1.15 Deferred tax asset

As of 31 December 2010, the Bank has a deferred tax asset of TL 106,515 thousands (31 December 2009: TL 18,536 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 31 December 2010. However, there is a deferred tax asset of TL 177,963 thousands (31 December 2009: TL 167,727 thousands) and deferred tax liability of TL 71,448 thousands (31 December 2009: TL 149,191 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.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	82,293	83,136
Accumulated Depreciation (-)	(1,143)	(1,832)
Net Book Value	81,150	81,304
End of Current Period		
Additions	74,964	33,183
Disposals (Cost)	(54,819)	(25,278)
Disposals (Accumulated Depreciation)	483	1,358
Impairment Losses (-)	(2,737)	(8,748)
Depreciation Expense for Current Period (-)	(985)	(669)
Currency Translation Differences on Foreign Operations	-	-
Cost	99,701	82,293
Accumulated Depreciation (-)	(1,645)	(1,143)
Net Book Value	98,056	81,150

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,293 thousands (31 December 2009: TL 3,263 thousands).

5.1.17 Other assets

5.1.17.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint Ventures	4,249	17,353
Sale of Real Estates	3,170	-
Sale of Other Assets	2,920	2,884
Total	10,339	20,237

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	190,263	210,859
Prepaid Taxes	-	3,903

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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	4,227	-	24,471	9
Financial Assets at Fair Value through Profit or Loss	10,107	411	4,094	1,718
Banks	17,931	13,857	34,936	18,653
Interbank Money Markets	-	-	180	-
Financial Assets Available-for-Sale	3,221,171	132,806	2,713,745	109,445
Loans	502,055	278,375	453,023	290,694
Investments Held-to-Maturity	284,512	26,518	253,061	27,379
Other Accruals	16,088	-	15,769	-
Total	4,056,091	451,967	3,499,279	447,898

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period

	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	2,433,586	-	6,603,455	16,495,091	943,863	216,655	136,973	770	26,830,393
Foreign Currency Deposits	5,186,989	-	7,124,092	10,836,514	931,365	1,854,241	1,157,416	87,013	27,177,630
Residents in Turkey	4,887,105	-	6,831,438	10,435,652	815,581	636,228	823,096	85,730	24,514,830
Residents in Abroad	299,884	-	292,654	400,862	115,784	1,218,013	334,320	1,283	2,662,800
Public Sector Deposits	520,469	-	2,154	23,302	355	1,985	-	-	548,265
Commercial Deposits	3,091,199	-	3,393,199	6,966,337	926,007	217,079	137,756	-	14,731,577
Other	58,853	-	20,830	292,764	115,900	155	5,077	-	493,579
Precious Metal Deposits	464,651	-	4	-	-	4,010	-	-	468,665
Bank Deposits	757,565	-	1,174,213	450,096	7,800	18,636	-	-	2,408,310
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,876	-	338,279	30,317	-	-	-	-	371,472
Foreign Banks	310,346	-	835,934	419,779	7,800	18,636	-	-	1,592,495
Special Financial Institutions	444,343	-	-	-	-	-	-	-	444,343
Other	-	-	-	-	-	-	-	-	-
Total	12,513,312	-	18,317,947	35,064,104	2,925,290	2,312,761	1,437,222	87,783	72,658,419

Prior Period

	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	1,833,625	-	7,070,398	11,555,702	172,843	128,642	82,679	51	20,843,940
Foreign Currency Deposits	4,899,239	-	8,641,772	9,000,277	393,091	713,736	1,033,428	89,179	24,770,722
Residents in Turkey	4,562,108	-	8,147,347	8,552,469	340,970	249,290	744,837	87,831	22,684,852
Residents in Abroad	337,131	-	494,425	447,808	52,121	464,446	288,591	1,348	2,085,870
Public Sector Deposits	461,652	-	5,722	8,017	15	302	67	-	475,775
Commercial Deposits	2,262,983	-	4,047,922	7,238,876	38,372	45,113	149,459	-	13,782,725
Other	85,261	-	42,193	139,686	686	137	273	-	268,236
Precious Metal Deposits	333,836	-	34	2,610	-	1,084	-	-	337,564
Bank Deposits	1,377,804	-	751,030	73,888	25,573	35,545	65,243	-	2,329,083
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	9,593	-	203,816	5,227	-	13,000	-	-	231,636
Foreign Banks	1,058,842	-	547,214	68,661	25,573	22,545	65,243	-	1,788,078
Special Financial Institutions	309,369	-	-	-	-	-	-	-	309,369
Other	-	-	-	-	-	-	-	-	-
Total	11,254,400	-	20,559,071	28,019,056	630,580	924,559	1,331,149	89,230	62,808,045

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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	11,528,555	9,284,979	15,125,137	11,352,216
Foreign Currency Saving Deposits	3,128,715	3,214,814	9,950,009	10,005,530
Other Saving Deposits	204,524	120,181	243,956	175,083
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

None.

5.2.1.3 Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	375,362	401,603
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	186,298	172,124
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	29,650	10,340	12,147	9,949
Swap transactions	167,674	171,750	79,849	81,895
Futures	-	1,846	-	106
Options	46,225	34,058	19,542	25,296
Other	-	-	-	-
Total	243,549	217,994	111,538	117,246

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	155,150	122,359	154,465	158,979
Foreign Banks, Institutions and Funds	4,958,723	11,397,080	3,036,144	9,657,886
Total	5,113,873	11,519,439	3,190,609	9,816,865

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	700,423	4,139,314	154,465	2,859,824
Medium and Long-Term	4,413,450	7,380,125	3,036,144	6,957,041
Total	5,113,873	11,519,439	3,190,609	9,816,865

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

Funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	10,180,670	-	9,804,711	-
Financial Institutions and Organizations	10,115,836	-	9,749,113	-
Other Institutions and Organizations	19,318	-	18,423	-
Individuals	45,516	-	37,175	-
Foreign Transactions	156,569	883,398	572,540	157,453
Financial Institutions and Organizations	155,900	883,398	572,241	157,453
Other Institutions and Organizations	284	-	176	-
Individuals	385	-	123	-
Total	10,337,239	883,398	10,377,251	157,453

5.2.5 Lease payables (Net)

5.2.5.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	377	353	4,506	4,155
1-4 Years	4	4	26	23
More than 4 Years	-	-	-	-
Total	381	357	4,532	4,178

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.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	2,347	-	3,464
Net foreign investment hedges	-	-	-	-
Total	-	2,347	-	3,464

5.2.7 Provisions

5.2.7.1 General provisions

General Provision for	Current Period	Prior Period
Loans and Receivables in Group I	533,544	383,421
Loans and Receivables in Group II	34,862	13,342
Non-Cash Loans	53,859	40,571
Other	-	-

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

	Current Period	Prior Period
Short-Term Loans	4,027	10,494
Medium and Long-Term Loans	7,429	9,244
Total	11,456	19,738

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	738	7,473
Doubtful Loans and Receivables	3,339	14,085
Uncollectible Loans and Receivables	53,210	34,547
Total	57,287	56,105

5.2.7.4 Other provisions

5.2.7.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	330,000	330,000

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	232,163	165,367
Recognized Liability for Defined Benefit Obligations	-	-
Provision for Promotion Expenses of Credit Cards (*)	46,488	36,208
Other Provisions	18,700	17,552
Total	297,351	219,127

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 18 January 2011 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 951,896 thousands (31 December 2009: TL 722,746 thousands) at 31 December 2010 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2010 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 18 January 2011 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 504,338 thousands (31 December 2009: TL 324,807 thousands) remains as of 31 December 2010 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 266,382 thousands (31 December 2009: TL 191,521 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF. However, despite this treatment there are no excess obligation that needs to be provided against.

	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(315,823)	(287,981)
Net present value of medical benefits and health premiums transferable to SSF	266,382	191,521
General administrative expenses	(19,046)	(16,957)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(68,487)	(113,417)
Fair Value of Plan Assets (2)	1,020,383	836,163
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	951,896	722,746
Non-Transferable Benefits:		
Other pension benefits	(242,307)	(188,494)
Other medical benefits	(205,251)	(209,445)
Total Non-Transferable Benefits (4)	(447,558)	(397,939)
Asset Surplus over Total Benefits ((3)-(4)=(5))	504,338	324,807
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(266,382)	(191,521)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	237,956	133,286

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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

	Current Period	Prior Period
	%	%
Discount Rate	10.00	10.86-8.42
Inflation Rate	5.10	6.90-4.80
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	24.70-2.80	20.50-6.80
Future Pension Increase Rates	5.10	6.90-4.80

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 31 December 2010, the Bank had a current tax liability of TL 204,102 thousands (31 December 2009: TL 198,353 thousands) after offsetting with prepaid taxes. In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	204,102	198,353
Taxation on Securities Income	58,218	88,060
Taxation on Real Estates Income	1,536	1,300
Banking Insurance Transaction Tax	29,377	29,605
Foreign Exchange Transaction Tax	25	27
Value Added Tax Payable	2,642	2,672
Others	27,544	30,057
Total	323,444	350,074

5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	34	30
Bank Pension Fund Premium-Employer	17	15
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	514	474
Unemployment Insurance-Employer	966	875
Others	4	-
Total	1,535	1,394

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.2.8.2 Deferred tax liability

None.

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

None.

5.2.10 Subordinated debts

- On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95%, and then 7.95%, annually.
- On 23 February 2009, the Bank obtained a subordinated debt of EUR 50 millions from Proparco (Societe de Promotion et de Participation pour la Cooperation Economique SA), a company of the French Development Agency Group with an interest of Euribor+3.5% and maturity of 12 years with a repayment option at the end of the seventh year to finance the clean energy projects.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	884,726	-	874,358
Total	-	884,726	-	874,358

5.2.11 Shareholders' equity

5.2.11.1 Paid-in capital

	Current Period	Prior Period
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	7,000,000

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.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	66,777	267,610	63,768	181,780
Valuation difference	34,460	267,610	31,088	181,780
Exchange rate difference	32,317	-	32,680	-
Securities Available-for-Sale	1,488,655	150,768	1,249,912	115,686
Valuation difference	1,488,655	150,768	1,249,912	115,686
Exchange rate difference	-	-	-	-
Total	1,555,432	418,378	1,313,680	297,466

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

5.2.11.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	Prior Period
Garanti Yatırım Menkul Değerler AŞ	942	942
Eureko Sigorta AŞ	561	561
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ	23	23
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	2,453	2,453

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	489,166	341,742
II. Legal Reserve	39,290	25,290
Special Reserves	-	-

5.2.11.12 Extraordinary reserves

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	5,294,076	2,847,764
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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	222,174	66,580	154,150	52,033
Funds Borrowed	209,226	52,818	188,772	54,197
Interbank Money Markets	24,477	671	53,020	6,077
Other Accruals	23,698	319	18,754	537
Total	479,575	120,388	414,696	112,844

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has asset purchase and sale commitments of TL 1,789,413 thousands (31 December 2009: TL 1,440,378 thousands), commitments for cheque payments of TL 1,910,095 thousands (31 December 2009: TL 1,513,300 thousands) and commitments for credit card limits of TL 12,467,191 thousands (31 December 2009: TL 9,057,598 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,155,138	7,451,475
Letters of Guarantee in TL	4,951,727	4,513,454
Letters of Credit	3,362,064	2,592,529
Bills of Exchange and Acceptances	164,105	125,841
Others	-	-
Total	15,633,034	14,683,299

A specific provision of TL 57,287 thousands (31 December 2009: TL 56,105 thousands) is made for unliquidated non-cash loans of TL 96,013 thousands (31 December 2009: TL 103,115 thousands) recorded under the off-balance sheet items in the accompanying financial statements.

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

As of 31 December 2010, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 775,000,000 (31 December 2009: USD 925,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	883,442	897,123
With Original Maturity of 1 Year or Less	39,865	13,519
With Original Maturity of More Than 1 Year	843,577	883,604
Other Non-Cash Loans	14,806,338	13,786,176
Total	15,689,780	14,683,299

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,348	1.12	20,278	0.19	29,794	0.66	27,397	0.27
Farming and Stockbreeding	52,897	1.07	20,187	0.19	27,820	0.62	27,397	0.27
Forestry	704	0.01	91	-	661	0.01	-	-
Fishery	1,747	0.04	-	-	1,313	0.03	-	-
Manufacturing	1,737,187	35.03	3,646,436	33.98	1,696,354	37.57	3,539,678	34.81
Mining	316,066	6.37	23,630	0.22	303,385	6.72	28,978	0.28
Production	1,048,610	21.15	2,362,841	22.02	1,046,987	23.19	2,362,864	23.24
Electricity, Gas, Water	372,511	7.51	1,259,965	11.74	345,982	7.66	1,147,836	11.29
Construction	687,442	13.86	1,740,371	16.22	565,124	12.52	2,196,693	21.60
Services	2,105,382	42.45	4,108,355	38.28	1,931,945	42.80	3,683,693	36.22
Wholesale and Retail Trade	1,392,907	28.09	1,741,372	16.23	1,308,395	28.99	1,187,159	11.67
Hotel, Food and Beverage Services	100,954	2.04	62,760	0.58	76,349	1.69	68,732	0.68
Transportation and Telecommunication	188,038	3.79	667,331	6.22	171,887	3.81	792,506	7.79
Financial Institutions	364,998	7.36	1,626,136	15.15	301,308	6.67	1,615,950	15.89
Real Estate and Renting Services	6,640	0.13	870	0.01	33,882	0.75	6,129	0.06
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	6,648	0.13	3,150	0.03	7,111	0.16	6,235	0.06
Health and Social Services	45,197	0.91	6,736	0.06	33,013	0.73	6,982	0.07
Other	373,518	7.54	1,215,463	11.33	290,773	6.45	721,848	7.10
Total	4,958,877	100.00	10,730,903	100.00	4,513,990	100.00	10,169,309	100.00

5.3.1.5 Non-cash loans classified under Group I and II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	4,925,868	10,681,938	33,009	48,965
Letters of Guarantee	4,918,718	7,106,232	33,009	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,354,855	-	59
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	56,746	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	4,485,463	10,116,520	28,527	52,789
Letters of Guarantee	4,484,927	7,401,468	28,527	50,007
Bills of Exchange and Bank Acceptances	514	123,133	-	2,194
Letters of Credit	22	2,591,919	-	588
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	-	-	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	-	-	167,200	-	-	167,200
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	16,812,451	8,049,102	10,358,210	2,033,363	1,119,196	38,372,322
Currency Forwards-Purchases	1,364,709	428,341	881,411	102,295	126,098	2,902,854
Currency Forwards-Sales	1,386,424	408,877	851,839	99,258	126,098	2,872,496
Currency Swaps-Purchases	4,947,849	1,749,646	2,988,245	943,785	304,000	10,933,525
Currency Swaps-Sales	5,091,475	1,724,093	2,959,868	742,375	563,000	11,080,811
Currency Options-Purchases	1,968,416	1,997,065	1,206,000	68,400	-	5,239,881
Currency Options-Sales	2,053,578	1,698,040	1,470,847	77,250	-	5,299,715
Currency Futures-Purchases	-	15,336	-	-	-	15,336
Currency Futures-Sales	-	27,704	-	-	-	27,704
Interest Rate Related Derivative Transactions (II)	57,358	520,924	3,712,015	6,666,216	4,151,252	15,107,765
Interest Rate Swaps-Purchases	28,679	14,896	114,309	3,333,108	2,075,626	5,566,618
Interest Rate Swaps-Sales	28,679	14,896	115,827	3,333,108	2,075,626	5,568,136
Interest Rate Options-Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options-Sales	-	-	1,630,000	-	-	1,630,000
Securities Options-Purchases	-	-	221,416	-	-	221,416
Securities Options-Sales	-	399,932	463	-	-	400,395
Interest Rate Futures-Purchases	-	91,200	-	-	-	91,200
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	386,877	536,348	418,811	-	-	1,342,036
B. Total Trading Derivatives (I+II+III)	17,256,686	9,106,374	14,489,036	8,699,579	5,270,448	54,822,123
Total Derivative Transactions (A+B)	17,256,686	9,106,374	14,656,236	8,699,579	5,270,448	54,989,323

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Hedging Derivatives						
A. Total Hedging Derivatives	-	-	-	245,850	-	245,850
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	-	245,850	-	245,850
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	17,493,520	5,064,972	4,434,328	363,764	861,000	28,217,584
Currency Forwards-Purchases	1,531,287	328,196	491,321	127,534	-	2,478,338
Currency Forwards-Sales	1,495,782	320,268	500,616	124,588	-	2,441,254
Currency Swaps-Purchases	4,860,104	1,428,996	667,703	52,150	298,000	7,306,953
Currency Swaps-Sales	4,692,129	1,164,810	674,230	59,492	563,000	7,153,661
Currency Options-Purchases	2,432,356	864,741	961,273	-	-	4,258,370
Currency Options-Sales	2,481,862	909,623	1,138,119	-	-	4,529,604
Currency Futures-Purchases	-	4,182	522	-	-	4,704
Currency Futures-Sales	-	44,156	544	-	-	44,700
Interest Rate Related Derivative Transactions (II)	1,727	32,184	225,150	10,490,124	2,371,320	13,120,505
Interest Rate Swaps-Purchases	-	-	51,501	3,411,577	1,308,585	4,771,663
Interest Rate Swaps-Sales	-	-	51,501	3,657,427	1,062,735	4,771,663
Interest Rate Options-Purchases	-	-	100,284	1,710,560	-	1,810,844
Interest Rate Options-Sales	-	-	-	1,710,560	-	1,710,560
Securities Options-Purchases	-	-	18,368	-	-	18,368
Securities Options-Sales	1,727	-	3,496	-	-	5,223
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	32,184	-	-	-	32,184
Other Trading Derivatives (III)	308,083	102,647	208,361	-	-	619,091
B. Total Trading Derivatives (I+II+III)	17,803,330	5,199,803	4,867,839	10,853,888	3,232,320	41,957,180
Total Derivative Transactions (A+B)	17,803,330	5,199,803	4,867,839	11,099,738	3,232,320	42,203,030

5.3.3 Contingent liabilities and assets

None.

5.3.4 Services rendered on behalf of third parties

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

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.4 Income Statement

5.4.1 Interest Income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	1,957,455	138,440	2,550,284	223,891
Medium and long-term loans	2,088,836	1,069,428	2,011,347	1,179,304
Loans under follow-up	54,748	-	39,014	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	4,101,039	1,207,868	4,600,645	1,403,195

(*) Includes also the fee and commission income on cash loans

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	3,039	150	10,097	480
Domestic Banks	3,568	535	12,570	634
Foreign Banks	163,830	53,405	122,171	74,317
Foreign Head Offices and Branches	-	-	-	-
Total	170,437	54,090	144,838	75,431

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	49,063	719	15,999	2,152
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,714,706	142,071	2,749,109	148,107
Investments Held-to-Maturity	740,083	95,428	894,768	107,802
Total	3,503,852	238,218	3,659,876	258,061

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	42,073	43,193

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	459,248	205,471	346,958	264,065
Central Bank of Turkey	-	-	-	-
Domestic Banks	14,329	4,836	31,483	6,787
Foreign Banks	444,919	200,635	315,475	257,278
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	64,647	-	57,476
Total	459,248	270,118	346,958	321,541

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to Investments in Associates and Subsidiaries	32,238	26,476

5.4.2.3 Interest expenses on securities issued

None.

5.4.2.4 Maturity structure of interest expense on deposits

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	1,694	35,950	-	-	-	-	-	37,644
Saving Deposits	672	575,149	1,206,997	60,541	13,606	8,154	-	1,865,119
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	3,067	388,853	613,569	70,504	9,593	13,035	-	1,098,621
Other	1,671	4,388	40,299	17,484	12	156	-	64,010
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	7,106	1,005,555	1,864,623	148,630	23,303	21,349	-	3,070,566
Foreign Currency								
Foreign Currency Deposits	2,552	193,234	241,751	16,620	36,212	29,827	1,676	521,872
Bank Deposits	-	6,256	-	-	-	-	-	6,256
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
Total FC	2,555	199,490	241,751	16,620	36,301	29,827	1,676	528,220
Grand Total	9,661	1,205,045	2,106,374	165,250	59,604	51,176	1,676	3,598,786

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest paid on Repurchase Agreements	408,072	2,403	745,308	7,330

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	439	1,785

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value through Profit or Loss	-	-
Financial Assets Available-for-Sale	847	675
Others	4,443	78,262
Total	5,290	78,937

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	64,625,145	55,769,542
Trading Account Income	222,242	373,157
Gains from Derivative Financial Instruments	2,924,648	2,829,863
Foreign Exchange Gains	61,478,255	52,566,522
Losses (-)	64,261,220	54,888,844
Trading Account Losses	19,898	12,050
Losses from Derivative Financial Instruments	2,800,681	2,450,824
Foreign Exchange Losses	61,440,641	52,425,970
Total	363,925	880,698

TL 2,414,324 thousands (31 December 2009: TL 3,382,234 thousands) of foreign exchange gains and TL 2,821,404 thousands (31 December 2009: TL 4,297,123 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

5.4.5 Other operating income

The items under "other operating income" consists of collection or reversals of prior year provisions, banking services related costs charged to customers and income in custody services.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	386,767	1,212,401
<i>Loans and receivables in Group III</i>	20,709	141,317
<i>Loans and receivables in Group IV</i>	103,071	421,079
<i>Loans and receivables in Group V</i>	262,987	650,005
General Provisions	186,689	11,255
Provision for Possible Losses	-	330,000
Impairment Losses on Securities	1,128	688
<i>Financial assets at fair value through profit or loss</i>	1,128	688
<i>Financial assets available-for-sale</i>	-	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	15
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	15
<i>Joint Ventures</i>	-	-
<i>Investments Held-to-Maturity</i>	-	-
Others	9,713	58,455
Total	584,297	1,612,814

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,160,623	994,048
Reserve for Employee Termination Benefits	6,759	1,563
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	158,728	166,600
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	6,918	4,598
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	2,926	8,748
Depreciation Expenses of Assets to be Disposed	985	669
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,328,715	1,212,279
<i>Operational Lease related Expenses</i>	156,847	131,983
<i>Repair and Maintenance Expenses</i>	33,222	29,696
<i>Advertisement Expenses</i>	122,944	103,617
<i>Other Expenses</i>	1,015,702	946,983
Loss on Sale of Assets	1,971	1,886
Others (*)	373,205	309,050
Total	3,040,830	2,699,441

(*) In the current period, this item includes a provision amounting TL 132,138 thousands (31 December 2009: TL 72,100 thousands) for short-term employee benefits.

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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

The profit before taxes includes a net interest income of TL 4,754,740 thousands, a net fees and commissions income of TL 1,815,536 thousands and operating expenses of TL 3,040,830 thousands. The Bank's profit before taxes realized at TL 3,952,353 thousands increasing by 4.60% as compared to the prior year.

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 31 December 2010, the Bank recorded a tax charge of TL 973,542 thousands (31 December 2009: TL 817,616 thousands) and a deferred tax benefit of TL 166,422 thousands (31 December 2009: TL 1,329 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	Current Period
Increase in tax deductible timing differences (+)	121,428
Decrease in tax deductible timing differences (-)	32,390
Increase in taxable timing differences (-)	1,378
Decrease in taxable timing differences (+)	78,762
Total	166,422

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
Increase/(decrease) in tax deductible timing differences (net)	89,038
Increase/(decrease) in taxable timing differences (net)	77,384
Increase/(decrease) in tax losses (net)	-
Increase/(decrease) in tax deductions and exemptions (net)	-
Total	166,422

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

None.

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of 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.

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.5 Statement of Changes in Shareholders' Equity

5.5.1 Any increases arising from application of accounting for financial instruments

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

As of 31 December 2010, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by TL 362,664 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The gains transferred to the income statement from "securities value increase fund" are TL 179,765 thousands and TL 109,738 thousands for the years ended 31 December 2010 and 2009, respectively.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. In the prior period the effective portion of the cash flow hedge amounting to TL 67,119 thousands was deducted from shareholders' equity, in the current period a gain of TL 685 thousands after netting with the related deferred tax effect was added to shareholders' equity.

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

The Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank started to apply fair value hedge accounting as at 1 January 2009. Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

The foreign exchange loss of TL 9,583 thousands netted with the related tax effect of TL 1,917 thousands that had been recorded under the shareholders' equity has been transferred from the shareholders' equity to the income statement as TL 7,666 thousands as per Garanti Bank International NV's capital decrease decision dated 16 October 2009.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

None.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	162,112	94,024
Transfers to Extraordinary Reserves from Prior Year Profits	2,446,312	1,377,040

As explained in Note 1.4, the payment of TL 1,434,233 thousands for the purchase of founder share-certificates are compensated by extraordinary reserves.

5.5.4 Issuance of share certificates

Please refer to Note 5.2.11.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

5.6 Statement of Cash Flows

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

In 2010, the net cash inflows arising from banking operations amount to TL 990,472 thousands. TL 2,948,155 thousands of this amount is generated from the change in operating assets and liabilities and TL 3,938,627 thousands from operating profit. The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 998,878 thousands for the year 2010. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to a loss of TL 302,814 thousands for the year 2010.

The net cash outflow from financing activities for the year 2010, is TL 354,922 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 64,049 thousands for the year 2010.

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

Please refer to Note 5.1.8.2 of investments in subsidiaries.

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

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	776,667	653,902
Cash in TL	468,028	312,466
Cash in Foreign Currency	308,639	341,436
Cash Equivalents	7,354,075	4,377,823
Other	7,354,075	4,377,823
TOTAL	8,130,742	5,031,725

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	879,320	776,667
Cash in TL	499,780	468,028
Cash in Foreign Currency	379,540	308,639
Cash Equivalents	5,315,913	7,354,075
Other	5,315,913	7,354,075
TOTAL	6,195,233	8,130,742

Türkiye Garanti Bankası AŞ Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

The placements at foreign banks include blocked accounts with a total balance of TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 5,479,428 thousands as collateral against funds borrowed.

The blocked account at the Central Bank of Turkey with a principal balance of TL 2,830,334 thousands is for the reserve deposits against foreign currency liabilities.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

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, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	1,454,678	23,581	2	920	214,868	299,669
Balance at end of period	3,475,734	757,091	14	4,831	232,831	358,273
Interest and Commission Income	55,279	179	8	7	13,125	2,818

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Balance at beginning of period	1,729,413	122,864	25	1,661	220,662	183,932
Balance at end of period	1,454,678	23,581	2	920	214,868	299,669
Interest and Commission Income	51,623	137	17	2	14,485	2,411

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at beginning of period	231,523	240,915	359,876	300,582	323,665	183,763
Balance at end of period	571,953	231,523	207,006	359,876	389,333	323,665
Interest Expense	32,238	26,476	22,919	16,547	12,087	10,088

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading:						
Balance at beginning of period	303,015	-	-	-	3,326	-
Balance at end of period	707,375	303,015	-	-	3,992	3,326
Total Profit/(Loss)	206,168	83,325	-	-	1,565	595
Transactions for Hedging:	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

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 1,425,195 thousands (31 December 2009: TL 551,924 thousands) compose 2.20% (31 December 2009: 1.11%) of the Bank's total cash loans and 1.15% (31 December 2009: 0.52%) of the Bank's total assets. The total loans and similar receivables amounting TL 3,708,579 thousands (31 December 2009: TL 1,669,548 thousands) compose 2.99% (31 December 2009: TL 1.59%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,120,195 thousands (31 December 2009: TL 324,170 thousands) compose 7.14% (31 December 2009: 2.21%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,168,292 thousands (31 December 2009: TL 915,064 thousands) compose 1.61% (31 December 2009: 1.46%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

The Bank has a total lease payable of TL 357 thousands (31 December 2009: TL 4,178 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 439 thousands (31 December 2009: TL 1,785 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 53,634 thousands (31 December 2009: TL 37,215 thousands) to related parties.

Operating expenses of TL 5,447 thousands (31 December 2009: TL 6,708 thousands) for IT services and of TL 1,977 thousands for consultancy services rendered by related parties and rent income of TL 2,082 thousands (31 December 2009: TL 1,664 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 66,705 thousands to its top management considered as key management as of 31 December 2010 (31 December 2009: TL 59,001 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.

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, Eureko Sigorta AŞ, Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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

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

5.8.1 Domestic and foreign branches and representative offices

	Number of Branches	Number Of Employees			
Domestic Branches	853	16,618			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-Russia		
	1	-	3-England		
	1	1	4-China		
				Total Assets	Legal Capital
Foreign Branches	1	19	1- Luxembourg	11,101,245	815,000
	1	11	2- Malta	17,729,482	-
	4	24	3- NCTR	296,455	3,520

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

During the year 2010, 78 new domestic branches were opened and 7 branches were closed.

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

At the meeting of the Bank's board of directors held on 22 October 2010, it has been resolved to issue TL denominated bank bonds and/or debentures up to an amount of TL 3,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were received, and the issuance of TL denominated bank bonds amounting TL 1,000,000 thousands with one-year maturity and annual compound interest rate of 7.68091% started on 24 January 2011 and was completed on 31 January 2011.

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

6. Other Disclosures on Activities of the Bank

6.1 The Bank's latest international risk ratings

MOODY'S (October 2010*)

Long Term FC Deposit	Ba3
Long Term TL Deposit	Baa1
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Positive
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aa1.tr
Short Term National	TR-1

FITCH RATINGS (December 2010*)

Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Positive
National	AAA (trk)
Outlook	Stable

(*) Latest dates in risk ratings or outlooks.

JCR EURASIA RATINGS (November 2010*)

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

(*) Latest dates in risk ratings or outlooks.

STANDARD AND POORS (February 2010*)

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

CAPITAL INTELLIGENCE (November 2010*)

Long Term FC Obligations	BB
Short Term FC Obligations	B
Domestic Strength	BBB+
Support	2
Outlook	Stable

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

6.2 Dividends

At the annual general assembly dated 1 April 2010, it was decided to distribute the profit of 2009 as follows:

2009 PROFIT DISTRIBUTION TABLE

2009 Net Profit	2,962,241
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(148,112)
Undistributable funds	(3,817)
B – First dividend at 5% of the Paid Capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(130,016)
D – Dividend to the owners of the Founder Shares	(140,000)
E – Extraordinary reserves	(2,316,296)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(14,000)

Dividend payments to shareholders started on 12 April 2010.

6.3 Other disclosures

Doğuş Holding AŞ entered into a share purchase agreement with Banco Bilbao Vizcaya Argentaria SA (BBVA) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 264,188,400 thousands representing 6.29% of the Bank's issued share capital. BBVA also entered into a share purchase agreement with GE Group (GE) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 781,200,000 thousands representing 18.60% of the Bank's issued share capital. The completion of these deals depends on the approvals to be received from the relevant authorities.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The unconsolidated financial statements of the Bank have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited) and the independent audit report dated 10 February 2010 is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent accountants

None.

"There's been a lot of talk of me being a one-man show but that's simply not the case. We win games when I score 40 points and we've won when I score 10."

Kobe Bryant (He was the youngest ever player to start an NBA game in 1997 at 18 years, 5 months and 5 days. Storming through the league, he managed some outstanding streaks. Sporting News and TNT named Bryant the NBA player of the 2000s.)



CONSOLIDATED FINANCIAL STATEMENTS

Producing its solid performance results based on its proactive structure, ability to seize opportunities and its focus on the target, Garanti transparently communicates the value it creates for its shareholders, employees, customers and the entire society.

**DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.**

Sun Plaza, Bilim Sok. No:5
Maslak, Şişli 34398, İstanbul, Türkiye

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To the Board of Directors of Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2010 - 31 DECEMBER 2010

We have audited the accompanying consolidated balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial affiliates as at 31 December 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

Basis For Qualified Opinion

As of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL 360,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions, and all of this reserve amount was charged to the income statement as expense in the previous periods.

Independent Auditor's Opinion

In our opinion, except for the effect of the matter described in the fourth paragraph above on the financial statements, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its consolidated financial affiliates as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Other Matters

The consolidated financial statements of the Bank and its financial affiliates as of and for the year ended 31 December 2009 were audited by another auditor. The other independent auditor expressed a qualified opinion in their audit report dated 11 February 2010 for the financial statements as of 31 December 2009, stating that the financial statements included a general reserve amounting to TL 360,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which might arise from any changes in the economy or market conditions, and TL 330,000 thousands of this reserve amount had been charged to the income statement as expense in that period.

Additional paragraph for English translation:

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç
Partner
İstanbul, 10 February 2011

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES
CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

Levent Nispetiye Mah.Aydar Cad.

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

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

The consolidated subsidiaries and associates in the scope of this consolidated financial report are the followings:

Subsidiaries

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

Associates

1. Eureka Sigorta AŞ

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company
2. T2 Capital Finance Company

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES
CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

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

Ferit F. Şahenk
Board of Directors Chairman

M. Cüneyt Sezgin
Audit Committee Member

Des O'Shea
Audit Committee Member

S. Ergun Özen
General Manager

Aydın Şenel
Executive Vice President
Responsible of Financial Reporting

Aylin Aktürk
Coordinator

The authorized contact person for questions on this financial report:

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

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

SECTION ONE - General Information

- I. History of parent bank including its incorporation date, initial legal status, amendments to legal status
- II. Parent bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group
- III. Information on parent bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the bank
- IV. Information on parent bank's qualified shareholders
- V. Summary information on parent bank's activities and services

Page No:

- 1
- 1
- 2
- 3
- 3

SECTION TWO - Consolidated Financial Statements

- I. Consolidated balance sheet
- II. Consolidated off-balance sheet items
- III. Consolidated income statement
- IV. Consolidated statement of income/expense items accounted under shareholders' equity
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

- 4
- 6
- 7
- 9
- 10

SECTION THREE - Accounting Policies

- I. Basis of presentation
- II. Strategy for use of financial instruments and foreign currency transactions
- III. Information on consolidated subsidiaries
- IV. Forwards, options and other derivative transactions
- V. Interest income and expenses
- VI. Fees and commissions
- VII. Financial assets
- VIII. Impairment of financial assets
- IX. Netting of financial instruments
- X. Repurchase and resale agreements and securities lending
- XI. Assets held for sale, assets of discontinued operations and the related liabilities
- XII. Goodwill and other intangible assets
- XIII. Tangible assets
- XIV. Leasing activities
- XV. Provisions and contingent liabilities
- XVI. Contingent assets
- XVII. Liabilities for employee benefits
- XVIII. Taxation
- XIX. Funds borrowed
- XX. Share issuances
- XXI. Confirmed bills of exchange and acceptances
- XXII. Government incentives
- XXIII. Segment reporting
- XXIV. Other disclosures

- 11
- 12
- 13
- 13
- 14
- 14
- 15
- 15
- 15
- 16
- 16
- 17
- 17
- 18
- 18
- 18
- 20
- 24
- 24
- 24
- 24
- 24
- 26

SECTION FOUR - Consolidated Financial Position and Results of Operations

- I. Consolidated capital adequacy ratio
- II. Consolidated credit risk
- III. Consolidated market risk
- IV. Consolidated operational risk
- V. Consolidated currency risk
- VI. Consolidated interest rate risk
- VII. Consolidated liquidity risk
- VIII. Fair values of financial assets and liabilities
- IX. Transactions carried out on behalf of customers, items held in trust

- 27
- 31
- 35
- 36
- 37
- 39
- 43
- 45
- 46

SECTION FIVE - Disclosures and Footnotes on Consolidated Financial Statements

- I. Consolidated assets
- II. Consolidated liabilities
- III. Consolidated off-balance sheet items
- IV. Consolidated income statement
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Related party risks
- VIII. Domestic, foreign and off-shore branches or investments and foreign representative offices
- IX. Significant events and matters arising subsequent to balance sheet date

- 47
- 68
- 77
- 81
- 86
- 88
- 90
- 92
- 94

SECTION SIX - Other Disclosures and Footnotes

- I. Other disclosures on activities of bank

82

SECTION SEVEN - Independent Auditors' Report

- I. Disclosure on independent auditors' report

98

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

1 General Information

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

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. The Bank provides banking services through 853 domestic branches, six foreign branches and four representative offices abroad. The Bank's head office is located in Istanbul.

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

As of 31 December 2010, group of companies under Doğu Holding AŞ that currently owns 30.52% shares of the Bank, is called as the Doğu Group (the Group). On 22 December 2005, Doğu Holding AŞ had completed the sale of 53,550,000,000 shares composing 25.5% of the Bank's issued share capital to "GE Araştırma ve Müşavirlik Limited Şti" of General Electric (GE) Group. Accordingly, GE acquired a joint control on the Bank's management. On 27 December 2007, this time GE Araştırma ve Müşavirlik Limited Şti. has sold 9,765,000,000 shares of Türkiye Garanti Bankası AŞ at a nominal value of TL 97,650 thousands each to Doğu Holding AŞ, representing 4.65% of the issued share capital. Number of shares representing 20.85% ownership of GE Araştırma ve Müşavirlik Limited Şti increased to 87,571,249,898 subsequent to the capital increase through issuance of bonus shares. The company sold 83,371,249,899 shares at a total nominal value of TL 833,712 thousands representing 19.85% ownership in Türkiye Garanti Bankası AŞ, to GE Capital Corporation on 29 December 2010.

Doğu Group

The Doğu Group that was established in 1951 initially for investments in construction sector, operates in seven sectors namely financial services, automotive, construction, real estate, tourism, media and energy with more than 70 companies and over 29 thousands employees.

The major worldwide joint ventures of the Group are; GE in finance and real estate, Volkswagen AG and TÜVSÜD in automotive, French Alstom and Japan Marubeni in construction, CNBC in media and Starwood Hotels & Resorts, Worldwide Inc., HMS International Hotel GmbH (Maritim) and Aldania GmbH in tourism.

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

General Electric Group

GE is a company providing variety of technology, media and financial services including aircraft engine and energy production, water and security technologies, medical systems, corporate-retail financing services and media services.

GE operates in more than 100 countries through its four major business lines providing services through their own business units with more than 300 thousand employees. These four business lines are;

GE Technology Infrastructure

GE Energy Infrastructure

GE Capital Finance

NBC Universal

GE Global Banking that operates under GE Capital Finance, one of GE's major business lines extends loans to consumers, retailers and car vendors in 26 countries. GE Global Banking provides variety of financial products to customers such as store credit cards, consumer loans, bank cards, automobile loans and leasing, mortgage, corporate traveling and spending cards and debt consolidation.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ferit Faik Şahenk	Chairman	18.04.2001	University	20 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	28 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	22 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	36 years
Denis Arthur Hall	Member	08.10.2008	College	26 years
Des O'Shea	Member of BOD and Audit Committee	02.11.2006	University	33 years
Dmitri Lysander Stockton	Member	22.12.2005	University	19 years
Xavier Pascal Durand	Member	02.04.2009	Master	10 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	23 years

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Sait Ergun Özen	CEO	01.04.2000	University	23 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	32 years
Afzal Mohammed Modak	EVP-Finance & Accounting	20.07.2007	Master	25 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	18 years
Ali Temel	EVP-Loans	21.10.1999	University	20 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	16 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	28 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	25 years
Uruz Ersözoğlu	EVP-Treasury	05.04.2006	University	19 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	18 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	25 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	29 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	15 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	16 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	16 years

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

1.4 Information on parent bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Doğu Holding AŞ	1,121,504	26.7025%	1,121,504	-
GE Capital Corporation	833,712	19.8503%	833,712	-
GE Araştırma ve Müşavirlik Limited Şti	42,000	1.0000%	42,000	-

On 23 December 2009, Doğu Holding AŞ acquired 1,703,451 shares of the Bank at a total face value of TL 1,703 thousands from Doğu Nakliyat ve Ticaret AŞ.

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

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

1.5 Summary information on parent bank's activities and services

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

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

2 Consolidated Financial Statements

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2010			31 December 2009		
		TL	FC	Total	TL	FC	Total	
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	3,163,501	4,381,548	7,545,049	3,849,004	3,037,901	6,886,905
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	854,044	295,471	1,149,515	892,050	349,183	1,241,233
2.1	Financial assets held for trading		854,044	295,471	1,149,515	892,050	349,183	1,241,233
2.1.1	Government securities		621,557	15,929	637,486	411,165	14,312	425,477
2.1.2	Equity securities		30,148	-	30,148	9,489	14	9,503
2.1.3	Derivative financial assets held for trading		194,337	279,542	473,879	462,424	179,688	642,112
2.1.4	Other securities		8,002	-	8,002	8,972	155,169	164,141
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		-	-	-	-	-	-
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	5.1.3	3,218,609	6,351,863	9,570,472	3,153,741	6,904,630	10,058,371
IV.	INTERBANK MONEY MARKETS		2,036	-	2,036	1,000,180	-	1,000,180
4.1	Interbank money market placements		-	-	-	1,000,180	-	1,000,180
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		2,036	-	2,036	-	-	-
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	29,938,274	4,529,536	34,467,810	25,422,478	4,347,156	29,769,634
5.1	Equity securities		25,041	70,726	95,767	21,732	78,066	99,798
5.2	Government securities		28,811,271	1,115,961	29,927,232	25,126,111	1,284,849	26,410,960
5.3	Other securities		1,101,962	3,342,849	4,444,811	274,635	2,984,241	3,258,876
VI.	LOANS	5.1.5	37,661,647	32,495,895	70,157,542	28,830,216	24,646,420	53,476,636
6.1	Loans		37,310,087	32,418,519	69,728,606	28,405,574	24,644,204	53,049,778
6.1.1	Loans to bank's risk group	5.7	104,507	186,607	291,114	119,441	146,867	266,308
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		37,205,580	32,231,912	69,437,492	28,286,133	24,497,337	52,783,470
6.2	Loans under follow-up		1,939,109	294,002	2,233,111	2,237,105	58,093	2,295,198
6.3	Specific provisions (-)		1,587,549	216,626	1,804,175	1,812,463	55,877	1,868,340
VII.	FACTORING RECEIVABLES	5.1.6	1,162,592	288,992	1,451,584	628,065	227,595	855,660
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	4,580,741	1,313,190	5,893,931	5,991,656	1,476,169	7,467,825
8.1	Government securities		4,576,594	1,313,190	5,889,784	5,991,656	1,438,946	7,430,602
8.2	Other securities		4,147	-	4,147	-	37,223	37,223
IX.	INVESTMENTS IN ASSOCIATES (Net)	5.1.8	78,754	-	78,754	69,297	-	69,297
9.1	Associates consolidated under equity accounting		60,244	-	60,244	50,579	-	50,579
9.2	Unconsolidated associates		18,510	-	18,510	18,718	-	18,718
9.2.1	Financial investments in associates		16,533	-	16,533	16,741	-	16,741
9.2.2	Non-financial investments in associates		1,977	-	1,977	-	-	1,977
X.	INVESTMENTS IN SUBSIDIARIES (Net)	5.1.9	35,751	662	36,413	22,432	681	23,113
10.1	Unconsolidated financial investments in subsidiaries		419	662	1,081	417	681	1,098
10.2	Unconsolidated non-financial investments in subsidiaries		35,332	-	35,332	22,015	-	22,015
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	5.1.10	-	-	-	-	-	-
11.1	Joint-ventures consolidated under equity accounting		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial investments in joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial investments in joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	5.1.11	406,153	1,320,583	1,726,736	321,461	1,220,048	1,541,509
12.1	Financial lease receivables		476,883	1,501,521	1,978,404	396,311	1,389,287	1,785,598
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		70,730	180,938	251,668	74,850	169,239	244,089
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	-	-	-	-	-	-
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	1,229,963	143,458	1,373,421	1,166,985	123,268	1,290,253
XV.	INTANGIBLE ASSETS (Net)	5.1.14	49,608	6,197	55,805	41,572	5,374	46,946
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		43,220	6,197	49,417	35,184	5,374	40,558
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	-	-	-	-	-	-
XVII.	TAX ASSET		182,151	18,725	200,876	115,201	1,455	116,656
17.1	Current tax asset		37,018	2,742	39,760	36,484	1,455	37,939
17.2	Deferred tax asset	5.1.16	145,133	15,983	161,116	78,717	-	78,717
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	99,087	4,946	104,033	81,192	-	81,192
18.1	Asset held for resale		99,087	4,946	104,033	81,192	-	81,192
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	2,847,499	122,748	2,970,247	2,216,285	192,771	2,409,056
TOTAL ASSETS			85,510,410	51,273,814	136,784,224	73,801,815	42,532,651	116,334,466

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position)
At 31 December 2010

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2010			31 December 2009		
		TL	FC	Total	TL	FC	Total	
I.	DEPOSITS	5.2.1	44,055,568	35,014,673	79,070,241	36,270,775	32,510,938	68,781,713
1.1	Deposits from bank's risk group	5.7	218,941	438,949	657,890	248,102	475,122	723,224
1.2	Other		43,836,627	34,575,724	78,412,351	36,022,673	32,035,816	68,058,489
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	246,780	285,744	532,524	117,872	223,544	341,416
III.	FUNDS BORROWED	5.2.3	6,625,511	13,204,872	19,830,383	4,127,463	11,338,888	15,466,351
IV.	INTERBANK MONEY MARKETS		10,370,745	1,398,103	11,768,848	10,377,251	387,478	10,764,729
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		33,506	-	33,506	-	-	-
4.3	Obligations under repurchase agreements	5.2.4	10,337,239	1,398,103	11,735,342	10,377,251	387,478	10,764,729
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		4,737,807	125,185	4,862,992	3,642,036	95,805	3,737,841
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		773,944	275,134	1,049,078	708,793	234,246	943,039
IX.	FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	5.2.6	-	2,396	2,396	-	5,034	5,034
10.1	Financial lease payables		-	2,396	2,396	-	5,034	5,034
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	2,347	2,347	-	3,464	3,464
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	2,347	2,347	-	3,464	3,464
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	5.2.8	1,459,056	81,094	1,540,150	1,182,529	33,939	1,216,468
12.1	General provisions		593,530	66,937	660,467	407,179	30,155	437,334
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		236,604	3,454	240,058	167,758	-	167,758
12.4	Insurance technical provisions (Net)		140,788	-	140,788	128,614	-	128,614
12.5	Other provisions		488,134	10,703	498,837	478,978	3,784	482,762
XIII.	TAX LIABILITY	5.2.9	373,892	54,534	428,426	381,104	16,066	397,170
13.1	Current tax liability		373,892	54,143	428,035	380,809	5,511	386,320
13.2	Deferred tax liability		-	391	391	295	10,555	10,850
XIV.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
14.1	Asset held for sale		-	-	-	-	-	-
14.2	Assets of discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED DEBTS	5.2.11	-	978,585	978,585	-	991,457	991,457
XVI.	SHAREHOLDERS' EQUITY	5.2.12	16,548,510	169,744	16,718,254	13,556,361	129,423	13,685,784
16.1	Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000</

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Off-Balance Sheet Items

At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2010	31 December 2010	31 December 2010	31 December 2009	31 December 2009	31 December 2009
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		42,786,829	68,088,418	110,875,247	33,018,295	55,718,543	88,736,838
I. GUARANTEES AND SURETIES	5.3.1	4,958,878	11,506,526	16,465,404	4,507,230	10,606,237	15,113,467
1.1 Letters of guarantee		4,951,728	7,358,370	12,310,098	4,506,694	7,653,913	12,160,607
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		350,400	406,434	756,834	331,518	535,270	866,788
1.1.3 Other letters of guarantee		4,601,328	6,951,936	11,553,264	4,175,176	7,118,643	11,293,819
1.2 Bank acceptances		-	164,105	164,105	514	125,327	125,841
1.2.1 Import letter of acceptance		-	164,105	164,105	514	124,968	125,482
1.2.2 Other bank acceptances		-	-	-	-	359	359
1.3 Letters of credit		7,150	3,927,305	3,934,455	22	2,826,997	2,827,019
1.3.1 Documentary letters of credit		-	-	-	-	4	4
1.3.2 Other letters of credit		7,150	3,927,305	3,934,455	22	2,826,993	2,827,015
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		-	56,746	56,746	-	-	-
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		20,379,416	6,347,384	26,726,800	15,558,625	5,168,345	20,726,970
2.1 Irrevocable commitments		20,379,416	5,909,078	26,288,494	15,558,625	5,167,699	20,726,324
2.1.1 Asset purchase and sale commitments		676,818	2,054,602	2,731,420	387,216	1,876,854	2,264,070
2.1.2 Deposit purchase and sale commitments		-	24,450	24,450	46,000	1,736	47,736
2.1.3 Share capital commitments to associates and subsidiaries		2,000	9,373	11,373	2,250	10,136	12,386
2.1.4 Loan granting commitments		4,037,979	2,535,204	6,573,183	3,262,629	1,802,239	5,064,868
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		1,910,031	-	1,910,031	1,513,244	-	1,513,244
2.1.8 Tax and fund obligations on export commitments		21,447	-	21,447	25,746	-	25,746
2.1.9 Commitments for credit card limits		12,466,931	87,161	12,554,092	9,057,330	63,429	9,120,759
2.1.10 Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,264,210	1,198,288	2,462,498	1,264,210	1,413,305	2,677,515
2.2 Revocable commitments		-	438,306	438,306	-	646	646
2.2.1 Revocable loan granting commitments		-	437,649	437,649	-	-	-
2.2.2 Other revocable commitments		-	657	657	-	646	646
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	17,448,535	50,234,508	67,683,043	12,952,440	39,943,961	52,896,401
3.1 Derivative financial instruments held for risk management		-	167,200	167,200	-	245,850	245,850
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	167,200	167,200	-	245,850	245,850
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		17,448,535	50,067,308	67,515,843	12,952,440	39,698,111	52,650,551
3.2.1 Forward foreign currency purchases/sales		2,089,965	4,099,693	6,189,658	1,818,821	3,115,457	4,934,278
3.2.1.1 Forward foreign currency purchases		631,875	2,477,903	3,109,778	632,918	1,852,653	2,485,571
3.2.1.2 Forward foreign currency sales		1,458,090	1,621,790	3,079,880	1,185,903	1,262,804	2,448,707
3.2.2 Currency and interest rate swaps		8,617,535	32,388,338	41,005,873	6,495,010	25,346,456	31,841,466
3.2.2.1 Currency swaps-purchases		6,070,444	8,590,269	14,660,713	2,751,465	8,058,713	10,810,178
3.2.2.2 Currency swaps-sales		2,419,691	12,344,301	14,763,992	3,743,545	6,933,665	10,677,210
3.2.2.3 Interest rate swaps-purchases		63,700	5,726,125	5,789,825	-	5,175,970	5,175,970
3.2.2.4 Interest rate swaps-sales		63,700	5,727,643	5,791,343	-	5,178,109	5,178,109
3.2.3 Currency, interest rate and security options		6,623,791	12,217,689	18,841,480	4,610,920	10,563,208	15,174,128
3.2.3.1 Currency call options		2,760,413	4,661,817	7,422,230	1,783,868	3,895,081	5,678,949
3.2.3.2 Currency put options		3,347,967	4,126,004	7,473,971	2,803,461	3,146,723	5,950,184
3.2.3.3 Interest rate call options		-	1,630,000	1,630,000	-	1,810,844	1,810,844
3.2.3.4 Interest rate put options		-	1,630,000	1,630,000	-	1,710,560	1,710,560
3.2.3.5 Security call options		115,016	138,134	253,150	18,368	-	18,368
3.2.3.6 Security put options		400,395	31,734	432,129	5,223	-	5,223
3.2.4 Currency futures		15,446	30,150	45,596	24,689	24,715	49,404
3.2.4.1 Currency futures-purchases		1,875	14,739	16,614	-	4,704	4,704
3.2.4.2 Currency futures-sales		13,571	15,411	28,982	24,689	20,011	44,700
3.2.5 Interest rate futures		-	91,200	91,200	-	32,184	32,184
3.2.5.1 Interest rate futures-purchases		-	91,200	91,200	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	32,184	32,184
3.2.6 Others		101,798	1,240,238	1,342,036	3,000	616,091	619,091
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		265,251,655	151,720,812	416,972,467	185,391,052	132,127,676	317,518,728
IV. ITEMS HELD IN CUSTODY		79,642,450	15,478,137	95,120,587	45,443,121	15,546,141	60,989,262
4.1 Customers' securities held		57,239,310	1,000	57,240,310	23,873,575	1,133	23,874,708
4.2 Investment securities held in custody		14,621,951	3,934,713	18,556,664	14,546,869	4,662,027	19,208,896
4.3 Checks received for collection		5,401,620	948,107	6,349,727	4,990,781	854,872	5,845,653
4.4 Commercial notes received for collection		2,302,357	1,777,910	4,080,267	1,963,409	1,826,388	3,789,797
4.5 Other assets received for collection		30,771	7,895,502	7,926,273	21,265	7,683,438	7,704,703
4.6 Assets received through public offering		-	37,530	37,530	-	34,412	34,412
4.7 Other items under custody		46,441	883,375	929,816	47,222	483,871	531,093
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		185,609,205	136,242,675	321,851,880	139,947,931	116,581,535	256,529,466
5.1 Securities		1,379,977	114,410	1,494,387	548,240	23,062	571,302
5.2 Guarantee notes		26,249,041	7,740,382	33,989,423	20,386,072	7,192,615	27,578,687
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	372,444	372,444	-	341,862	341,862
5.5 Real estates		36,472,372	38,791,780	75,264,152	26,911,048	34,618,660	61,529,708
5.6 Other pledged items		121,507,645	89,223,212	210,730,857	92,102,401	74,404,896	166,507,297
5.7 Pledged items-depository		170	447	617	170	440	610
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		308,038,484	219,809,230	527,847,714	218,409,347	187,846,219	406,255,566

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Income Statement

At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2010-31 December 2010	1 January 2009-31 December 2009
I. INTEREST INCOME		10,177,131	11,138,986
1.1 Interest income on loans	5.4.1	5,641,680	6,290,495
1.2 Interest income on reserve deposits		87,246	148,186
1.3 Interest income on banks		295,438	283,862
1.4 Interest income on money market transactions		3,375	3,182
1.5 Interest income on securities portfolio		3,862,712	4,068,812
1.5.1 Trading financial assets		59,280	28,434
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		2,962,576	3,026,039
1.5.4 Investments held-to-maturity		840,856	1,014,339
1.6 Financial lease income		152,923	196,488
1.7 Other interest income		133,757	147,961
II. INTEREST EXPENSE	5.4.2	5,006,816	5,733,146
2.1 Interest on deposits		3,734,832	4,148,311
2.2 Interest on funds borrowed		848,639	818,679
2.3 Interest on money market transactions		415,862	761,626
2.4 Interest on securities issued		1,294	2,272
2.5 Other interest expenses		6,289	6,258
III. NET INTEREST INCOME (I - II)		5,170,315	5,405,840
IV. NET FEES AND COMMISSIONS INCOME		1,910,015	1,854,479
4.1 Fees and commissions received		2,226,221	2,163,836
4.1.1 Non-cash loans		169,659	176,302
4.1.2 Others		2,056,562	1,987,534
4.2 Fees and commissions paid		316,206	309,357
4.2.1 Non-cash loans		1,274	972
4.2.2 Others		314,932	308,385
V. DIVIDEND INCOME	5.4.3	1,890	2,760
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	402,338	897,979
6.1 Trading account income/losses (Net)		253,518	416,966
6.2 Income/losses from derivative financial instruments (Net)		63,106	309,261
6.3 Foreign exchange gains/losses (Net)		85,714	171,752
VII. OTHER OPERATING INCOME	5.4.5	886,434	436,933
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		8,370,992	8,597,991
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6	696,092	1,715,819
X. OTHER OPERATING EXPENSES (-)	5.4.7	3,382,041	2,952,039
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,292,859	3,930,133
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		9,974	9,221
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	4,302,833	3,939,354
XVI. PROVISION FOR TAXES (±)	5.4.9	900,847	839,753
16.1 Current tax charge		1,057,196	883,195
16.2 Deferred tax charge/(credit)		(156,349)	(43,442)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,401,986	3,099,601
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others			

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity
At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY

	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD	PRIOR PERIOD
	1 January 2010 - 31 December 2010	1 January 2009 - 31 December 2009
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	335,323	1,454,692
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	(7)	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(33,582)	(9,440)
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	856	(62,895)
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	(69,391)	(273,337)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	233,199	1,118,603
XI. CURRENT PERIOD PROFIT/LOSSES	3,401,986	3,099,601
1.1 Net changes in fair value of securities (transferred to income statement)	189,822	118,755
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	3,212,164	2,980,846
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	3,635,185	4,218,204

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Changes in Shareholders' Equity At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

	THOUSANDS OF TURKISH LIRA (TL)																			
	Fonlar	Paid-in Capital	Capital Reserves from Initial Contributions	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Participations	Hedging Reserves	Revaluation Surplus on Assets Held for Sale and Assets of Operations	Shareholders' Equity	Minority Interest	Total Shareholders' Equity	
																				Current Period Profit/(Loss)
PRIOR PERIOD - 1 January 2009																				
I. Balances at beginning of the period	4,200,000	772,554	11,880	285,051	-	1,681,758	102,197	-	1,879,378	177,906	597,090	1,909	(2,468)	-	9,707,455	35,125	-	-	-	9,742,580
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	285,051	-	1,681,758	102,197	-	1,879,378	177,906	597,090	1,909	(2,468)	-	9,707,455	35,125	-	-	-	9,742,580
Changes during the period																				
5.5																				
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Market value changes of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Intangible surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Current period net profit/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+...+XXI+XX+XXI)	4,200,000	772,554	11,880	373,275	-	3,187,603	96,682	-	3,085,717	1,361,434	598,194	1,909	(57,967)	-	9,085,717	13,884	-	-	-	9,099,601
XXII. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+...+XXII+XX+XXI)	4,200,000	772,554	11,880	373,275	-	3,187,603	96,682	-	3,085,717	1,361,434	598,194	1,909	(57,967)	-	9,085,717	13,884	-	-	-	9,099,601
CURRENT PERIOD - 1 January 2010																				
5.5																				
I. Balances at beginning of the period	4,200,000	772,554	11,880	373,275	-	3,187,603	96,682	-	3,085,717	1,361,434	598,194	1,909	(57,967)	-	9,085,717	13,884	-	-	-	9,103,601
Changes during the period																				
5.5																				
II. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Market value changes of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Intangible surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital reserves from initiation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Current period net profit/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2. Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+...+XVII+XVI+XVII)	4,200,000	772,554	11,880	546,772	-	5,469,146	67,682	-	3,881,114	1,627,506	598,197	1,909	(56,899)	-	16,609,871	49,023	-	-	-	16,718,254

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Statement of Cash Flows

At 31 December 2010

(Convenience Translation of Financial Statements Originally Issued in Turkish)

STATEMENT OF CASH FLOWS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2010 31 December 2010	PRIOR PERIOD 1 January 2009 31 December 2009
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	5.6	3,625,102	4,343,405
1.1.1	Interests received		9,604,543	11,550,923
1.1.2	Interests paid		(4,932,890)	(6,038,824)
1.1.3	Dividend received		1,890	2,760
1.1.4	Fees and commissions received		1,910,015	1,854,479
1.1.5	Other income		1,022,557	620,804
1.1.6	Collections from previously written-off loans and other receivables		54,748	39,016
1.1.7	Payments to personnel and service suppliers		(2,947,804)	(2,566,149)
1.1.8	Taxes paid		(1,087,957)	(1,119,604)
1.1.9	Others		-	-
1.2	Changes in operating assets and liabilities	5.6	(3,276,609)	6,656,589
1.2.1	Net (increase) decrease in financial assets held for trading		(77,238)	(65,083)
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions		(1,628,080)	(4,230,122)
1.2.4	Net (increase) decrease in loans		(17,128,873)	(2,740,559)
1.2.5	Net (increase) decrease in other assets		(1,358,260)	(109,570)
1.2.6	Net increase (decrease) in bank deposits		36,164	642,227
1.2.7	Net increase (decrease) in other deposits		10,187,591	10,334,104
1.2.8	Net increase (decrease) in funds borrowed		5,355,638	1,786,547
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		1,336,449	1,039,045
I.	Net cash flow from banking operations	5.6	348,493	10,999,994
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	5.6	(2,509,841)	(8,748,255)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(62)	(2,655)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(437,400)	(349,925)
2.4	Sales of tangible assets		110,420	26,205
2.5	Cash paid for purchase of financial assets available-for-sale, net		(20,392,375)	(18,841,407)
2.6	Cash obtained from sale of financial assets available-for-sale, net		16,553,591	10,191,749
2.7	Cash paid for purchase of investments held-to-maturity		(4,143)	(927,839)
2.8	Cash obtained from sale of investments held-to-maturity		1,660,128	1,155,617
2.9	Others		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		(354,482)	(275,147)
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(350,000)	(275,000)
3.5	Payments for financial leases		(4,482)	(147)
3.6	Others		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		117,395	171,752
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(2,398,435)	2,148,344
VI.	Cash and cash equivalents at beginning of period	5.6	9,294,333	7,145,989
VII.	Cash and cash equivalents at end of period (V+VI)	5.6	6,895,898	9,294,333

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

3 Accounting Policies

3.1 Basis of presentation

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

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

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

The Bank, as the parent bank, had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank prospectively discontinued this application as of 1 January 2009 within the framework of TFRIC 16-Comment on Hedges of a Net Investment in a Foreign Operation, published in the Official Gazette dated 8 January 2009, no. 27104. The Bank started to apply fair value hedge accounting as at 1 January 2009 by designating the exchange rate risk of these foreign investments that are recognized under fair value accounting as hedged item, in compliance with "TAS 39 Financial Instruments: Recognition and Measurement". Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

In the currency conversion of the financial statements of the Bank's foreign branches and consolidated financial affiliates, the Bank's spot purchase rates are used for balance sheet items and average foreign currency rates for income statement. All foreign currency differences arising from this conversion, are classified as "other profit reserves" under the shareholders' equity.

3.3 Information on consolidated subsidiaries

As of 31 December 2010, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and D Netherlands Holding BV (D Netherlands).

Garanti Sigorta AŞ was established in 1989 to perform insurance activities. In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, Garanti Sigorta AŞ's name has been changed as Eureka Sigorta AŞ at 1 October 2007. The Bank owns 20% of Eureka Sigorta AŞ and 84.91% Garanti Emeklilik. Eureka Sigorta AŞ is accounted under equity accounting method in the accompanying consolidated financial statements. The head offices of these companies are in Istanbul.

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities. The company's head office is in Istanbul. The Bank owns 98.94% of the company's shares through direct and indirect shareholdings.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank and T. İhracat Bankası AŞ own 55.40% and 9.78% of the company's shares, respectively. The remaining 34.82% shares are held by public.

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

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

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

D Netherlands was established in December 2007 in Amsterdam and as decribed in note 5.1.9.2, all its shares have been purchased by the Bank from Doğuř Holding AŞ in May 2010.

Garanti Diversified Payment Rights Finance Company and T2 Capital Finance Company are the special purpose entities established for the Bank's securitization and subordinated debt transactions and also consolidated in the accompanying consolidated financial statements. The Bank or any of its affiliates does not have any shareholding interests in these companies.

Liquidation of the associates and subsidiaries:

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized, and the disposals were recognized by 31 May 2010.

3.4 Forwards, options and other derivative transactions

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

In accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement"; forward foreign currency purchases/sales, swaps, options and futures are classified "hedging purposes" and "trading purposes". Derivatives are initially recorded in off-balance sheet accounts at their purchase costs including the transaction costs. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for trading" or "derivative financial liabilities held for trading", respectively. Subsequent fair value changes for trading derivatives are recorded under income statement. While the effective portions of cash flow hedges are recorded under shareholders' equity, their ineffective portions are posted through 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.

3.5 Interest income and expenses

General

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

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

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

Financial lease operations.

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

3.6 Fees and commissions

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are calculated according to either accrual basis of accounting or effective interest rate method depending on nature of fees and commissions, income derived from agreements and asset purchases from third parties are recognized as income when realized.

3.7 Financial assets

3.7.1 Financial assets at fair value through profit or loss

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

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

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

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

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

Financial assets available-for-sale are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in "securities value increase fund" under the shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

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

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

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

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

3.8 Impairment of financial assets

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

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

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank 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 published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

3.9 Netting of financial instruments

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

3.11 Assets held for sale and discontinued operations and related borrowings

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

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

3.12 Goodwill and other intangible assets

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

3.14 Leasing activities

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

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

3.15 Provisions and contingent liabilities

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

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance Indemnities and Short-Term Employee Benefits

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

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

	31 December 2010	31 December 2009
Discount rate	4.66%	5.92%
Interest rate	10.00%	11.00%
Expected rate of salary/limit increase	5.10%	4.80%
Estimated employee turnover rate	7.25%	6.70%

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

	31 December 2010	
	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, 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, numbered 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette numbered 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 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.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, will be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund, the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers will take place within the three-year period starting from 1 January 2008.

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. As of the issuing date of the financial statements, there is not any published ruling of the Constitutional Court regarding this application.

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

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

LUXEMBOURG

The corporate earnings are subject to a 21% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. An additional 4% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. The municipality commerce tax, which is currently 7.5% of the taxable income, is also paid every year. The tax returns are examined by the authorized bodies and in case of detected mistakes, the amount of the taxes to be paid, is revised. 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.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Tax applications for foreign financial affiliates

HOLLAND

In Holland, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25.5% (as of 1 January 2011, the corporate income tax rate will decrease to 25%) for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year.

Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax has been calculated using the nominal tax rate of 25.5% over the Dutch taxable income, 30% over the local taxable income of Germany branch.

RUSSIA

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

ROMANIA

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

3.18.2 Deferred taxes

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

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

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

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

3.18.3 Transfer pricing

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

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

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

3.18.4 Investment allowance

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

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010. The expression of "only for the years 2006, 2007 and 2008" in the temporary article no.69 of the Income Tax Law no.193 that was cancelled by the decision no.2009/144 of the Turkish Constitutional Court published in the Official Gazette dated 8 Ocak 2010 is revised by the Article 5 of the Law no.6009 effective with the promulgation on the Official Gazette no.27659 dated 1 August 2010. As per the new regulation, the investment allowances that cannot be benefited and transferred to future periods due to insufficient income level of the relevant year, can be used without any year limitation, however the investment allowance amount to be considered in the determination of taxable income, will not exceed 25% of the income of the relevant year. In addition to this, it is also agreed that the corporate tax rate for the companies to benefit from investment allowance will be the current applicable tax rate (20%) instead of 30%.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

3.19 Funds borrowed

Funds are generated from domestic and foreign sources whenever required. The funds borrowed from foreign sources are mainly in the form of syndications and securitizations. The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

There are no convertible bonds or any other securities issued.

3.20 Shares and share issuances

None.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2010, the Bank or its financial affiliates do not have any government incentives or grants.

3.23 Segment reporting

The Bank operates in corporate, commercial, small business, 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, forfeiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Shop&Miles, BusinessCard under the brand name of Visa and Mastercard, and also American Express credit cards and Maestro and Electron Garanti24 cards 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 "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card and bill payment.

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.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,015,266	2,532,857	1,897,592	923,387	8,369,102
Other	-	-	-	-	-
Total Operating Profit	3,015,266	2,532,857	1,897,592	923,387	8,369,102
Net Operating Profit	1,019,580	1,296,710	1,814,874	169,779	4,300,943
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,890	1,890
Net Operating Profit	1,019,580	1,296,710	1,814,874	171,669	4,302,833
Provision for Taxes	-	-	-	900,847	900,847
Net Profit	1,019,580	1,296,710	1,814,874	(729,178)	3,401,986
Segment Assets	22,305,253	47,113,848	54,096,048	13,153,908	136,669,057
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	115,167	115,167
Undistributed Items	-	-	-	-	-
Total Assets	22,305,253	47,113,848	54,096,048	13,269,075	136,784,224
Segment Liabilities	44,596,689	29,963,366	31,745,974	13,759,941	120,065,970
Shareholders' Equity	-	-	-	16,718,254	16,718,254
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	44,596,689	29,963,366	31,745,974	30,478,195	136,784,224
Other Segment Items					
Capital Expenditures	-	-	-	339,101	339,101
Depreciation Expenses	102,322	54,045	3,837	44,658	204,862
Impairment Losses	252,070	296,021	1,776	149,294	699,161
Other Non-Cash Income/Expenses	(36,032)	(19,747)	127,686	78,221	150,128
Restructuring Costs	-	-	-	-	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	2,676,904	2,492,168	2,461,229	964,930	8,595,231
Other	-	-	-	-	-
Total Operating Profit	2,676,904	2,492,168	2,461,229	964,930	8,595,231
Net Operating Profit	1,225,066	1,700,612	2,379,317	(1,368,401)	3,936,594
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	2,760	2,760
Net Operating Profit	1,225,066	1,700,612	2,379,317	(1,365,641)	3,939,354
Provision for Taxes	-	-	-	839,753	839,753
Net Profit	1,225,066	1,700,612	2,379,317	(2,205,394)	3,099,601
Segment Assets	17,444,234	35,949,921	51,676,386	11,171,515	116,242,056
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	92,410	92,410
Undistributed Items	-	-	-	-	-
Total Assets	17,444,234	35,949,921	51,676,386	11,263,925	116,334,466
Segment Liabilities	38,259,084	26,479,457	27,062,023	10,848,118	102,648,682
Shareholders' Equity	-	-	-	13,685,784	13,685,784
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	38,259,084	26,479,457	27,062,023	24,533,902	116,334,466
Other Segment Items					
Capital Expenditures	-	-	-	316,741	316,741
Depreciation Expenses	101,691	52,480	3,982	24,789	182,942
Impairment Losses	861,957	361,700	703	501,248	1,725,608
Other Non-Cash Income/Expenses	(36,348)	(187,393)	1,425,632	151,883	1,353,774
Restructuring Costs	-	-	-	-	-

3.24 Other disclosures

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 18.07% (unconsolidated capital adequacy ratio: 19.62%) as of 31 December 2010.

4.1.1 Risk measurement methods in calculation of consolidated capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and "Regulation on Equities of Banks" published in Official Gazette no.26333 dated 1 November 2006.

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and commitments. In calculation of risk weighted assets, impairments, depreciation and amortisation, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted once more and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The credit derivative contracts are included in the calculation of the value at credit risk and of the capital requirement for general market risk and specific risk in accordance with the principles in "Regulation on Taking Credit Derivatives into Consideration for Calculation of Capital Adequacy Ratio according to the Standard Method".

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.1.2 Consolidated capital adequacy ratio

	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	20,869,668	-	2,859,617	16,492,464	49,500,025	493,769	17,082
Cash on Hand	960,173	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	4,548,250	-	1,264,650	-	2,476,497	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,449,513	-	312,320	16,321,800	43,100,836	493,769	17,082
Loans under Follow-Up (Net)	-	-	-	-	351,560	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	10,339	-	-
Miscellaneous Receivables	45,505	-	-	-	71,153	-	-
Accrued Interest and Income	332,202	-	6,147	170,664	634,550	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	1,671,536	-	-
Tangible Assets (Net)	-	-	-	-	1,120,483	-	-
Other Assets	408,330	-	277,804	-	58,928	-	-
Off-Balance Sheet Items	1,767,384	-	1,569,069	870,715	12,230,076	-	-
Non-Cash Loans and Commitments	1,767,384	-	886,104	870,715	11,940,653	-	-
Derivative Financial Instruments	-	-	682,965	-	289,423	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22,637,052	-	4,428,686	17,363,179	61,730,101	493,769	17,082

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	Risk Weightings						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	21,875,732	-	6,065,798	17,651,391	54,494,461	496,718	18,291
Cash on Hand	995,190	-	830	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	3,714,468	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,090,745	-	2,671,755	-	1,791,950	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	2,030	-	-	-	-
Reserve Deposits	2,830,334	-	-	-	-	-	-
Loans	3,770,291	-	2,087,274	17,282,273	46,712,241	496,718	18,291
Loans under Follow-Up (Net)	-	-	-	-	428,936	-	-
Lease Receivables	13,027	-	5,556	196,307	1,501,100	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	4,580,893	-	997,866	-	4,143	-	-
Receivables from Term Sale of Assets	-	-	-	-	7,214	-	-
Miscellaneous Receivables	45,505	-	-	-	1,980,857	-	-
Accrued Interest and Income	332,589	-	22,683	172,811	645,523	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	52,462	-	-
Tangible Assets (Net)	-	-	-	-	1,281,374	-	-
Other Assets	502,690	-	277,804	-	88,661	-	-
Off-Balance Sheet Items	1,818,410	-	1,915,226	992,519	12,528,259	-	-
Non-Cash Loans and Commitments	1,818,410	-	1,116,976	992,519	12,211,018	-	-
Derivative Financial Instruments	-	-	798,250	-	317,241	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	23,694,142	-	7,981,024	18,643,910	67,022,720	496,718	18,291

4.1.3 Summary information related to consolidated capital adequacy ratio

	Parent Bank Only	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	72,072,246	54,763,611
Value at Market Risk (VaMR)	3,553,288	2,525,413
Value at Operational Risk (VaOR)	10,184,205	7,212,178
Shareholders' Equity	16,839,261	13,672,917
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	19.62%	21.20%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	78,722,539	61,062,215
Value at Market Risk (VaMR)	5,605,375	4,447,563
Value at Operational Risk (VaOR)	11,028,669	8,212,044
Shareholders' Equity	17,228,399	14,125,554
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	18.07%	19.16%

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.1.4 Components of consolidated shareholders' equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	4,200,000	4,200,000
Nominal Capital	4,200,000	4,200,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	548,772	379,275
I. Legal Reserve (Turkish Commercial Code 466/1)	504,369	349,148
II. Legal Reserve (Turkish Commercial Code 466/2)	44,403	30,127
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	5,469,146	3,187,603
Reserve Allocated as per the Decision held by the General Assembly	5,469,146	3,187,603
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	3,381,114	3,085,717
Current Period Profit	3,381,114	3,085,717
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	360,000	360,000
Income on Sale of Investments in Associates, Subsidiaries and Real Estate	596,047	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	97,330	49,001
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	152,511	147,686
Prepaid Expenses (-)	248,019	244,835
Intangible Assets (-)	49,417	40,558
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (Net) (-)	6,388	6,388
Total Core Capital	14,980,508	12,202,610
SUPPLEMENTARY CAPITAL		
General Provisions	660,467	437,334
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	966
Bonus Shares of Associates, Subsidiaries and Joint-Ventures (Business Partnership)	1,509	1,509
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	948,860	932,551
45% of Securities Value Increase Fund (*)	732,110	612,632
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	732,110	612,632
Minority Interest	53	22
Other Reserves	10,203	38,595
Total Supplementary Capital	2,354,165	2,023,609
TIER III CAPITAL	-	-
CAPITAL	17,334,673	14,226,219

(*) In cases where the Securities Value Increase Fund gives a positive result then only 45% of the amount is considered in the calculation, whereas if its is negative then the whole amount is considered in the calculation.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	106,274	100,665
DEDUCTIONS FROM CAPITAL		
Unconsolidated Investments in Banks and Financial Institutions	2,461	2,479
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Banks and Financial Institutions' Assets and Liabilities that are not Fully Consolidated but Included Using Equity Accounting	60,244	50,579
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	43,569	47,607
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	17,228,399	14,125,554

4.2 Consolidated credit risk

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

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

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

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

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

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

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

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

The Bank and its financial affiliates' largest 100 cash loan customers compose 26.58% of the total cash loan portfolio.

The Bank and its financial affiliates' largest 100 non-cash loan customers compose 50.71% of the total non-cash loan portfolio.

The Bank and its financial affiliates' largest 100 cash and non-cash loan customers represent 9.24% of the total "on and off balance sheet" assets.

The general provision for consolidated credit risk amounts to TL 660,467 thousands.

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

	Current Period	Prior Period
	%	%
Above Average	49.67	45.10
Average	44.23	47.02
Below Average	6.10	7.88
Total	100.00	100.00

4.2.1 Customer and regional concentration of credit risks

	Loans to Individuals and Corporates		Balances with Banks and Central Bank of Turkey		Securities*		Other Credits**		Off-Balance Sheet Commitments and Contingencies	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer concentration										
Private Sector	47,176,121	34,169,681	-	-	1,061,262	917,882	2,300,581	1,786,849	43,785,358	32,936,557
Public Sector	1,253,385	1,371,789	-	380,396	36,778,120	34,663,356	74	672	7,946	24,823
Banks	142,872	491,480	16,121,537	16,650,767	3,072,080	1,991,144	828,915	993,595	29,698,888	25,840,107
Retail Customers	21,585,164	17,443,686	-	-	-	-	66,540	25,217	3,720,825	3,261,812
Equity Securities	-	-	-	-	125,915	264,198	115,167	92,410	-	-
Total	70,157,542	53,476,636	16,121,537	17,031,163	41,037,377	37,836,580	3,311,277	2,898,743	77,213,017	62,063,299
Regional concentration										
Domestic	64,457,518	50,449,613	8,537,767	7,989,284	36,771,827	34,935,641	1,621,299	1,483,906	45,240,993	38,044,477
European Union (EU) Countries	4,353,134	2,009,783	7,055,696	8,209,979	1,894,080	1,945,604	1,467,710	1,201,762	18,641,241	13,774,983
OECD Countries***	357,449	133,391	14,717	23,371	68,875	-	388	182	1,019,121	2,631,569
Off-Shore Banking Regions	66,261	79,805	68,563	63,772	192,629	229,387	3,053	1,049	241,887	204,280
USA, Canada	82,718	45,050	401,591	586,530	1,081,629	223,096	86,049	117,376	10,852,606	6,324,099
Other Countries	840,462	758,994	43,203	158,227	1,028,337	502,852	132,778	94,468	1,217,169	1,083,891
Total	70,157,542	53,476,636	16,121,537	17,031,163	41,037,377	37,836,580	3,311,277	2,898,743	77,213,017	62,063,299

* Includes financial assets held for trading, financial assets available-for-sale and investments held-to-maturity

** Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above

*** Includes OECD countries other than EU countries, USA and Canada

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.2.2 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	109,332,663	99,803,563	12,848,667	226,281	3,154,250
European Union (EU) Countries	8,531,108	13,739,569	1,151,551	-	7,202
OECD Countries ⁽¹⁾	3,647	1,111,232	622,627	-	-
Off-Shore Banking Regions	323,138	544,336	25,684	-	7,142
USA, Canada	1,303,675	6,272,608	735,208	-	-
Other Countries	340,136	534,437	306,043	-	-
Associates, Subsidiaries and Joint-Ventures (Business Partnership)	16,949,857	14,778,479	775,624	112,820	233,392
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	136,784,224	136,784,224	16,465,404	339,101	3,401,986
Prior Period					
Domestic	93,126,803	81,335,463	12,515,855	264,560	2,786,650
EU Countries	9,058,984	14,309,163	1,101,122	-	99,349
OECD Countries ⁽¹⁾	33,530	514,743	384,922	-	-
Off-Shore Banking Regions	372,155	436,318	21,266	-	4,887
USA, Canada	745,284	7,680,608	429,465	-	-
Other Countries	175,512	188,256	218,317	-	-
Associates, Subsidiaries and Joint-Ventures (Business Partnership)	12,822,198	11,869,915	442,520	52,181	208,715
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	116,334,466	116,334,466	15,113,467	316,741	3,099,601

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

⁽²⁾ Includes assets, liabilities and equity items that can not be allocated on a consistent basis

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.2.3 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	359,558	0.97	382,295	1.18	260,997	0.93	227,203	0.92
Farming and Stockbreeding	343,383	0.92	373,990	1.15	243,422	0.86	221,134	0.90
Forestry	10,462	0.03	-	-	10,263	0.04	-	-
Fishery	5,713	0.02	8,305	0.03	7,312	0.03	6,069	0.02
Manufacturing	4,775,566	12.80	12,369,177	38.16	3,678,528	12.95	8,756,123	35.53
Mining	166,102	0.45	584,202	1.80	102,415	0.36	296,846	1.21
Production	4,266,268	11.43	8,583,011	26.48	3,423,729	12.05	6,181,535	25.08
Electricity, Gas, Water	343,196	0.92	3,201,964	9.88	152,384	0.54	2,277,742	9.24
Construction	1,623,620	4.35	1,946,607	6.00	1,097,197	3.86	1,247,654	5.06
Services	7,230,038	19.37	12,452,455	38.41	5,122,401	18.02	10,030,341	40.70
Wholesale and Retail Trade	4,527,518	12.13	4,610,443	14.22	3,210,181	11.30	3,330,026	13.51
Hotel, Food and Beverage Services	367,507	0.99	1,035,387	3.19	244,417	0.86	1,198,029	4.86
Transportation and Telecommunication	679,884	1.82	3,953,510	12.20	553,652	1.95	3,479,901	14.12
Financial Institutions	1,049,205	2.81	2,015,354	6.22	790,654	2.78	1,211,906	4.92
Real Estate and Renting Services	56,919	0.15	399,221	1.23	57,200	0.20	385,292	1.57
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	117,139	0.31	73,912	0.23	77,908	0.27	27,948	0.11
Health and Social Services	431,866	1.16	364,628	1.12	188,389	0.66	397,239	1.61
Others	23,321,305	62.51	5,267,985	16.25	18,246,451	64.24	4,382,883	17.79
Total	37,310,087	100.00	32,418,519	100.00	28,405,574	100.00	24,644,204	100.00

4.2.4 Credit risk by business segments

Current Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	45,320,314	14,632,726	7,871,037	14,230,477	82,054,554
Non-Cash Loans	16,434,912	6,425,688	12,554,092	7,161,219	42,575,911
Loans under Follow-up					
Cash Loans	1,464,872	201,782	237,874	-	1,904,528
Non-Cash Loans	81,974	-	-	-	81,974
Non-Performing Loans					
Cash Loans	974,205	590,850	668,056	-	2,233,111
Non-Cash Loans	96,013	-	-	-	96,013
Non-Cash Loans					
Cash Loans	47,759,391	15,425,358	8,776,967	14,230,477	86,192,193
Non-Cash Loans	16,612,899	6,425,688	12,554,092	7,161,219	42,753,898
Provision Types					
Corporate Loans					
Retail Loans					
Credit Cards					
Others					
Total					
Specific Provision					
Cash Loans	646,712	512,810	644,653	-	1,804,175
Non-Cash Loans	57,287	-	-	-	57,287
General Provision					
Cash Loans	356,406	120,787	59,377	70,038	606,608
Non-Cash Loans	20,490	6,319	18,830	8,220	53,859

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Prior Period

Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	35,068,491	10,233,137	6,977,603	12,287,181	64,566,412
Non-Cash Loans	14,978,664	5,037,504	9,120,759	6,518,433	35,655,360
Loans under Follow-up					
Cash Loans	431,153	148,757	190,637	-	770,547
Non-Cash Loans	81,316	-	-	-	81,316
Non-Performing Loans					
Cash Loans	858,871	624,063	812,264	-	2,295,198
Non-Cash Loans	103,115	-	-	-	103,115
Non-Cash Loans					
Cash Loans	36,358,515	11,005,957	7,980,504	12,287,181	67,632,157
Non-Cash Loans	15,163,095	5,037,504	9,120,759	6,518,433	35,839,791
Provision Types					
Corporate Loans					
Retail Loans					
Credit Cards					
Others					
Total					
Specific Provision					
Cash Loans	595,350	510,700	762,290	-	1,868,340
Non-Cash Loans	56,105	-	-	-	56,105
General Provision					
Cash Loans	224,188	72,196	49,126	51,253	396,763
Non-Cash Loans	18,731	4,768	12,011	5,061	40,571

4.3 Consolidated market risk

The Bank that had already started working on risk management area before the regulations on Bank's Internal Control and Risk Management Systems and Measurement and Assessment of Capital Adequacy Ratios of Banks issued by the BRSA in February 2001, restructured its internal systems in accordance with the related regulations under the responsibility of the board of directors and currently works accordingly.

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

The risk policies defined for the Bank's market risk exposure and the applications are approved and reviewed regularly by the board of directors.

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

The board of directors follows up the effectiveness of risk management systems through audit committee, related other committees and top management, and take decisions in the light of various risk reports and the assessments made by audit committee. The board of directors is responsible for the sound performance of internal systems.

Market risks arising from trading transactions are measured by internal risk measurement model using value at risk (VaR) methodology. In the VaR calculations, trading, available-for-sale and derivative portfolios are taken into account. VaR is calculated by three different methods, namely historical simulation, monte carlo simulation and parametric method. The Bank takes the historical VaR results as the basis for the internal management of market risk and determination of limits. The calculations made according to other two methods are used for comparison and monitoring purposes. In the VaR calculation, one year historical market data set is used, and 99% confidence interval and one-day retention period (10 days for legal capital adequacy calculation) are taken into account. In order to test the reliability of the VaR model, back tests are performed. Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Beside the VaR limits, the limits on transaction, dealer, desk, stop loss for trading portfolio as approved by the board of directors are also applied and monitored.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.3.1 Value at market risk on a consolidated basis

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	248,078
(II) Capital Obligation against Specific Risks - Standard Method	94,713
(III) Capital Obligation against Currency Risk - Standard Method	71,315
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks – Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	34,324
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	448,430
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	5,605,375

4.3.2 Average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	3,688,428	4,045,988	3,232,925	4,154,963	4,918,525	3,672,500
Common Share Risk	221,145	247,613	194,213	134,243	194,213	99,300
Currency Risk	683,013	891,438	470,113	321,835	470,113	215,850
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	382,304	494,375	227,063	359,468	587,950	122,325
Total Value at Risk	4,974,890	5,679,414	4,124,314	4,970,509	6,170,801	4,109,975

4.4 Consolidated operational risk

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	31 December 2007	31 December 2008	31 December 2009
(I) Net Interest Income	3,097,952	3,430,704	5,405,840
(II) Net Fees and Commissions Income	1,288,569	1,578,335	1,725,073
(III) Dividend Income	2,866	29,472	2,760
(IV) Net Trading Income/(Losses)	(218,454)	253,585	897,979
(V) Other Operating Expenses	1,201,924	448,380	446,154
(VI) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	50,037	54,177	408,402
(VII) Extraordinary Income	919,933	302,186	210,533
(VIII) Insurance Claim Collections	-	-	-
(IX) Gross Income (I+II+III+IV+V+VI+VII+VIII)	4,402,887	5,384,113	7,858,871
(X) Capital Obligation (IX * 15%)	660,433	807,617	1,178,831
(XI) Average Capital Obligation Against Operational Risk		882,294	
(XII) Value at Operational Risk (XI * 12.5)		11,028,669	

4.5 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2010, the Bank and its financial affiliates' net 'on balance sheet' foreign currency long position amounts to TL 1,994,151 thousands (31 December 2009: a short position of TL 1,314,971 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 2,595,424 thousands (31 December 2009: a long position of TL 1,357,216 thousands), while net foreign currency short open position amounts to TL 601,273 thousands (31 December 2009: a long open position of TL 42,245 thousands).

The consolidated foreign currency position risk is measured by "standard method" and "value-at-risk (VaR) model". Measurements by standard method are carried out weekly, whereas measurements by "VaR" are done daily.

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	JPY (100)	GBP
The Bank's foreign currency purchase rate at balance sheet date	1.5200	2.0375	1.8768	2.3770
Foreign currency rates for the days before balance sheet date;				
Day 1	1.5370	2.0399	1.8793	2.3680
Day 2	1.5450	2.0303	1.8840	2.3852
Day 3	1.5400	2.0253	1.8754	2.3694
Day 4	1.5300	2.0116	1.8469	2.3565
Day 5	1.5300	2.0066	1.8455	2.3626
Last 30-days arithmetical average rate	1.5057	1.9901	1.8085	2.3469

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

The Bank's consolidated currency risk:

	EUR	USD	JPY	Other FCs	Total
Current Period					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,428,443	2,833,342	937	118,826	4,381,548
Banks	2,743,284	3,478,505	2,551	127,523	6,351,863
Financial Assets at Fair Value through Profit/Loss	83,895	64,508	-	-	148,403
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	1,205,811	3,161,758	-	161,967	4,529,536
Loans (*)	11,592,345	21,739,699	46,354	1,281,156	34,659,554
Investments in Associates, Subsidiaries and Joint-Ventures	648	-	-	14	662
Investments Held-to-Maturity	-	1,313,190	-	-	1,313,190
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	50,413	103	-	76,579	127,095
Intangible Assets	2,525	-	-	3,672	6,197
Other Assets	937,867	747,916	4,882	25,732 1,716,406	1,716,397
Total Assets	18,045,231	33,339,021	54,724	1,795,469	53,234,445
Liabilities					
Bank Deposits	391,897	802,812	17,683	159,952	1,372,344
Foreign Currency Deposits	13,645,900	18,507,228	45,300	975,236	33,173,664
Interbank Money Market Takings	102,707	1,186,952	-	108,444	1,398,103
Other Fundings	5,663,333	8,519,913	211	-	14,183,457
Securities Issued	-	-	-	-	-
Miscellaneous Payables	57,614	60,821	625	6,125	125,185
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	-	2,347
Other Liabilities (**)	244,603	230,008	161	510,422	985,194
Total Liabilities	20,106,054	29,310,081	63,980	1,760,179	51,240,294
Net 'On Balance Sheet' Position	(2,060,823)	4,028,940	(9,256)	35,290	1,994,151
Net 'Off-Balance Sheet' Position	1,701,148	(4,670,283)	8,474	365,237	(2,595,424)
Derivative Assets	6,168,271	9,061,475	350,966	1,957,689	17,538,401
Derivative Liabilities	(4,467,123)	(13,731,758)	(342,492)	(1,592,452)	(20,133,825)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	15,699,728	27,030,231	67,206	1,587,451	44,384,616
Total Liabilities	19,056,583	24,997,852	53,620	1,591,532	45,699,587
Net 'On Balance Sheet' Position	(3,356,855)	2,032,379	13,586	(4,081)	(1,314,971)
Net 'Off-Balance Sheet' Position	3,637,522	(2,422,652)	(13,163)	155,509	1,357,216
Derivative Assets	5,466,081	7,471,485	14,348	1,452,704	14,404,618
Derivative Liabilities	(1,828,559)	(9,894,137)	(27,511)	(1,297,195)	(13,047,402)
Non-Cash Loans	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,163,659 thousands included under TL loans in the accompanying consolidated balance sheet are presented above under the related foreign currency code.

(**) Other liabilities also include gold deposits of TL 468,665 thousands.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

4.6 Consolidated interest rate risk

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

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

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

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

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

As part of the duration-gap analysis, the bank-only sensitivity analysis for a +/-1 point change in the present values of interest sensitive balance sheet items excluding trading and available-for-sale portfolios as of 31 December 2010 and 2009 is provided in the table below:

Sensitivity analysis for interest rates

Sensitivity analysis for TL interest rates	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(124,366)	(74,663)
(-) 1%	127,735	75,211
Sensitivity analysis for FC interest rates	Change in portfolio value	
	Current Period	Prior Period
(+) 1%	(230,871)	(143,505)
(-) 1%	255,018	161,347

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	2,658,719	-	-	-	-	4,886,330	7,545,049
Banks	3,415,596	2,200,873	1,134,230	896,908	-	1,922,865	9,570,472
Financial Assets at Fair Value through Profit/Loss	270,705	143,615	89,544	118,824	17,430	509,397	1,149,515
Interbank Money Market Placements	2,030	-	-	-	-	6	2,036
Financial Assets Available-for-Sale	12,413,615	5,603,354	8,360,209	3,476,408	1,109,734	3,504,490	34,467,810
Loans	16,467,176	10,055,669	12,725,661	19,570,217	10,090,303	1,248,516	70,157,542
Investments Held-to-Maturity	2,265,714	-	4,143	2,026,372	1,286,672	311,030	5,893,931
Other Assets	611,703	895,388	696,531	662,483	126,020	5,005,744	7,997,869
Total Assets	38,105,258	18,898,899	23,010,318	26,751,212	12,630,159	17,388,378	136,784,224
Liabilities							
Bank Deposits	1,797,975	122,607	44,766	47,966	-	761,183	2,774,497
Other Deposits	49,724,504	9,145,204	4,307,678	872,926	141,906	12,103,526	76,295,744
Interbank Money Market Takings	10,649,889	833,473	260,062	-	-	25,424	11,768,848
Miscellaneous Payables	-	-	-	-	-	4,862,992	4,862,992
Securities Issued	-	-	-	-	-	-	-
Other Fundings	9,033,922	1,093,524	3,357,880	3,852,742	3,197,693	273,207	20,808,968
Other Liabilities	6,812	-	-	-	-	20,266,363	20,273,175
Total Liabilities	71,213,102	11,194,808	7,970,386	4,773,634	3,339,599	38,292,695	136,784,224
On Balance Sheet Long Position	-	7,704,091	15,039,932	21,977,578	9,290,560	-	54,012,161
On Balance Sheet Short Position	(33,107,844)	-	-	-	-	(20,904,317)	(54,012,161)
Off-Balance Sheet Long Position	1,084,623	744,587	2,626,573	1,953,702	1,093,941	-	7,503,426
Off-Balance Sheet Short Position	(1,148,245)	(760,728)	(2,609,958)	(2,003,026)	(982,987)	-	(7,504,944)
Total Position	(33,171,466)	7,687,950	15,056,547	21,928,254	9,401,514	(20,904,317)	(1,518)

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Average interest rates on monetary financial instruments (%):

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.36-5.00	0.03-5.19	-	3.83-9.50
Financial Assets at Fair Value through Profit/Loss	5.13	6.32	-	6.49-20.80
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	1.14-7.38	5.00-11.88	-	5.79-16.50
Loans	1.45-14.00	1.50-11.00	2.50-4.52	6.05-23.95
Investments Held-to-Maturity	-	7.22	-	15.43
Liabilities				
Bank Deposits	0.45-4.62	1.22-5.19	-	3.75-7.00
Other Deposits	0.75-8.00	0.03-6.50	0.55	7.28
Interbank Money Market Takings	1.32-1.40	0.65-2.25	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-3.84	1.17-3.25	3.00	7.35-10.73

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

Prior Period	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	3,381,166	-	-	-	-	3,505,739	6,886,905
Banks	3,570,120	3,409,327	1,727,889	5,132	-	1,345,903	10,058,371
Financial Assets at Fair Value through Profit/Loss	34,084	56,454	398,212	88,691	4,393	659,399	1,241,233
Interbank Money Market Placements	1,000,000	-	-	-	-	180	1,000,180
Financial Assets Available-for-Sale	8,158,546	5,847,802	8,465,902	3,747,609	571,530	2,978,245	29,769,634
Loans	16,260,566	8,932,799	12,320,690	10,105,978	4,637,973	1,218,630	53,476,636
Investments Held-to-Maturity	1,394,174	1,274,169	142,373	3,085,813	1,297,588	273,708	7,467,825
Other Assets	241,052	440,554	763,086	755,377	54,130	4,179,483	6,433,682
Total Assets	34,039,708	19,961,105	23,818,152	17,788,600	6,565,614	14,161,287	116,334,466
Liabilities							
Bank Deposits	1,247,366	50,105	46,547	15,041	-	1,379,274	2,738,333
Other Deposits	45,037,305	6,447,007	3,421,971	689,015	403	10,447,679	66,043,380
Interbank Money Market Takings	10,155,173	368	400,000	150,000	-	59,188	10,764,729
Miscellaneous Payables	-	-	-	-	-	3,737,841	3,737,841
Securities Issued	-	-	-	-	-	-	-
Other Fundings	7,699,797	4,625,891	3,358,309	496,539	12,410	264,862	16,457,808
Other Liabilities	-	-	-	-	-	16,592,375	16,592,375
Total Liabilities	64,139,641	11,123,371	7,226,827	1,350,595	12,813	32,481,219	116,334,466
On Balance Sheet Long Position	-	8,837,734	16,591,325	16,438,005	6,552,801	-	48,419,865
On Balance Sheet Short Position	(30,099,933)	-	-	-	-	(18,319,932)	(48,419,865)
Off-Balance Sheet Long Position	1,350,031	516,516	2,768,143	2,131,085	311,129	-	7,076,904
Off-Balance Sheet Short Position	(680,013)	(497,856)	(2,770,495)	(2,254,009)	(874,531)	-	(7,076,904)
Total Position	(29,429,915)	8,856,394	16,588,973	16,315,081	5,989,399	(18,319,932)	-

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Average interest rates on monetary financial instruments (%):

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	5.20
Banks (*)	0.25-7.09	0.08-8.21	-	6.50-11.00
Financial Assets at Fair Value through Profit/Loss	0.91-6.28	3.78	-	7.57-16.00
Interbank Money Market Placements	-	-	-	6.50
Financial Assets Available-for-Sale	0.91-9.50	0.50-12.38	-	7.11-20.80
Loans	0.52-17.00	0.33-17.00	5.06	6.90-27.15
Investments Held-to-Maturity	9.25-9.50	6.13-11.75	-	11.56-14.74
Liabilities				
Bank Deposits	0.25-7.09	0.23-8.21	-	6.50-7.05
Other Deposits	0.40-8.30	0.7-8.23	0.23	7.78
Interbank Money Market Takings	-	4.84	-	7.34
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	1.00-6.00	2.26-6.00	3.16	7.35-12.37

(*) The interest rates for USD and TL placements at banks are 0.76% and 6.57%, respectively, excluding the placements with range accrual agreements.

4.7 Consolidated liquidity risk

In order to avoid the liquidity risk, the Bank diversifies funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity resources.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Bank's liquidity ratios for the years 2010 and 2009 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.16	129.40

Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	140.51	175.51	99.52	117.84

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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	4,714,715	2,830,334	-	-	-	-	-	7,545,049
Banks	1,873,703	2,237,213	188,917	846,939	1,988,450	2,435,250	-	9,570,472
Financial Assets at Fair Value through Profit/Loss	23,448	227,102	112,415	281,538	313,815	191,197	-	1,149,515
Interbank Money Market Placements	-	2,036	-	-	-	-	-	2,036
Financial Assets Available-for- Sale	95,767	884,604	1,890,423	6,050,572	19,118,878	6,427,566	-	34,467,810
Loans	63,877	10,274,787	7,402,648	11,320,039	25,304,204	15,363,051	428,936	70,157,542
Investments Held-to-Maturity	-	1,449,809	-	4,147	3,126,785	1,313,190	-	5,893,931
Other Assets	574,868	931,683	2,447,536	713,132	824,322	126,574	2,379,754	7,997,869
Total Assets	7,346,378	18,837,568	12,041,939	19,216,367	50,676,454	25,856,828	2,808,690	136,784,224
Liabilities								
Bank Deposits	933,800	1,601,761	139,057	79,674	20,205	-	-	2,774,497
Other Deposits	14,306,899	48,000,298	9,213,677	3,519,854	1,083,920	171,096	-	76,295,744
Other Fundings	-	2,089,925	763,620	6,382,039	7,122,196	4,451,188	-	20,808,968
Interbank Money Market Takings	-	10,679,452	828,969	260,427	-	-	-	11,768,848
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	165,677	2,836,782	-	1,860,533	-	-	-	4,862,992
Other Liabilities (**)	615,798	243,026	118,853	230,189	89,659	138,549	18,837,101	20,273,175
Total Liabilities	16,022,174	65,451,244	11,064,176	12,332,716	8,315,980	4,760,833	18,837,101	136,784,224
Liquidity Gap	(8,675,796)	(46,613,676)	977,763	6,883,651	42,360,474	21,095,995	(16,028,411)	-

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Prior Period								
Total Assets	6,662,215	16,733,707	10,434,215	18,527,526	41,697,592	18,771,820	3,507,391	116,334,466
Total Liabilities	14,881,237	58,527,463	7,169,434	8,553,714	7,041,438	4,753,225	15,407,955	116,334,466
Liquidity Gap	(8,219,022)	(41,793,756)	3,264,781	9,973,812	34,656,154	14,018,595	(11,900,564)	-

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Contractual maturity analysis of liabilities according to remaining maturities:

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

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Current Period								
Bank Deposits	2,774,497	2,770,127	933,789	1,600,187	138,280	78,515	19,356	-
Other Deposits	76,295,744	75,977,357	14,306,806	47,779,945	9,171,426	3,477,238	1,071,213	170,729
Other Fundings	20,808,968	20,535,762	-	1,982,132	634,852	6,348,833	7,119,603	4,450,342
Interbank Money Market Takings	11,768,848	11,743,419	-	10,660,652	822,705	260,062	-	-
Securities Issued	-	-	-	-	-	-	-	-
Total	111,648,057	111,026,665	15,240,595	62,022,916	10,767,263	10,164,648	8,210,172	4,621,071

	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Prior Period								
Bank Deposits	2,738,333	2,735,186	1,589,345	1,032,377	50,109	48,314	15,041	-
Other Deposits	66,043,380	65,797,397	12,576,988	43,405,334	6,399,964	2,361,006	946,065	108,040
Other Fundings	16,457,808	16,195,118	-	1,169,281	420,365	4,145,635	5,867,504	4,592,333
Interbank Money Market Takings	10,764,729	10,705,562	-	10,155,194	368	400,000	150,000	-
Securities Issued	-	-	-	-	-	-	-	-
Total	96,004,250	95,433,263	14,166,333	55,762,186	6,870,806	6,954,955	6,978,610	4,700,373

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	126,640,820	107,745,258	126,933,331	108,619,596
Interbank Money Market Placements	2,036	1,000,180	2,036	1,000,180
Banks (*)	16,119,501	16,030,983	16,119,501	16,030,983
Financial Assets Available-for-Sale	34,467,810	29,769,634	34,467,810	29,769,634
Investments Held-to-Maturity	5,893,931	7,467,825	6,433,894	8,057,776
Loans	70,157,542	53,476,636	69,910,090	53,761,023
Financial Liabilities	115,532,464	98,750,634	115,532,464	98,750,634
Bank Deposits	2,774,497	2,738,333	2,774,497	2,738,333
Other Deposits	76,295,744	66,043,380	76,295,744	66,043,380
Interbank Money Market Takings and Funds Borrowed	31,599,231	26,231,080	31,599,231	26,231,080
Securities Issued	-	-	-	-
Miscellaneous Payables	4,862,992	3,737,841	4,862,992	3,737,841

(*) including the balances at the Central Bank of Turkey

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

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

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

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

31 December 2010	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	31,761,995	255,406	2,450,409	34,467,810
Financial Assets Held for Trading	662,053	11,844	1,739	675,636
Derivative Financial Assets Held for Trading	1,491	472,388	-	473,879
Investments in Associates and Subsidiaries	-	-	94,755	94,755
Financial Assets at Fair Value	32,425,539	739,638	2,546,903	35,712,080
Derivative Financial Liabilities Held for Trading	20,169	511,905	450	532,524
Derivative Financial Liabilities Held for Risk Management	-	2,347	-	2,347
Financial Liabilities at Fair Value	20,169	514,252	450	534,871

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

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

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

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

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	500,567	413,770	468,037	329,562
Central Bank of Turkey	2,662,934	3,886,095	3,375,837	2,596,775
Others	-	81,683	5,130	111,564
Total	3,163,501	4,381,548	3,849,004	3,037,901

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,662,934	1,055,761	3,375,837	850,486
Unrestricted Time Deposits	-	-	-	29,809
Restricted Time Deposits	-	2,830,334	-	1,716,480
Total	2,662,934	3,886,095	3,375,837	2,596,775

The banks operating in Turkey keep reserve deposits for turkish lira and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. The reserves in TL and FCs do not earn any interests. As of the reporting date, reserve deposit rates for TL liabilities vary from 5% to 12% depending on maturities of liabilities.

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Common Shares	-	-	-	-
Bills, Bonds and Similar Securities	98	-	89	-
Others	-	-	-	-
Total	98	-	89	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28,433	29,966	17,087	12,059
Swap Transactions	95,815	193,015	424,230	129,523
Futures	11	1,491	-	281
Options	70,078	54,978	21,107	37,825
Others	-	92	-	-
Total	194,337	279,542	462,424	179,688

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	775,901	1,210,801	638,687	377,805
Foreign banks	2,442,708	5,141,062	2,515,054	6,526,825
Foreign headoffices and branches	-	-	-	-
Total	3,218,609	6,351,863	3,153,741	6,904,630

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,516,085	3,822,354	5,539,611	4,387,625
USA and Canada	154,298	275,128	247,293	311,402
OECD Countries (1)	14,717	23,371	-	-
Off-shore Banking Regions	47,602	47,948	20,961	15,824
Others	43,203	158,227	-	-
Total	1,775,905	4,327,028	5,807,865	4,714,851

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

The placements at foreign banks include blocked accounts amounting TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 5,479,428 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 64,563 thousands as required for insurance activities.

5.1.4 Financial assets available-for-sale

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

Collateralized financial assets available-for-sale in TL consist of government bonds. Total carrying value of such securities with total face value of TL 2,609,350 thousands (31 December 2009: TL 1,851,913 thousands) is TL 2,571,988 thousands (31 December 2009: TL 1,769,837 thousands). The related accrued interests amount to TL 140,204 thousands (31 December 2009: TL 234,344 thousands). There are no impairment losses on these securities (31 December 2009: TL 29 thousands). Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds and other foreign currency government securities. Carrying values of such securities with total face value of USD 24,328,000, EUR 225,932,846 and RUB 148,000,000

(31 December 2009: USD 68,675,000, EUR 197,547,000 and RUB 105,000,000), are USD 26,496,517, EUR 233,587,332 and RUB 148,009,030 (31 December 2009: USD 71,205,705, EUR 209,640,915 and RUB 105,178,500). The related accrued interest income amount to USD 3,306,888, EUR 5,302,110 and RUB 3,133,010 respectively (31 December 2009: USD 5,594,374, EUR 4,747,076 and RUB 3,728,550), and the impairment losses to USD 468,364 and EUR 894,635 respectively (31 December 2009: USD 500,712 and EUR 42,535).

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	2,712,192	536,393	2,004,152	577,791
Assets subject to Repurchase Agreements	9,760,434	1,207,858	7,957,698	290,863
Total	12,472,626	1,744,251	9,961,850	868,654

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
	Debt Securities	30,978,569
Quoted at Stock Exchange	27,945,762	25,004,436
Unquoted at Stock Exchange	3,032,807	1,789,214
Common Shares/Investment Fund	28,625	26,083
Quoted at Stock Exchange	13,213	13,054
Unquoted at Stock Exchange	15,412	13,029
Value Increase/Impairment Losses (-)	3,460,616	2,949,901
Total	34,467,810	29,769,634

As of 31 December 2010, the Bank and its consolidated financial affiliates' "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 730,555,556 (31 December 2009: USD 882,777,778 and EUR 500,000) and a total carrying value of TL 1,124,270 thousands (31 December 2009: TL 1,335,731 thousands).

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	14	4,831	2	920
Corporates	14	4,831	2	920
Individuals	-	-	-	-
Indirect Lendings to Shareholders	265,353	419,398	266,063	374,508
Loans to Employees	135,343	-	72,708	-
Total	400,710	424,229	338,773	375,428

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.5.2 Loans and other receivables classified in groups I and II and restructured or rescheduled

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Loans	67,775,236	48,842	1,219,358	685,170
Discounted Bills	215,623	-	144	-
Export Loans	4,680,241	-	15,680	13,263
Import Loans	-	-	-	-
Loans to Financial Sector	2,560,975	-	1,243	45
Foreign Loans	4,177,557	29,441	18,449	-
Consumer Loans	14,613,325	19,401	119,151	82,631
Credit Cards	7,871,037	-	68,142	169,732
Precious Metal Loans	246,163	-	9,170	199
Others	33,410,315	-	987,379	419,300
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	67,775,236	48,842	1,219,358	685,170

Collaterals received for loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,475	2,463	-	23,938
Loans Collateralized by Mortgages	1,144,034	114,629	-	1,258,663
Loans Collateralized by Pledged Assets	33,894	11,084	-	44,978
Loans Collateralized by Cheques and Notes	55,920	31,132	-	87,052
Loans Collateralized by Other Collaterals	174,298	9,113	-	183,411
Unsecured Loans	35,251	33,361	237,874	306,486
Total	1,464,872	201,782	237,874	1,904,528

Delinquency periods of loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	40,766	69,913	53,708	164,387
61-90 days	23,258	33,660	14,434	71,352
Other	1,400,848	98,209	169,732	1,668,789
Total	1,464,872	201,782	237,874	1,904,528

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.5.3 Maturity analysis of cash loans

Cash Loans	Performing Loans and Other Receivables (Group I)		Loans under Follow-Up and Other Receivables (Group II)	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-Term Loans	23,742,648	10,565	223,083	199,836
Loans	23,742,648	10,565	223,083	199,836
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	44,032,588	38,277	996,275	485,334
Loans	44,032,588	38,277	996,275	485,334
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	67,775,236	48,842	1,219,358	685,170

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	369,675	12,474,932	12,844,607
Housing Loans	23,373	7,351,711	7,375,084
Automobile Loans	16,665	754,294	770,959
General Purpose Loans	27,927	485,044	512,971
Others	301,710	3,883,883	4,185,593
Consumer Loans – FC-indexed	-	499,554	499,554
Housing Loans	-	465,025	465,025
Automobile Loans	-	6,228	6,228
General Purpose Loans	-	14,236	14,236
Others	-	14,065	14,065
Consumer Loans – FC	160,422	848,350	1,008,772
Housing Loans	12,240	373,153	385,393
Automobile Loans	18	10,490	10,508
General Purpose Loans	28,279	45,774	74,053
Others	119,885	418,933	538,818
Retail Credit Cards – TL	7,561,631	74,554	7,636,185
With Installment	3,388,116	74,554	3,462,670
Without Installment	4,173,515	-	4,173,515
Retail Credit Cards – FC	33,283	62,183	95,466
With Installment	14,556	-	14,556
Without Installment	18,727	62,183	80,910
Personnel Loans – TL	22,608	16,012	38,620
Housing Loan	-	1,548	1,548
Automobile Loans	-	177	177
General Purpose Loans	1,105	743	1,848
Others	21,503	13,544	35,047
Personnel Loans - FC-indexed	399	8,688	9,087
Housing Loans	399	8,688	9,087
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	583	45,679	46,262
Housing Loans	-	4,292	4,292
Automobile Loans	-	-	-
General Purpose Loans	2	68	70
Others	581	41,319	41,900
Personnel Credit Cards – TL	32,511	325	32,836
With Installment	23,544	325	23,869
Without Installment	8,967	-	8,967
Personnel Credit Cards – FC	445	1,425	1,870
With Installment	108	-	108
Without Installment	337	1,425	1,762
Deposit Accounts– TL (real persons)	387,606	-	387,606
Deposit Accounts– FC (real persons)	-	-	-
Total	8,569,163	14,031,702	22,600,865

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.5.5 Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	566,900	5,446,667	6,013,567
Real Estate Loans	1,353	507,591	508,944
Automobile Loans	56,171	1,059,270	1,115,441
General Purpose Loans	509,376	3,876,160	4,385,536
Others	-	3,646	3,646
Installment-based Commercial Loans - FC-indexed	62,919	540,665	603,584
Real Estate Loans	-	55,245	55,245
Automobile Loans	4,183	163,220	167,403
General Purpose Loans	58,736	322,200	380,936
Others	-	-	-
Installment-based Commercial Loans – FC	310,485	656,581	967,066
Real Estate Loans	-	1,117	1,117
Automobile Loans	18	3,920	3,938
General Purpose Loans	467	3,234	3,701
Others	310,000	648,310	958,310
Corporate Credit Cards – TL	337,954	660	338,614
With Installment	136,567	658	137,225
Without Installment	201,387	2	201,389
Corporate Credit Cards – FC	3,940	-	3,940
With Installment	438	-	438
Without Installment	3,502	-	3,502
Deposit Accounts– TL (corporates)	424,311	-	424,311
Deposit Accounts– FC (corporates)	-	-	-
Total	1,706,509	6,644,573	8,351,082

5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,253,384	1,371,789
Private Sector	68,475,222	51,677,989
Total	69,728,606	53,049,778

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	64,742,509	50,025,017
Foreign Loans	4,986,097	3,024,761
Total	69,728,606	53,049,778

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	25,747	243
Indirect Lending	-	-
Total	25,747	243

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	21,413	185,391
Doubtful Loans and Receivables	102,679	560,941
Uncollectible Loans and Receivables	1,680,083	1,122,008
Total	1,804,175	1,868,340

5.1.5.10 Non-performing loans(NPLs) (net)

Non-performing loans and other receivables restructured or rescheduled:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	10,777	14,723	248,832
Rescheduled Loans and Receivables	-	-	-
Total	10,777	14,723	248,832
Prior Period			
(Gross amounts before specific provisions)			
Restructured Loans and Receivables	55,667	227,343	229,139
Rescheduled Loans and Receivables	-	-	-
Total	55,667	227,343	229,139

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	317,665	724,054	1,253,479
Additions (+)	427,565	41,910	469,416
Transfer from Other NPL Categories (+)	-	562,018	928,726
Transfer to Other NPL Categories (-)	562,018	934,265	23,054
Collections during the Period (-)	113,493	255,590	535,021
Write-offs (-)	-	-	68,281
Corporate and Commercial Loans	-	-	12,103
Retail Loans	-	-	104
Credit Cards	-	-	56,074
Other	-	-	-
Balances at End of Period	69,719	138,127	2,025,265
Specific Provisions (-)	21,413	102,679	1,680,083
Net Balance on Balance Sheet	48,306	35,448	345,182

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Movements in specific loan provisions

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	595,350	510,700	762,290	1,868,340
Additions during the Period (+)	226,929	237,822	248,505	713,256
Restructured/Rescheduled Loans (-)	11,399	5,429	-	16,828
Collections during the Period (-)	152,314	230,179	310,068	692,561
Write-Offs (-)	11,854	104	56,074	68,032
Balances at End of Period	646,712	512,810	644,653	1,804,175

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	2,781	3,264	616,792
Specific Provisions (-)	105	456	475,291
Net Balance at Balance Sheet	2,676	2,808	141,501
Prior Period			
Balance at End of Period	73,754	39,090	246,415
Specific Provisions (-)	51,023	19,622	227,514
Net Balance at Balance Sheet	22,731	19,468	18,901

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
Current Period (Net)	48,306	35,448	345,182
Loans to Individuals and Corporates (Gross)	69,719	138,127	2,018,150
Specific Provision (-)	21,413	102,679	1,672,968
Loans to Individuals and Corporates (Net)	48,306	35,448	345,182
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,804
Specific Provision (-)	-	-	6,804
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	132,274	163,113	131,471
Loans to Individuals and Corporates (Gross)	317,665	724,054	1,245,458
Specific Provision (-)	185,391	560,941	1,113,987
Loans to Individuals and Corporates (Net)	132,274	163,113	131,471
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	7,710
Specific Provision (-)	-	-	7,710
Other Loans and Receivables (Net)	-	-	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Collaterals received for non-performing loans

	Corporate/Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,077	271	-	1,348
Loans Collateralized by Mortgages	366,653	92,140	-	458,793
Loans Collateralized by Pledged Assets	235,694	68,499	-	304,193
Loans Collateralized by Cheques and Notes	128,903	175,199	-	304,102
Loans Collateralized by Other Collaterals	134,510	16,886	-	151,396
Unsecured Loans	107,368	237,855	668,056	1,013,279
Total	974,205	590,850	668,056	2,233,111

5.1.5.11 Liquidation policy for uncollectible loans and receivables

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

5.1.5.12 Write-off policy

Bank's write-off policy is to write-off the receivables when it is documented that the collection is not possible with legal follow-up.

5.1.6 Factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,162,592	288,992	628,065	227,595
Medium and Long-Term	-	-	-	-
Total	1,162,592	288,992	628,065	227,595

5.1.7 Investments held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	2,904,701	406,444	1,860,387	280,390
Investments subject to Repurchase Agreements	908,463	409,643	2,637,832	152,905
Total	3,813,164	816,087	4,498,219	433,295

5.1.7.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	4,576,594	5,991,656
Treasury Bills	-	-
Other Government Securities	1,313,190	1,438,946
Total	5,889,784	7,430,602

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	5,583,946	7,221,757
Quoted at Stock Exchange	5,579,803	7,184,957
Unquoted at Stock Exchange	4,143	36,800
Valuation Increase / (Decrease)	309,985	246,068
Total	5,893,931	7,467,825

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	7,467,825	7,784,381
Foreign Currency Differences on Monetary Assets	19,353	(27,979)
Purchases during the Period	4,143	927,839
Disposals through Sales/Redemptions	(1,661,549)	(1,155,617)
Valuation Effect	64,159	(60,799)
Balances at End of Period	5,893,931	7,467,825

5.1.8 Investments in associates

5.1.8.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ ⁽²⁾	Istanbul/Turkey	-	9.00
2	Bankalararası Kart Merkezi AŞ	Istanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ ⁽²⁾	Istanbul/Turkey	0.77	0.77
4	İMKB Takas ve Saklama Bankası AŞ ⁽²⁾	Istanbul/Turkey	5.83	5.83
5	Vadeli İşlem ve Opsiyon Borsası AŞ ⁽²⁾	Istanbul/Turkey	6.00	6.00
6	KKB Kredi Kayıt Bürosu AŞ	Istanbul/Turkey	9.09	9.09
7	Gelişen Bilgi Teknolojileri AŞ ⁽¹⁾⁽²⁾	Istanbul/Turkey	5.00	5.00
8	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾	Ankara / Turkey	2.48	2.48
9	Kredi Garanti Fonu AŞ ⁽²⁾	Ankara / Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	6,893	5,958	347	302	71	1,679	625	-
2	21,011	15,865	6,736	912	-	1,465	5,481	-
3	529,009	57,850	1,645	20,677	1,280	7,662	2,148	-
4	1,666,061	293,492	10,954	23,865	6,559	23,845	91,721	-
5	51,152	47,662	5,056	2,576	38	10,884	23,983	-
6	44,767	36,805	1,998	2,555	-	14,132	9,103	-
7	590	430	-	480	-	355	-	-
8	155,794	10,821	246	3,764	2,291	1,637	10,774	-
9	138,091	133,547	2,235	4,510	-	5,437	3,528	-

⁽¹⁾ Financial information is as of 31 December 2009.

⁽²⁾ Financial information is as of 30 September 2010.

⁽³⁾ Total fixed assets include tangible and intangible assets.

^(*) The commercial name of Gelişen İşletmeler Piyasaları AŞ has been changed as Gelişen Bilgi Teknolojileri AŞ during the period. At the annual general assembly of Gelişen Bilgi Teknolojileri AŞ held on 5 April 2010, the company's capital has been decreased from TL 10,000 thousands to TL 50 thousands.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.8.2 Consolidated investments in associates

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Eureka Sigorta AŞ	Istanbul/Turkey	20.00	20.00
2 Garanti Yatırım Ortaklığı AŞ	İstanbul / Türkiye	0.21	0.21

Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1 684,688	301,223	14,790	22,772	12,802	49,376	144,277	-
2 31,127	30,952	17	-	4,531	3,429	437	17,213

⁽¹⁾ Total fixed assets include tangible and intangible assets.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 0.21%, has been consolidated in the accompanying consolidated financial statements starting from 30 June 2010 under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

5.1.8.3 Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	50,579	40,342
Movements during the Period	9,665	10,237
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	9,974	9,221
Sales/Liquidations (-)	-	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(309)	1,016
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	60,244	50,579
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	-	-
Valued by Equity Method of Accounting	60,244	50,579

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	60,244	50,579
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	-	-

Quoted consolidated investments in associates

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.9 Investments in subsidiaries

5.1.9.1 Unconsolidated investments in subsidiaries

Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Garanti Bilişim Teknolojisi ve Tic. AŞ	Istanbul/Turkey	100.00	100.00
2 Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.92	100.00
3 Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	93.40	96.40
4 Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5 Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6 Trifoi Real Estate Company	Bucharest/Romania	-	100.00
7 United Custodian	Amsterdam/Holland	-	100.00
8 Trifoi Investments	Amsterdam/Holland	-	100.00
9 Golden Clover Stichting Custody	Amsterdam/Holland	-	100.00
10 Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
11 Garanti Broker Asigurari BRL	Bucharest/Romania	-	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	24,952	16,373	727	-	408	3,096	(94,020)	-
2	23,454	11,683	624	-	1,151	1,537	9,567	-
3	1,141	989	4	-	17	576	-	-
4	563	204	35	-	-	(1)	(140)	-
5	1,331	1,203	-	-	8	263	181	-
6	128	105	124	-	-	22	(34)	-
7	255	255	-	-	-	-	-	-
8	-	(1)	-	-	-	-	(3)	-
9	257	255	-	-	-	-	-	-
10	194,995	17,934	161,096	5	-	10,457	(2,524)	-
11	11	7	-	-	-	(5)	-	-

⁽¹⁾ Total fixed assets include tangible and intangible assets.

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

As of 31 December 2010, the investments in Garanti Ödeme Sistemleri AŞ, Trifoi Real Estate Company, United Custodian, Trifoi Investments, Golden Clover Stichting Custody and Garanti Broker Asigurari BRL classified as financial subsidiaries are not consolidated in the context of materiality concept, instead they are valued at cost.

The non-financial investments are accounted under cost method of accounting

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.9.2 Movement of consolidated investments in subsidiarie

	Current Period	Prior Period
Balance at Beginning of Period	997,754	810,562
Movements during the Period	648,778	187,192
Acquisitions and Capital Increases ⁽¹⁾	578,446	93
Bonus Shares Received ^(**)	953	(125,648)
Dividends from Current Year Profit	-	-
Sales/Liquidations	(4,227)	-
Reclassifications	-	-
Increase/Decrease in Market Values	55,858	310,519
Currency Differences on Foreign Subsidiaries	17,748	2,228
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	1,646,532	997,754
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

⁽¹⁾ At 24 February 2010, the Bank acquired 430 common stocks of Garanti Bank Moscow representing 24.8555% of its registered capital at a total face value of RUR 109,650,000 from Garanti Financial Services Plc at a cost of USD 3,826,933.41 through subrogation.

On 27 May 2010, the Bank purchased the shares of D Netherlands Holding BV, established in Holland, presenting 100% ownership at a price of EUR 53.5 millions from Doğu Holding AŞ, and subsequent to this share purchase, the paid-in capital of D Netherlands Holding BV was increased by EUR 118.4 millions. D Netherlands Holding BV is the shareholder of Doğu GE BV directly, and GE Garanti Bank SA, Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through Doğu GE BV.

The paid-in capital of D Netherlands Holding BV was increased to EUR 247,088,600 from EUR 217,088,600 on 27 August 2010. The funding raised from this capital increase was used to increase the paid-in capitals of the financial subsidiaries under D Netherlands Holding BV and accordingly, the participation ratio of the Bank in these financial institutions increased from 70.00% to 73.27%.

As per the decision made at the board of directors' meeting of the Bank held on 8 December 2010, the existing capital of D Netherlands Holding BV was increased by EUR 82,000,000. Following this capital increase, as per the decisions made at the board of directors' meeting of D Netherlands Holding BV held on 16 December 2010;

- 1) Leasemart Holding BV, the Netherlands-based company, was acquired by D Netherlands Holding BV from GE Capital Corporation for a consideration of EUR 46.4 millions.
- 2) Following the above mentioned share purchase transaction, the percentage of shares owned indirectly by the Bank was increased from 73.27% to 100% in the Romania-based subsidiaries which are Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Domenia Credit IFN SA and Ralfi IFN SA.
- 3) The remaining amount of the increased share capital of D Netherlands Holding BV was utilized to increase the share capital of Garanti Bank SA by EUR 35 millions through Doğu GE BV.

^(**) The paid-in capital of Garanti Faktoring Hizmetleri AŞ was increased from TL 19,280 thousands to TL 21,000 thousands through appropriation from its retained earnings on 8 September 2010.

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	210,587	210,587
Valued at Fair Value	1,435,945	787,167
Valued by Equity Method of Accounting	-	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	783,622	689,498
Insurance Companies	56,545	56,545
Factoring Companies	73,533	68,365
Leasing Companies	85,381	85,381
Finance Companies	647,451	97,965
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	73,533	68,365
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ Istanbul/Turkey	94.10	5.86	Full Consolidation
2	Garanti Faktoring Hizmetleri AŞ ⁽¹⁾ Istanbul/Turkey	55.40	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ Istanbul/Turkey	84.91	0.01	Full Consolidation
6	Garanti Bank International NV Amsterdam/Holland	100.00	-	Full Consolidation
7	Garanti Bank Moscow Moscow/Russia	99.94	-	Full Consolidation
8	D Netherlands Holding BV Amsterdam/Holland	100.00	-	Full Consolidation
9	Leasemart Holding BV Amsterdam/Holland	-	100.00	Full Consolidation
10	Doğu GE BV Amsterdam/Holland	-	100.00	Full Consolidation
11	Garanti Bank SA ^(**) Bucharest/Romania	-	100.00	Full Consolidation
12	Motoractive IFN SA ^(**) Bucharest/Romania	-	100.00	Full Consolidation
13	Ralfi IFN SA ^(**) Bucharest/Romania	-	100.00	Full Consolidation
14	Domenic Credit IFN SA ^(**) Bucharest/Romania	-	100.00	Full Consolidation

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽¹⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	2,193,634	419,073	17,862	155,277	-	79,519	256,306	-
2	1,427,313	60,486	2,540	76,379	363	9,003	26,953	132,720
3	74,736	58,902	5,744	729	1,424	3,345	9,989	-
4	20,349	15,236	3,290	1,174	238	1,188	948	-
5	2,376,076	329,207	11,992	26,352	9,580	99,589	157,050	-
6	7,221,799	663,518	52,988	236,921	85,365	82,853	263,985	663,795
7	499,470	119,718	37,806	16,334	13,201	18,946	53,250	119,896
8	373,113	373,083	-	-	-	(86)	(221,101)	578,791
9	44,621	44,240	-	2	-	(51)	31,096	-
10	653,004	548,494	-	-	-	(6,741)	(3,248)	-
11	2,939,010	356,825	49,572	74,266	14,080	(58,267)	(4,728)	-
12	219,478	24,683	6,224	12,599	-	(2,680)	(4,649)	-
13	153,439	11,836	1,694	26,515	-	(11,388)	508	-
14	279,782	23,096	947	9,905	-	(7,513)	(5,612)	-

⁽¹⁾ Financial information is as of 30 September 2010, the fair value information is as of 31 December 2010.

⁽²⁾ Total fixed assets include tangible and intangible assets.

⁽³⁾ GE Garanti Bank SA's name changed to Garanti Bank SA.

⁽⁴⁾ During the board meetings of Ralfi IFN SA, Motoractive IFN SA and Domenia Credit IFN SA held in June 2010, as part of the approval processes of their 2009 annual financial statements, these institutions' losses accumulated up to 31 December 2009 have been covered by their existing reserves and capitals.

Consolidated investments in subsidiaries disposed during the current period

The liquidation processes of Garanti Fund Management Co Ltd and Garanti Financial Services Plc were finalized and the disposals were recognized by 31 May 2010.

Consolidated investments in subsidiaries acquired during the current period

Please refer to Note 5.1.9.2.

5.1.10 Investments in joint-ventures

None.

5.1.11 Lease receivables

5.1.11.1 Financial lease receivables according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	851,236	732,334	791,344	664,371
Between 1-5 Years	996,099	873,899	943,917	830,101
Longer than 5 Years	131,069	120,503	50,337	47,037
Total	1,978,404	1,726,736	1,785,598	1,541,509

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	1,978,404	1,785,598
Unearned Income on Financial Lease Receivables (-)	(251,668)	(244,089)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	1,726,736	1,541,509

5.1.11.3 Financial lease agreements

The criteria applied for the financial lease agreements are as follows:

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

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

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

The followings are monitored for the financial lease agreements signed:

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

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

5.1.12 Derivative financial assets held for risk management

5.1.12.1 Positive differences on derivative financial instruments held for risk management

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	1,093,372	402,004	39,070	919,053	2,453,499
Accumulated Depreciation	(246,783)	(311,000)	(29,733)	(575,730)	(1,163,246)
Net Book Value	846,589	91,004	9,337	343,323	1,290,253
Balance at End of Current Period					
Net Book Value at Beginning of Current Period	846,589	91,004	9,337	343,323	1,290,253
Additions	91,797	2,865	6,031	205,466	306,159
Disposals (Cost)	(28,964)	(8,774)	(4,442)	(70,128)	(112,308)
Disposals (Accumulated Depreciation)	1,551	8,503	3,343	52,069	65,466
Reversal of/Impairment Losses (-)	9,670	-	-	(143)	9,527
Depreciation Expense for Current Period	(24,147)	(36,629)	(6,570)	(117,472)	(184,818)
Currency Translation Differences on Foreign Operations,net	(2,544)	-	(504)	2,190	(858)
Cost at End of Current Period	1,163,225	396,095	40,170	1,054,924	2,654,414
Accumulated Depreciation at End of Current Period	(269,273)	(339,126)	(32,975)	(639,619)	(1,280,993)
Net Book Value at End of Current Period	893,952	56,969	7,195	415,305	1,373,421

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

Conditions for allocating/releasing any impairment

None.

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

None.

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

A provision of TL 143 thousands is made for the impairment in values of certain real estates and a provision of TL 9,670 thousands is reversed in 2010 in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets".

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

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

5.1.14.2 Amortisation methods

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.14.3 Balances at beginning and end of current period

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	149,206	93,401	117,613	70,667

5.1.14.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at Beginning Period	46,946	37,479
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	32,949	18,032
Disposals (-)	(1,616)	(418)
Impairment Losses/Reversals to/from Revaluation Surplus	-	9
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(19,058)	(10,738)
Currency Translation Differences on Foreign Operations	(3,416)	534
Other Movements	-	2,048
Net Book Value at End of Current Period	55,805	46,946

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.14.12 Goodwill

	Shares %	Carrying Value
Goodwill		
Garanti Yatırım	100.00	2,778
Garanti Finansal Kiralama	98.94	2,119
Garanti Faktoring	55.40	1,491
Total		6,388

5.1.14.13 Movements in goodwill during current period

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

5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 31 December 2010, on a consolidated basis the Bank has a deferred tax asset of TL 161,116 thousands (31 December 2009: TL 78,717 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

There is no deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 31 December 2010. However, there is a deferred tax asset of TL 237,129 thousands (31 December 2009: TL 248,506 thousands) and deferred tax liability of TL 76,013 thousands (31 December 2009: TL 169,789 thousands) presented as net in the accompanying consolidated financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

As per the annulment decision of the Turkish Constitutional Court as explained in Note 3.18.4, Garanti Finansal Kiralama, a consolidated subsidiary of the Bank, is subject to investment allowance ruling and can use its available allowances to reduce its taxable corporate income without any time limitations. Accordingly, a deferred tax asset amounting TL 32,383 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2009 considering the fact that Garanti Finansal Kiralama may use its right of deducting investment allowances from its corporate income in the future. In the accompanying consolidated financial statements as of 31 December 2010, a deferred tax asset amounting TL 11,959 thousands is included in this respect.

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.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.1.17 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	82,336	83,178
Accumulated Depreciation (-)	(1,144)	(1,832)
Net Book Value	81,192	81,346
End of Current Period		
Additions	80,899	33,184
Disposals (Cost)	(54,819)	(25,278)
Disposals (Accumulated Depreciation)	483	1,358
Reversal of Impairment / Impairment Losses (-)	(2,737)	(8,748)
Depreciation Expense for Current Period (-)	(985)	(670)
Currency Translation Differences on Foreign Operations	-	-
Cost	105,679	82,336
Accumulated Depreciation (-)	(1,646)	(1,144)
Net Book Value	104,033	81,192

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,293 thousands (31 December 2009: TL 3,263 thousands).

5.1.18 Other Assets

5.1.18.1 Receivables from term sale of assets

	Current Period	Prior Period
Sale of Investments in Associates, Subsidiaries and Joint – Ventures	4,249	17,353
Sale of Real Estates	45	-
Sale of Other Assets	2,920	2,884
Total	7,214	20,237

5.1.18.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	248,019	244,835

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	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	2,434,150	-	6,612,117	16,505,046	946,670	223,924	138,640	770	26,861,317
Foreign Currency Deposits	7,733,909	-	7,391,591	11,899,800	1,142,408	2,589,329	2,329,614	87,013	33,173,664
Residents in Turkey	5,046,573	-	6,918,206	10,919,299	949,652	689,760	919,787	85,730	25,529,007
Residents in Abroad	2,687,336	-	473,385	980,501	192,756	1,899,569	1,409,827	1,283	7,644,657
Public Sector Deposits	520,469	-	2,154	23,302	355	1,985	-	-	548,265
Commercial Deposits	3,094,867	-	3,408,367	6,913,286	926,017	270,943	136,774	-	14,750,254
Others	58,853	-	20,830	292,764	115,900	155	5,077	-	493,579
Precious Metal Deposits	464,651	-	4	-	-	4,010	-	-	468,665
Bank Deposits	933,800	-	1,240,683	332,776	161,638	58,136	47,464	-	2,774,497
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	151,885 898,337,571	-	634,245	84,609	92,813	-	716	-	964,268
Foreign Banks	337,571	-	606,438	248,167	68,825	58,136	46,748	-	1,365,885
Special Financial Institutions	444,344	-	-	-	-	-	-	-	444,344
Others	-	-	-	-	-	-	-	-	-
Total	15,240,699	-	18,675,746	35,966,974	3,292,988	3,148,482	2,657,569	87,783	79,070,241

Prior Period	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	1,833,772	-	7,089,376	11,569,248	175,313	134,826	83,831	51	20,886,417
Foreign Currency Deposits	7,582,027	-	9,104,499	9,296,644	444,965	1,360,734	2,412,379	89,179	30,290,427
Residents in Turkey	4,698,349	-	8,356,255	8,751,946	359,979	254,215	817,161	87,831	23,325,736
Residents in Abroad	2,883,678	-	748,244	544,698	84,986	1,106,519	1,595,218	1,348	6,964,691
Public Sector Deposits	461,652	-	5,722	8,017	15	302	67	-	475,775
Commercial Deposits	2,280,440	-	3,993,514	7,251,222	40,005	68,916	150,864	-	13,784,961
Others	85,261	-	42,193	139,686	686	137	273	-	268,236
Precious Metal Deposits	333,836	-	34	2,610	-	1,084	-	-	337,564
Bank Deposits	1,589,345	-	923,360	118,219	28,715	47,728	30,966	-	2,738,333
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	100,175	-	213,048	38,075	-	13,194	4,730	-	369,222
Foreign Banks	1,179,801	-	710,312	80,144	28,715	34,534	26,236	-	2,059,742
Special Financial Institutions	309,369	-	-	-	-	-	-	-	309,369
Others	-	-	-	-	-	-	-	-	-
Total	14,166,333	-	21,158,698	28,385,646	689,699	1,613,727	2,678,380	89,230	68,781,713

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

5.2.1.1.1 Deposits exceeding insurance limit

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

	Covered by Deposit Insurance		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,539,769	9,297,711	15,141,116	11,380,762
Foreign Currency Saving Deposits	6,533,041	7,242,292	10,275,662	10,277,032
Other Saving Deposits	204,524	120,181	243,956	175,083
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

None.

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	375,362	401,603
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	186,298	172,124
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Negative differences on derivative financial liabilities held for trading

Trading Derivatives	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	30,013	11,083	12,214	16,829
Swap Transactions	168,864	213,387	86,116	170,251
Futures	46	1,846	-	106
Options	47,857	53,272	19,542	36,358
Others	-	6,156	-	-
Total	246,780	285,744	117,872	223,544

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,508,513	608,657	1,005,262	775,418
Foreign Banks, Institutions and Funds	5,116,998	12,596,215	3,122,201	10,563,470
Total	6,625,511	13,204,872	4,127,463	11,338,888

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,212,061	5,308,895	1,091,320	3,895,952
Medium and Long-Term	4,413,450	7,895,977	3,036,143	7,442,936
Total	6,625,511	13,204,872	4,127,463	11,338,888

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Interbank money markets

Funds obtained through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	10,180,670	-	9,804,711	-
Financial Institutions and Organizations	10,115,836	-	9,749,113	-
Other Institutions and Organizations	19,318	-	18,423	-
Individuals	45,516	-	37,175	-
Foreign Transactions	156,569	1,398,103	572,540	387,478
Financial Institutions and Organizations	155,900	1,398,103	572,241	387,478
Other Institutions and Organizations	284	-	176	-
Individuals	385	-	123	-
Total	10,337,239	1,398,103	10,377,251	387,478

5.2.5 Factoring payables

None.

5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	994	994	5,034	5,034
Between 1-5 Years	1,402	1,402	-	-
Longer than 5 Years	-	-	-	-
Total	2,396	2,396	5,034	5,034

5.2.6.2 Operational lease agreements

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2.7 Derivative financial liabilities held for risk management

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	2,347	-	3,464
Net Foreign Investment Hedges	-	-	-	-
Total	-	2,347	-	3,464

5.2.8 Provisions

5.2.8.1 General provisions

	Current Period	Prior Period
General Provision for	660,467	437,334
Loans and Receivables in Group I	571,746	383,421
Loans and Receivables in Group II	34,862	13,342
Non-Cash Loans	53,859	40,571
Others	-	-

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

	Current Period	Prior Period
Short-Term Loans	4,027	10,494
Medium and Long Term Loans	7,429	9,244
Total	11,456	19,738

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

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

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	738	7,473
Doubtful Loans and Receivables	3,339	14,085
Uncollectible Loans and Receivables	53,210	34,547
Total	57,287	56,105

5.2.8.4 Other provisions

5.2.8.4.1 General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	360,000	360,000

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	240,058	167,758
Recognized Liability for Defined Benefit Obligations	-	-
Insurance Technical Provisions, Net	140,788	128,614
Provision for Promotion Expenses of Credit Cards (*)	46,488	36,208
Other Provisions	35,062	30,449
Total	462,396	363,029

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

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 18 January 2011 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 951,896 thousands (31 December 2009: TL 722,746 thousands) at 31 December 2010 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2010 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 18 January 2011 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 504,338 (31 December 2009: TL 324,807 thousands) thousands remains as of 31 December 2010 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 266,382 thousands (31 December 2009: TL 191,521 thousands) as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF. However, despite this treatment there are no excess obligation that needs to be provided against.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(315,823)	(287,981)
Net present value of medical benefits and health premiums transferable to SSF	266,382	191,521
General administrative expenses	(19,046)	(16,957)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(68,487)	(113,417)
Fair Value of Plan Assets (2)	1,020,383	836,163
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	951,896	722,746
Non-Transferable Benefits:		
Other pension benefits	(242,307)	(188,494)
Other medical benefits	(205,251)	(209,445)
Total Non-Transferable Benefits (4)	(447,558)	(397,939)
Asset Surplus over Total Benefits ((3)-(4)=(5))	504,338	324,807
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(266,382)	(191,521)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	237,956	133,286

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

	Current Period	Prior Period
	%	%
Discount Rate	10.00	10.86-8.42
Inflation Rate	5.10	6.90-4.80
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	24.70-2.80	20.50-6.80
Future Pension Increase Rates	5.10	6.90-4.80

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2010, the corporate tax liability amounts to TL 297,271 thousands (31 December 2009: TL 224,153 thousands) after offsetting with prepaid taxes. In cases where the differences between the carrying amounts and the taxable amounts of assets subject to tax, are related with certain items in the equity accounts, the current tax assets/liabilities are charged or credited directly to these accounts.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	297,271	224,153
Taxation on Securities Income	58,218	88,060
Taxation on Real Estates Income	1,536	1,300
Banking Insurance Transaction Tax	29,704	29,843
Foreign Exchange Transaction Tax	25	27
Value Added Tax Payable	2,758	2,694
Others	36,329	38,205
Total	425,841	384,282

5.2.9.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	349	336
Social Security Premiums-Employer	255	255
Bank Pension Fund Premium-Employees	34	30
Bank Pension Fund Premium-Employer	17	15
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	2	-
Unemployment Insurance-Employees	532	492
Unemployment Insurance-Employer	1,001	910
Others	4	-
Total	2,194	2,038

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 391 thousands as of 31 December 2010 (31 December 2009: TL 10,850 thousands).

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

None.

5.2.11 Subordinated debts

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Other Institutions	-	978,585	-	991,457
Total	-	978,585	-	991,457

On 5 February 2007, the Bank obtained a subordinated debt of US\$ 500 millions from foreign markets with a maturity of 10 years and with a repayment option for the Bank at the end of the fifth year at an interest rate of 6.95% and then 7.95% annually.

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

As at 31 December 2010, the subordinated debts include a floating rate note of EUR 30 millions obtained in September 2006 and subordinated deposits of approximately EUR 16 millions held by the Bank's consolidated subsidiary operating in Holland.

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

5.2.12 Shareholders' equity

5.2.12.1 Paid-in capital

	Current Period	Prior Period
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.12.2 Registered share capital system

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered Shares	4,200,000	7,000,000

5.2.12.3 Capital increases in current period

None.

5.2.12.4 Capital increases from capital reserves in current period

None.

5.2.12.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.12.7 Information on privileges given to stocks representing the capital

None.

5.2.12.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	1,472,063	155,443	1,242,755	118,679
Valuation Difference	1,472,063	155,443	1,242,755	118,679
Exchange Rate Difference	-	-	-	-
Total	1,472,063	155,443	1,242,755	118,679

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.2.12.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,147	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,047	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	598,187	-	598,194	-

5.2.12.10 Bonus shares of associates, subsidiaries and joint-ventures

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş GE Gayrimenkul Yatırım Ortaklığı AŞ by TL 23 thousands, Eureka Sigorta AŞ by TL 559 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.12.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	504,369	349,148
II. Legal Reserve	44,403	30,127
Special Reserves	-	-
Total	548,772	379,275

5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	5,469,146	3,187,603
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	5,469,146	3,187,603

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	49,023	35,125
Profit Share of Subsidiaries Net Profits	20,872	13,884
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	-	-
Others	27,488	14
Balance at End of Period	97,383	49,023

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial affiliates have asset purchase and sale commitments of TL 2,731,420 thousands (31 December 2009: TL 2,264,070 thousands), commitments for cheque payments of TL 1,910,031 thousands (31 December 2009: TL 1,513,244 thousands) and commitments for credit card limits of TL 12,554,092 thousands (31 December 2009: TL 9,120,759 thousands).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	7,358,370	7,653,913
Letters of Guarantee in TL	4,951,728	4,506,694
Letters of Credit	3,934,455	2,827,019
Bills of Exchange and Acceptances	164,105	125,841
Prefinancings	-	-
Total	16,408,658	15,113,467

A specific provision of TL 57,287 thousands (31 December 2009: TL 56,105 thousands) is made for unliquidated non-cash loans of TL 96,013 thousands (31 December 2009: TL 103,115 thousands) recorded under the off-balance sheet items as of 31 December 2010.

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

As of 31 December 2010, in the Bank and its consolidated financial affiliates "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 780,555,556 (31 December 2009: USD 932,777,778 and EUR 500,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	932,057	902,088
<i>With Original Maturity of 1 Year or Less</i>	<i>76,642</i>	<i>18,484</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>855,415</i>	<i>883,604</i>
Other Non-Cash Loans	15,533,347	14,211,379
Total	16,465,404	15,113,467

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.3.1.4 Other information on non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	55,348	1.12	140,678	1.22	29,794	0.66	46,326	0.44
Farming and Stockbreeding	52,897	1.07	140,587	1.22	27,820	0.62	46,326	0.44
Forestry	704	0.01	91	-	661	0.01	-	-
Fishery	1,747	0.04	-	-	1,313	0.03	-	-
Manufacturing	1,737,187	35.03	3,859,813	33.54	1,696,354	37.64	3,641,187	34.33
Mining	316,066	6.37	44,163	0.38	303,385	6.73	37,965	0.36
Production	1,048,610	21.15	2,552,008	22.18	1,046,987	23.23	2,455,087	23.15
Electricity, Gas, Water	372,511	7.51	1,263,642	10.98	345,982	7.68	1,148,135	10.83
Construction	687,443	13.86	1,782,334	15.49	565,125	12.54	2,236,691	21.09
Services	2,105,382	42.46	4,441,893	38.61	1,925,184	42.71	3,906,033	36.82
Wholesale and Retail Trade	1,392,907	28.09	1,756,413	15.26	1,308,395	29.03	1,188,844	11.21
Hotel, Food and Beverage Services	100,954	2.04	63,970	0.56	76,349	1.69	68,732	0.65
Transportation and Telecommunication	188,038	3.79	731,211	6.36	171,887	3.81	869,312	8.20
Financial Institutions	364,998	7.36	1,879,537	16.33	294,547	6.54	1,759,799	16.58
Real Estate and Renting Services	6,640	0.13	872	0.01	33,882	0.75	6,129	0.06
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	6,648	0.14	3,150	0.03	7,111	0.16	6,235	0.05
Health and Social Services	45,197	0.91	6,740	0.06	33,013	0.73	6,982	0.07
Others	373,518	7.53	1,281,808	11.14	290,773	6.45	776,000	7.32
Total	4,958,878	100.00	11,506,526	100.00	4,507,230	100.00	10,606,237	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	4,925,868	11,457,561	33,010	48,965
Letters of Guarantee	4,918,718	7,309,464	33,010	48,906
Bills of Exchange and Bank Acceptances	-	164,105	-	-
Letters of Credit	7,150	3,927,246	-	59
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	56,746	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	4,478,703	10,553,448	28,527	52,789
Letters of Guarantee	4,478,167	7,603,906	28,527	50,007
Bills of Exchange and Bank Acceptances	514	123,133	-	2,194
Letters of Credit	22	2,826,409	-	588
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	-	-	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.3.2 Financial derivative instruments

Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	167,200	-	-	167,200
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	167,200	-	-	167,200
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency Related Derivative Transaction (I)	20,090,333	10,239,548	17,034,304	2,054,229	1,137,746	50,556,160
Currency Forwards – Purchases	1,535,241	444,763	892,370	102,295	135,109	3,109,778
Currency Forwards – Sales	1,556,871	425,424	862,690	99,258	135,637	3,079,880
Currency Swaps – Purchases	5,974,044	2,241,384	5,197,500	943,785	304,000	14,660,713
Currency Swaps – Sales	6,106,144	2,206,024	5,146,449	742,375	563,000	14,763,992
Currency Options – Purchases	2,408,438	2,571,219	2,365,505	77,068	-	7,422,230
Currency Options – Sales	2,509,595	2,305,138	2,569,790	89,448	-	7,473,971
Currency Futures – Purchases	-	16,614	-	-	-	16,614
Currency Futures – Sales	-	28,982	-	-	-	28,982
Interest Rate Related Derivative Transaction (II)	57,358	520,924	3,775,483	7,112,630	4,151,252	15,617,647
Interest Rate Swaps – Purchases	28,679	14,896	114,309	3,556,315	2,075,626	5,789,825
Interest Rate Swaps – Sales	28,679	14,896	115,827	3,556,315	2,075,626	5,791,343
Interest Rate Options – Purchases	-	-	1,630,000	-	-	1,630,000
Interest Rate Options – Sales	-	-	1,630,000	-	-	1,630,000
Securities Options – Purchases	-	-	253,150	-	-	253,150
Securities Options – Sales	-	399,932	32,197	-	-	432,129
Interest Rate Futures – Purchases	-	91,200	-	-	-	91,200
Interest Rate Futures – Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	386,877	536,348	418,811	-	-	1,342,036
B. Total Trading Derivatives (I+II+III)	20,534,568	11,296,820	21,228,598	9,166,859	5,288,998	67,515,843
Total Derivative Transactions (A+B)	20,534,568	11,296,820	21,395,798	9,166,859	5,288,998	67,683,043

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Prior Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
Derivative Financial Instrument Held for Risk Management						
A. Total Derivative Financial Instrument Held for Risk Management	-	-	245,850	-	-	245,850
Fair Value Hedges	-	-	-	-	-	-
Cash Flow Hedges	-	-	245,850	-	-	245,850
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transaction (I)	21,377,352	7,015,319	8,225,214	621,318	861,000	38,100,203
Currency Forwards – Purchases	1,532,113	332,257	493,667	127,534	-	2,485,571
Currency Forwards – Sales	1,496,757	324,393	502,969	124,588	-	2,448,707
Currency Swaps – Purchases	6,429,051	2,069,646	1,827,889	185,592	298,000	10,810,178
Currency Swaps – Sales	6,270,363	1,808,613	1,851,630	183,604	563,000	10,677,210
Currency Options – Purchases	2,799,781	1,193,595	1,685,573	-	-	5,678,949
Currency Options – Sales	2,849,287	1,238,477	1,862,420	-	-	5,950,184
Currency Futures – Purchases	-	4,182	522	-	-	4,704
Currency Futures – Sales	-	44,156	544	-	-	44,700
Interest Rate Related Derivative Transaction (II)	1,727	32,184	225,150	11,300,876	2,371,320	13,931,257
Interest Rate Swaps – Purchases	-	-	51,501	3,815,884	1,308,585	5,175,970
Interest Rate Swaps – Sales	-	-	51,501	4,063,872	1,062,735	5,178,108
Interest Rate Options – Purchases	-	-	100,284	1,710,560	-	1,810,844
Interes Rate Options – Sales	-	-	-	1,710,560	-	1,710,560
Securities Options – Purchases	-	-	18,368	-	-	18,368
Securities Options – Sales	1,727	-	3,496	-	-	5,223
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	32,184	-	-	-	32,184
Other Trading Derivatives (III)	308,083	102,647	208,361	-	-	619,091
B. Total Trading Derivatives (I+II+III)	21,687,162	7,150,150	8,658,725	11,922,194	3,232,320	52,650,551
Total Derivative Transactions (A+B)	21,687,162	7,150,150	8,658,725	12,168,044	3,232,320	52,896,401

5.3.3 Contingent liabilities and assets

None.

5.3.4 Services rendered on behalf of third parties

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.4 Consolidated income statement

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	2,094,044	326,831	2,653,455	363,037
Medium and long-term loans	2,088,835	1,077,222	2,012,688	1,222,301
Loans under follow-up	54,748	-	39,014	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	4,237,627	1,404,053	4,705,157	1,585,338

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	3,039	150	10,097	480
Domestic Banks	19,062	16,238	13,495	11,732
Foreign Banks	186,448	70,501	169,350	78,708
Foreign Head Offices and Branches	-	-	-	-
Total	208,549	86,889	192,942	90,920

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	57,936	1,344	26,216	2,218
Financial Assets Valued at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,741,984	220,592	2,769,772	256,267
Investments Held-to-Maturity	741,701	99,155	899,105	115,234
Total	3,541,621	321,091	3,695,093	373,719

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	1,657	778

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	77,434	29,427	93,702	60,107
Foreign Banks	442,704	234,327	315,909	291,485
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	64,647	-	57,476
Total	520,138	328,401	409,611	409,068

(*) Includes also fees and commissions expenses on borrowings

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	8,221	3

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	-	1,294	-	2,272

5.4.2.4 Maturity structure of interest expense on deposits

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	1,864	36,305	2,788	275	221	2,928	-	44,381
Saving Deposits	672	575,782	1,207,923	61,534	14,757	10,789	-	1,871,457
Public Sector Deposits	2	1,215	3,758	101	92	4	-	5,172
Commercial Deposits	4,524	383,927	602,435	69,087	10,713	13,861	-	1,084,547
Others	1,671	4,388	40,299	17,484	12	156	-	64,010
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	8,733	1,001,617	1,857,203	148,481	25,795	27,738	-	3,069,567
Foreign Currency								
Foreign Currency Deposits	9,625	217,801	273,017	36,655	60,217	39,128	1,676	638,119
Bank Deposits	3,622	10,264	2,864	3,356	2,498	4,450	-	27,054
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	3	-	-	-	89	-	-	92
Total FC	13,250	228,065	275,881	40,011	62,804	43,578	1,676	665,265
Grand Total	21,983	1,229,682	2,133,084	188,492	88,599	71,316	1,676	3,734,832

5.4.2.5 Interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	408,072	7,074	745,330	16,296

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	94	147

5.4.2.7 Interest expenses on factoring payables

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.4.3 Dividend income

	Current Period	Prior Period
Trading Financial Assets		-
Financial Assets Valued at Fair Value through Profit or Loss		-
Financial Assets Available-for-Sale	1,184	682
Others	706	2,078
Total	1,890	2,760

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	73,963,771	64,510,515
Trading Account Income	1,993,162	847,608
Derivative Financial Instruments	2,972,714	2,972,528
Foreign Exchange Gain	68,997,895	60,690,379
Losses (-)	73,561,433	63,612,536
Trading Account Losses	1,739,644	430,642
Derivative Financial Instruments	2,909,608	2,663,267
Foreign Exchange Losses	68,912,181	60,518,627
Total	402,338	897,979

TL 4,727,355 thousands (31 December 2009: TL 6,017,264 thousands) of foreign exchange gains and TL 5,082,648 thousands (31 December 2009: TL 7,045,146 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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 charged to customers and income in custody services.

5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	444,264	1,258,074
<i>Loans and receivables in Group III</i>	20,709	141,317
<i>Loans and receivables in Group IV</i>	103,071	421,079
<i>Loans and receivables in Group V</i>	320,484	695,678
General Provisions	224,891	11,255
Provision for Possible Losses	-	330,000
Impairment Losses on Financial Assets	1,128	3,627
<i>Financial assets at fair value through profit or loss</i>	1,128	688
<i>Financial assets available-for-sale</i>	-	2,939
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	15
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	15
<i>Joint ventures (business partnership)</i>	-	-
<i>Investments held-to-maturity</i>	-	-
Others	25,809	112,848
Total	696,092	1,715,819

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,328,564	1,130,348
Reserve for Employee Termination Benefits	7,630	1,692
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	143	1,041
Depreciation Expenses of Tangible Assets	184,819	171,534
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	19,058	10,738
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,926	8,748
Depreciation Expenses of Assets to be Disposed	985	670
Impairment Losses on Assets Held for Sale and Discontinued Assets	-	-
Other Operating Expenses	1,352,697	1,223,955
<i>Operational lease related expenses</i>	<i>167,870</i>	<i>134,981</i>
<i>Repair and maintenance expenses</i>	<i>37,870</i>	<i>33,392</i>
<i>Advertisement expenses</i>	<i>131,216</i>	<i>108,597</i>
<i>Other expenses</i>	<i>1,015,741</i>	<i>946,985</i>
Loss on Sale of Assets	1,971	1,886
Others (*)	483,248	401,427
Total	3,382,041	2,952,039

(*) In the current period, this item includes a provision amounting TL 132,138 thousands (31 December 2009: TL 72,100 thousands) for short-term employee benefits.

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

TL 5,170,315 thousands of the profit before taxes is derived from net interest income and TL 1,910,015 thousands from net fees and commissions income. The total operating expenses amounted to TL 3,382,041 thousands. The profit before taxes realized at TL 4,302,833 thousands increasing by 9.23% as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2010, on a consolidated basis, the Bank recorded a current tax expense of TL 1,057,196 thousands (31 December 2008: TL 883,195 thousands) and a deferred tax income of TL 156,349 thousands (31 December 2008: TL 43,442 thousands).

Deferred tax benefit/charge on timing differences :

	Current Period	Prior Period
Deferred tax benefit/(charge) on timing differences		
Increase in Tax Deductable Timing Differences (+)	122,379	125,520
Decrease in Tax Deductable Timing Differences (-)	43,208	30,655
Increase in Taxable Timing Differences (-)	2,288	65,666
Decrease in Taxable Timing Differences (+)	79,466	14,243
Total	156,349	43,442

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

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

	Current Period	Prior Period
Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions		
Increase/(Decrease) in Tax Deductable Timing Differences (net)	79,171	94,865
Increase/(Decrease) in Taxable Timing Differences (net)	77,178	(51,423)
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
Total	156,349	43,442

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

None.

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	20,872	13,884

5.4.12 Components of other items in income statement

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.5 Consolidated statement of changes in shareholders' equity

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

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

As of 31 December 2010, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by TL 266,103 thousands that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. The gains transferred to the income statement from "securities value increase fund" amounted to TL 118,755 thousands in the prior period and to TL 189,822 thousands in 2010.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. In the prior period, the effective portion of the cash flow hedge amounting to TL 80,646 thousands after netting with the related deferred tax effect, was transferred to income from derivative financial instruments account in the income statement, and the shareholder's equity decreased by TL 63,165 thousands, in the current period a gain of TL 685 thousands after netting with the related deferred tax effect was added to shareholders' equity.

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

The parent Bank had applied net investment hedge accounting for the exchange rate differences on the net investment risks on its foreign affiliates and its related financial liabilities in foreign currencies in the previous periods. The Bank started to apply fair value hedge accounting as at 1 January 2009. Accordingly, the effective portion of the foreign exchange differences is recorded under income statement in the current period.

The foreign exchange loss of TL 9,583 thousands netted with the related tax effect of TL 1,917 thousands that had been recorded under the shareholders' equity, has been transferred from the shareholders' equity to the income statement as TL 7,666 thousands as per Garanti Bank International NV's capital decrease decision dated 16 October 2009.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

None.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal and extraordinary reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	170,185	94,109
Transfers to Extraordinary Reserves from Prior Year Profits	2,561,715	1,787,345

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.6 Consolidated statement of cash flows

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

In 2010, the net cash inflows arising from banking operations amount to TL 348,493 thousands. TL 3,276,609 thousands of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 3,625,102 thousands from the cash inflows resulted from operating profit. The "net increase in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TL 1,336,449 thousands for the year 2010. The net cash outflow from financing activities for the year 2010 is TL 354,482 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents item is a net foreign exchange gain of TL 117,395 thousands for the year 2010.

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

Please refer to Notes 5.1.8.1 and 5.1.9.2.

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

None.

5.6.4 Cash and cash equivalents at beginning of period

	Current Period	Prior Period
Cash on Hand	797,599	672,358
<i>Cash in TL</i>	<i>468,037</i>	<i>312,476</i>
<i>Cash in Foreign Currency</i>	<i>329,562</i>	<i>359,882</i>
Cash Equivalents	8,496,734	6,473,631
<i>Others</i>	<i>8,496,734</i>	<i>6,473,631</i>
Total	9,294,333	7,145,989

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	914,337	797,599
<i>Cash in TL</i>	<i>500,567</i>	<i>468,037</i>
<i>Cash in Foreign Currency</i>	<i>413,770</i>	<i>329,562</i>
Cash Equivalents	5,981,561	8,496,734
<i>Others</i>	<i>5,981,561</i>	<i>8,496,734</i>
Total	6,895,898	9,294,333

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

The placements at foreign banks include blocked accounts with a total balance of TL 5,807,865 thousands of which TL 130,281 thousands, TL 177,195 thousands and TL 20,961 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 5,479,428 thousands as collateral against funds borrowed. The consolidated domestic banks include blocked accounts of TL 64,563 thousands held for insurance activities.

The blocked account at the Central Bank of Turkey with a principal balance of TL 2,830,334 thousands is for the reserve deposits against foreign currency liabilities.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in banking activity related capacity

None.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.7 Related Party Risks

5.7.1 Transactions with parent 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, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	18,332	3,194	2	920	306,087	374,508
Balance at end of period	61,551	3,727	14	4,831	300,517	419,398
Interest and Commission Income	3,572	4	7	7	23,019	2,812

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	23,597	3,157	25	1,661	274,415	184,521
Balance at end of period	18,332	3,194	2	920	306,087	374,508
Interest and Commission Income	1,057	-	562	2	24,389	2,411

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	3,826	1,752	360,361	313,475	359,037	186,263
Balance at end of period	60,473	3,826	207,008	360,361	390,409	359,037
Interest Expenses	8,221	3	22,919	16,547	12,257	11,084

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss:						
Balance at beginning of period	4,412	13,500	-	-	3,326	-
Balance at end of period	35,454	4,412	-	-	3,992	3,326
Total Profit/(Loss)	75,023	18	-	-	1,565	595
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 291,114 thousands (31 December 2009 TL 266,308 thousands) compose 0.41% (31 December 2009: 0.50%) of the Bank's total cash loans and 0.21% (31 December 2009: 0.23%) of the Bank's total assets. The total loans and similar receivables amounting TL 362,082 thousands (31 December 2009: TL 324,421 thousands) compose 0.26% (31 December 2009: 0.28%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 427,956 thousands (31 December 2009: TL 378,622 thousands) compose 2.60% (31 December 2009: 2.51%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 657,890 thousands (31 December 2009: TL 723,224 thousands) compose 0.83% (31 December 2009: 1.05%) of the Bank's total deposits. The pricing in transactions with the risk group companies is set on an arms-length basis.

There is a credit card (POS) payable amounting TL 18,708 thousands (31 December 2009: TL 8,415 thousands) to related parties.

Operating expenses of TL 11,067 thousands (31 December 2009: TL 10,658 thousands) for IT services rendered by related parties and rent income of TL 328 thousands (31 December 2009: TL 251 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 100,075 thousands as of 31 December 2010 (31 December 2009: TL 85,730 thousands) to its top management considered as the key management.

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.

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

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

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

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

5.8 Domestic, foreign and off-shore branches or investments and foreign representative offices

5.8.1 Domestic and foreign branches and representative offices

Türkiye Garanti Bankası AŞ					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	853	16,618			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- Russia		
	1	-	3- England		
	1	1	4- China		
				Total Assets	Legal Capital
Foreign Branches	1	19	1- Luxembourg	11,101,245	815,000
	1	11	2- Malta	17,729,482	-
	4	24	3- NCTR	296,455	3,520

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

During the year 2010, 78 new domestic branches were opened and 7 branches were closed.

5.8.3 Information on consolidated financial subsidiaries

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	14	1- Turkey		
	1	2	3- Ukrain		
				Total Assets	Legal Capital
Head office-Holland	1	163	1- Holland	4,703,449	EUR 136,836,000
Foreign Branches	1	21	2- Germany	2,518,350	-

Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	79	Russia	499,470	US\$ 32,757,364

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	67	706	Romania	2,939,010	RON 869,801,000

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

Other consolidated foreign financial subsidiaries:

	Number Of Employees	Country	Total Assets	Legal Capital
D Netherlands Holding BV	-	Holland	373,113	EUR 329,088,600
Doğuş GE BV	-	Holland	653,004	EUR 64,382,821
Leasemart Holding BV	-	Holland	44,621	EUR 8,033,300
Motoractive IFN SA	175	Romania	219,478	RON 63,345,000
Ralfi IFN SA	252	Romania	153,439	RON 46,306,500
Domenia Credit IFN SA	163	Romania	279,782	RON 74,614,350

Consolidated domestic financial subsidiaries:

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	150	2,193,634	73,000
Garanti Faktoring Hizmetleri AŞ	155	1,427,313	21,000
Garanti Emeklilik ve Hayat AŞ	654	2,376,076	50,000
Garanti Yatırım Menkul Kıymetler AŞ	93	74,736	8,328
Garanti Portföy Yönetimi AŞ	71	20,349	10,000
Garanti Yatırım Ortaklığı AŞ	6	30,824	26,500

5.9 Significant events and matters arising subsequent to the balance sheet date

At the meeting of the Bank's board of directors held on 22 October 2010, it has been resolved to issue TL denominated bank bonds and/or debentures up to an amount of TL 3,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were received, and the issuance of TL denominated bank bonds amounting TL 1,000,000 thousands with one-year maturity and annual compound interest rate of 7.68091% started on 24 January 2011 and was completed on 31 January 2011.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

6 Other Disclosures on Activities of the Bank

6.1 Other disclosures

Doğuş Holding AŞ, one of the Bank's shareholders, entered into a share purchase agreement with Banco Bilbao Vizcaya Argentaria SA (BBVA) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 264,188,400 thousands representing 6.29% of the Bank's issued share capital. BBVA also entered into a share purchase agreement with GE Group (GE) on 1 November 2010 with respect to the acquisition of the shares with a total nominal value of TL 781,200,000 thousands representing 18.60% of the Bank's issued share capital. The completion of these deals depends on the approvals to be received from the relevant authorities.

6.2 Parent bank's latest international risk ratings

MOODY'S (October 2010)*	
Long Term FC Deposit	Ba3
Long Term TL Deposit	Baa1
Short Term TL Deposit	Prime-2
Short Term FC Deposit	NP
Long Term FC Deposit Outlook	Positive
Financial Strength Rate (FSR)	C-
FSR Outlook	Stable
Long Term National	Aa1-tr
Short Term National	TR-1

STANDARD AND POORS (February 2010)*	
Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

FITCH RATINGS (December 2010)*	
Foreign Currency	
Long Term	BBB-
Short Term	F3
Outlook	Positive
Individual	C
Support	3
Turkish Lira	
Long Term	BBB-
Short Term	F3
Outlook	Positive
National	AAA (Trk)
Outlook	Stable

CAPITAL INTELLIGENCE (November 2010)*	
Long Term FC Obligations	BB
Short Term FC Obligations	B
Domestic Strength	BBB+
Support	2
Outlook	Stable

6.2.1 Latest international risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S (September 2010)*	
Long Term FC Deposit	Baa1
Short Term FC Deposit	Prime 2
Subordinate-Dom Curr	Baa2
FSR	C-
Outlook	Negative

(* Latest date in risk ratings or outlooks.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010

(Thousands of Turkish Lira (TL))

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

6.2.2 Latest international risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (July 2010)*

Foreign Currency	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
National	AAA
Outlook	Stable

(* Latest date in risk ratings or outlooks.

6.2.3 Latest international risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS (January 2010)*

Foreign Currency	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
Support	2
Turkish Lira	
Long Term	BBB- (Stable)
Short Term	F3
Outlook	Stable
National	AAA
Outlook	Stable

STANDARD AND POORS (February 2010)*	
FC Obligations	BB
TL Obligations	BB
Outlook	Positive

(* Latest dates in risk ratings or outlooks.

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2010
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(Convenience Translation of Financial
Statements Originally Issued in Turkish)



6.3 Dividends

At the parent Bank's annual general assembly dated 1 April 2010 it was decided to distribute the profit of 2009 as follows:

2009 PROFIT DISTRIBUTION TABLE	
2009 Net Profit	2,962,241
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(148,112)
Undistributable funds	(3,817)
B – The first dividend at 5% of the paid capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(130,016)
D – The second dividend to shareholders	(140,000)
E – Extraordinary reserves	(2,316,296)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(14,000)

Dividend payments to shareholders started on 12 April 2010.

7 Independent Accountants' Limited Review Report

7.1 Disclosure on independent accountants' limited review report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2010, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of Deloitte Touche Tohmatsu Limited), and the independent audit report dated 10 February 2011 is presented before the accompanying consolidated financial statements.

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