

2011 ANNUAL REPORT



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In Garanti Bank 2011 Annual Report, the next generation barcode technology "QR code" is used. Please scan the image with your "QR Code Reader" equipped smartphone to access the related website for additional content on Garanti.

Introduction

Food is an essential necessity of life... A requisite for human survival... Hence we consume food to obtain the necessary nutrients, to stay healthy, and to lead a fit and energetic life.

This “obligation”, however, is almost completely transformed with the new approaches introduced to processes from preparation and cooking to presentation phases. It has merged with concepts we have heard of so far in the management world, and has turned into a skill, a form of art, a job and even an industry.

But how did food merge with management?

“Kitchen” is the primary place where meals are cooked and even enjoyed most of the time. It is a production center. Successful production in the kitchen calls for sound management, good organization, correct timing and creativity. A visual feast filled with delicious tastes emerges from the combination of skills, inventiveness and focus of the person or the team performing the cooking.

For cooking, it is necessary to combine the relevant-costs with quality ingredients - in other words, advanced purchasing skills are required! The quality of the result is derived from a perfect combination of the ingredients and their cooking. Recipes serve to predict the outcome; and for distinction, creativity has to go hand in hand with the recipe. A good dish should have an elegant look, as much as an exquisite taste. Presentation has a major role in the first impression the dish creates.

While a good preparation and cooking process produces a delectable course, an execution based on correct planning and effective management creates successful results.

This is where we step into Garanti Bank’s kitchen. The products and services offered by Garanti are backed by significant kitchen work of numerous teams. Just as in a chef’s culinary production; management, organization and teamwork processes are pursued in Garanti’s kitchen. Everything smoothly flows in a structure for the creation of better and innovative products and services.

Thousands of highly motivated and devoted employees of Garanti blend in their unrivalled competencies and execution skills to create high quality services and products. The ultimate goal is to make sure that these services and products leave a “delectable taste” on the palates of customers enjoying the Garanti privilege.

Garanti themed its 2011 Annual Report around “kitchen” with the aim of emphasizing the importance of the management kitchen for sustainable success. Garanti successfully delivers the “kitchen” and “management” metaphor throughout all stages, and it goes beyond and above the expectations and differentiates with its innovative approach to processes. Garanti knows what Turkish people want, sees what the global economy requires, and prepares itself accordingly. Garanti takes safe and sound steps for sustainable growth.

Garanti knows that it is capable of making the dreams it has for its customers come true. The Bank carries on its operations in line with the target of best presenting the ideas produced in the management kitchen. Its achievements, awards, competent employees and happy customers nourish Garanti in the preparation and the offering of innovative, high quality, and customer-oriented products emerged from the “Garanti Kitchen”. And it shall continue doing so...

More than “Food” ...

“You can tell a lot about a fellow’s character by the way he eats jelly beans.”

Ronald Reagan / Former President of the United States

“All happiness depends on a leisurely breakfast.”

John Gunther / American journalist and author

“Good food ends with good talk.”

Geoffrey Neighbor / Food blogger

“Bear in mind that you should conduct yourself in life as at a feast.”

Epictetus / Philosopher

“Food is our common ground, a universal experience.”

James Beard / Famous American gourmet

“I feel a recipe is only a theme, which an intelligent cook can play each time with variation.”

Madame Benoit / Famed expert in French cuisine

“A smiling face is half the meal.”

Latvian proverb

“You can’t just eat good food. You’ve got to talk about it too. And you’ve got to talk about it to somebody who understands that kind of food.”

Kurt Vonnegut / Author – A major name in contemporary American literature

“A good cook is like a sorceress who dispenses happiness.”

Elsa Schiaparelli / Famous Italian fashion designer

“To eat is a necessity, but to eat intelligently is an art.”

François de La Rochefoucauld / 17th Century French author

“I like a cook who smiles out loud when he tastes his own work. Let God worry about your modesty; I want to see your enthusiasm.”

Robert Farrar Capon / American priest who has written books on cooking in his life

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, 2011. 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, 2011 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 MUHASEBESİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç
Partner



İstanbul, March 15, 2012

Agenda of the Ordinary General Shareholders' Meeting

- 1-** Opening and formation of the Board of Presidency,
- 2-** Authorization of the Board of Presidency for signing the minutes of the Ordinary General Meeting of Shareholders,
- 3-** Reading and discussion of the Board of Directors' Annual Activity Report and Auditors' Reports,
- 4-** Reading, discussion and ratification of the Balance Sheet and Income Statement and acceptance or rejection by discussion of the Board of Directors' proposal regarding the dividend distribution,
- 5-** Amendment to Article 7 of the Articles of Association of the Bank,
- 6-** Release of members of the Board of Directors and Auditors,
- 7-** Election of members of the Board of Directors and Auditors,
- 8-** Determination of the remuneration and attendance fees of the members of the Board of Directors and Auditors,
- 9-** Informing the shareholders with regard to the charitable donations,
- 10-** Authorization of the members of the Board of Directors to conduct business with the Bank (provisions of the Banking Law to be 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 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.

NEW TEXT

CAPITAL AND SHARES

Article 7 –

C) The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 10,000,000,000.-TL and its issued capital amounts to 4,200,000,000.-TL.

D) 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 2012 and 2016 (5 Years). At the end of 2016, 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 2012 and 2016, in accordance with the provisions of the Capital Market Law.

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"You can tell a lot about a fellow's character by the way he eats jelly beans."
Ronald Reagan / Former President of the United States

About Garanti

Garanti's **realistic** policies concerning increasing risks in domestic and foreign markets, its approach **focused on efficiency** and its differentiating practices, once again resulted in delivering the highest **profits** in the sector in 2011. Hence the Bank kept progressing confidently towards its vision of becoming the best bank in Europe.

Corporate Profile

With an established history of 65 years and total consolidated assets reaching US\$ 90 billion, Garanti Bank is **Turkey's second largest private bank**.

Garanti operates in every segment of the banking sector including corporate, commercial, SME, retail, private and investment banking. Garanti is an **integrated financial services group** together with its eight financial subsidiaries providing services in pension and life, leasing, factoring, securities, and asset management as well as international subsidiaries in the Netherlands, Russia and Romania.

Garanti provides a wide range of financial services to its 11 million customers through an **extensive distribution network** of 907 domestic branches; 7 foreign branches in Cyprus, Luxembourg and Malta; 4 international representative offices in Moscow, London, Düsseldorf and Shanghai; reaching 3,300 ATMs; an award-winning Call Center; and the state-of-the-art internet and mobile banking platforms built on **cutting-edge technological infrastructure**.

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

Following the best practices in corporate governance, Garanti is jointly controlled by two powerful companies, Doğu Holding Co. and Banco Bilbao Vizcaya Argentaria S.A. (BBVA), under the principle of equal partnership.

Garanti's organizational capabilities and **shareholder value maximization focus** fosters its successful performance.

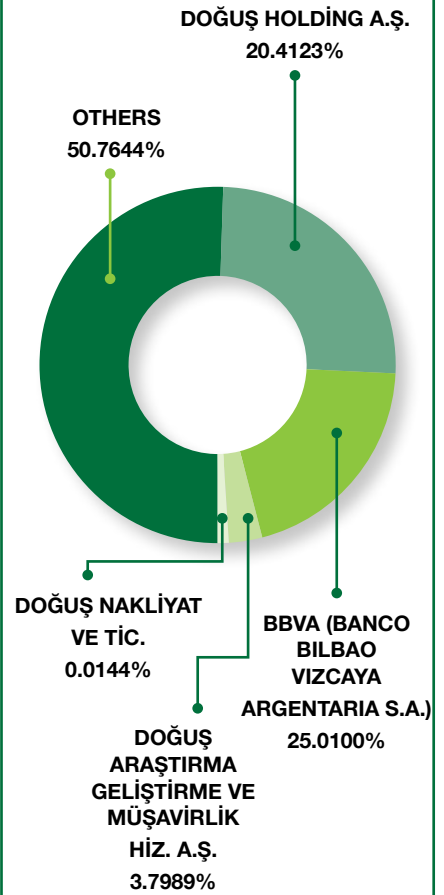
With its dynamic business model and edge in technological innovation, Garanti continues to differentiate itself and facilitate the lives of its customers. Its custom-tailored solutions and the wide product variety play a key role in reaching US\$ 61 billion cash and non-cash loans*. The **high asset quality** attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

Garanti is committed to **improve the value-add it creates** not only for its customers and shareholders, but also for all its stakeholders and the society. Within this context, Garanti's long-term support in the areas of culture, arts, environment, education, and sports reflects its commitment 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, 2011



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.

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 quality service
- Unrivalled competence, experience and implementation capability
- Exceptional business processes throughout the Bank
- Customer Satisfaction Constitution

Focus on the continuity of technological innovation

- The best and the fastest technological equipment that is constantly upgraded and integrated with business segments
- The most up-to-date IT infrastructure

Focus on competent human resources

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

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 broad customer base

Focus on strong delivery channels

- Extensive and efficient branch network
- Effective and broad-based usage of alternative delivery channels

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

Focus on sustainable income sources and profitability

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

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



Our Core Values

“Our customers...”

are the cause 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 forming 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 take 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 at what he/she does.

Continuous progress

- We sustain 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 our 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.

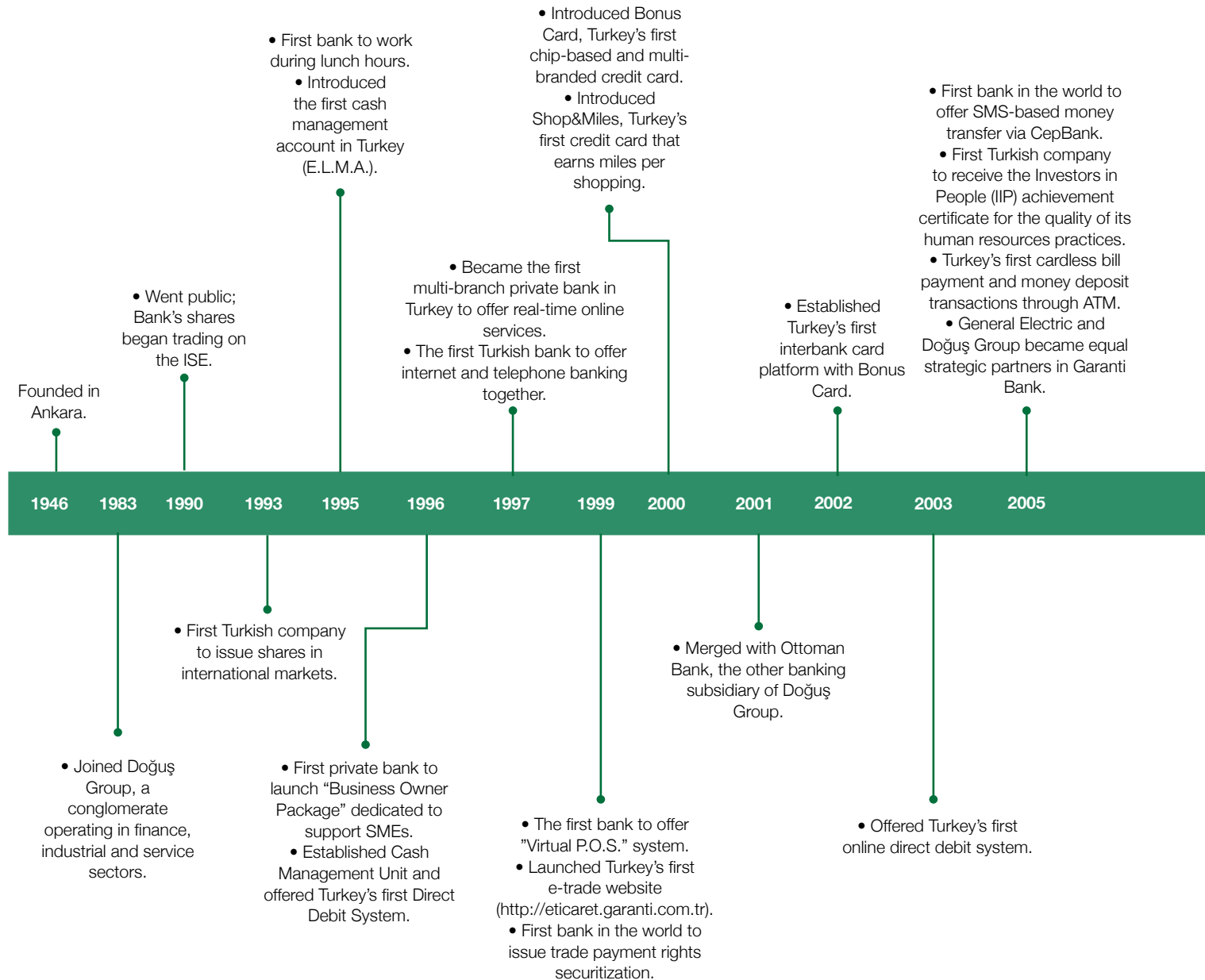
Teamwork

- We believe in effective teamwork and open lines of communication. We do not compromise these principles.
- We are opposed to strict layers of hierarchy.
- Everybody at Garanti from the CEO to the lowest ranking personnel and all organizations we cooperate with coalesce into a unified power to realize the vision.
- The effective teamwork of the Bank is strengthened by collaboration, mutual trust and respect.

Setting **strategies** to be pursued for the achievement 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.**



Milestones in Garanti's History



- Introduced world's first flexible credit card, FlexiCard, enabling customization of all parameters, including financial and visual.
- Introduced Bonus Trink, the PayPass featured credit card with contactless chip technology.
- Initiated Turkey' first bill payment service via P.O.S. machines.
- Offered "5 minute loan" service whereby the applicant receives the evaluation in 5 minutes.
 - World's first bank with ID scanning facilities in branches; created Turkey's first "paperless banking" operating environment.
 - First private bank to offer "Women Entrepreneurs Support Package".
- The only bank in Turkey with exclusive rights to issue American Express Centurion Line Cards and to accept merchants to its network.

2006

2007

- Bought back founder share certificates, an important move toward improved corporate governance.
 - Launched Turkey's first Inventory Finance System.
- Established Turkey's first mortgage call center, 444 EVİM.
 - Launched loan via P.O.S., commercial installment loan offered through P.O.S. system, a first in the world and in Turkey.
 - Performed Turkey's first cardless remittance via ATMs, where both parties are non-bank customers and would like transfer money.

2008

- Established Environment Committee with the aim of evaluating and managing environmental risks which might be caused directly by its operations and indirectly by the loans provided.
- Introduced another first in Turkey by performing Western Union transactions through ATMs as well as Internet Banking.
 - Launched the world's first NFC (Near Field Communication) payment enabled SIM card, "Bonuslu Avea".

2009

- Partnership agreement with one of the prominent insurance companies in Europe, Eureko B.V. (Holland) to transfer 80% of shares in Garanti Insurance and 15% of shares in Garanti Pension.
- Launched "Garanti Discount", Turkey's first web-based supplier financing system.
 - Launched Turkey's first Direct Debit System with risk sharing model.
- Introduced PayPass featured Bonus Trink credit cards in the form of watch and key fob –both firsts in Europe, and a sticker –a first in the world.
 - Introduced Environmentally Friendly Bonus Card, a first in Turkey and Europe with its features as an ecologic product such as its plastic, communication materials and donation characteristics.
 - First bank in Turkey to offer web-based transactions on TurkDEX (Turkish Derivatives Exchange) via online banking.

2010

- Turkey's first bank to offer "e-government" payments.
 - Introduced Money Card, Turkey's first credit card which is multi-branded and also offers brand-specific loyalty benefits.
- Launched Turkey's first last-minute-EFT service.
- Offered Western Union transactions via Internet branch as a first in the world.
- Developed Turkey's first Gold Financing System.
 - Launched DCC (Dynamic Currency Conversion) P.O.S. enabling foreign cardholders to pay in their own currencies.
 - Performed its first "carbon footprint" assessment and submitted its greenhouse gas emissions calculation from its operational activities in 2009 to the Carbon Disclosure Project (CDP).

2011

- Banco Bilbao Vizcaya Argentaria (BBVA) and Doğu Group became equal strategic partners in Garanti Bank, through BBVA's acquisition of shares from GE Capital Corporation and Doğu Holding A.Ş.
 - Sold its 20% shareholding in Eureko Insurance to Eureko B.V. by exercising its put option.
 - Joined UNEP FI (The United Nations Environment Programme Finance Initiative).
 - SALT was established to provide long-lasting support to culture and experimental thinking in Turkey
 - Entered the Carbon Disclosure Project (CDP) Global 500 Report 2011, a global reporting system on climate change.
 - Became the first private enterprise to issue the longest tenor Eurobond in Turkey.
 - Provided Turkey's first TL-denominated long-term project finance facility.
 - Introduced Cep-T Paracard in collaboration with Turkcell and MasterCard, Turkey's first prepaid card enabling SIM-based secure service that can be used with mobile handset devices.

2011 Macroeconomic Overview

Rapid growth and current account deficit acceleration continued throughout 2011 in **Turkish economy;** but the Central Bank **tightened the monetary policy** at the year end because of the increase in inflation.

In 2011, concerns over US economy has lost its significance in the world, but Euro Zone sovereign debt crisis has got worse and countries have searched for various solutions for this problem. Towards the end of the year, positive developments in the US labor market drew attention; and within the year, credit rating agency Standard&Poors downgraded the credit rating of USA from AAA down to AA+. As the ground for the rating action, the agency claimed the insufficiency of the plan designed for mitigating the budget deficit, which was approved by the Congress. In the Euro Zone, despite the leader summits organized within the year, expectations did not significantly improve regarding the outcome of the debt crisis. Sovereign debt problems for Greece, Ireland and Portugal just became worse, and problems also emerged in two large economies of Euro Zone; Italy and Spain. Greece, Ireland and Portugal were able to pay their debts thanks to the aid packages; however, rapid increase in borrowing costs of Italy and Spain could be slowed down only through European Central Bank's buying of the bonds of these countries in the market.

In the European Union Leaders Summit held in December, critical steps were taken. These steps, which were welcomed by all the EU member countries but England, were designed in a two-way fashion. Accordingly, countries would have equivalent budgets for new financial agreement and reinforced economic policy coordination purposes; otherwise, automatic measures would be used. Another issue raised in the summit was to develop balancing tools against the short term challenges. To this end, agreement was ensured to activate the already planned European Stability Mechanism (ESM) before the targeted date with a total fund amount of Euro 500 billion. Nevertheless, due to the considerations that these steps would

fall short for solving the debt problems of European Union and concerns regarding the implementation of the measures, improvement expectations for the European Union economies were left limited. Interest rates in Europe fell down after European Central Bank organized the first 3-year liquidity tenders on December 21, European Banks showed great interest in this tender and borrowed Euro 489 billion in total.

And for Turkey, 2011 has been a year of sustained rapid growth, but current accounts deficit has reached a record high level due to domestic and foreign demand imbalance in growth. During 2011, Turkish Lira started to devaluate as a result of the monetary policies applied by the Central Bank to reduce hot money inflow and the devaluation has become more prominent as risk appetite declined due to EU debt crisis. Inflation has reached two-digit level due to the devaluation in Turkish Lira, price hikes on various products and rising Special Consumption Tax rates in the last quarter of the year. In order to control the inflation increase, the Central Bank tightened the monetary policy significantly. With this purpose, interest rate corridor has been widened and liquidity amount given to the market via 1-week repo auctions has been reduced.

Following the 9.0% growth achieved in 2010, Turkish economy also grew by 9.6% in the first nine month of 2011, surpassing the expectations. During this period, consumption expenditures increased by 9.2%, and private sector investments achieved a rapid increase by 29.4%. Public consumption expenditures increased by 10.2%, whereas increase in public investments was limited at 5%. With the expectation that the GDP growth will slowed down to 5% level in the last quarter of the year, we foresee that 2011 growth rate

will be realized around 8-8.5%. Accordingly, Turkey will be one of the most rapidly growing economies of the world in 2011, as it was already in 2010.

Considering the weak growth rate in developed countries, growth trend of Turkey was outstanding; however the composition of the growth paved the way for the Central Bank to take steps in 2011 in order to ensure the financial stability. In the first two quarters of the year, the contribution of the domestic demand to the growth was as high as 16 points; however, the foreign demand caused approximately 5 points decline in growth. The widening imbalance between the contributions of domestic and foreign demand growth fuelled the concerns over the external balance of Turkey. During the third quarter of the year, the contribution of the foreign demand to the economic growth became positive in a limited way, and the contribution of the domestic demand remained high at 8 points.

Throughout 2011, current account deficit (CAD) continued to increase because of the negative impact of foreign demand on the growth (rate of increase in exports were below the rate of increase in imports) and high commodity prices. Turkey's CAD went above 77 billion dollars in 2011 and reached a record level of around 10% of GDP. Compared to other emerging market economies, Turkey had the highest CAD figure, thus, rising question marks on its ability to sustain high growth rates.

In 2011, Consumer Price Index inflation was realized at 10.45%, which is rather above the inflation target (5.5%) of the Central Bank. This increase was caused by various factors including 20% devaluation of Turkish Lira against currency basket, Special Consumption Tax rate increases and price hikes applied on

natural gas and electricity. In the first half of the year, the Central Bank maintained its macro prudential policy measures for ensuring the financial stability. It was aimed to decelerate the credit growth through the active use of reserve requirements. Throughout the year, especially consumer loans slowed down with the help of the measures taken by the Banking Regulation and Supervision Agency. Starting from October, inflation significantly exceeded the inflation target, as a result the Central Bank started to tighten the monetary policy. As the Central Bank increased the overnight borrowing interest rate up to 12.5% and decreased the liquidity given via weekly repo auctions, the benchmark bond interest rate increased over 10%. With the similar increase in credit rates, the deceleration in loan growth became more significant towards the end of the year.

Developments about public finance have turned out to be better than the estimations due to the high growth in revenues realized with the contribution of higher economic growth and more than expected income achieved from restructuring of debt. In 2011, in accordance with the estimated GDP figures, the rate of central budget deficit to GDP decreased down to 1.3%, and the rate of primary surplus to GDP increased up to 1.9%. With the high GDP growth rate and public finance performance, the rate of public debt stock to the GDP continued to decline in 2011. Accordingly, the rate which was 40.1% as of September is expected to fall below 40% as of the end of the year.

9.6%

**RAPID GROWTH MAINTAINED
during the first nine months
of the year**

10.4%

**double-digit inflation induced
SIGNIFICANT TIGHTENING IN
MONETARY POLICY
towards the year-end**

\$ 77 Billion

**Record level of
current account deficit
REQUIRES STRUCTURAL
MEASURES**



Chairman's Letter



Dear Stakeholders,

After losing momentum with the earthquake in Japan and upsurges in commodity prices in 2011, the global economy entered into a state of distress once again as the European debt crisis deepened. The crisis in the euro zone indicates a prolonged stagnation. The euro zone debt sustainability issue being political as much as economic as opposed to the 2008 crisis makes it more difficult to resolve in the short term. In the backdrop of the current economic outlook where the European economy is showing signs of recession and the US economy is recovering in a slow pace, it will be inevitable for the emerging economies to be negatively affected as well.

In a period of increased risks for the world economy, the Turkish economy backed by its strong growth figures in the last two years, has shown that it has come out of the global crisis honorably. With the contribution of partially increasing foreign demand to the growth trend which has been mainly driven by domestic demand, Turkey is also expected to reach a high growth performance in 2011. However in 2012, a slowdown in our national economy in parallel with the global economy will be consistent in terms of reducing risks. As the world economy is put to further tests, cautious targets, along with comprehensive, medium-term and large-scale structural reforms in an attempt to overcome the country's primary issues, has formed the dynamics of the credible long term prospects of Turkey.

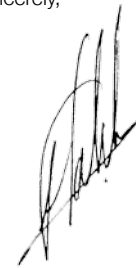
Recent indicators for the Turkish banking sector reveal that the financial sector remains robust and continues its healthy growth. More rapid recovery of emerging economies compared to the developed countries has strengthened capital flows into the emerging economies and increased the domestic loan demand. We are witnessing a reduction in the rate of non-performing loans as a result of better lending terms and low interest rates, combined with the decreased unemployment rate and the borrowers' improved ability-to-repay. Despite the improvement in the quality of loans, profitability ratios have decreased as a result of increasing

competitiveness, but still they remained at higher levels compared to other countries.

We are going through a phase characterized by the unresolved debt crisis and political instability in the regions surrounding our country. In this period of economic and political instability, Garanti Bank was able to quickly adapt to the changing conditions and dynamically managed the ongoing crisis. Currently, Garanti has become not only Turkey's leading bank, but is also seen as one of the most successful private banks within the region. We are continuing our operations and take solid steps with the vision of becoming Europe's best bank in the future with a partner that shares our vision and adds value to our Bank with its experience in both developed and emerging markets.

In a period of increasing uncertainty in the global economy, it has become more critical to keep up with the new developments across the globe and form future strategies accordingly. In the present conjuncture, Garanti succeeded in completing 2011 as the most profitable bank within the sector, through the right steps it has taken and to the forward-looking policies it has pursued. Our Bank will maintain its pioneering position in the sector, drawing on its innovative and creative products, its dynamic structure, and its developing technology infrastructure. I would like to thank our employees for their valuable contribution to our Bank's success, our loyal customers, and our social stakeholders for their support.

Sincerely,



Ferit F. Şahenk
Chairman
Board of Directors

Letter from the CEO

Dear Stakeholders,

Two years after its outbreak, the global financial crisis remained unsolved in 2011. Turkey sustained its high growth rate during a year marked by the economic distresses originating in Europe. However, the volume growth and the profitability of the Turkish banking sector were negatively affected by the global uncertainties and the restrictive regulatory actions. Taking into account the increasing risks, Garanti sustained its cautious approach throughout 2011. Market share gains did not take utmost priority whereas the focus on successful margin management, once again, placed us in a leading position among our peers. We managed operational costs below inflation through the efficiency measures taken. Despite the challenging domestic and international conditions, we managed to record the highest net profit in our sector during 2011.

The global crises took a new turn in 2011. As developed countries continued their struggle, Turkey attracted the world's attention with its sustained high growth rate.

The global crisis deepened in 2011 even with supply liquidity provided by the major central banks in the world. The economic data from the US indicated a moderate recovery despite the loss of her AAA rating. However, the uncertainty regarding the sustainability of EU countries' high sovereign debt levels weighed on international markets and the global economy.

Following her top growth performance among OECD countries in 2010, Turkey continued its strong growth also in 2011. The growth was, however, driven mainly by domestic consumption, leading to a rapid expansion of the current account deficit. Concerned with

potential risks posed on the economy and financial system, the Central Bank of Turkey (CBRT) started to focus more on financial stability, on top of its price stability mandate. The CBRT's proactive approach against global risks and its unorthodox monetary policy reduced the predictability in domestic markets especially in the last quarter.

Despite the challenging conditions in Turkey and in the global arena, the Turkish banking sector has coped successfully on the back of its significant crisis experience.

Facing increased margin pressure since 2010, the Turkish banking sector has been striving to preserve its profitability through volume expansion. However, the task became harder for the banks as the fight against current account deficit was paired with credit growth.

The Banks complied with the CBRT's recommended loan growth cap of 25%; the currency adjusted loan growth of the sector was realized at around 22-23% levels in 2011. Thus, 34% growth in TL loans and 32% growth in FC loans (in USD terms) in 2010 slid down to 27% and 12%, respectively in 2011. While a substantial part of the volume growth occurred in the first half, the banks focused on consumer and SME loans that presented attractive risk-adjusted returns.

In addition to the cap on loan growth, the banking sector was also adversely affected by regulatory arrangements such as increased required reserves and general loan provisions. Due to these measures, the funding cost for the overall sector rose in 2011. The margin pressure worsened in the last quarter due to the CBRT's tighter liquidity policy aiming to control the rapid depreciation of Turkish Lira.



Taking into account the increasing risks, **Garanti sustained its cautious approach** throughout 2011. Market share gains did not take utmost priority whereas the focus on **successful margin management**, once again, placed us in a leading position among our peers.

The regulatory headwinds for the banking sector in 2011 were not restricted to the ones mentioned above. The cap on credit card interest rates and fund management fees also put pressure on the sector's profitability.

In a year of solid GDP growth, the asset quality of the banks continued to improve. Despite the normalization in the collection of non-performing receivables, the sector's non-performing loans decreased by 6% in nominal terms, bringing the NPL ratio down to 2.6% from 3.6%.

In a period where the global banking failed to exit the crisis, the Turkish banking sector expanded its assets by 20% in 2011 and kept contributing to Turkey's increased employment volume through net 370 branch openings. Although its profitability contracted by 11% year-on-year, the sector's results were quite attractive.

The Bank sustained its profitability as it carefully managed its margins and focused on efficiency.

At Garanti, we increased cash loans by 30% in 2011 in line with our customer-centric banking strategy, and brought the share of loans in total assets near the pre-crisis level of around 55%. In a year where a sustainable funding base gained more of an importance, we increased our demand deposits by 36% and total customer deposits by 18% last year. We also diversified our funding sources by issuing an USD 800 million of Eurobond and TL 2.5 billion of bank bonds. We divested our 20% minority stake in Eureka Insurance, as well as some other non-banking assets that lead to increased balance sheet liquidity.

We acted prudently at all times due to the increased uncertainties within and beyond our national borders, gaining market share in many business areas despite resistance to pricing competition. Instead, we paid attention to rational pricing, both in loans and deposits. As a result of our commitment to managing core margins, loan-deposit spreads contracted the least at Garanti compared to peer banks.

We significantly reduced our non-performing loans, which had increased during the crisis, through exceptional collections improvement attained in 2010. Despite the normalization in collections, we were able to diminish our non-performing loans portfolio by 13% nominally. Thus, the NPL ratio, went down to 2.1% from 3.1% in 2010.

In 2011, we succeeded in containing our operational costs below inflation through the implementation of the efficiency improvement initiatives launched in 2010. Despite the restrictive regulatory changes, we achieved more than 10% increase in our fee and commission income and sustained our leading position in efficiency indicators.

Despite the rising risks abroad and restrictive local regulations, we managed a mere 1% decline in net profit and delivered, once again, the highest profits in the Turkish banking sector in 2011.

Our corporate responsibility activities in 2011 focused mainly on investments in culture, arts and efforts on sustainability.

Garanti's ongoing support to culture and arts was steered into a new dimension last year with the opening of SALT Beyoğlu and SALT

Letter from the CEO

Galata. With our goal to create an institution that will serve Turkey's cultural and intellectual life, we merged three cultural institutions under one roof, SALT. We renovated the two historical buildings located on İstiklal St. and Bankalar St. in İstanbul, and re-launched a total space of 15,000 sq. meters allocated to culture and arts. Besides exhibitions and events, SALT presents an invaluable source for information generation and creates a collective memory in the cultural and social arena via SALT Research consisting of publications, archives and a library. We believe SALT will prove to be an inspiration for the next generations.

Key among our responsibilities is to invest in sustainability for a more livable environment that will cater to the needs of future generations. In this regard, through our Sustainability Committee, we carry out systematic efforts that tackle sustainability in all aspects; social, economic and environmental. We devised a comprehensive environmental impact assessment process and a systematic scoring model, whereby projects above a certain size financed by Garanti are reviewed with respect to their environmental and social risks. We established our environmental lending policy and industrial guidelines. We are developing an extensive environmental management system in an effort to minimize the direct environmental impact our Bank creates through its operations. We disclosed our second carbon footprint in 2011 and qualified to be listed in the CDP 2011 Global 500 Report, the global reporting system of the Carbon Disclosure Project.

Garanti's commitment to corporate responsibility initiatives is not limited with these areas alone.

Since its launch in 2008, 'No Limits in Teaching' has been amongst the most important and top priority initiatives for our country and it has already reached out to 49,580 teachers in 1,876 schools across 69 cities.

In 2011, we celebrated the 10th anniversary of our sponsorship to the Turkish National Men's Basketball Team. We commemorated the "12 Giant Men" in a documentary that is a tribute to the team's major achievements witnessed through our decade-long companionship. The ten-year story of the "12 Giant Men" dwells on how basketball is embraced by large segments of the population and how the faith of a nation contributes to a team's success. On another front, nearly 35,000 young athletes in total received basketball training at "12 Giant Men" Basketball Schools in 65 cities to date.

We continued to hold Garanti Anatolian Meetings in 2011; an initiative which aims to join hands with the SME's to develop a better future. We got together with more than 24,000 SME's in 75 meetings organized in 56 cities so far. We also met with 2,500 women entrepreneurs in the 15 Women Entrepreneurs Gatherings we have co-organized with KAGİDER (Women Entrepreneurs Association of Turkey) for the purpose of encouraging women entrepreneurship.

Courageous steps taken fuel the hopes for the global crisis to come to an end. But the risks are yet to be eliminated. Garanti will focus on sustainable and profitable growth.

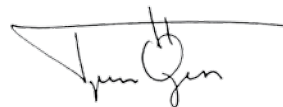
Positive economic data from the US and the radical steps taken by EU toward the

resolution of the debt crisis alleviate the worries about the global economy. However, the risks are yet to be eliminated. Possibility of global stagnation is a risk that cannot be ignored. Most certainly, the developments in the world will affect our national economy and our banking sector alike.

The ongoing high growth of the Turkish economy for the past two years is expected to decelerate in 2012. Together with the macro prudential measures taken by the CBRT and the BRSA, we expect moderate growth in the banking sector as well in the year ahead. At Garanti, we will continue the successful margin management, prudent risk management and commitment to efficiency during 2012, and aim to grow in a sustainable and profitable manner.

As always, our target is the same: To earn the appreciation of all our stakeholders through our financial performance and corporate governance endeavors.

Sincerely,



Ergun Özen
President and CEO

"All happiness depends on a leisurely breakfast."
John Gunther / American journalist and author

Doğayı t... nek için
al... lı fi... etiyoruz

Financial Highlights

Achieving **sound financials** with its **consistent** operational efficiency, **dynamic balance sheet** management, visionary approach and customer-driven core banking strategy, Garanti moves ahead parallel to its sustainable growth target and preserves its leading position in numerous segments.

Garanti in 2011

Garanti's **commitment to sustainability** was proven with its track record of delivering an average of 25% return on equity in the last 5 years. Garanti further reinforced its solid stance with the remarkable performance achieved in 2011.

Garanti Bank has leading position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **11 million customers** through an extensive distribution network that includes **918 branches, over 3,250 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 **15 million** debit and credit cards and **460 thousand POS terminals**, Garanti today manages Turkey's largest merchant

network via its innovative products and services.

Garanti, with its 68 new branch openings in 2011 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 163 billion 475 million 323 thousand**; while the support provided to the economy through **cash and non-cash lending** reached **TL 112 billion 971 million 518 thousand**.*

Garanti stands out with its **well-diversified** and **solid funding structure**. In 2011, customer deposits increased by 18% as compared to 2010 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 2011, **the share of demand deposits in total deposits increased to 22%**.

In 2011, Garanti **further strengthened** its **strong capitalization** and continued to operate with low leverage. As of year-end 2011, the Bank's consolidated **capital adequacy ratio** stood at **15.8%**. Free funds grew by 18.5% on an annual basis, and the Bank funded around 1/5 of its assets through free funds.

Garanti, prioritizing its **customer-oriented banking strategy**, managed to further improve its **operational effectiveness** in 2011 and continued to be the most profitable bank in Turkey.

Total Assets

TL **163.5** Billion

20% Asset Growth

Increased contribution of customer driven assets

Shareholder's Equity

TL **17.9** Billion

Strong capitalization continuously reinforced by internal capital generation

Operating Expense

TL **3.7** Billion

Below inflation growth in OPEX with its focus on disciplined cost management and productivity

Return on Average Assets

2.2%

Capital Adequacy Ratio

15.8%

Performing Loans

TL **90.3** Billion

30% Loan Growth

Uninterrupted support to the economy

Net Fee & Commissions Income

TL **2.1** Billion

Well-diversified fee sources led to 11% growth

Net Income

TL **3.3** Billion

Delivered the highest profit among Turkish banks with the support of its stakeholders

Return on Average Equity

20%

Non-performing Loans Ratio

2.1%

Total Deposits

TL **93.2** Billion

18% Deposits Growth

Extensive branch network and effective relationship banking

Ordinary Banking Income

TL **7.0** Billion

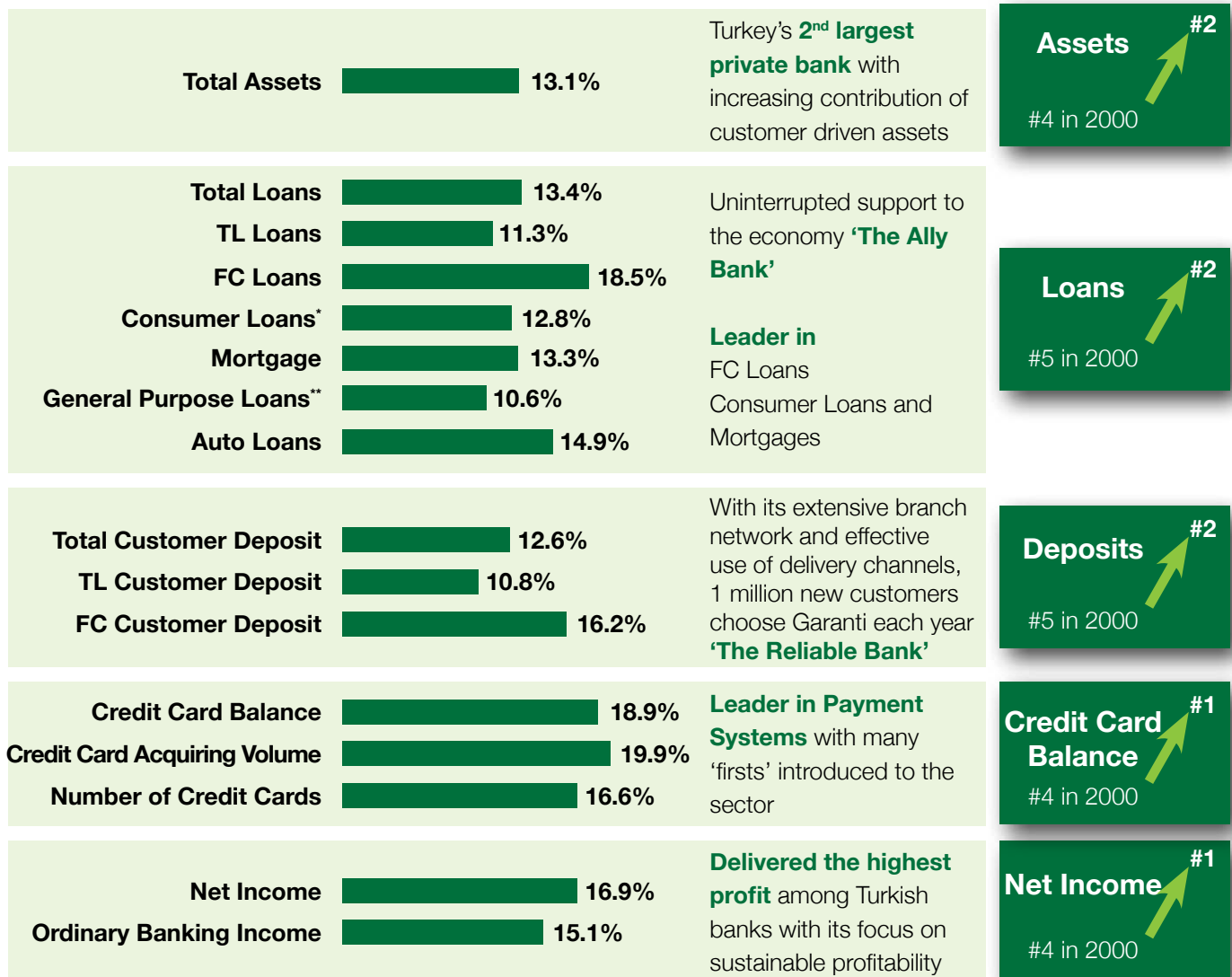
Leader with its customer-oriented banking strategy

Customer-oriented, profitable, and sustainable growth strategy

resulted in another **successful year.**

Garanti's Competitive Advantages and Market Shares

- **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**



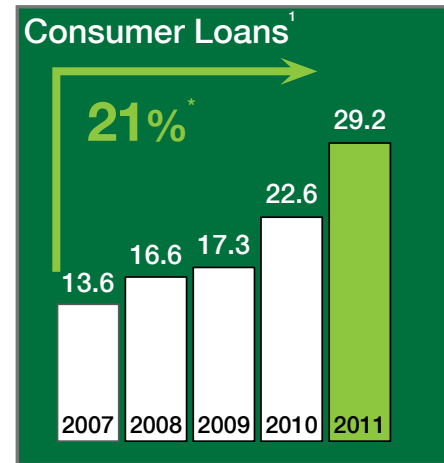
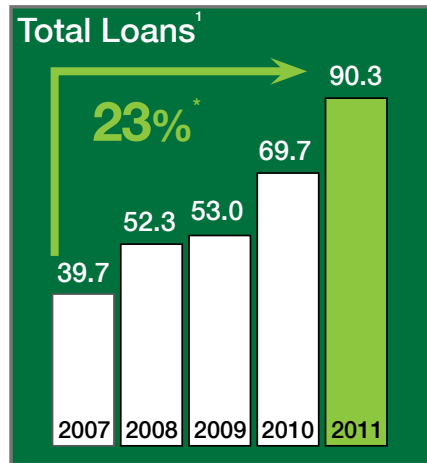
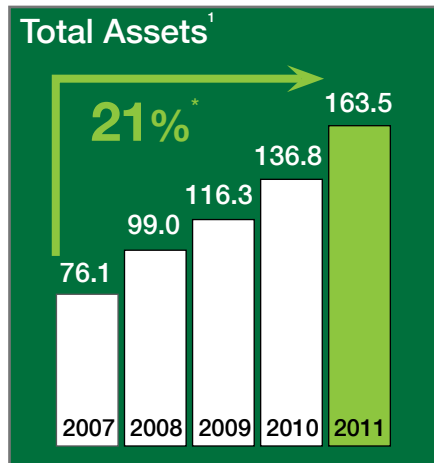
Note: Calculations were based on unconsolidated financials for fair comparison. Rankings are among private commercial banks.

Sector data is based on BRSA weekly data, commercial banks only

*Including consumer credit cards

**Including other loans and overdraft

Garanti: The Leading Bank In Turkey



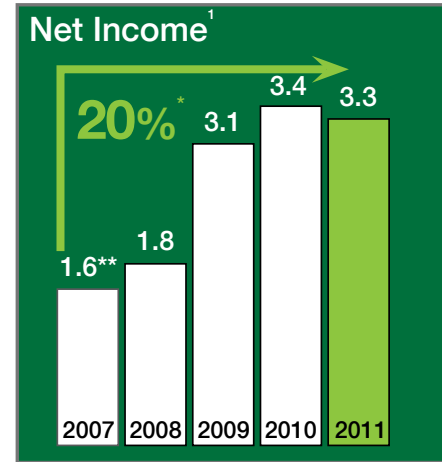
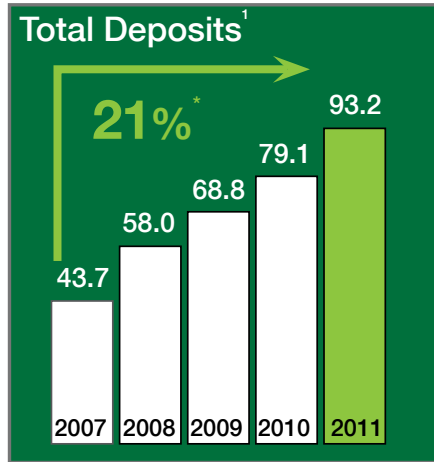
Extensive Distribution Network

- **918** branches covering **96%** of Turkey -- **#3**
- **>3,250** ATMs facilitating **>140 transactions** -- **#3**
- Turkey's Largest Financial Call Center with **>57 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 **15 million** debit and credit cards
- Largest merchant network with **460k** POS terminals
- **Pioneer** in payment systems with **19%** market share in issuing volume
- Per debit card spending 2.5 times the sector: **Leader Paracard**
- The largest card platform in Turkey with **13 million** credit cards: **Bonus Card**

* Growth rates represent compounded annual growth rates over the past five years.
¹Based on BRSB Consolidated Financials. Figures are in TL Billion.



Pre-Eminent Business Model With its Specialized Subsidiaries

- **Leader** in bancassurance
- **#2** in equity turnover in the **ISE**
- **#2** in factoring with **\$3.1 million** factoring business volume
- **Every 1 out of 5** entrants to the pension system chooses Garanti
- **Leader** in leasing for **29** consecutive **quarters** in number of contracts

Dynamic and Competent Human Resource

- Strong employee base of **~17k** emphasizing effective team work
- **~84%** of employees are university graduates
- Investing in people: **~780,000 hours** of training
- **~4,000** innovative ideas collected from employees
- The first Turkish company holding **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)

¹Based on BRSB Consolidated Financials. Figures are in TL Billion.

Assessment of Financial Position, Profitability And Debt Payment Capability

Garanti's consolidated net income reached **TL 3 billion 345 million 806 thousand** in 2011. The Bank's commitment to sustainability was proven with its track record of delivering an average of 25% return on equity in the last 5 years. Garanti reinforced its solid stance with the remarkable performance achieved in 2011. The Bank delivered an ROAE (Return On Average Equity) of 20% in 2011.

Today, Garanti Bank has **leading** position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **11 million customers** through an extensive distribution network that includes **918 branches, over 3,250 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 **15 million debit and credit cards** and **460 thousand POS** terminals, Garanti today manages Turkey's largest merchant network via its innovative products and services.

Garanti, with its 68 new branch openings in 2011 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 20%** in 2011, reaching **TL 163 billion 475 million 323 thousand**; while the support provided to the economy through **cash and non-cash lending** reached **TL 112 billion 971 million 518 thousand**. Expanding its cash loans by 30% in 2011, Garanti increased its share of loans in assets, by 410 basis points, to 54.5% of assets. Garanti, with its **disciplined growth** target, did not pursue market share increasing efforts based purely

on pricing 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 sustained its **leadership in consumer loans including credit cards** and preserved its **leadership position as the largest lender in mortgages in Turkey**. General purpose lending expanded by 44% in 2011 resulting in increased market share of 40 basis points year on year, which in turn, further reinforced the Bank's market position.

Garanti sustained its sound **asset quality** in 2011. Collections normalized but remained still strong and the nominal non-performing loan (NPL) stock* declined by 9% versus sector's 3% increase, which is a clear evidence of the Bank's success in collections since 2008. Garanti's **NPL ratio** decreased from 3.1% in 2010 to **2.1%** in 2011.

Garanti stands out with its **well-diversified and solid funding structure**. In 2011, **customer deposits** increased by **18%** as compared to 2010 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. As of the end of 2011, **the share of demand deposits in total deposits increased to 22%**. Garanti realized two Eurobond issues worth USD 800 million in total, with 5-year and 10-year maturity. The fixed rate tranche with a nominal value of USD 500 million is **the longest tenor Eurobond issued by a private company in Turkey**. The USD 300 million floating rate tranche became

the first and only floating rate Eurobond issued in **Central and Eastern Europe** denominated in USD for the year. Garanti further supported its funding structure with **TL bond issuances** and managed the cost and maturity of its TL funding effectively with TL 2.5 billion outstanding TL bonds.

In 2011, Garanti exercised its option to sell 20% of Euroko Sigorta to Euroko B.V. In addition, the Bank sold its stakes in MasterCard and Visa and the total proceeds of TL 246 million was utilized to further reinforce its sustainable customer oriented banking strategy.

In 2011, Garanti **sustained its strong capitalization ratios** due to high internal capital generation capability. As of year-end 2011, the Bank's **consolidated capital adequacy ratio** stood at **15.8%**. **Free funds** grew by **18.5%** on an annual basis, and the Bank funded around 1/5 of its assets through free funds.

Garanti's dynamic balance sheet management with timely repricing resulted in limited margin contraction in 2011 despite regulatory pressures and lower interest rates. Garanti, prioritizing its **customer-oriented banking strategy**, managed to grow refraining from irrational competition. With its continuous improvement culture and its visionary moves that lead the sector, Garanti contained its OPEX growth below inflation while expanding its branch network.

Based on BRSA consolidated financials

**Adjusted with write-offs in 2008,2009,2010 and 2011.*

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 rating by **Moody's** and The Long Term TL and FC ratings by **JCR Eurasia Ratings** and **stand-alone credit profile (bbb-)** by **S&P** represent investment grade.

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 web site for any developments.

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

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

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


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

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

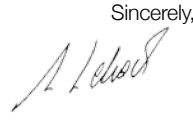
Auditors' Report

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

We have audited the calendar year 2011 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 2011 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

Sincerely,


ALTAN REHA GÖKSU
Auditor

Profit Distribution

Our Bank ended its 66th fiscal year with a profit of TL 3,070,574,575.92. 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 May 28, 2012 the distribution of cash gross dividend and conduct the operations regarding the issue.

Sincerely,
Board of Directors

2011 DISTRIBUTION OF THE PROFIT TABLE-TL NET PROFIT

	3,070,574,575.92
A - 5% for the 1st Legal Reserve Fund (TCC 466/1)	153,528,728.80
B - First dividend corresponding to the 5% of paid up capital	210,000,000.00
C - 5% Extraordinary Reserve Fund	135,352,292.36
D- Second Dividend to Ordinary Shareholders	390,000,000.00
The gain of sales of tax exempt according to Article 5-1/e of Corporate Tax Law 5520 and other funds has to be left in the bank	193,694,440.73
D- Extraordinary Reserve Fund	1,948,999,114.03
2nd Legal Reserve Fund (TCC 466/2)	39,000,000.00

INFORMATION ON 2011 DIVIDEND PAYOUT RATIO

INFORMATION ON DIVIDEND PER SHARE

	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND PER SHARE (NOMINAL VALUE: TL 1)	
		AMOUNT (TL)	RATIO (%)
GROSS (*)	600,000,000.00	0.14286	14.28571
NET	510,000,000.00	0.12143	12.14286

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 (%)
600,000,000.00	20.46

* 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.

Garanti shares outperformed XBANK by

12%
in 2011

TL 0.79
Earnings Per Share

TL 24.8 Billion

Market Capitalization constitutes
8% of the ISE-100 as of year-end 2011

TL 12.3 Billion

Highest floating market capitalization in the
ISE as of year end 2011

TL 393 Million

Average daily turnover in 2011,
representing 17% of the ISE-100

\$ 33.9 Million

Total foreign transactions in 2011
The most traded stock by foreign investors

~ 13%

Weight of Garanti shares
in the ISE-100

Information on Garanti Bank Share

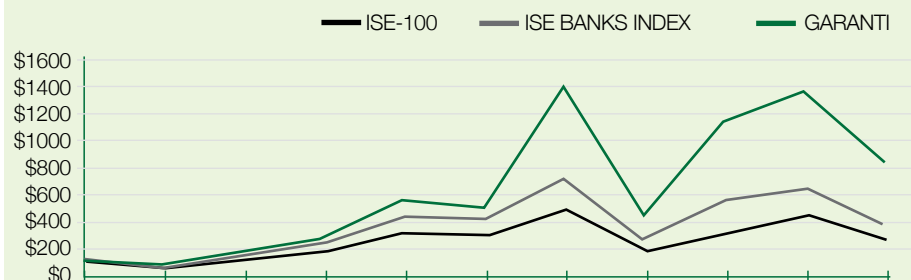
Garanti shares are traded on the Istanbul Stock Exchange (ISE) under the ticker symbol **"GARAN"**. The shares are also listed on the London Stock Exchange Main Market (LSE).

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, 2011 is presented on page 8 of this Annual Report. With a free float ratio of around **50%**, Garanti sustained its position as the company with the highest floating market capitalization **in the ISE** in 2011, as well. Garanti shares accounted for **17%** of the turnover in the **ISE-100** and **41%** of the ISE Banks Index. Furthermore, Garanti shares constituted **27%** 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 ten years ago, increased to **US\$ 854**, whereas **TL 100** invested reached **TL1,120** by the end of 2011.

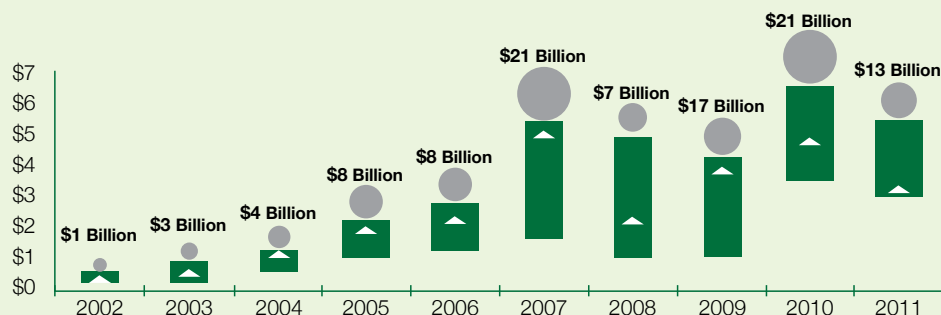
Total Cumulative Shareholder Return in 10 Years



(US\$)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ISE-100	100	66	140	193	310	291	500	184	371	448	283
ISE BANKS INDEX	100	57	141	219	431	391	699	248	543	631	353
GARANTI	100	75	175	274	555	512	1,402	449	1,135	1,366	854

(TL)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ISE-100	100	75	135	181	289	284	403	195	383	479	372
ISE BANKS INDEX	100	65	136	206	402	382	563	263	561	674	463
GARANTI	100	86	170	257	518	500	1,129	474	1,172	1,459	1,120

10 Year Stock Performance and Market Capitalization



(US\$)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
High*	0.45	0.65	1.00	2.02	2.65	5.31	4.94	4.24	6.54	5.35
Low*	0.18	0.18	0.52	1.00	1.19	1.68	1.01	1.02	3.49	3.09
Close \triangle	0.27	0.64	1.00	2.02	1.86	5.10	1.63	4.13	4.97	3.11

(TL)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
High*	0.65	0.93	1.37	2.73	3.51	6.23	5.77	6.17	9.22	8.18
Low*	0.29	0.32	0.80	1.38	1.97	2.41	1.71	1.83	5.40	5.78
Close \triangle	0.45	0.89	1.35	2.73	2.63	5.94	2.50	6.17	7.68	5.90

● Market Capitalization (in US\$) based on Closing Prices *Based on Closing Prices
 Stock prices are adjusted for dividend distributions and capital increase (Source: Thomson Reuters)



"Good food ends with good talk."
Geoffrey Neighbor / Food blogger



Awards

High quality products and services offered to customers as a result of its successful performance are **recognized with awards** by numerous **national and international** prestigious organizations, which give Garanti the strength to climb even higher.

Awards

Honored with numerous **national and international awards** also in 2011, Garanti Bank continues to make a difference with its products and services molded with its **innovative and customer-centric approach**. These awards serve as valuable tools of motivation for Garanti in its pursuit to further **leverage its performance** in every aspect.



Garanti clinches the “Best Bank in Turkey” awards again

The prestigious business and finance magazine Global Finance named Garanti the “Best Bank in Turkey” in the Best Emerging Market Banks in Central and Eastern Europe category. The “Best Trade Finance Bank in Turkey” award also went to Garanti.

Garanti continued to be the recurring winner among Turkish companies of the “Best Bank in Turkey” award, eagerly awaited in worldwide finance circles every year. This particular award was granted to Garanti for the eleventh time by Euromoney, one of the world’s leading financial magazines. In addition, Garanti was the only bank to be awarded in five different categories: Overall, Credit Finance, Equity Finance, Debt Capital Markets and M&A Advisory.

A tradition at Garanti: Straight Through Processing Excellence Award

Garanti Bank has received “Quality Awards” from JP Morgan Chase Bank, Citibank, Commerzbank and BNY Mellon for achieving high payment volumes with straight through processing (STP). Garanti has also received the STP Excellence Award for the eighth time from Deutsche Bank for EUR and USD payments.



Garanti Masters Private Banking - the best in Turkey once again

For the second consecutive time, Garanti Masters Private Banking received the “Best Private Bank in Turkey” award jointly presented by The Banker and PWM (Professional Wealth Management), periodicals by the prestigious Financial Times group, within the frame of 2011 Global Private Banking Awards.

Garanti Call Center – creativity at its best!

Garanti Bank Call Center honored with the first place award in the “Most Creative Call Center Implementation” category with its “Branch Calls Centralization Project” at the İstanbul Call Center Awards 2011 organized by IMI Conferences.

Garanti Project Finance once again garners awards

Based on the Euromoney Magazine’s surveys of the real estate sector and financing, Garanti Bank was voted as the “Most Successful Bank in Turkey” in the real estate category in 2011. Garanti Bank also collected the whole set of awards that Euromoney presents in the real estate segment of banking category.

Euromoney/Project Finance Magazine’s “European Hydro Deal of the Year” prize was awarded to Garanti for the 76 MW Karakuz HEPP project where the Bank was the sole financier. Garanti also received the “European



Power Deal of the Year” prize for Gebze CCGT project and the “European Transport Privatization Deal of the Year” prize for the IDO (Istanbul Ferries Inc.) privatization.

Garanti’s web sites once again full of “Golden Spider”s

Garanti received numerous prizes at the 9th Golden Spider Web Awards, the one and only event not affiliated to any platform in Turkey:

Banking and Financial Services category: First prize

www.garanti.com.tr

Best Accessible Website: First prize

www.garanti.com.tr

Training category: Second prize

www.garantitalentcamp.com

Entertainment category: Second prize

www.garantisupertrader.com

Internet Banking: Second prize

www.garanti.com.tr

Corporate Website: Second prize

www.garanti.com.tr .

“The Last Person On Earth Who Doesn’t Use Garanti Online Banking” project received prestigious awards

With its project encouraging customers to use internet banking, Garanti Bank marked the Epica and MMA (Mobile Marketing Association) competitions that awards creative marketing projects.

Garanti, leader in internet banking with over 2 million internet banking customers, created a campaign to promote the use of internet banking, which received the silver medal in Epica, Europe’s biggest advertising awards competition organized for the 25th time.

At the MMA Awards, which is the only international award program in the mobile marketing category and having a jury panel constituted by international brand marketing professionals and advertising agency directors,

Garanti was honored with the Golden Prize and the “Best Use of Mobile Marketing for Direct Response in EMEA (Europe, the Middle East and Africa)” award.

Garanti Technology and digital agency, Rabarba worked collaboratively on technical infrastructure of the campaign that used a combination of various channels like the Internet, mobile and call center.

At the MediaCat Felis 2011 Awards where best media ideas and strategies are selected, Garanti’s project won “Blue Ribbon” and also received the first prize in three categories (Finance, Consumer Engagement and Best Use of Direct Marketing). The project was also the winner at the Crystal Apple contest in the “Best Database Marketing” category.

Three international awards to garantimortgage.com

Turkey’s first bank-supported mortgage website, www.garantimortgage.com continued to mark its achievements with the awards received in 2011.

The website won the “Standard of Excellence” award in the Web Awards 2011 competition, the “Silver Award” in the International Davey Awards 2011, and was named the “Stevie Award Winner” in the Stevie Awards 2011 competition. All these titles were received in the Financial Services category.

Garanti the Mortgage Expert is a bounty hunter, too!

Garanti Mortgage received the “Award of Distinction” in Viral Marketing category with the online “Fast Home Move” viral video in 2011 Communicator Awards, “Outstanding Online Video” award in the Internet Advertising Competition 2011, and the 1st prizes in the “Most Creative Viral Campaign” and “Most Creative Video” categories in the Digital Age Competition 2011.

In the Interactive Media Awards 2011, the company has been honored with the “Outstanding Achievement” award in the intranet category.

A pastime activity for Garanti Payment Systems: award collection!

Garanti was presented the silver award with the “Shop&Miles Bosphorus Sailing Cup 2010” website in the Entertainment category of the “Horizon Interactive Web Awards”

Garanti Payment Systems was also the winner in the “Mobile Marketing Applications” category in the Digital Age Creativity Awards with its mobile application “WhichCampaign? (Hangi Kampanya?)”.

It also won the first prize in the “Best Social Media, Mobile & Digital Marketing in Credit Cards in Turkey” in the CNBC-e survey and was named the “Best Social Media Marketing Brand” in the CNBC-e Research 2011.

Garanti Pension inundated with awards

Garanti Pension’s corporate social responsibility project “Back to Study: Educating, not Employing Children” aimed luring primary and secondary school working children (most particularly the ones working on the streets) back to school on a full time basis, affirmed its success with three international awards granted. The project has been honored with first place awards in the Corporate Responsibility category at the IPFA Golden World Awards, and the Community Relations category at the Global and EMEA Sabre Awards.

With its eye-catching design, Garanti Pension Annual Report 2010 received, “Platinum Award” in the Letter to Shareholders and Report Financials categories at the LACP Vision Awards, the most prestigious awards in the field. By ranking fifth at the “top 100” list based on evaluations of all categories, Garanti Pension achieved another great success. At the 9th “Golden Spider Web

Awards

Awards” Garanti Pension’s corporate website; garantiemeklilik.com.tr once again named the Best Insurance Website in Turkey and Hobby Clubs’ website; hobimlemutluyum.com was voted as the second best website in the Community/ Social Communication category.

Garanti Factoring: The Most Admired Factoring Company - once again

For the third consecutive time, Garanti Factoring has been named the “Most Admired Factoring Company in Turkey” in 2011 based on the results of the broadly-participated survey carried out by Capital magazine among professional managers and businessmen.

Garanti Securities – Best Investment Bank for the 5th consecutive time

Named the best investment bank in Turkey every year since 2007 by Global Finance, Garanti Securities captured the same title for the fifth time.

Garanti Leasing – The Most Admired Leasing Company in Turkey

According to the results of the “Most Admired Leasing Company in Turkey 2011” survey conducted by Capital Magazine every year,

Garanti Leasing has been designated the “Most Admired Leasing Company in Turkey”. 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. Along with the 2011 survey results, Capital Magazine also analyzed top three companies by sectors and determined the sectoral leaders of the past ten years. As a result of this review by Capital Magazine, Garanti Leasing has been declared the Most Admired Leasing Company in the past decade.

Garanti Technology Customer Care Center registered its high quality service

GT Customer Care Center earned ISO 10002:2004 Customer Satisfaction / Complaints Handling certification, which provides guidance on the planning, design, operation, maintenance and improvement of the process which handles the complaints on products offered by an organization. The certification recognizes the organization’s ability to analyze and evaluate complaints, audit the complaints handling process, enhance customer satisfaction by creating a customer-focused environment that is open to feedback, resolve any complaints received, and enhance its ability to improve its product and customer service. Garanti Bank

had been the first Turkish bank to receive this certificate in 2009.

Garanti Asset Management takes “Respect for Human” Award

Garanti Asset Management was granted the “Respect for Human” award for its successful practices in the recruitment process. Garanti Asset Management is the first company in its sector to receive this award, which is a prestigious one in the HR field and is granted Kariyer.net to companies that fulfill strict criteria. The prize exhibited the Company’s focus on making a difference in HR, as well.

GarantiBank International – once again among the best trade finance banks

GarantiBank International NV (GBI) collected awards in four categories of Trade Finance. GBI was the runner-up in the “Best Forfaiting Institution” category and awarded bronze medals in the “Best Trade Bank in Western Europe”, “Best Trade Bank in Eastern Europe” and “Best Bank in Soft Commodities” categories in “Trade&Forfaiting Review” magazine’s 2011 polls. GBI had also been awarded in two categories by the same magazine in 2010.

Garanti Bank SA is bombarded with awards

The author of numerous firsts in the banking industry in Romania, Garanti Bank SA has been named the “Most Dynamic Bank” by Finmedia media group in 2011. Romania’s first international chip-based card with a reward program, Bonus Card was presented with the “Best Promotion” award by No Cash magazine and the “Best Innovative Banking Products” award by the Business Arena magazine. The “Credimed” product was selected the “Best Product of the Year for Doctors” by “Colegiul Medicilor” organization, while the loan product offered to SME customers was named the “Best Banking Product” by Piata Financiara magazine.



Garanti internet banking conquers Romania

Turkey's leading Internet banking service, "Garanti Online" repeated its success in Romania and received the "Best Bill Payment & Presentment" award from Global Finance and "e-payments" award from e-Finance.

A deluge of awards for Garanti Annual Report 2010

Garanti's efforts in communicating the sustainability of its financial performance in its annual report along with its commitment for sustainability as a whole is recognized as the "Best Sustainability Communications Program" by the "League of American Communications Professionals- LACP". The initiative in communicating sustainability efforts commenced with the 2008 Annual Report. Companies of any scale from 25 countries submitted more than 4,000 reports for the LACP Awards 2010, which has been set up in 2001 and defining the standards of excellence in communication ever since.

With the report's visual design, creativity and diverse narrative, Garanti also received the "Gold Award" in "Best Annual Reports" and "Best Online Annual Reports" in the Spotlight Awards 2010 held by LACP with the participation of more than 4,000 reports.

The web-based Annual Report 2010 interactive site won the bronze award in the Vision Awards organized again by LACP and ranked among the "Top 100 Communication Materials" worldwide.

Garanti received 2 awards in the ARC Awards held by MerComm, the organization that sets the standard of excellence in communication. In the ARC Awards, globally recognized as the "Oscars" of the Annual Report Competition, Garanti was honored for the second time with the Gold Award in the "Non-Traditional Annual Reports" category and with the Silver Award in the "Financials" category with its 2010 Annual Report.

Also recognized in the Stevie International Business Awards that holds an important place in the international business world, Garanti was a distinguished honoree in the Best Annual Reports category with its Annual Report 2010.

Silver Prize for the Investor Relations' bulletin "StockWatch Quarterly"

With the quarterly news bulletin Stockwatch, Garanti received the Silver Prize in the "News Bulletin" category in its first ever appearance at the 22nd International Galaxy Awards organized by MerComm.

Garanti emerges again as the Best in Investor Relations Awards 2011

At the Investor Relations Awards 2011 organized by Acclaro in Turkey, Garanti was recognized in 3 categories. Honored with the first place in "Best Investor Relations Annual Report" and "Best Corporate Governance Communication" categories, Garanti took the second place in "Turkey's Best Investor Relations by the CEO" category. With "Turkey's Best Investor Relations Annual Report" award, Garanti has become the only company to rank first in this category for two consecutive years.

Garanti enters the CDP Global 500 Report 2011

Garanti entered the Carbon Disclosure Project (CDP) Global 500 Report 2011, a global reporting system by the CDP, the world's major initiative focusing on climate change issues. This year marks Garanti's debut in the report published within the frame of CDP that is organized to collect and share data that will urge investors and governments to take action in relation to climate change. Companies that are reporting to CDP, the one and only global reporting system on climate change, are made up of 500 largest public companies on the FTSE Global Equity Index Series.

Top recognized advertiser: Garanti

Garanti received prestigious awards in the area of advertising with the successful advertising campaigns it introduced in 2011.

Garanti was granted awards in 11 categories including "Grant Prize", "the best innovative campaign", "the best media usage" and "advertiser of the year" within Felis Awards, Digitalage, Mediacat Outdoor Awards and Crystal Apple Awards.

The Best Volunteer project: Elim Sende

Garanti launched a volunteer project "Elim Sende" with the responsibility to trigger a positive change in the society, which was named the Best Volunteer Project at the "Awards from the Heart" given by the Corporate Volunteer Association. Targeting to improve the physical conditions of preschool classrooms and enhancing the quality of education so as to contribute to the development of preschool children, Elim Sende has been instrumental in renovating 12 preschool classrooms in eight cities in the 2010-2011 academic year with the support of more than 200 Garanti employees and their families.

Garanti Training Center proves its success on the international arena

Garanti Training Center received the Best Award in the American Society for Training & Development (ASTD), the most prestigious organization in the international training industry. The successful performance in training assessments was approved with the "Best International Implementation" title from the ROI Institute (Return on Investment Institute). Garanti Management Academy, the leadership program, was recognized as the "Best Leadership Training Program" by "Brandon Hall", a leading analysis and research organization.

“Bear in mind that you should conduct yourself in life as at a feast.”
Epictetus / Philosopher

Doğal memek için
akıllı retiyoruz

2011 Activities

Innovative offerings based on **superior technology** created by **competent teams** across all segments keep lifting Garanti to the very top and give millions of customers the chance to experience Garanti's privileges.

Retail Banking

Garanti Bank continues to consolidate its **leading position in retail banking**, backed in the process by its principle of **making a difference** in the lives of its customers with its **flawless approach to service, robust infrastructure and rich product portfolio.**

Maintaining its leader position in retail banking in its 24th year of presence in this segment, Garanti Bank continued to be a part of the lives of its millions of customers with a candid and professional touch in 2011, thanks to its flawless approach to service and innovative activities that make a difference.

2011 Activities

Garanti's approach to customer relationship is best expressed by the comments of a client: "I feel at home when I step into a Garanti Bank branch. They greet us with friendly smiles and handle our transactions as quickly as possible; so, thanks". Garanti offers service with a retail banking sales and relationship management team of 2,000 to its 9.3 million retail customers, 1.8 million of which consist of salary payment customers.

Standing out amid the fierce competition that characterized the market, Garanti left behind a productive year, achieving significant growth figures in the number of customers and consumer loans. The aggressive branch network expansion that started three years ago continued in the reporting period, bringing the number of branches to 918.

With a business volume of TL 60 billion that accounted for 30% of the Bank's overall balance sheet, retail banking increased consumer loan disbursements to retail customers to TL 10 billion. Garanti's retail deposits volume worth TL 34 billion takes 40% share of the Bank's overall deposits.

Consumer Loans

In the consumer loans products category that it has placed maximum emphasis on

in 2011, Garanti disbursed TL 6,595 million in general-purpose loans to individuals. The Full Support platform offered in 2010 and innovative marketing activities aimed at various customer needs introduced in 2011 brought about 65% growth in this category for the second consecutive year. The expansion in the loan portfolio was driven by the Full Support platform facilities, which include reducing or postponing installments, offering consultancy, extending new credit line upon full repayment and providing discount for "former credit customers".

Garanti retained its leadership in the sector with TL 3,556 million extended in mortgage loans, while ranking third in the market with TL 786 million in auto loans.

Customers Deposits

In 2011, Garanti broadened its retail deposit base, and got 12.26% market share in savings deposits, while keeping a close eye on funding costs. In spite of tough competitive conditions, the Bank achieved 18% growth in deposit products on the back of various contributing elements including its widespread service network, high quality service, reliability and customer satisfaction. With the "Gold Account" that represents a distinctive alternative for individual investors in the deposits market, Garanti reaped the benefits of its investments in recent years, attaining 2.5 folds of growth in the number of accounts and almost quadrupling the volume.

Segment Banking

With a view to ensure sustainability in new customer acquisition, Garanti espoused the strategy of growing in different segments,

while focusing on salary payment customers. Launched in the last quarter of 2011, the “Retirement Banking” program, designed for individuals retired through the Social Security Institution (in Turkish: SGK) system who customarily receive their pensions from state banks, brought Garanti the privilege of being the first private bank to engage in this segment. Garanti boasts being the first bank that fulfills all needs of the retiree segment with a holistic approach that encompasses product, service and channel aspects.

Projections for 2012

In line with its growth target, Garanti will mainly concentrate on consumer loans in 2012, focusing particularly on mortgage and general-purpose loans and savings deposits. Commission management is another area where the Bank is planning to author successful initiatives.

Garanti will maintain its customer-centric approach in 2012. The Bank will continue to give importance to new salary payment customer acquisition by reaching new segments via new programs such as the Retirement Banking introduced in 2011. As it has done in previous years, Garanti Bank will keep catering to the constantly evolving consumer needs through further investments in competent human resource, technology and strong delivery channels, while carrying on with efforts to expand its branch network and product portfolio.



Private Banking

In line with its high quality service concept, **Garanti Masters Private Banking** reinforces its **pioneering** position as an author of firsts on the back of **privileged** facilities, as well as **innovative** investment products developed parallel to the changes in the financial markets.

Within the last 6 years, Garanti Masters has offered:

173

Structured Deposits with a volume of \$ 286 Million

814

Option Strategies with a volume of \$ 692 Million

9

CAPITAL GUARENTEED FUNDS with a volume of \$ 137 Million



Garanti Masters Private Banking offers private banking services to over 7,000 individuals with a minimum net worth of USD 500,000 with the widest product range in the sector which are designed to fit the customers' risk appetite, needs and expectations. Presenting attractive return opportunities through structured deposit products and capital guaranteed funds, Garanti Masters keeps leading the sector.

2011 Activities

In 2011, Garanti Masters focused on developing alternative investment products in anticipation of increasing volatility in the markets and downturn in stock markets, and introduced firsts to the sector via its innovative products.

Masters Structured Deposit Products and Funds gave customers access to capital guarantee, as well as to higher returns through the changes in the financial markets. Unprecedented in the sector, the "interest rate lock-in" option allows customers to fix their return at a high level before maturity. With the new products launched in 2011, the number of Structured Deposit Products offered in the past six years by Garanti Masters reached 173 with a volume of USD 286 million, while the number of Capital Guaranteed Funds, first introduced in 2009, rose to 9 with sales volume up to USD 137 million.

With a view to helping its clients manage their tax positions legitimately, Garanti Masters launched tax consultancy service in 2011 in cooperation with PricewaterhouseCoopers (PwC). In this context, consultancy services have been provided to customers on various topics including tax regulations, tax position reviews and solutions for tax-related issues. Additional activities that addressed the clients in general included conferences, information on revisions and developments in tax legislation and preparation of a tax guide. Within the frame of the cooperation, two "Tax Amnesty" conferences were held, one in Istanbul and one in Ankara. For the first time, PwC included Turkey within its "Global Private Banking and Wealth Management Survey",

which was publicized in a press conference with Garanti Masters.

Adapted to meet private banking needs, the customer satisfaction survey has been revised last year, ensuring wider participation. Previously administered in face-to-face format, the survey was carried out online for the first time, by emailing the questionnaire to the customers. Another new initiative launched in the survey was "mirroring" method and Garanti Masters additionally asked to its Private Banking Customer Relationship Managers (PBCRM) to evaluate the services they provided. The results obtained were parallel to the customer survey results.

March 2011 marked the first "Client Expectation Questionnaire". Administered monthly, the questionnaire provides an understanding of the customers' expectations regarding the financial markets. Notably, the expectation index provided a good representation of the overall market expectations. The outcomes of the survey that reflects customers' expectations and the changes in their risk perceptions were used in product development processes.

Activities and events addressing clients contributed, once again, to maintain high levels of customer satisfaction and loyalty in 2011. Customized solutions produced during customer visits or teleconferences throughout the year returned highly positive feedbacks.

Garanti Masters Private Banking customers got the chance to take part in the meetings with The Institute of International Finance (IIF) where opinions on global economic developments and the global political arena were exchanged. Speakers at the 2011 edition of the meetings that made their debut in 2009 were IIF Managing Director Charles Dallara, IIF Director of the European Department Jeff Anderson, Dean of The Fletcher School at Tufts University Stephen W. Bosworth and The Fletcher School Professor of International Politics Vali Nasr.

In March 2011, Garanti Masters started publishing “Must”, a brand new hard copy magazine, in order to increase brand awareness. Poised to attract the interest of private banking customers with its coverage of news and trends in a wide variety of topics including travel, fashion and arts, the magazine is distributed to 83 locations in İstanbul including restaurants, gyms, etc.

Product Launches in 2011

- **Global Carry Masters USD Structured Deposit :**

Launched in April 2011, the product gives the opportunity to participate in the yield of Deutsche Bank’s Haven Plus Excess Return index, which aims to capture mid-term excess interest rate differentials among economies across the world. The index represents the positive yield that can be generated by borrowing in low-interest currencies and investing in high-interest currencies.

- **Precious Metals Masters USD Structured Deposit:**

Introduced in July 2011 with a 6-month maturity, the product is designed for investors wishing to benefit from the mid-term increase potential of the precious metals basket consisting of gold, silver, platinum and palladium, in view of the anticipated rise in the prices of precious metals.

- **Emerging Markets Infrastructure Fund:**

Developed for tapping mid to long-term increase potential in the “S&P Emerging Markets Infrastructure” index and representing a first in the Turkish market, this capital guaranteed fund was offered to private banking customers in September 2011. The index represents the stock performance of 30 companies that generate most of their operating income on transport, energy and public infrastructure investments and services, and are active in Brazil, China, the Czech Republic, South Korea, Chile, Indonesia, Malaysia, Russia, Egypt and Turkey.

- **Rare Earth Elements Fund:**

Another first for the markets, this capital guaranteed fund has been launched in September 2011 as an alternative investment product that gives the opportunity to benefit from the mid to long-term increase potential in the “BNP Paribas Global Rare Earth Excess Return 18 EUR” index. The index represents the stock performance of rare and strategic metal mining companies, which are critical for modern technology and industry.

- **Global Natural Resources Masters TL Structured Deposit:**

The capital guaranteed Global Natural Resources Masters TL Structured Deposit which was offered in November 2011, gives the opportunity to participate in the long term increase potential of commodity-based assets and has been the first of its kind in the market. The new structured deposit by Garanti Masters gave customers access to potential increase in the Rogers Global Resources Equity Index Core Return 18 USD to certain extent. The index is based on the stock performance of 50 companies selected from a pool of 200, which fulfill various criteria including reliability, liquidity, capability to meet global demand and market capitalization, and are operating in agriculture, alternative energy, forestry, energy or mining sectors. Stocks to be included in the index are determined by the commodities investment guru Jim Rogers in cooperation with CITIC/BBVA.

At a videoconference in November, Garanti Masters Private Banking clients received information from Jim Rogers about the “Global Natural Resources Masters TL Structured Deposit” and heard his views about the global commodity markets. The clients shared their contentment for participating the videoconference.

2011 Campaigns

- The annual “Masters Pension Plan” campaign seeking to increase Private Pension Funds

was held from March 14 to end of May and resulted in a production of TL 19.3 million. The share of Private Banking in Bank’s total production was 32% and in Bank’s total Private Pension Funds was 7% in 2011. Other insurance campaigns of 2011 for Customer Relationship Assistants were Auto Insurance campaign which was ended in March 2011 and Insurance campaign which was held from October 17 to year-end.

Garanti Masters places utmost importance on the marketing of yacht, art and horse insurances designed for private banking clients. A top priority for the line of business, the support for equestrianism is intended to be further enhanced during 2012 in which the General Assembly of the International Federation for Equestrian Sports (FEI- Fédération Équestre Internationale) will gather National Federations from all over the world in İstanbul.

2011 in Figures

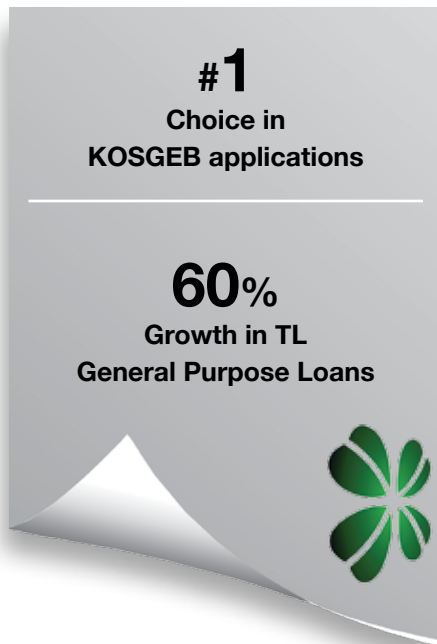
- 40% - Share in the Bank’s total funds (all funds except liquid funds) as at year-end 2011
- 42% - Share in the Bank’s total capital guaranteed funds with innovative products exclusive to Private Banking clients
- TL 266 million - Amount of sales to Garanti Masters clients within five Garanti Bank bond issues in 2011
- 49% in TL, 62% in USD and 44% in Euro options - Share in the Bank’s total options trading volume with individual customers
- 43% - Share in the Bank’s total T-Bill, Government Bond and Eurobond trading volume
- 20% - Share in the Bank’s total equities and TurkDEX trading volume

Projections for 2012

In the year coming, Garanti Masters Private Banking will expand the scope of its services as it did in previous years, and increase the number of its customers and assets under management so as to retain its leadership.

SME Banking

Garanti acts as an agent that carries enterprises **into the future** with its products tailored for individual sectors and regions, and **makes a difference** with its dynamic structure designed **specifically for SMEs.**



Standing by the SMEs for 14 years for all kinds of financial and consultancy needs, Garanti Bank continues to extend affordable support with its broad product range. The first Turkish bank to arrange its organizational structure on the basis of head office, regional offices and branches specifically for the SMEs, Garanti continued to be the Bank of SMEs with pioneering activities in 2011.

Garanti Bank defines SME customers as companies with a turnover of up to TL 10 million and their shareholders.

2011 Activities

In 2011, which proved to be an active year for the SMEs, Garanti SME Banking augmented its share in the sector and worked to fulfill diverse segment-specific needs of medium and small sized enterprises. In this frame, the Bank had a fruitful year and acquired new customers in all segments.

Various events were organized to cater to training and advisory needs of SMEs, as well as their financial requirements.

New additions were made to conferences, gatherings and dialogue sessions organized every year. Below are highlights of the organizations that brought together the industrialists, managers and women entrepreneurs in Anatolia with experts:

KOBILGI (SME Informative) Meetings

Launched during 2011, KOBILGI SME Informative Meetings refer to a series of symposia enriched with case studies and practices, where experts give information on developments in various topics including legislation, marketing and sales. Held in Istanbul, Bursa and Ankara, and centered on the New Turkish Commercial Code, KOBILGI meetings will be carried on with a different selection of topics and cities in Anatolia in 2012.

Facebook Chats with SMEs

Live broadcasts under the name Facebook Chats with SMEs have been initiated on Garanti's Facebook page, the world's most liked financial institution account. The first of the series was themed the New Aspects of the New

Turkish Commercial Code, while the second focused on Business Angels, and the last on General Economy. With previous broadcasts made available for viewing from Garanti Facebook account, live webcasts will continue in 2012 with different topics and guests.

Anatolian Meetings

Organized since 2002, Anatolian Meetings aim to bring together the industrialists and managers in Anatolia with Turkey's leading experts and join forces to develop regional solutions. To date, the Bank has met more than 25,000 SME representatives in total in 74 gatherings in 55 provinces. Anatolian Meetings will be carried on in 2012.

Women Entrepreneurs Meetings

In an effort to make the knowledge and experience in management, marketing and technology available to women entrepreneurs in Anatolia, Women Entrepreneurs Meetings were initiated in 2008. Held in cooperation with KAGİDER (Women Entrepreneurs Association of Turkey) in 15 cities including Girne in Cyprus until now, the gatherings were attended by over 2,500 women entrepreneurs.

2011 in Figures

- Up 26% year-on, the banking volume of SME banking reached TL 28.5 billion.
- Garanti further expanded its SME customer base in 2011 and now serves 1.4 million SME banking customers.
- Garanti achieved significant growth, and realized 5% expansion in FC deposits and 20% in TL deposits year-on-year, reaching TL 13 billion in total deposits.
- Garanti extended support with a total worth of TL 6.7 billion to SMEs. According to the official SME definition of the banking industry, Garanti got 11% market share in TL cash loans.
- Garanti outperform the overall sector's growth of 28% with 32% increase attained in TL cash loans, according to the official SME definition of the banking industry.
- Through the Women Entrepreneurs Support Package, Garanti provided new loan support in the amount of TL 83.9 million to more than 2,400 women entrepreneurs. 15,000 loans disbursed to date to women

entrepreneurs by Garanti amount to TL 433 million. Organized for supporting and encouraging woman entrepreneurship, the Woman Entrepreneur of Turkey Competition reached 5,600 participants in its fifth year.

- Continuing to finance agricultural activities, Garanti closely monitored the developments in the sector and designed two new loan products to be used within the frame of licensed warehousing and IPARD (Instrument for Pre-Accession Assistance for Rural Development) grant program. The Bank took into consideration the varying cash flow in the agricultural industry and targeted to provide funding to agricultural enterprises by developing models for financing suppliers with the guarantee of main companies. Also ongoing were collaborations with various farmer associations for the automation of agricultural cash flow. The funds provided under the prefinancing loan for farmers with maturities aligned with harvest times and medium/long-term investment loans amounted to TL 700 million. In Turkish Grain Board loans, Garanti disbursed TL 82 million, breaking the record of the past six years, and remained the leader among all banks.
- Garanti acted as an intermediary in the channeling of overseas funds created by the European Bank for Reconstruction and Development (EBRD) Council of Europe Development Bank (CEB) to the SMEs. The funding provided under the Turseff program set up by the EBRD for enterprises' investments in energy efficiency was worth USD 60 million. The CEB fund of EUR 35 million allocated for cluster and industrial sites, and for lodging establishments was made available to the SMEs within the frame of the agreement with the Development Bank of Turkey.
- As a result of effective risk monitoring, the NPL ratio was way below than that of the sector and stood at 2.92% as at end-December.

Under the "Growth Support Linked to Scale" program developed by KOSGEB (Small and Medium Sized Industry Development Organization) in order to extend financial support to SMEs, Garanti provided loan support worth TL 931 million to 23,000 customers, and was the most frequently

preferred bank with 34% share in KOSGEB applications. The Bank provided financing in the amount of USD 204 million to 1,150 customers under the "SME Export Finance Support" program. Garanti ranked first in loan disbursements among 17 banks that acted as an intermediary in both programs. More than 15,000 customers received funds worth TL 466.5 million in total within the scope of KOSGEB Bridge Loan Facilities with grace periods. Including these loans, the Bank realized 77% increase in total TL installment loans. Guaranteed Payment product introduced during the reporting period provides bank protection for credit sales in the trade between SMEs. While buyers easily effect their payments on the due date, sellers enjoy the guarantee that their receivables will be paid on the collection date.

Making the SMEs feel that it stands by them at all times with all these activities, products and solutions, Garanti Bank further reinforces its strong position drawing on the strength mustered from the positive customer feedback: "I am in the tourism industry and I own a medium-sized hotel with 200 beds in the Antalya region. There are occasional investment needs for my 12-year establishment. Last year, I had planned on an investment for the heating system, which is essential for our facility. During my contacts with banks for borrowing money under the incentive certificate, Garanti Bank mentioned Turseff Loans. We renewed our hot water system making use of solar panels. We also fulfilled part of our need with power generation. Thanks to the loan with an affordable interest rate Garanti Bank suggested, we were able to realize our investment at a lower financing cost."

"I own an enterprise operating in the OSTİM cluster site. I had never needed to get a loan before. When Garanti Bank representatives visited me in my office, I told them about the plant investment I would start in February and my need to purchase machinery. They told me about the low-interest rate and long-term advantages of the SUFI loan facility extended by the Council of Europe Development Bank. They took action quickly and provided the loan I needed. I purchased the machinery at low costs and increased the capacity at the plant. I can say that currently Garanti is the only bank I work with."

Below are some results from the market research conducted by Ipsos KMG research company in 2011 with 613 SMEs in 12 provinces across Turkey:

- Garanti Bank is the first bank recalled in SME Banking,
- Garanti Bank's image: "innovative", "stands by us through tough times", "understands our needs", and "the Bank of SMEs",
- Garanti is preferred for the following reasons: "fast transactions", "reliable bank" image, "quality/good service" and "satisfaction",
- Companies having Garanti as their primary banking partner prefer Garanti Bank because of its "widespread branch/ATM network", "diversity of products and services", "accurate and error-free transactions", "quick finalization of demands", and "understanding, resolution of problems."

Projections for 2012

In 2012, Garanti will continue to bolster the economy through financing to SMEs, the driving force of the Turkish economy. The Bank will take steps to render its profitable and healthy growth sustainable with its open and powerful communication understanding, and customer-centric approach that is always given the foreground.

Priority targets set for 2012 are presented below:

- Introduce new products and services that facilitate, and provide protection for the commercial lives of SMEs,
- Improve information and advisory services so as to provide SMEs with easier access to information,
- Design solutions for the needs of SMEs in different departments by establishing powerful brand partnerships and collaborations with regional/sectoral institutions,
- Offer different financing alternatives to entrepreneurs requiring fast and simple access to financial sources,
- Take on efforts geared towards advancing SMEs specific to provinces that do not receive adequate financing support from banks,
- Provide sector- and region-specific financial solutions through projects that will be co-executed with institutions such as clusters, industrial sites and export unions.

Housing Finance

Garanti offers the financing options that best suits customers' budgets via its expert team and turns homeownership dreams into reality.

13.3%

Market share

LEADER IN MORTGAGE

With 15% growth,
MORTGAGE LOANS

reached
TL 9.7 Billion

Garanti supported

43,160 people

in 2011

TO BECOME HOMEOWNERS



Offering wide range of products through extensive and effective delivery channels, Garanti is the most recognized bank in mortgage. The Bank supports its customers in every step of the process from housing loan application to loan disbursement and the finalizing mortgage establishment.

Garanti is preferred for its wide range of mortgage products, expert team that completes a certification program, extensive branch network, solid technology and innovative structure, and maintains its leadership owing to its customers.

2011 Activities

In 2011 characterized by intense price competition, "Garanti, the Mortgage Expert" identity was emphasized. Garanti continued to acquire new customers through its outstanding service and focus on service quality rather than price competition.

Garanti's mortgages increased by 15% year-on-year reaching to TL 9.7 billion and the Bank maintained its leadership in the sector with 13.3% market share. According to the December 2011 report of FINTÜRK, the financial map of Turkey, Garanti claimed the first spot in nine cities in mortgage loan disbursements, and ranked in the top three in 36 cities. Garanti disbursed 43,800 new loans amounting to TL 3.6 billion during the reporting period.

Turkey's first mortgage call center, 444 EVİM (HOME) effectively responded to customer needs also in 2011. While customers were offered the convenience of simply making a phone call to get the answers to any queries about mortgage, the Call Center enabled placing applications over the phone, thus contributing to the increased speed and ease of the process.

Garanti continued to sponsor REIDIN Real Estate Index in 2011 and supported the creation of the housing index, an important necessity of the real estate sector. The index data are made available to consumers on www.garantimortgage.com.

The housing finance product portfolio expanded with two new products in 2011: Bridge Loan

and 100% Mortgage. The Bridge Loan is designed for customers who wish to sell their current house and move to another one without waiting for the selling transaction to be completed. 100% Mortgage, on the other hand, designed for customers who already own a house and wish to purchase another one. 100% Mortgage enables the customers to get higher amount of loans via collateralizing their first house. These two new products created alternative solutions for customers already owning a home but are facing down payment problems in credit facility of their new purchase.

As a facilitator of homeownership at optimum conditions, Garanti kept organizing campaigns addressing different sectors and professions including, in particular, the members of Oyak (Turkish Armed Forces Assistance and Pension Fund), Polsan (Assistance and Maintenance Fund for the Police), İlksan (Healthcare and Social Assistance Fund for Primary School Teachers), and Eğitimşen (Education and Science Workers' Union), as well as civil servants. The Bank examined nearly 500 resident projects, and sustained its successful performance in developer financing activities through cooperation with construction firms. In addition, successful activities carried out in conjunction with real estate agencies went on. In this frame, loans referred via real estate offices continued to take a significant share in the total lending volume.

An internal complaints/feedback structure went live, whereby feedback and complaints on housing loans received by Garanti branches are forwarded to the Mortgage unit via a shared platform.

Projections for 2012

Within the frame of the plans for the year ahead, Garanti will keep up with efforts to improve and speed up all processes involved in housing loan, in line with the results derived from measurements taken at various stages.

Aiming to make use of alternative delivery channels to reach customers also in 2012, Garanti will combine its expertise in this aspect with speed and continue to make a difference with its "Garanti, the Mortgage Expert" identity. Garanti will also work toward sustaining its leadership in the sector through innovative approaches.

Commercial Banking

The first bank that comes to mind in the commercial banking segment, Garanti fulfills the financial needs of its commercial customers with its **rich array of products**, and helps them achieve their **targets**.

Garanti Commercial Banking offers innovative and boutique solutions to nearly 39,000 commercial companies, drawing on its solid technology and extensive products and services. Servicing its commercial customers with a total of nine dedicated commercial banking branches located in İstanbul, Ankara, Bursa and Antalya, 346 commercial customer relationship managers working in 210 branches in 46 cities, and 242 customer representatives, the Bank retains its leadership in this segment.

2011 Activities

Backed by its solid capital structure and qualified human resources, Garanti had yet another successful year in 2011 with regard to commercial banking. Despite the volatilities caused by the global crisis and fierce competition in the banking sector, the business line kept expanding its customer base. Increased efficiency was achieved as a result of restructuring and workforce optimization efforts carried out within the frame of cost management.

The commercial banking business line that takes 32% share of Garanti's working volume enjoys the lowest non-performing loan ratio in the sector with 1.3%, owing to its successful cost, profitability, risk and relationship management.

2011 in Figures

- TL 34 billion in asset size with an increase of 32%,
- TL 44 billion in total credit volume with an increase of 38%,
- 71% increase in total profit, 29% increase in non-interest income,
- 57% increase in profitability per customer,
- 39,000 customers with an expansion of 10% in customer base.

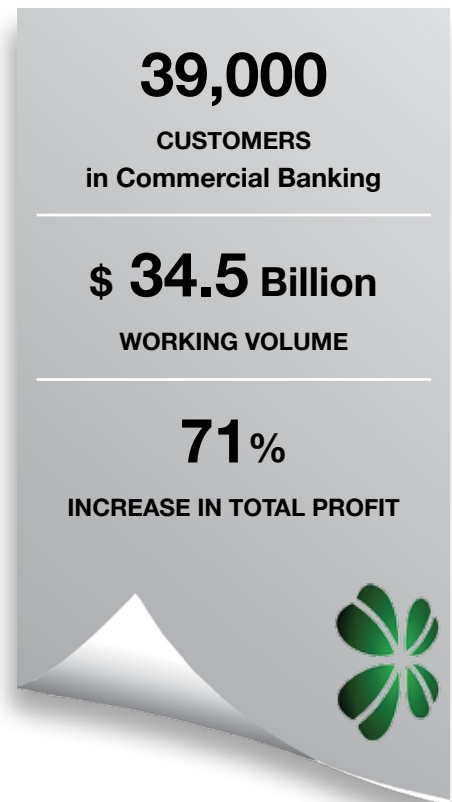
Projections for 2012

In 2012, Garanti will continue to be the first and only point of contact for its customers from different sectors in commercial banking as it is in other segments. The Bank plans to maximize its efficiency with efforts to be spent in effective cost management, sales force and service model.

Taking into consideration the risk that growth rates might be impacted by the worldwide economic instability, Garanti Commercial Banking intends to sustain its development in the intense and risky environment of 2012 on the back of its basic banking products, structured cash management products, long-term project finance loans, and innovative products.

It is the aim of the business line to increase its product penetration by way of expanding customer base, continue to be the primary banking partner of its customers, acquire new customers and build permanent relationships with them, and deepen relationships with its existing customers.

In the year ahead, Garanti Bank will continue to display a healthy and sustainable growth performance with its characteristics that always put the Bank ahead, thus retaining its leadership and keeping making a differentiating.



Corporate Banking

Garanti sustains its trusted and **the most preferred bank** position by responding to corporate clients' expectations and needs in a most **timely and precise manner**, offering optimum solutions with its **competent team**, customer-oriented approach and **technology-backed product portfolio**.

“Primary Banking Partner” and

“First Choice”

of National and Multinational

Corporate Customers



For almost twenty years, Garanti Corporate Banking has been preserving its leadership spot with its creative and information based products and services that are backed by technology and realized by financial power. Garanti maintains its privileged position through custom-tailored solutions based on effective analyses of customer needs, and continues to be the most preferred “business partner” of major Turkish conglomerates and multinational corporations operating in Turkey.

Building its primary strategy on the notion of establishing long-lasting cooperation with its customers and further deepening existing relationships, Garanti serves its corporate customers via its expert team at four exclusive corporate branches, three in Istanbul and one in Ankara.

2011 Activities

Having pioneered the sector by defining Corporate Banking as a separate business line, Garanti has timely responded to the needs of customers with its dynamic team and customized solutions, and succeeded in further strengthening its position as the primary banking partner against the backdrop of shifting balances and high

volatility in 2011. While contributing Turkey's economic development through remarkable projects, growth targets were attained in a profitable manner.

Projections for 2012

Garanti, reinforcing its vast experience and competitive edge in corporate banking with its customer-oriented and innovative perspective, will continue to be the most preferred business partner of its customers, while sustaining the superior performance captured in profitability.

In 2012, where privatizations, mergers and acquisitions will carry on and derivative products' importance will upsurge; Garanti will again be the first choice of local and multinational corporations and turn its potential into performance.

Cash Management and Transaction Banking

The **leading position** of Cash Management and Transaction Banking is further solidified by the innovation of **tailor-made solutions** and delivery of **the widest transaction portfolio** through all channels.

#1

In the interbank money transfers
18.1% MARKET SHARE

In Direct Debit System
28,000 Customers
TL 2.5 BILLION
CREDIT VOLUME

21%
Market share in
SWIFT TRANSACTIONS



Cash Management and Transaction Banking is more important than ever before in today's world. Most banks channel their resources to fight against the uncertainty arising from the ongoing economic crises, and efforts to achieve compliance with increasing regulatory requirements. In such an environment, Cash Management and Transaction Banking activities have a different meaning to successfully sustain customer-driven revenues and customer-centric banking approach.

Garanti listens to its customers, and offers alternative financing methods that suit customer needs and business conduct. While the Bank sets up fully-automated collection and payment systems for the entire supply chain on one hand, it fulfills customers' financing needs, on the other.

2011 Activities

Marking its 15th anniversary, 2011 was a year in which Garanti Cash Management and Transaction Banking was rewarded for its investments to date and maximized the benefits of economic growth opportunities. Along with efficiency enhancement efforts, product and service development in treasury management, aimed at the entire value chain, continued.

Despite contracted margins and increased importance of commission income, Garanti took heed of customer sensitivity and reduced money transfer charges. Garanti Bank gave weight to projects combining payment and funding solutions that highlight risk management, one of the major advantages Garanti enjoys against new players in the competition. The scope of bill payment by credit cards was expanded; realizing a first in the sector, Garanti made it possible to pay social security (SSK, Bağ-Kur) premiums and taxes by credit card.

Garanti's integrated approach on the back of centralized services offered by Cash

Management and Transaction Banking to Retail, SME, Commercial and Corporate customer segments enabled Garanti to attain 35% increase in direct debits, the key financial supply chain management product in Turkey. Garanti reached TL 2.5 billion in credit volume and 28,000 customers. Market shares of 18.1% in interbank money transfers, 13% in cheque collections and 21% in SWIFT transactions, and the maintaining longtime market share gap over its competitors serve as the primary indicators of its service quality and leadership in transaction banking.

In 2011, Garanti set up the Multinational Corporations Desk for the increasing number of foreign-owned companies in Turkey. Multinational Corporations Desk serves as a single-point of contact to support multinational corporations especially on the most problematic aspects - documentation for account opening and treasury centralization-upon their first entry into the country. Garanti provides guidance on highly critical points including legislation, account opening, payments and collections, thus helping multinational corporations make a smooth start-up.

Projections for 2012

Seeking to increase the diversity of its transactions and products so as to expand the customer base serviced, Cash Management and Transaction Banking identified its priority targets for 2012 as follows:

- Develop new custom-made treasury and financial supply chain products,
- Present customers with new and easy payment methods that combine global trends and local needs,
- Leverage Multinational Corporations Desk service through collaborations with correspondent banks and other business partners, and be the first choice by foreign owned companies when starting operations in Turkey.

Project Finance

Garanti with its experience in Project & Acquisition Finance **result-oriented approach and focus on environmental factors, offers long term financing solutions to its customers, while maintaining its solidly-founded alliances** with corporate and commercial customers from different sectors.

Garanti keeps extending its support to the sectors, projects, privatizations and acquisitions which have played major role for years in the sustainable growth of Turkey. Being one of the first bank choice for domestic and foreign companies as well as funds approach to financing of their projects and acquisitions, Garanti continues to take part as mandated lead arranger in financings with pioneer and diverse structures.

Garanti Bank's competitive advantages over its peers in Project and Acquisition Finance are:

- Financial packages structured according to international standards;
- Well established communication with customers;
- Quick response to customer needs;
- Providing tailor-made needs financing structures that best suit customer and project requirements;
- Solution-oriented approach;
- High underwriting capacity to finance big ticket projects and capability to hold these loans on its balance sheet;
- Providing account management facility and security services via special monitoring team during the term of the facility;
- Performance tracking system during both the construction and operational phase of the projects.

For Garanti, It is of utmost importance that the financed projects comply with the Turkish environmental legislation. Sustainability's importance is increasing each year and Garanti takes it the forefront in the project finance as in all of its operations. The clients that Garanti

cooperate with, are expected to supervise their projects' environmental foot-prints.

2011 Activities

Energy

Reaching the highest financing volume in the energy sector in 2011, Garanti strengthened its pioneer position.

Environment-friendly thermal power plant projects:

Sustaining its support in this area, Garanti provided long-term financing of USD 900 million for the 900 MW Egemer Combined-Cycle Gas-Fired Thermal Power Plant that will fulfill the electrical energy requirement of nearly 6 million people, 865 MW Gebze Combined-Cycle Gas-Fired Thermal Power Plant, 600 MW Atlas Energy Phase II Thermal Power Plant and 350 MW İzdemir Thermal Power Plant.

Renewable energy projects: Retaining its leadership with over 40% market share in wind energy financing, Garanti extends project finance facility worth of USD 850 million to renewable energy projects with total installed capacity of 1,200 MW.

Karakuz HEPP Project: Pioneering the Turkish finance sector, Garanti provided Turkey's first long-term TL-denominated project finance loan to the 76 MW Karakuz HEPP project of the Alarko Group. Once it is operational, the project will fulfill the electricity need of 120,000 people and avoid approximately 200,000 tons of annual CO2 release. The fixed-interest facility has a 10-year maturity, with a grace period of 3 years.

Acquisition Finance

- In addition to the acquisition finance facility provided by a consortium of banks including Garanti to Oger Telekom for the privatization of Turk Telekom in 2007, a second-lien facility in the amount of USD 1.35 billion has been arranged.
- Garanti was part of a consortium that arranged a US\$ 1 billion long-term refinancing facility which refinanced the acquisition facility that was arranged for the Socar & Turcas JV's acquisition of Petkim in 2008.
- Garanti provided a TL 250 million loan for the acquisition of Şok Marketler Ticaret A.Ş.

Real Estate

- Garanti participated in the financing of the mixed-use real estate project developed in Zincirlikuyu by Çiftçiler Real Estate, by providing 200 million of the USD 400 million facility. Consisting of both commercial and residential areas, the project is one of the biggest real estate development projects in Turkey.
- A refinancing facility in the amount of EUR 210 million was provided to Anadolu Japan Turizm A.Ş., a Fiba Group Company.

Infrastructure & Transport

- Garanti participated in the loan (cash & non-cash) package of USD 858 million extended to the project company set up by Tepe-Akfen-Sera-Souter JV that earned the contract in the privatization of İDO (İstanbul Sea Buses Inc.), by providing USD 241 million in total.

- Garanti has taken place with a USD 100 million participation in the USD 425 million loan term project finance facility provided to Limak Group for the privatization of Iskenderun Port. The purpose of the facility is financing of the consideration for the privatization and capital expenditures to be made thereafter.

Other Activities

In 2011, Garanti participated in the syndication loan of TL 450 million arranged for Kayseri Sugar Factory for refinancing purposes with TL 112.5 million.

Projections for 2012

Garanti targets to take part in major infrastructure and energy projects and acquisitions as a lead financier in 2012. As the greatest financier of the energy industry by volume, the Bank will increase its investments in renewable energy such as hydroelectricity and geothermal energy, as well as those in wind energy.

Infrastructure and transport are considered to be two areas which project finance loans will mainly be channeled to in the near future. Along this line, Garanti plans to provide significant funds to highway projects, highway privatizations, port projects, and hospital projects to be realized by PPP (public-private partnership) models.

\$ 1.75 Billion
LOAN FACILITY FOR
3,900 MW
Electricity generation project

\$ 850 Million
facility
For the renewable energy project
With an installed capacity of
1.200 MW

\$ 265 Million
ACQUISITION FINANCE
Provided to the only
ELECTRICITY DISTRIBUTION
PRIVATIZATION

Held in 2011



Branchless Banking / Alternative Delivery Channels

Time is **precious**.
Garanti **saves time**
for its customers and
grants them **freedom**
with its innovative and
reliable Branchless
Banking services
designed in line
with **advancing**
technology and
changing customer
habits.

Garanti continues to facilitate the lives of its customers with its Branchless Banking activities. This also alleviates the workload on branches, allows them to focus on specific needs of our clients.

2011 Activities

Internet Banking

Since 1997, Garanti has led the new banking era that has started with the Internet technology. Today, Garanti is still the leader in online banking with more than 2 million active Internet Banking customers. Based on data from the Banks Association of Turkey, one out of every four person using internet banking in Turkey prefers Garanti Internet Banking.

Covering more than 300 transactions including time/demand deposit account opening, money transfers, bill payments, loan application, credit card transactions, GSM TL top-up, insurance and tax payments, and trading in stocks, repo, funds, foreign currency, and TurkDEX, Garanti Internet Banking has been instrumental in the execution of over 140 million transactions in 2011.

The most frequently preferred channel for money transfers such as interbank (EFT) and internal transfers, Garanti Internet Banking plays a very active role also in key banking products such as time deposits and loans.

The Bank offers the following facilities and product developments to steer customers to actively use branchless channels:

- Lower transaction charges for branchless channels,
- Facility to instantly get Internet Banking PIN from garanti.com.tr and branches,

- e-Pension, the private pension product without any admission fee,
- e-Savings account with additional interest yield,
- e-Loan, the general purpose loan with a lower interest rate, specifically developed for Internet Banking.

Redesigned Internet Banking

Reaching the highest number of users in Turkey to date and the most admired online banking branch in our country, Garanti Internet Banking has been redesigned as a “personalized bank branch” in line with the changing trends across the world.

As the first step of the “Direct Banking” model, a new service model whereby customers can execute all banking transactions without going to a physical branch, Garanti Internet Banking has been relaunched in its new design in May. Top rated by the users for its new interface, applications and features, the new Internet Banking offers various privileges with its personalized structure and gives access to all banking transactions and the relevant customer relationship manager on a single page. Featuring up-to-date transaction and product information, personal and financial calendars, and mortgage advisory along with other tools, the new platform also provides the chance to analyze expenses made in a certain period of time. Transactions take much shorter now at Garanti Internet Banking.

Social Media Presence of Garanti

Garanti Bank also uses social networking services to actively communicate with over two million active Garanti Bank customers. Through social networks which is the most popular and the most effective way of communication in today's world, the Bank carries out accurate

and efficient analyses of demands, and introduces its products and services on one hand, while maintaining active contact with users on the other.

Interactivity rates, as well as the high number of our followers, is further proof that we have correctly identified the demand in social media communication and provided correct solutions.

Smart TV Platform

With the Smart TV application launched in 2011, our customers can access market information, Reuters news and market commentary videos from the platforms on user-compatible TV sets, and can easily reach Garanti Bank's financial data using their remote control devices.

Mobile Banking

In 2011, Garanti reached 130,000 active Mobile Banking users, which has become a significant channel in banking, and maintained its leadership in internet banking in this platform as well.

- Garanti Bank Android application, which runs on Android-powered telephones and devices, has been launched. With the application, users can access instant market information, market commentary videos and news, and use Mobile Banking and CepBank facilities. In addition, Cep Şifrematik application, i.e. the single-use PIN generator for mobile phones, has been upgraded to run on the Android operating system.
- First launched in 1Q10, the e-trader application is further developed to provide access through Blackberry and iPads, in addition to PCs and iPhone versions. With the application, users can customers can keep track of the stock and TurkDex

markets and perform trading transactions. In addition to investments, the application also has access to Garanti services such as Mobile Banking, CepBank, the nearest Branch/ATM and Investment Consultant that make daily life easier.

Garanti Paramatik

Facilitating more than 140 different transactions in addition to cash withdrawals, the Paramatik network has been expanded in 2011 bringing the total number of these ATMs to over 3,250. 51% of transactions conducted using Garanti Paramatik were those other than cash withdrawal, while the rate of cash deposit volume to that of cash withdrawal is 101%. The selection of transactions has been broadened with the inclusion of Western Union transactions in 2011. Since early 2011, Western Union transactions can be performed through Paramatik, a first in Turkey.

Projections for 2012

The constant increase in the use of the Internet and smart phones in Turkey is given priority when designing processes at Garanti. The Bank shapes its investments in Branchless Banking in line with advancing technology and market dynamics. Customer loyalty and its success in reaching customers through mobile services will continue to be the factors that put Garanti ahead of its competition.

In 2012, Garanti aims to increase the number of its customers using internet banking and mobile banking, as well as the number of products sold via these channels. The target is to bring the number of active customers using Branchless Banking up to 2.4 million.

>140 Million

FINANCIAL TRANSACTIONS

via internet banking

LEADER

in online financial transactions

volume with

33%

MARKET SHARE

Every 1 out of 4

INTERNET BANKING USER

in Turkey

GARANTI CUSTOMER



Call Center

Garanti Bank Call Center continues to deliver **uninterrupted** customer experience, as it provides optimum solutions to customer needs **in a timely manner.**

Through closely monitoring the developments in call center trends in Turkey and global markets, Garanti Bank Call Center undertakes projects that steer the sector and creates value for its customers with its state-of-the-art technology, expert staff, and innovative approach.

2011 Activities

Call Center completed an intensive busy year of call traffic by finding effective solutions to the numerous queries and issues via alternative access channels it provides to the customers.

Turkey's largest financial call center with a total of 57.3 million customer contacts in 2011, Garanti Bank Call Center retains its leadership in the sector with an average response time of 21 seconds. By effectively managing sale processes with the strength drawn from its customer relationship management infrastructure, the Call Center realized 2.4 million sales in 2011 and continues to increase its value-added.

Acting as a single point of contact, Garanti Bank Call Center shares the customer feedbacks regarding the Bank's products and services with the business units on a regular basis for development purposes. The Customer Care Line at 444 0 338 ensures effective management of customer acknowledgements, complaints and suggestions.

Having 9.1% share in Bank's total mortgage loan disbursements via the dedicated

mortgage line at 444 EVIM (myhome), Garanti Bank Call Center also realizes 5.2% of the Bank's total general-purpose loan portfolio via its Full Support Line (444 0 335). Providing alternative access channels to its customers through these lines, Garanti Call Center launched 3G-webchat-webmail services, which are 'first's introduced to the sector.

Within the scope of Branch Calls Centralization Project, full-fledged all its functions in 2011, 76% of the calls placed to branch switchboards have been handled by the Call Center as a first point of contact. Garanti offers priority services to its customers and maintains high customer satisfaction levels through Interactive Voice Response System (IVR), which enables segment-based service with its quick access structure.

Having realized 18% of the Garanti Payment Systems (GÖSAS) credit card sales via telesales teams deployed within its organization, the Call Center functions as a credit card re-acquisition center and regained 670,420 cards in 2011.

Garanti Bank Call Center Sivas location, established in Sivas Cumhuriyet University two years ago, sustained its growth in 2011 and handled 33% of incoming calls, while conducting 25.8% of total sales with a team of 301 agents. At the location, outbound call project will be initiated to expand sale activities. Positive feedbacks provided for the Call Center are the main points of motivation for Garanti to take its next steps. Customers, who convey

their requests via “Let Us Contact You” on loan section of the website, are called by related teams and detailed information is provided; upon formulation of a suitable payment plan, these individuals are guided to contact the branch. The customers conveyed their post-service satisfaction and stated that the process has significantly shortened with the handling of all information and application steps over the phone since it restricts the branch interaction to only signing and submission of documents.

As a result of the well-established coordination between the branches and the Call Center, Garanti meets its customers’ urgent and important needs in a quick manner and without time constraints as it continues to be the “ally bank” that makes its customers’ life easier.

Projections for 2012

Garanti Bank Call Center aims to increase the level of its contribution to the Bank’s profitability in 2012 as well. The prospective projects will be the measurement of customer satisfaction and the First Call Resolution (FCR). Anticipating that the weight of sales and marketing activities of banking products will be greater in 2012, the Call Center aims to concentrate its efforts accordingly. The Call Center will respond to the changing customer needs quickly and effectively as it further enhances its already established high customer satisfaction level.



TL 565.6 Million
**Mortgage and General-Purpose
Loan Disbursements**

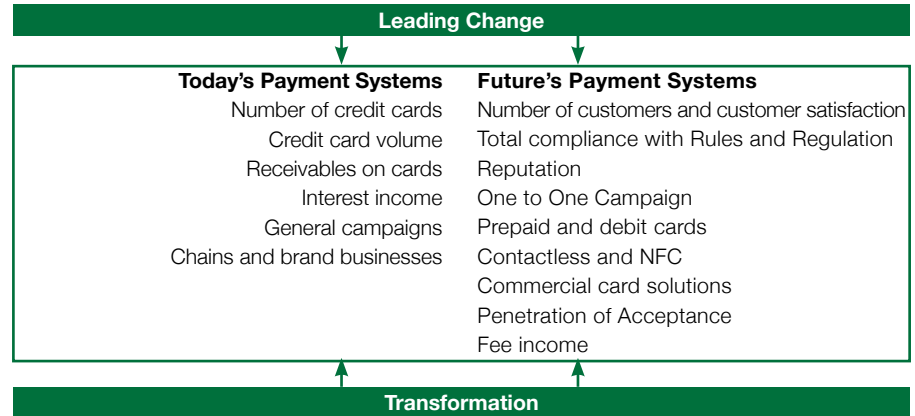
57.3 Million
Customer contacts
21 SECONDS
Average response time

Expert team of
~1000 agents
handling 17% of total calls
in the sector



Payment Systems/Credit and Debit Cards

Shaping the future of payment systems today with GÖSAŞ 2.0. **Target: a cashless society by 2023.**



Managing a massive payment systems infrastructure consisting of more than 15 million debit and credit cards and 500,000 P.O.S. 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.

Further solidifying its leadership position by successfully integrating technology in its products, Garanti delivers high quality service in payment systems to its customers with varying needs. Garanti owns pioneering projects in customer loyalty, customer profitability and risk measurement activities guided by Customer Relationship Management (CRM) principles.

Garanti Payment Systems aims to reach its customers' diverse needs with the right products, through Bonus, Flexi, Money Visa, Shop&Miles, American Express, commercial credit cards and debit and prepaid cards brand, Paracard.

In this regard, Garanti stands out as having Turkey's largest credit card portfolio with number of credit cards exceeding 8.5 million. Credit cards account for 44% of the Bank's commission income; crucial for non-interest income generation.

Garanti Payment Systems also targets to effectively fulfill payment needs of all businesses. In addition to Kolay Vezne (EasyTeller), Ödeme Noktası (Payment Point) and Card Application Point services, merchants are provided with e-commerce and e-tailing services via www.garantialisveris.com, and various payment solutions including dial-up P.O.S., ADSL P.O.S., Mobile P.O.S. and Virtual P.O.S.

2011 in Figures:

- Garanti ranked first in the number of plastic and total credit cards, With more than 8.5 million credit cards, Garanti Bank is the issuer of the cards that are most frequently preferred to be used for purchases not only in Turkey, but also abroad.
- Paracard remains the most frequently preferred credit card for purchases and cash withdrawals. Having a 53% growth in debit cards issuing volume on the back of innovative projects being introduced,

Garanti reached TL 363 in average per debit card spending. Garanti Payment Systems maintained its leadership in the market with 19% market share in issuing volume with around 2.5 times more than sector's per card spending.

- Serving through a total of 500,000 POS terminals and nearly 400,000 member merchants, Garanti has 20% market share in acquiring volume.
- The activation rate reached 70% through one-on-one and mass campaign activities.
- Customized campaigns for cardholders served to generate an extra volume worth TL 1.5 billion
- With its problem-solving approach and focus on customer satisfaction, 840,000 cards were regained to the portfolio in 2011.
- Increased ratio of e-statements in credit cards to 50% signifies its growing contribution to sustainable environment
- The so-called "early engagement" adjustment process provided an in-depth introduction of products and product features to customers who are new to our credit and debit card products.
- Customers are offered the chance to actively manage their payments and budgets with the "Skip Payment" and "Skip Spending" options introduced in 2011.

Launched in 2002 as yet another "first" by Garanti, Bonus Card Platform is Turkey's largest card platform with more than 15 million cards and allows non-Garanti customers to use the successful Bonus brand. The platform covers Denizbank, Türk Ekonomi Bankası (TEB), Garanti Bank SA, Şekerbank, ING Bank, TFKB, Eurobank Tekfen and Alternatifbank. Bonus Card Platform finished 2011 as the market leader

with a share of 26% in terms of volume. The first and only chip-based credit card in Romania, Bonus Card reached 7,500 P.O.S. terminals and 220,000 cards. Following Trink that features contactless payment, Garanti has planned to develop segmented products in Romania as it does in Turkey, and introduced Bonus Debit Card, thus delivering MasterCard licensed cards in 2011. With these figures, Garanti acquired 5% market share in Romania in three years.

Garanti Payment Systems made a ten-year extension on its contract with American Express that it had been collaborating with for five years and began working toward more extensive use of the brand. Addressing the high-income group in particular, American Express Centurion Line attained 35% growth in volume year-on-year. In order to expand the circle the brand reaches, 360-degree communication activities have been initiated, which will increase the recognition level of the American Express brand.

Within the aim of reaching new channels through unions, chambers and associations, the customized Bonus Business card program has been launched in cooperation with the Aegean Exporters' Associations and Denizli Exporters' Association.

GÖSAŞ 2.0

Offered by Garanti Payment Systems, Europe's leader in contactless payment systems, the number of Trink-featured cards reached nearly 1.5 million.

Under the project co-developed by Garanti Bank and Migros Ticaret, P.O.S. devices in Migros Group stores across Turkey have been remodeled with contactless payment infrastructure. First initiated in Europe by

Europe's
7th
**LARGEST CREDIT CARD
VOLUME**

#1
**> 8.5 Million
CREDIT CARDS**

#1
per debit card spending
~2.5 times of the sector



Payment Systems/Credit and Debit Cards

Garanti Payment Systems, the number of projects under the contactless credit card in transportation initiative reached nine.

Payment by contactless cards is available in Eskişehir, Ayvalık, Muğla, Manisa, Edirne, Sivas, Kocaeli, Boğaziçi University shuttle busses and Dentur's Beşiktaş-Kabataş-Üsküdar ferry lines.

Offering the market's richest variety with 9 unique commercial products in 4 categories, Garanti had 13.7% market share in 2011, with 197,000 commercial cards.

A first in Turkey offered by Turkcell and Mastercard: Cep-T Paracard

A prepaid card co-developed by Garanti, Turkcell and MasterCard, Cep-T Paracard has started a new era in the field of mobile financial services. With Cep-T Paracard, users collect bonus points, earn free minutes for mobile phones, load minutes/money onto mobile phones as they shop, and they can transfer money from their mobile phones to anyone at any time. Having reached 250,000 people in just six months, Cep-T Paracard set the target of reaching one million people in 2012.

The first bank merging mobile phones with contactless payment feature, Garanti sustained its leadership based on its cooperation with Turkcell

Following the first global commercial launch of the NFC (Near Field Communication) technology that enables communication between devices within close range of one another, Garanti introduced NFC cards for use by Turkcell customers with Turkcell Cep-T Cüzdan product.

Esparacard – The first card using M/Chip Advance in transportation

A local prepaid card incorporating advanced payment function and featuring Trink, the contactless payment technology, Esparacard can be used in intracity transportation and purchases in Eskişehir. Earning bonus points

in all purchases, Esparacard offers special discounts at certain merchants.

The Prepaid Parabol Card in Cooperation with Kiğılı

Offering special rates of Parabol Points at Kiğılı Stores, the prepaid Parabol card earns bonus points for cardholders in all purchases. Accumulated bonus points give free shopping chance at all Bonus Member Merchants and Kiğılı stores.

New Launches in 2011

Bonus Amex

Having joined the Bonus world in November 2011, Bonus American Express has been launched with a view to increasing the volume, growing the number of cards with American Express logo, and acquiring new customers. The new card addresses customers who do not wish to have a Centurion Line or Shop&Miles card, but seek to have access to more bonus points and more privileges in the Bonus world.

Bonus for Retirees

Earning the highest amount of bonus points for supermarket purchases, Retiree Bonus gains bonus points in all purchases for the retirees, and gives them access to installment purchases, as well as free shopping at Bonus Program partners through accumulated bonus points. Retiree Bonus holders are entitled to 8.3% bonus points in all supermarket purchases; over the course of one year, they gain enough bonus points to cover almost a month's worth of supermarket expenses.

BJK Bonus

On the front of cards specially designed for the fans of a specific sports club, Fenerbahçe and Galatasaray Bonus cards have been followed by Beşiktaş Bonus Card. Available in three versions, Classic, Gold and Platinum, BJK Bonus Master Card also incorporates Paypass infrastructure, allowing contactless payment.

GS Paracard

The portfolio of products for sports club fans has expanded also on the debit card wing with the introduction of GS Paracard following GS Bonus. GS Paracard additionally gives access to club privileges including priority ticket purchase rights, as does GS Bonus.

GS Bonus Combos

Entrance for Galatasaray combined ticket holders has become contactless for GS Bonus Fan Card holders. Also presenting MasterCard properties, these cards can be used to load and spend money.

Projections for 2012

Garanti, the flag bearer of the sector in creating a cashless society in Turkey by 2023, focused to expand the market to reached its ultimate aim. Garanti intends to reach individuals who do not use payment systems due to their ages or income, via its prepaid debit card brand, Paracard. Additionally, the Bank 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, generate new sources of income for the Bank.

The global travel program of American Express will allow transferring the rewards earned from any credit card with an American Express logo to the points given by international airlines and hotels.

Issued for a limited number of customers as an unprecedented initiative in Turkey in 2009, the Centurion Card will now be introduced in its new titanium format in an effort to acquire new customers that will bring high amounts of deposit and profitability to the Bank.

Following a five-year extension of the mile-earning program with Turkish Airlines that has been ongoing for 11 years, Garanti will

relaunch Miles&Smiles credit card with brand new features for the upper-income segment.

Bonus Card Targets: Turkey's first and the largest credit card platform, Bonus Card Platform is planned to be expanded in 2012 with the inclusion of new banks that will create an effective synergy and add value to the brand.

2012 targets include efforts to increase the number of Bonus Cards introduced in Romania to 250,000.

Customer Management activities will continue in 2012. Among these, "Early Engagement" to activate existing customers from the very first day, "Customer Satisfaction" to delight the existing customers and to "Customer Re-Acquisition" to limit credit card attrition will be prioritized.

An important target in 2012 is to launch of the customized campaign structure, which will make our superior technology readily available for all users on the basis of the "Bonus of the Day" concept that brings consumers and merchants together much more quickly.

2012 Targets for Commercial Cards:

- 75,000 new customer acquisition under the SME card project;
- Acquisition of AMEX's global customers through the Amex Corporate Card project;
- Simplifying card sales procedures for potential commercial customers in the small business and mass segments through process integration of branches and all other distribution channels;
- Continued efforts for establishing new channels through cooperation with unions, chambers and associations.

Investment Banking

Presenting alternatives that **best** fit diverse investment needs, Garanti continually reinforces its pioneering position in investment banking with its technology and **enhanced performance** coupled with its expert team that **accurately** analyzes trends.

Under the solid roof of Garanti Bank Empowering from Garanti's strength and solid position, Garanti Investment Banking provides investment services to branches and customers in investment products including mutual funds, stocks, derivatives and corporate bonds through 18 investment centers, 2 corporate investment branches, 1 investment banking branch and 29 trading rooms,

Developed by accurately analyzing the customer needs and closely monitoring the market, new services and products are brought to customers via Garanti's extensive distribution network.

2011 Activities

Mutual Funds

In 2011, Garanti reinforced its position in the mutual funds market with 14.5% market share. The Bank offers a wide range of 27 mutual fund alternatives. Garanti, in particular, aims to increase product variety and assets under management of capital protected funds by offering above capital protection returns through the additional returns of several other investments such as; gold, equity, foreign currency and commodity. In this regard, the Bank offered 8 different capital protected funds

in 2011 and gained increased recognition in the protected fund market and expanded its product portfolio.

Equity Market and TurkDEX

In 2011, iPad and Blackberry applications have been added to the existing channels of Investment Centers, Branches, Alo Garanti, Mobile Banking and Internet Banking. Garanti adapted the information system changes in the ISE and TurkDEX to its system, and through new packages, presented its customers the option to track data at the speed of Garanti; customer orders continued to be forwarded to the stock exchanges at high speed.

By sustaining its stock exchange market share at 5.9% in 2011, Garanti maintained its second place in the sector; trading volume augmented by 7% and average customer number increased by 11%, annually. Maintaining its second place with 6.4% market share in TurkDEX, Garanti had 12% market share in the number of TURKDEX open accounts.

Garanti was the co-sponsor of a conference in September, which was organized by the Futures Industry Association (FIA), a major umbrella organization for worldwide derivatives markets, Institute for Financial Markets (IFM) and TurkDEX. Attended by professionals from

Europe, USA, Asia, and Turkey, interested individuals and corporate investors as well, the conference presented major stock exchange groups the chance to discuss new products and market developments with the global stock exchange software suppliers.

Corporate Bonds

Garanti carried out number of successful bond issuances to date as an intermediary since the very first corporate bond issuance it realized in 2006. The Bank ranked at the top of the sector with 35% market share in corporate bond issuances, and 23% market share in bank bill/bond issues. During 2011, Bank offered 5 bank bills with a nominal value of TL 4 billion to the public, and initiated an investment alternative to individual and corporate investors. Garanti Bank Romania bond issuance was another 'first' since it was the first TL-denominated bond issuance of a non-resident company in Turkey.

Projections for 2012

In 2012, Garanti aims to broaden its product portfolio by closely monitoring the developments in the capital market and solidify customer loyalty, as well as gain new customers with the services developed by its expert team and robust technical infrastructure.

Aiming to increase its asset size in mutual funds and acquire new customers in 2012, Garanti will continue to expand its mutual funds product portfolio and offer new options to investors through new capital protected fund offerings to be developed on various instruments.

Garanti will keep adding new products and expanding the e-trader platform, which is one of the most important projects in the investment side. Prospective projects for 2012 also include development of a new investment platform.

On the corporate side, Garanti will continue offering comprehensive and effective consultancy services to the companies seeking to issue bonds. Bank will remain corporate bonds market leader as the domestic and foreign companies show more interest to the bonds for alternative financial sources

Corporate bonds will attract more attention and develop significantly in 2012 due to its features of giving private sector companies the opportunity to borrow and also being as a new investment instrument for the investors.

PIONEER
in corporate bond issuances with
35%
Market share

LEADER MARKET SHARE
in the **ISE** and **TURKDEX**

STRONG POSITION
in Mutual Funds with
14.5%
Market Share



Insurance and Pension

Reinforcing its brand with **strong collaborations**, Garanti with its **value added** approach, continues to fulfill its customers' insurance and pension needs from **a single point of contact**.

In recent years, collaborations between insurance companies and banks with an extensive distribution network and a competent workforce becomes more and more important. Drawing its strength from the cooperations with Eureka Insurance and Garanti Pension and Life companies, Garanti sustains its leadership position in bancassurance.

2011 Activities

In the rapidly progressing bancassurance field, the overall sector and banks grew 23.1% and 33.3% respectively in life insurance, while 21.3% and 23.6% expansion was registered in non-life insurance by the overall sector and banks respectively, according to 2011 data. While banks got 13.6% share of total production in non-life insurance, they have an outstanding 75.3% share in the life insurance.

Turkey presents a great potential in private pension sector, with a mere 1.2% ratio of pension funds to GDP for 2011. The sector expands gradually owing to the awareness driven by successful communication campaigns. Averaging 15% growth in the past three years, the number of participants reached over 2.6 million. In terms of total pension funds that achieved 31% growth, the sector has a volume of TL 14.3 billion.

2011 was marked by number of innovations and firsts for Garanti bancassurance. Garanti maintained its leadership in non-life insurance

with a market share of 18.0% and remained second in the life segment with a share of 11.9% in the market. The successful efforts of Garanti continue to attract vivid interest of investors. This interest is further evidenced by the transfer of 20% share held by Garanti Bank in Eureka Insurance to Eureka B.V., a European insurance colossus, with the approval of the Turkish Treasury on 19 July 2011. Following the transfer that occurred within the frame of the agreement between Eureka B.V. and Garanti Bank, Garanti has no shareholding left in Eureka Insurance.

In 2011, Garanti, prioritized insurance products and process efficiency with the aim of better customers services. In this framework insurance products were redesigned in a simpler way tailored to customer needs. Garanti also highlighted customer disclosure and transparency in both sales and after sales activities.

In private pension sector, Garanti maintained its strong position in the sector in 2011 with 492,648 participants and TL 2,238 million in total pension funds. The Bank continued to make effective use of its branches and alternative delivery channels to offer life insurance and unemployment products to its customers, as well as private pension products.

Projections for 2012

Activities aimed to create awareness of insurance and increasing the rate of insurance

ownership will continue in 2012. Thus, customers' satisfaction level of insurance products and services will be measured; the results will be utilized to manage bancassurance activities accordingly.

In the year ahead, Garanti plans to concentrate particularly on home, health and motor group insurance products. Additionally, new product developments will continue to offer maximum benefit in line with the customer needs and demands, and banking and insurance products will be offered to customers as a bundled package. Garanti will make use of various privileges such as campaigns, rewards, additional installments and discounts to bolster the bond with existing customers, and also target new customer acquisition.

Viewing customer satisfaction an integral part of its business processes, Garanti will keep creating value for its customers through after-sales services and effective customer relationship management in 2012. Further innovations and "firsts" in bancassurance will be introduced by Garanti in the future as well.

LEADER IN BANCASSURANCE

#1

**In non-life insurance
18.0% MARKET SHARE**

492,648

Private Pension Participants

**with
15.8% GROWTH**



International Banking

Garanti continues to be the **primary banking partner** of its customers by building **solid cooperation** in international banking activities through an **in-depth knowledge**, global perspective, and its expert team.

Its strong international banking network, strategy to grow together with the correspondent banks, its experienced team, and extensive product portfolio are the key factors behind Garanti's leadership in the sector.

2011 Activities

In 2011, despite the conditions in the international markets, Garanti continued to collaborate closely with its partners, marking itself as the house bank of international banks. In an effort to increase awareness throughout the Bank, to achieve higher quality of service, Garanti set up a platform providing periodic information flow to branches and business lines on foreign trade finance and correspondent banking products.

Correspondent Banking

Responsible for Garanti's relationships with international banks and financial institutions, the Correspondent Banking team manages an extensive correspondent network of nearly 3,000 foreign banks in 154 countries.

Based on the strength of its relationship management strategies, Garanti cooperates with correspondent banks in a broad product range, attracts cost-effective foreign funds, and offers the highest quality service in international operations to its customers.

Despite the global crisis environment, Garanti achieved a significant 76% increase year-on-year in foreign trade finance from correspondent banks in 2011. Garanti preserves its leadership in correspondent banking with its superior service quality and tailored innovative foreign trade products under the changing market conditions.

Structured Finance

Garanti Bank continued to maintain its leading position in structured finance activities in 2011.

In April, the Bank realized two issues of Eurobond worth USD 800 million in total, with 5-year and 10-year maturity. The fixed rate tranche with a nominal value of USD 500 million with the redemption date of 20 April 2021 is the longest tenor Eurobond issued by a private company in Turkey. The USD 300 million floating rate tranche with 20 April 2016 as the redemption date became the only floating rate Eurobond issued in Central and Eastern Europe denominated in USD for the year.

In May, Garanti signed a one-year syndicated loan agreement, comprising two separate tranches in the amount of USD 304.5 million and EUR 782.5 million for a total worth of EUR 1 billion. One of the lowest-cost syndication loans in the sector, 42 banks from 19 countries have participated in the facility. The loan will be used for trade finance purposes and the all-in cost has been set as Libor +1.1%, and Euribor +1.1% respectively.

In June, Garanti obtained USD 225 million and EUR 50 million international funding with the issue of a new series of DPR securitization notes. Issued in two tranches with 5-year maturity each, the notes received an 'A-' rating from Fitch Ratings. It also became the first DPR transaction out of Turkey, which involved only commercial investors.

In August, a loan agreement has been signed for the amount of EUR 35 million to be funded by the Development Bank of Turkey and the resources of Council of Europe Development

Bank (CEB). The facility will be used towards the protection of employment and creation of additional employment, increasing the exports and competitive strengths of SMEs operating in Turkey, and supporting innovative service industries.

In November, Garanti signed a USD 1 billion one-year syndicated loan, comprising two separate tranches in the amounts of USD 233,587,500 and EUR 576,250,000. The loan has been executed with commitments received from 30 banks from 16 countries. The all-in cost of the facility, which will be used for trade finance purposes, has been set as Libor +1.0%, and Euribor +1.0% respectively.

In December, a EUR 50 million agreement has been signed with Proparco, the private sector arm of the French Development Agency (AFD), with a maturity of 12 years. The credit facility will be on-lent to finance renewable energy projects.

Based on transactions carried out in 2011, Garanti Bank obtained new funds in excess of USD 3.4 billion from correspondent banks, international financial institutions and capital markets.

Trade Finance

Garanti, with its innovative and customer-oriented approach, created alternative sources of funding for exports and imports, and continued to develop new products in 2011. The Bank improved its relationship with overseas banks and financial institutions, with a focus on import finance. Special attention was paid to create tailor-made solutions in order to support its customers' exposure to new markets with exports.

Garanti's cooperation with correspondent banks and Exim institutes is maintained in order to provide ECA financing for its customers importing investment goods.

For import financing purposes, the Bank focused on new solutions for obtaining foreign short-term financing at favorable interest rates for its customers. In this regard, Garanti increased the number of correspondent banks in cooperation to be able to offer services to a greater number of customers.

The expert team of Garanti organized foreign trade meetings where customers were informed about local and international developments in foreign trade, legislation and products. Intending to keep holding these meetings on similar platforms, Garanti continues to support international trade finance seminars in Turkey.

Projections for 2012

Garanti International Banking Department, maintaining its international borrowing strategy adapting to the changing market conditions, aims to continue its borrowing activities at the most favorable costs and conditions. The Department will further expand its correspondent network in new markets and keep making a difference with its strength in international banking and continue offering custom-tailored trade finance solutions.

10 Years
THE LONGEST TENOR
EUROBOND
Issued by a private company

\$ 3.4 Billion
NEW FUNDING
From correspondent banks,
international financial institutions,
capital markets



Minimizing risks with a **balanced and disciplined stance** displayed through eventful and challenging times, Garanti Bank Treasury Division keeps delivering successful and **consistent performance** on the back of **trust** instilled in its customers.

Garanti Bank Treasury Division carries out research to develop extensive financial analyses, risk measurements and innovative products drawing on the strength derived from its advanced technology and database, specialized staff, and technical and theoretical know-how. Keeping a close eye on the market conditions, the Division plays an important part in efforts put toward increasing the Bank's profitability.

Treasury Department

Treasury Department handles 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 Bank's share in customer transactions through competitive pricing to corporate and commercial customers via the Treasury Marketing Unit and the branch network. The Department's duties also include 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.

Treasury Marketing and Financial Solutions 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 for balance sheet management and potential financial risks, and structures products as needed.

Asset & Liability Management Department

In essence, the Asset & Liability Management Department (ALM) works to maximize the risk-adjusted return-on-capital of Garanti Bank and the net interest margin of its balance sheet, and to minimize the fluctuations in net interest margin. The ALM manages the Bank's interest rate, sovereign credit and liquidity risks, in accordance with the objectives set by the Asset & Liability Committee. Monitoring the prevailing market conditions, interest rate and volume trends of the balance sheet items, and risk parameters, the ALM creates investment, funding and hedging strategies and takes necessary action in spot or derivative markets in the light of quantitative analyses (risk/return optimizations, simulations, parametric methods, historical models and scenario analyses/stress tests, benchmarking) conducted in accordance with the principles of financial engineering.

The Department is responsible for the management of all market risks (deposits, credit, etc.) the Bank's business lines and branches are exposed to sourcing from their commercial activities. ALM accomplishes this task through the "funds transfer pricing system". The Department, thus provides hedging for branches and business lines against market risks and managed the market risk across the Bank in a centralized manner. In addition, by tactically differentiating the transfer pricing for each product and risk factor, the ALM passes on its strategic guidance to business lines.

Treasury Derivatives Department

The Treasury Derivatives Department carries out activities for the effective management of Garanti 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 Division 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.

2011 Activities

2011 has been a highly volatile year for the financial markets as a result of the uncertainties stirred by the excessive debt stocks in the EU member countries. While the turbulence increased its depth and breadth particularly in the second half of the year, future expectations continued to worsen and the deceleration in global economy increased. As the demand for financial products decreased, the growing price-based competition threatened the market shares and profitability of financial institutions.

Maintaining its balanced and disciplined stance in the markets, Garanti Bank Treasury Division focused on its target of sustainable profitability in 2011, and;

- preserved its 17% market share in the foreign currency spot market among local banks. The Bank's transactions with its customers accounted for more than 13% of the market;
- got 22% share in options and forwards with the Bank's customers against the Turkish lira and maintained its leading position in this market that is dominated by aggressive competition;

- optimally responded to the customer demand for "gold", an investment instrument with a rapidly growing popularity, through competitive pricing and innovative products such as "grams of gold" that appeal to small investors, and increased liquidity in gold transactions considerably. With the contributions of the Treasury Division, Garanti increased its share in gold accounts from 10.4% in 2010 to 18% at year-end 2011.

Projections for 2012

Worries over European economies continue to mount with the new question marks that arise. Potential distresses to be suffered by these economies will possibly lead to global repercussions due to the large scale of these economies; thus, demand for derivative transactions for hedging purposes is expected to grow in 2012. Having taken a large share in derivative transactions in previous years, Garanti aims to meet the diverse needs of its customer base from hedging transactions to transactions for enhancing returns with its extensive product portfolio.

Although the expansion of Turkey's foreign trade is anticipated to lose momentum in 2012 due to the slowdown in economy and other issues particularly in Europe and in other export markets, the foreign currency market is expected to keep growing with the customers' investment demands. With its competitive pricing, Garanti targets to remain the first choice of customers from any sector in the foreign currency market in 2012.

Also expected in 2012 is a growing interest from investors in public and private sector bond issues due to the rising interest rates. Along this line, Garanti Bank intends to increase its customer trading volume with its expertise in the bonds market and its competitive pricing capability.

By paying the due attention and prudence called for by the volatile environment that the global markets are in, and optimally managing all risks with a particular focus on liquidity, Garanti Bank will retain its stable, balanced and disciplined stance in 2012, as well. Garanti will be monitoring the developments in economy more closely than ever before and will conduct analyses and take action swiftly so as to maintain its pioneering position against its competition.

ABACUS ensures centralized, **error-free and timely execution** of operational transactions of millions of customers via its **experienced and competent** people employing advanced technology in the most effective way, and thus guarantees much **higher efficiency and security** for Garanti in its operations.

As the first bank to set up centralized operations in Turkey, Garanti ensures high quality, timely and error-free execution of operational transactions of its millions of customers through ABACUS. Branches and customers are presented the opportunity to receive year-round non-stop cash service at 5,410 points. Garanti channels 99% of all operational transactions of branches to ABACUS made up of a dynamic team of 995 experts.

ABACUS handles the following tasks for Garanti Bank and its customers:

- 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 housing/auto/general-purpose loan applications,
- All domestic payments including EFT, tax and Social Security Institution (SGK) premium collections,
- High volume salary payments/high volume internal and interbank (EFT) money transfers,
- Physical and electronic archiving processes,
- Confiscation processes and query letters received from governmental offices,
- Data entry of hard copy credit card application forms,
- POS application and installation follow-up,
- Cheque and promissory note transactions,
- After-sale support services for credit cards,
- Investment account opening and account transfer operations,
- Cash support services including cash collection and delivery.

In addition, ABACUS closely monitors all changes in legislation with a potential impact upon the activities of Garanti Bank. In this frame, ABACUS answers any queries related

to legislation and banking practices directed by the Bank's branches and Head Office Departments, and informs all employees on such changes, conducting necessary training sessions.

2011 Activities

2011 was another intense and productive year for ABACUS. While ongoing projects were successfully finalized, ABACUS kept offering service at high standards with projects and processes initiated based on an innovative approach. ABACUS, heeding the feedback from branch employees that it regards as its customers, plays a big part in alleviating branches' operational workloads through effective use of technology, and helps them to achieve their targets.

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 USD 12,000 within the total transaction volume worth USD 882 billion handled by ABACUS in 2011. The following activities were carried out toward maximizing operational efficiency, ensuring continuity of high quality service delivery, and reducing risks in 2011:

- Physical and electronic archiving efforts continued for the Banking Service Agreements (BSA), which occupy a huge space in branches and which are difficult to keep. The project was completed in October following the archiving the BSAs of more than 4.5 million customers.
- The number of cash points was increased from 5,095 at the end of 2010 to 5,410. However, the headcount remained unchanged thanks to improvements in workflows and effective planning, resulting in cost reduction per point.
- For the purpose of supporting cash follow-up of corporate customers receiving cash

service, the “Company Cash Tracking Project” was launched, whereby systemic integration was ensured with the Bank and its corporate customers. A first in the sector, the project allowed delivery of safer cash service to customers, which in return enhanced customer loyalty and contributed to the Bank’s competitive strength.

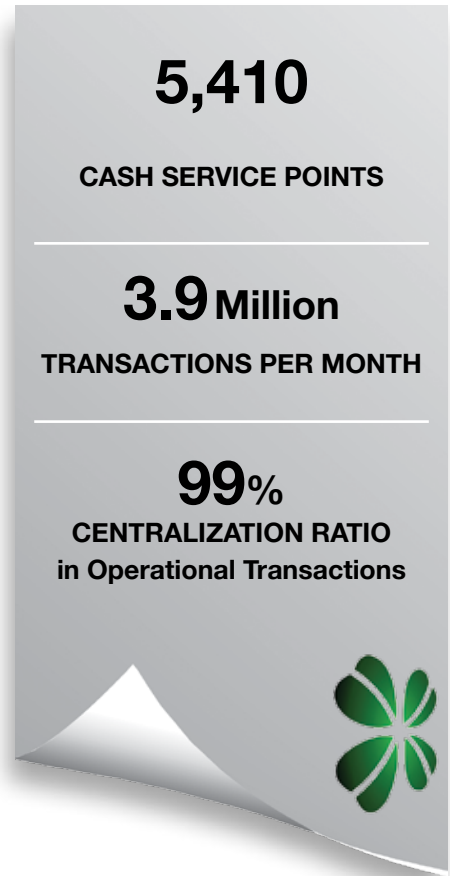
- The launched of the Mortgage Module increased the operational efficiency through shortening the time involved in mortgage transactions and reducing errors.
- The “Project THE” that eliminates manual intervention in high volume internal and interbank (EFT) money transfers brought about manpower saving.
- Following suit of import procedures, export procedures have also been moved to Workflow; this enabled faster and higher quality service provision to branches, while introducing major advancements to the tracking system.
- All seven employees who took the international certified documentary credit specialist (CDCS) exam have successfully passed it; with this result, Garanti remains the only bank where all Letter of Credit Unit employees (34 individuals) hold international CDCS certificates.
- Processes have been developed for the new derivative products of the Treasury Department. With the new depository project launched, system infrastructure has been completed and processes have been automated for floating interest or interim payment depository transactions, which involve exhausting and risky operation and maturity tracking.
- The rotation program of branch and ABACUS employees went on in 2011. Branch employees and ABACUS employees spent one day at one another’s work places and learned about the business conduct of the other.

Projections for 2012

Intending to identify improvement areas and further upgrade service quality, ABACUS will give priority in 2012 to increase internal customer satisfaction and reduce the workload of branches, as it has done in previous years. The plans for the coming year include various initiatives in cooperation with Garanti Technology, with a view to minimizing the manual steps in processes, and reducing operational risks by improving the checkpoints. Handling transactions in an error-free and timely manner by making use of all the facilities technology has to offer will remain the primary goal of ABACUS’s activities.

2012 targets are presented below:

- Use the Service Management System (HYS) to catalog customer complaints on ATMs, and once they are resolved, provide feedback to customers via text messages, the Call Center or branches,
- Decrease average response time from 13 minutes to 11 minutes per ATM through system upgrade,
- Implement restructuring to decrease the workload on branches in busy locations receiving cash service by armored vehicles of branches,
- Replace, initially, 33% of money counters used at branches with faster and more functional devices.



Key Indicators for ABACUS

	2010	2011
Number of annual transactions	45 million	46.2 million
Transaction volume (USD)	848 billion	882 billion
Average number of monthly transactions	3.8 million	3.9 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.

2,233
PROMOTIONS with
90%
Internal Promotion Ratio

1,928
New hires

780,000
Net Hours of Training



Garanti Bank grows in an established and firm manner, continually investing in 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.

2011 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 2011, Garanti Bank kept recruiting experienced candidates and new graduates for its Head Office and branches. In the reporting period, out of the Talent Camp participants, 21 people have been recruited for the Management Trainee program. 16 people joined the Assistant Internal Auditors program. Emphasizing on the internship programs, Garanti Bank offered internship to 42 students at the Head Office, to 16 at Regional Offices, and to 1,129 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 2011, 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 surveys and the 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. Based on the outcomes of the Employee Engagement survey, Garanti focused on segmentation-based projects. (i.e. Generation Y, Women Employees, Talent Management, etc.)

Garanti launched Talent Management, an initiative aimed at ensuring loyalty and

permanence of high-performing and high-potential employees, enhancing their efficiency through customized career and development programs, and deploying the posts the organization requires. The initiative provided an integrated structure to introduce various career support, reward and development implementations. With the Bank's focus on continuous development, all managers have been supported with competence-based feedback training sessions in order to improve the quality of their communications with employees, and spreading the culture of providing feedback.

“4 Seasons Gatherings” initiated in 2009 for enhancing employee motivation and facilitate a more effective communication across the Bank, continued in 2011. An “employee volunteering” project designed to promote teamwork and corporate belonging, “Elim Sende” (Tag) was launched in 2011. Under the concept, 12 preschool classrooms in total were renovated in İstanbul, Konya, Hatay, Adana, Antalya, Mersin, Bursa and Adıyaman.

With the aim of rewarding employees that make a difference and creating awareness throughout the organization, the SPOT Awards Program's usage by directors was increased 30% in 2011 as compared to 2010.

Training

Investments in employee trainings continued in 2011 in line with the continuous training and development approach espoused by Garanti Bank.

Garanti was honored with the “BEST” award by the American Society of Training and Development (ASTD) for its successful training practices, and with the “Silver Best Leadership Training Program” by Brandon Hall for its talent management practices.

In 2011, Garanti focused on the classroom training method and technologies, and concentrated particularly on providing scale and sector based deepening into lending, and finance and product based specialization in investments. The Bank organized update seminars on the New Turkish Commercial Code

Preliminary Preparations, Provisions Decree and Competition Law in line with the revised legislation.

Employees are offered various training opportunities without any time and place restrictions, a possibility enabled by constantly upgraded platforms that are backed with advanced technology and constant improvement. Last year, development support extended via remote access averaged 11 hours per person. With 11 new e-learning programs started in 2011, the total number reached to 98. In addition, there was 34% year-on-year increase achieved in the virtual classroom application of webinar trainings.

Garanti Bank launched Garlive, a web-based TV application for development purposes, which is a first in the financial services sector. With a professional live broadcast studio set up, current economic developments, new products, differentiating implementations and new trends were shared with the employees and their questions were responded. Approximately 100 live broadcasts on Garlive have addressed nearly 30,000 total attendance.

In 2011, summit and training programs specifically organized for Garanti executives focused on sustainable growth, social responsibility, leadership, coaching, strategy and marketing. The events were conducted with the leading speakers and trainers in Turkey and in the world.

Within the scope of Garanti Management Academy, new development tools were designed and integrated into classroom trainings for the Head Office and branch employees. The information portal, developed by one of the most prestigious business schools in the world, became Garanti's key development tool.

Career Development

Prioritizing internal appointment of managers, Garanti Bank posts the openings under the heading "Career Opportunities", via Intranet. Employees are able to set their career targets using 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 2011,

priority was given to regional and interregional transfers for new branch openings and vacant 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 and provided information on the 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.

Garanti Human Resources introduced the Talent Management process directed towards high-performing and high-potential employees. Along the line, one-on-one career and development advisory meetings were held with high potential employees. Following these meetings, the Department worked in coordination with the Training Department to develop customized career and development programs.

The results from the Star Branch and Star HQ calibration components were used in career planning, performance monitoring and competence development of employees. The mobility pool and pool prioritization outputs were taken into consideration in the Bank's staffing plans.

Projections for 2012

Garanti Human Resources will carry on with its activities focused on employees and development in 2012. The Department will concentrate on processes that will reinforce and support the managers' role in communications with employees for employee loyalty purposes,

while continuing to invest in projects designed to promote internal communication.

In 2012, Garanti Human Resources will carry on with its Talent Management activities to ensure loyalty and permanence of high-performing and high-potential employees.

In addition, 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 (webinar, conference calls, videoconference, intranet, magazines, etc.), that address different employee segments and carry on with meeting and e-mail management activities to ensure efficient time management.

Further, the Department will keep organizing recognition and communication practices such as "SPOT", "4 Seasons Gatherings" and "Tag".

Financial and legal developments in Turkey and in the world will be closely monitored, and development support to employees will be ongoing within the scope of projects developed in line with the Bank's strategy.

Other targets include keeping finance-related information up-to-date, and preserving the approach focused on employee loyalty and customers. The diversity and efficiency of world-class development methods custom-made for Garanti Bank will increase. Garanti intends to increase the share of training technology to 30% in 2012.

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of personnel (excluding security guards)	7,576	8,513	9,850	11,158	13,631	15,285	15,654	15,280	15,465
Number of branches	343	384	437	487	592	724	792	869	918
Number of personnel per branch (excluding security guards)	22.08	22.16	22.54	22.91	23.02	21.11	19.77	17.58	16.8
Career Opportunities Program	22	36	48	97	167	87	76	68	53
Total Promotions	191	244	520	813	1,050	3,130	2,679	2,424	2,233

“Food is our common ground, a universal experience.”
James Beard / Famous American gourmet



Garanti's Integrated Subsidiaries

Garanti produces **the most appropriate solutions** to any financial requirement via its subsidiaries that are active in various **fields of expertise** in Turkey and abroad.

GarantiBank International N.V.

Successfully integrating Garanti Bank's customer-oriented, innovative and high quality service approach into its activities as a **“global boutique bank”**, GBI remains as the trusted bank of its customers while **adding value to international trade.**

€ 200 Million
SYNDICATED LOAN
with 1 year maturity

€ 53.6 Million*
NET PROFIT



Established in 1990 in Amsterdam, GarantiBank International N.V. (GBI) operates in the Netherlands, as well as in Germany, Turkey, Switzerland and Ukraine via its branches and representative offices. GBI, a wholly-owned subsidiary of Garanti Bank, furnishes innovative, sector- and country-specific financial solutions to its customers worldwide in the areas of trade finance, private banking, structured finance, corporate and commercial banking.

2011 Activities

Having distinguished itself from the banks with broad networks in the countries it operates by fast and reliable services, GBI continued to strengthen its capital structure in 2011. Despite the impacts of the global financial crisis that subsequently struck Europe, the Bank maintained its competitive position through a customer-oriented approach and its strategy of dynamic balance sheet management.

GBI's year-end Capital Adequacy Ratio increased to 19.1%, 17.4% of which consists of share capital. Maintaining its high asset quality amid the debt crisis conditions in Europe, GBI's NPL ratio again remained below 2% at the end of 2011. Posting a net profit of EUR 53.6 million* in 2011 with a year-over-year increase of 14%, GBI completed another successful profitable year .

In 2011, GBI secured a one-year syndicated loan of EUR 200 million with the participation of 18 banks from 8 countries, exceeding the targeted amount of EUR 150 million with the demand from the banks. The loan agreement was signed in Amsterdam on July 5.

In August 2011, Moody's reconfirmed GBI's long-term deposits rating of Baa1. The rating, which reflects the Bank's strong financial standing, sustainable profitability, successful position in international trade and commodity finance, high asset quality, and solid funding

profile, is four notches higher than Turkey's sovereign rating.

Projections for 2012

In 2012, GBI will focus on its inherently low-risk main activities of Trade Finance, Private Banking and Structured Finance, sustaining its prudent strategy. While commission income is expected to remain strong owing to increasing contribution of Private Banking, Structured Finance and Cash Management operations, the Bank aims to further diversify its areas of activity. Having set a target cost-income ratio of 37% for 2012, GBI is planning a balance sheet growth of 10% by sustaining the profitability of its core activities.

Dividend retention policy will continue in the coming years based on the estimation that Dutch Central Bank (DNB) will exert increased pressure on capital adequacy depending on the risk exposures in the emerging markets including Turkey.

Offering the best tailor-made solutions to its customers in a prompt manner will remain GBI's main objective in 2012.

**Based on Dutch GAAP standards*

Garanti Bank SA

Garanti Bank SA keeps rising in Romania with its **innovative and customer-oriented** approach.

Garanti Bank SA, which has brought a breath of fresh air into the banking sector and strengthened its position in Romania, continues to introduce “firsts that make life easier for its customers by extending its portfolio of products and services.

With its vision of becoming an international player, Garanti serves as an active financial services group with Garanti Bank SA, Garanti Leasing, Garanti Mortgage and Garanti Consumer Finance.

2011 Activities

Offering services as a licensed bank since May 2010 and expanding its operations upon solid foundations, Garanti Bank SA has increased its market share in 2011, which was an intense year.

Building on a strong foundation and being among Top 10 banks in Romania, Garanti Bank SA responds to its customers’ needs through its innovative products and superior technology. The Bank offers advanced and comprehensive banking services from SME to Retail, Commercial and Internet banking across the country with a population estimated at 20 million.

With total consolidated assets worth EUR 1.7 billion, the Bank increased its market share to 1.75% and climbed to 13th place in Romania where it operates with a 98% geographic coverage.

Having introduced many novelties in the Romanian banking sector, Garanti Bank SA was named the “Most Dynamic Bank” by the Finmedia media group in 2011. Turkey’s leading Internet banking service, “Garanti Online” replicated its success in Romania and received the “Best Bill Payment & Presentment” award from Global Finance magazine and the “e-payments” award from e-Finance magazine. Romania’s first international chip-based card with a reward

program, Bonus Card, was presented with the “Best Promotion” award by No Cash magazine and the “Best Innovative Banking Product” award by the Business Arena magazine. In addition, the “Credimed” product was selected the “Best Product of the Year for Physicians” by ‘Colegiul Medicilor’ organization, while the loan product offered to SME customers was named the “Best Banking Product” by Piata Financiara magazine.

Projections for 2012

Garanti Bank SA will pursue its activities in 2012 with the aim of introducing many firsts to the sector, differentiating itself through offering products and services combined with its technological edge and creating value for its customers.

With consolidated assets of

€ **1.7 Billion**

RANKS 13TH IN ROMANIA

77 branches

98% GEOGRAPHIC

COVERAGE



GarantiBank Moscow

With its **ability** to adapt to challenging market conditions and strict adherence to **service quality**, GarantiBank Moscow, aims to realize its **growth plans** and maintain **high customer satisfaction** by **capitalizing on opportunities** and building new relationships.

GarantiBank Moscow (GBM) holds full-scale banking license. Some facts about GBM are given below:

- Operations started in Russia in 1996,
- One of the 78 foreign banks operating in the country,
- Active in the core businesses of corporate and commercial banking,
- Serves Russian firms from various sectors, major Turkish companies active in the Russian market, and large-scale Turkish tourism establishments in Russia,
- Among ~500 commercial customers in its portfolio, 83% is constituted by resident companies and 17% by non-residents,
- Pursues activities with one branch and 81 employees.

Economic Developments

The Russian economy is estimated to have grown 4.3% and registered the lowest inflation rate of its history at 6.1% in 2011.

The Russian Central Bank recently narrowed the interest rate corridor, reducing the differential to 1.5% between the overnight deposit rate, i.e. the basic interest rate in the market, and the repurchasing rate that funds the market. The Central Bank intends to switch to inflation targeting regime as of 2012; as a result, the country's currency ruble is expected to fully free-float.

After having gained value on the basis of the euro/dollar basket until August, ruble started depreciating thereafter with the accelerated

European debt crisis and the increased risks of global recession. While the capital outflow amounted to USD 38 billion in 2010, the figure more than doubled and reached USD 84 billion in 2011. Nevertheless, foreign currency reserves that stood in the region of USD 479 billion at year-end 2010 rose to USD 499 billion at year-end 2011, driven by the relatively higher oil and other raw material prices.

The Central Bank stated that the liquidity required by the market will be mainly supplied through repurchase transactions, and declared they see no need to re-introduce the non-collateralized loans utilized during the financial crisis of 2008-2009.

While the Russian economy still projects a growth rate of 3.5 to 4% in 2012 after attaining around 4% expansion in 2010 and 2011, the growth rate will likely be shaped by the global economic developments owing to the Russian economy's dependence particularly on raw material prices and integration with the worldwide financial system.

2011 Activities

Scene to an over-competitive environment resulting from the intensive activities of leading public banks to increase their shares in the market, 2011 bore a negative impact on the margins and prospects of Russian private-sector banks and banks backed by foreign capital. GarantiBank Moscow was affected by these conditions at the

minimum extent owing to its ability to adapt to changing conditions, and pursued its operations with a cautious approach and a balance sheet with high asset quality, in line with its sustainable profitability target.

In keeping with the lending policy adopted, 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 2011. 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. In 2011, the Bank continued to witness the positive impact of these new relationships on volumes that had been revived from the last quarter of 2010.

Having downsized its assets by 60% and cash lending portfolio by 78% during the crisis, GBM finished 2011 with an asset size of USD 389 million. With the support of relationships with existing and potential customers, GBM targets to achieve USD 500 million in asset size at year-end 2012.

During 2011, the Bank kept ruble and USD-denominated private sector bonds issued by companies with high credibility in its balance sheet. A great majority of these bonds that make up the portfolio are accepted by the Russian Central Bank for repo operations. Investments were made in 2011 in the

ruble-denominated Russian Sovereign bonds owing to their attractive returns, which had lost the investors due to their low returns in the pre-crisis period. Capitalizing on the advantage resulting from price movements, GBM disposed of some of the securities in its portfolio and invested in other new securities presenting attractive returns.

With the impact of further increased competition and contracted margins in the sector particularly in 2011, GBM's pre-tax profit for the reporting period stood in the region of USD 9.5 million.

Projections for 2012

Anticipating tough market conditions to persist through 2012, GBM aims to sustain and even further upgrade its current performance via its analysis skill and capability to easily adjust to changing market conditions.

\$ 389 Million

TOTAL ASSET SIZE

500 COMMERCIAL CUSTOMERS

residing in Russia making up

83%

of the total portfolio



Garanti Securities

Garanti Securities' strong presence in corporate finance and **brokerage services** with its **experienced** team, robust infrastructure and **long-standing** relationships with institutions further **strengthen** Garanti.

Providing corporate finance, research and capital markets brokerage services to its domestic and foreign clients, Garanti Securities remains as Turkey's most preferred brand in corporate finance and brokerage services with its highly experienced team characterized by teamwork and custom-designed solutions. With the in depth coverage on Turkish macro economy, equities and Fixed-income securities, Garanti securities continues to provide investment recommendation that outperform the market

Corporate Finance

Named the best investment bank in Turkey by Global Finance every year since 2007, Garanti Securities executed corporate finance advisory transactions reached total of USD 23 billion, value to date.

- Garanti Securities led three public offerings in 2011;
 - o Sole Domestic Bookrunner of Migros Ticaret A.Ş.'s USD 510 million equity offering executed by accelerated bookbuilding method,
 - o Sole Domestic Coordinator and Bookrunner of Bizim Toptan Satış Mağazaları A.Ş.'s USD 250 million initial public offering,
 - o Sole International Bookrunner of Bimeks Bilgi İşlem ve Dış Ticaret A.Ş.'s USD 57 million initial public offering
- Total of 11 bill and bond offerings with a total value of TL 4.4 billion issued in 2011.
- The following services have been provided under advisory activities in 2011:
 - o Mandated by the Privatization Administration and SDIF as the sell-side advisor for the privatization of Başkent Natural Gas and Kümaş Magnesite, respectively.

- o Buy-side advisor to a consortium in the privatization of motorways and bridges by 25-year transfer of operating rights. The privatization process is expected to be completed in 2013.
- o As a sell-side advisor successfully completed the sale of a company in the energy sector, and the privatization of Mazıdağı Phosphate Facilities.

Garanti Securities aims to preserve its strong performance of 2011 in 2012 and offer advisory services in the major transactions.

Private Equity

- In 2011; Garanti Securities Private Equity team advised in the sale of Mey İçki Sanayi ve Ticaret A.Ş., one of the biggest private equity investments and the biggest private equity sale ever in Turkey.
- Aiming to add value both to the companies it will invest in and also to the Turkish economy; Garanti Securities signed an agreement with the US-based Cerberus Capital Management L.P. ("Cerberus") in October, 2011, as a result of its efforts spent toward pursuing activities in the private equity segment. Under the agreement, an initial USD 400 million will be made available in total to be invested in Turkish businesses. Garanti Securities and Cerberus intend to increase their joint fund size to USD 1 billion next year.

Target equity ticket size is USD 50 million to USD 250 million; however, Garanti Securities and Cerberus will also consider investments outside this range. Investments will be focused on companies within Turkey, with no restrictions imposed in terms of sectors. Investment opportunities will also be tapped in surrounding countries where

Turkish companies have significant economic relationships and which present high investment potential.

International Institutional Sales

Following the restructuring of the International Institution Sales Department significant rises have been attained since mid-2010 in cumulative trading volume and commission income. In 2011, the Department's trading volume augmented by 33%, while revenues increased by a significant 63% year-on-year.

Within the frame of marketing activities, the two-day investment conference was held in London on May 11-12, 2011. The conference attracted 34 executives from 19 companies, 46 asset managers from 31 funds, and hosted total of 215 meetings.

The International Institutional Sales Department targets to increase its trading volume and commission income in 2012. The focal points of the Department in the year ahead will be achieving increased efficiency in DMA (Direct Market Access), TurkDEX markets, and creating synergy with the Corporate Finance Department to generate revenues on various products including initial and secondary public offerings.

Research

The Research Department, besides providing periodical, sectoral and thematic reports, fundamental and technical analyses to retail and corporate clients, extends support in corporate projects including public offerings, M&A projects and asset sales. The Department publishes recommendation and strategy reports on stocks traded on the ISE, as well as macro economy and fixed income securities. The scope of research on equities encompasses Turkey's leading sectors,

financial institutions that steer the ISE and industrial companies.

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 ISE-100 index by an average of 25% each year since 2006. The equity portfolio constituted based on the research team's recommendations outperformed the ISE-100 index by 16% in 2011.

Operations

Garanti Securities Operations Department with its qualified and experienced team, modern technical infrastructure, and strong software support, provides operational and clearing services to head office and agency customers.

\$ 1 Billion

Worth of joint private equity

INVESTMENT AGREEMENT

with Cerberus

EQUITY PORTFOLIO

RECOMMENDATIONS

outperformed ISE-100 by

16%

11 BILL AND BOND OFFERINGS

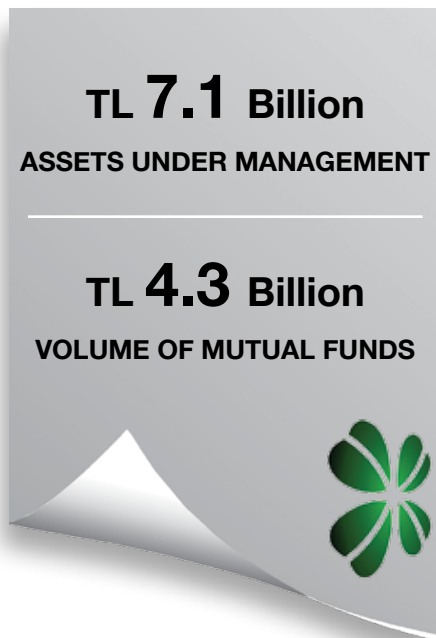
Worth of

TL 4.4 Billion



Garanti Asset Management

Garanti Asset Management, **the first** asset management company in Turkey, preserves its leader position as an **exemplary service provider** possessing all the competencies required by contemporary asset management, with its products and services tailored with sectoral developments deployed through **fast and effective processes.**



Garanti Asset Management offers efficient solutions for its individual and corporate customers' needs in mutual fund, pension fund and discretionary portfolio management, as well as in alternative investments management.

Garanti Asset Management continues to be one of the best asset management companies in Turkey through its customer-centric approach, disciplined risk control and service quality. The Company carries out activities that fully overlap with its stakeholders' interests since 1997 and responds to constantly evolving and diversifying investor demands through the most current methods.

In 2011, which was characterized by intensive competition resulting from the highly volatile and low-interest market environment, Garanti Asset Management displayed a sustainable performance with its strong professional team.

As of December 2011, Garanti Asset Management was managing 24 mutual funds of Garanti Bank, 3 mutual funds of Garanti Securities, 15 pension funds of Garanti Pension and Life, and the Garanti Investment Trust portfolio. Assets under management amounted to TL 7.1 billion.

Mutual Funds

Garanti Asset Management sustained its successful performance in mutual funds through its proactive strategies and effective collaboration with Garanti Bank branches that make up its primary delivery channel.

- Funds under management amounted to TL 4.3 billion at the end of the year.
- 3rd among 53 asset management companies with 14.5% market share 5.9% market share in Type A funds and 14.8% in Type B funds.

Pension Funds

Having a major role in the establishment of long-term investing habits, pension funds maintained their sustainable growth performance in 2011, and grew by 19% and increased their weight in the market share. Pension funds managed by Garanti Asset Management continued to outperform the sector in 2011 and reached the assets under management volume of TL 2.3 billion with a 28% annual growth rate. The market share reached 16.2% with a 1.12% increase.

Discretionary Portfolio Management

Garanti Asset Management continues to strengthen its presence in individual and corporate discretionary portfolio management with its efficient marketing efforts coupled with its approach focusing on customer satisfaction.

According to December 2011 data published by the Capital Markets Board, the overall discretionary portfolio management market achieved a volume of TL 5.3 billion, whereas Garanti Asset Management's AUM volume reached TL 418 million.

Alternative Investment Products

The upward trend of the demand for alternative investment products in the recent years continued in the low-interest rate environment of 2011. As of 31 December 2011, there were 111 Income Guaranteed and Capital Protected Funds in the sector. Garanti Asset Management has a 5% market share with 7 funds worth of TL 179 million under its management.

Launched in 2009 as a key novelty for qualified investors, Istanbul Hedge Fund is still managed by Garanti Asset Management.

In a low-interest rate investment atmosphere, even more investors are leaving their habits of investing savings in short-term financial assets, and turning to investment facilities that rely on professional support and unbiased information. In the process, direction of corporate investors' funds into capital markets is critical both for the progress of markets and for sustainable macroeconomic development.

As investor habits undergo transformation, Garanti Asset Management will continue to expand its product range, to evaluate medium and long term funds via its experienced team, and to channel funds to the national economy in the near future where stronger demand in capital markets, increased interest in new products and alternative investment instruments will continue.

Projecting that PPS will continue to grow in its sound pace and support Turkish economy in the medium term, Garanti Asset Management will carry on with its innovative efforts in this respect.

The only Turkish leasing company rated both by Standard and Poor's (S&P) and Fitch Ratings, Garanti Leasing continues to surpass **sector averages** on the back of its quality services that make a difference for its clients.

LEADER

in 2011 with

2,916 CONTRACTS

84% GROWTH IN

Business volume reaching

\$ 860.6 Million



2011 Activities

After registering the all-time high business volume in 2007, the Turkish leasing sector has started shrinking since 2008 owing to the impact of the global crisis. For Garanti Leasing, 2011 marked the second highest business volume attained by the Company after the sector's and Garanti Leasing's record business volumes of 2007. Leaving behind a successful year, Garanti Leasing continued to make a difference in the sector with its competent employees, robust technical infrastructure, customer diversity, and customer risk distribution in its balance sheet structure. Garanti Leasing's ability to successfully cater to its customer's diverse needs is warranted by its flexibility and agility under changing market conditions.

Standing as the sector's unbeatable leader in the number of contracts for ten years, Garanti Leasing consolidated its leadership in 2011 with 2,916 leasing contracts and 20% market share in the number of contracts. While the overall sector's y-o-y growth in the number of contracts was 44%, Garanti Leasing achieved 46% growth. The Company posted USD 860.6 million in business volume with a y-o-y growth of 84% that exceeded the sector's figure of 54% by far.

Distinguished from its peers with its high funding ability and broad borrowing portfolio in international markets, Garanti Leasing, in 2011:

- was assigned BBB- in local and foreign currency by Fitch Ratings, which indicates "investment grade", with a "stable" outlook. The Company was issued a national credit rating of AAA (tur).
- received a "positive" outlook and a long-term foreign currency rating of BB from S&P.

Through its convention appearances in 2011, Garanti Leasing supported new customer acquisition with the solutions co-developed with vendors specifically for conventions, and

the flexible repayment option that is adjustable according to clients' cash flows.

Projections for 2012

In 2012, the Company will continue to cooperate with vendors and to introduce innovative and competitive solutions tailored for relevant sectors.

The Company's 2012 targets include expanding the customer base so as to further spread the customer risk distribution, thus preserving profitability.

Garanti Filo

Established in 2007 to be engaged in operational leasing, Garanti Filo successfully maintains high levels in customer satisfaction with the flexible and suitable solutions offered based on the agreements with service provider companies.

Continuing to grow in 2011, Garanti Filo purchased more than 2,300 new vehicles to reach a fleet size of 7,500 vehicles, and increased its total assets to USD 135 million.

Garanti Factoring

“Turkey’s **Most Admired Factoring Company**”, Garanti Factoring **distinguished** itself in factoring transactions both on the national and **international** platforms with its competent team, **vast knowledge** in product development and consultancy, and operational transaction **speed**.

3,506
CUSTOMERS

33,512
FACTORING TRANSACTIONS

\$ 3.1 Billion
BUSINESS VOLUME



Active since 1990 and retaining its pioneering position in the sector with its customer-driven, innovative and dynamic approach, Garanti Factoring addresses a customer base mainly made up of enterprises with extensive supplier and vendor networks, exporters, importers, and SMEs.

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 trading on the ISE National Market.

The Company facilitates rapid conversion of receivables from credit sales of the SMEs across the country into cash at optimum terms, adding the superior quality service of “Garanti”. The buyer limits created allow financing at competitive interest rates for supplier SMEs in return for their high quality receivables.

Garanti Factoring differentiates itself from the competition in Turkey with its membership in two major international factoring chains, FCI (Factors Chain International) and IFG (International Factors Group). The Company effectively uses correspondent factoring companies all over the world in international transactions, thus allowing faster and easier realization of its clients’ open account sales. Through these international collaborations, Garanti Factoring provides its customers with credit information on their buyers, thus making foreign trade safer for its clientele.

2011 Activities

For Garanti Factoring, 2011 was a year of intense restructuring of processes and organization. Backed by Garanti Bank’s extensive branch network, the Company operated with the objective of providing tailor-made, optimum solutions for needs in a timely manner. Garanti Factoring completed the year with 3,506 customers and 33,512 transactions translating into a business volume of USD 3.1 billion.

As foreign trade volume in Turkey grows rapidly, so does the need for foreign-trade financing. Garanti Factoring delivers fast and effective solutions for its customers’ needs, using export factoring and international supplier financing structures.

Garanti Factoring, the sector’s leader in import factoring transactions, continues to extend support to its customers in their international procurements. Having intermediated imports worth more than USD 202 million in 2011, Garanti Factoring products and services are frequently preferred by export companies abroad.

Thanks to the efforts of the expert team of Garanti Factoring, Commercial Collections Management achieved a gradually expanding volume and significant weight in the product portfolio. Maintaining constant contact with the buyers, the call team supports the customers in minimizing overhead costs, as well as in making comprehensive evaluations by providing up-to-date reports on the performance of buyers regularly. Experienced and expert Commercial Collections Management Team shortens the collection time of the customers’ receivables and reduces financing costs, thus enhancing customer satisfaction and loyalty.

Projections for 2012

In 2012, Garanti Factoring targets to increase its growth momentum in a sustainable and healthy fashion. The Company will work towards capturing leadership in every field it is engaged by improving collaboration with Garanti Bank’s nationwide branch network.

In keeping with this vision, the Company will focus on the financing of SME receivables and increase its market share in this segment, along with its presence in the financing of export receivables. With the experienced and expert Commercial Collections Management Team, the customer portfolio receiving collection service will be expanded.

Garanti Pension and Life

Leading the pension and life insurance sectors, Garanti Pension and Life had yet another **successful** year with its **creative** products, services and campaigns, combined with its superiority in alternative distribution channels.

#1
in profitability with
TL 113 Million

with an increase of
74 Thousand
participants
**THE MOST PREFERRED
PENSION COMPANY**

1.1 percentage point
increase in pension fund size
**THE HIGHEST
MARKET SHARE GAIN**



2011 Activities

Drawing on its experience in bancassurance, its continuously upgraded technological infrastructure, product diversity and qualified people, Garanti Pension and Life, once again, outperformed the sector and sustained its rapid growth trend in 2011:

- Garanti Pension was the most profitable company in the sector in 2011 with TL 113 million of net profit,
- It ranked first in the sector with a technical profit figure of TL 109 million generated from private pension and life insurance sector activities,
- With a net increase of 74 thousand participants, the company reached 20.4% market share in number of pension participant and became the leader,
- With the total number of participants reaching up to 529 thousand, the Company has an overall 20% market share,
- Highest increase in the pension fund size with an amount of 511 million, the company has brought its annual market share to 22%, which enabled Garanti to acquire an 1.1 percentage points rise in its market share in pension funds; much above any of its competitors,
- The Company has 16.4% market share with TL 2.3 billion in total funds under its management,
- Premium production of TL 240 million in life insurance translated into a market share of 9.1%, mainly driven by production in risk life and unemployment products realized through Garanti Bank branches and alternative distribution channels.

Garanti Pension introduced new products to the sector in 2011:

- Production through alternative distribution channels was added further diversity with the telemarketing project,
- Infrastructure initiatives carried out in the Call Center and after-sales services

resulted in capacity increase, which in return enabled faster and more efficient services to customers,

- In efforts to enhance customer satisfaction, pension sales processes were simplified and customer service became faster.

Projections for 2012

Aiming to add value to individuals and organizations it cooperates with, ensure sustainability of its solid performance, and continue its financial achievements, Garanti Pension will be shaping the sector in the year ahead through its innovative products, while focusing on the fundamental target of the Company, gaining market share.

Garanti Payment Systems

Reshaping shopping habits through numerous **“firsts”** it has introduced to the sector, Garanti Payment Systems **stands out** with its **exemplary products,** **successful figures and implementations** across the world.

Established by Garanti Bank in 1999 on the vision of developing systems that will replace cash, Garanti Ödeme Sistemleri A.Ş. (Garanti Payment Systems) offers 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, Garanti has been standing out in payment systems for many years as the brand that makes a difference with its products and services developed in line with financial dynamics, as well as relying on detailed analysis of customer habits and needs, combined with its marketing oriented team and superior technology. Garanti Payment Systems effectively capitalizes on all these assets and designs special products catering to diverse needs of users from different segments.

The product portfolio of Garanti Payment Systems includes:

- Bonus Card, the credit card for customers who like smart shopping in every segment,
- Flexi Card for customers who wish to pay only for properties that are actually used,
- Money Visa Card earning extra points called “money” in addition to “bonus” points, besides instant discount at check-out and free surprise shopping chance,
- 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 incur 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 incur 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,
- Bonus American Express that combines the world’s most prestigious credit card American Express with Turkey’s most beneficial credit card Bonus,
- Paracard for customers who prefer to use debit or prepaid card instead of cash for shopping,
- Esparacard, a local prepaid card for use in shopping in Eskişehir, the first to use contact-free payment technology (Trink) and M/Chip Advance for transportation,
- 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 using their mobile phones, with NFC technology,

- Cep-T Paracard, a prepaid card with a SIM-based secure service that starts a new era in the field of mobile financial services and collects bonus points, earns free minutes for mobile phones, loads minutes/money onto mobile phones, and transfers money,
- Environmentally Friendly Bonus for customers who wish to protect the nature while spending,
- Fenerbahçe, Galatasaray and Beşiktaş Bonus for customers who want to support their team,
- Reflected Bonus for women customers
- Transparent Bonus that is differentiated with its three corners and see-through design,
- Retiree Bonus exclusive to the retirees,
- 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.

Providing Kolay Vezne (Easy Teller), Ödeme Noktası (Payment Point), and Card Application Point services to merchants, Garanti Payment Systems provides e-commerce and e-tailing services via garantialisveris.com. The Company also offers various payment solutions including dial-up POS, ADSL POS, Mobile POS and Virtual POS. Besides, Garanti is the

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

2011 Activities

Leader in the number of plastic and total credit cards once again in 2011, Garanti continues to achieve high customer satisfaction on the back of its most favored card portfolio domestically and internationally, and the highest issuing volume generated through this portfolio. Garanti kept pioneering the debit card market with Paracard, the most frequently preferred debit card in shopping.

Projections for 2012

A provider of high quality service for over a decade via its subsidiary engaged in payment systems, Garanti targets to achieve cashless society by 2023 in Turkey. Garanti will continue to expand the market in this parallel, to introduce special products tailored to customer needs, and to make a difference through its campaigns. Another goal is to increase total turnover from TL 138 billion to TL 160 billion.

TL 138 Billion

TOTAL TURNOVER

15 Million

**BONUS CARD:
TURKEY'S LARGEST CARD
PLATFORM**

**Offering the richest variety of
CREDIT AND
PLASTIC CARDS**



Garanti Mortgage

Garanti Mortgage maintains its **leadership** in the sector and responds to customer needs quickly with its **wide product portfolio** and capability to **effectively use alternative delivery channels.**

Established in October 2007, Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. (Garanti Mortgage) continues to make a difference in the sector with its trademark “Garanti, the Mortgage Expert”, and pursues operations with a team of 76 experts in mortgages.

Standing out with its product variety, the importance attached to delivery channels, and superior service quality, Garanti Mortgage offers the best mortgage options and repayment schedules to its customers via its expert team.

Garanti is the “most recognized bank in mortgage”, on the back of:

- Having the Turkey's widest range of mortgage products,
- Offering service by expert portfolio managers who have completed mortgage expertise certification program,
- Serving with a variety of products via alternative delivery channels including the call center, Internet and mobile banking, in addition to its branches.

Garanti also aims to finalize loan applications quickly and to ensure customer satisfaction through improvement projects carried out at all phases of the process.

2011 Activities

Maintaining its leadership position also

in 2011, Garanti continued to turn its customers' homeownership dreams into reality. In a period characterized by severe competition, the mortgage loans increased by 15% reaching to TL 9.7 billion. Based on the December 2011 report of FINTURK, the finance map of Turkey, Garanti claimed the first spot in nine cities in mortgage loan disbursements, and ranked in the top three in 36 cities.

Garanti Mortgage introduced two new mortgage loan products during 2011:

- The Bridge Loan is designed for customers who wish to sell their current house and move to another one without waiting for the selling transaction to be completed.
- 100% Mortgage is designed for customers who already own a house and wish to purchase another one. 100% Mortgage enables the customers to get higher amount of loans via collateralizing their first house.

Another initiative in 2011 that introduced to improve service quality was the launch of the suggestion/complaint infrastructure. With the system, branches are able to instantly convey suggestions or complaints to relevant units at Garanti Mortgage.

2011 highlights:

- Set up in April 2008 and providing service to 950 people on average per day via the

expert team of 13 agents, Turkey's first mortgage call center 444 EVİM (HOME) meet customer needs with 20 seconds average response time

- Time measurement was carried out at stations involved in the lending process, and weaknesses or improvement areas in the process were identified, followed by necessary actions for betterment.
- Administrative and technological upgrades introduced to the survey process and automated issuing of related documents by the system shortened the process and helped it run more smoothly. Specific expertise training programs to staff employed in branches and other delivery channels continued, so that the customers can get the support they require in any step of the process from the Bank.
- Countrywide training conferences organized for real estate agencies were carried on.
- Campaigns addressing different sectors and professions continued. Within the frame of campaigns organized for members of Oyak (Turkish Armed Forces Assistance and Pension Fund), Polsan (Assistance and Maintenance Fund for the Police), İlksan (Healthcare and Social Assistance Fund for Primary School Teachers), and Eğitimsen (Education and Science Workers' Union), facilities were provided for these customer groups to enable them to become homeowners that best suited to their preferences, and

thereby getting the opportunity to expand the lending portfolio.

- Involved in nearly 120 ongoing resident projects during the reporting period, Garanti continued to offer loan facilities to its customers wishing to buy homes from the project phase, on the basis of cooperations established with developers.
- Created in 2009 with the support of Garanti, the Mortgage Expert, REIDIN Real Estate Index remained the most closely monitored real estate index in Turkey.

Projections for 2012

Intending to shorten the time from the loan application to the lending stage through improvements, Garanti Mortgage will further improve its service quality on the back of products and implementations that make a difference, and remain the sector's leading mortgage company in 2012.

Garanti Mortgage aims to keep reaching customers through alternative delivery channels also in 2012; the Company will combine its expertise in this aspect with speed and reinforce its image as "the most recognized bank in mortgage".

LEADER IN SECTOR

20 seconds

**Mortgage Call Center
Response time**

25

**Types of loans
Widest range of
mortgage options in Turkey**



Garanti Technology

As a creator of many technological firsts in the Turkish financial services sector, Garanti Technology (GT) has a crucial role in the introduction of numerous **novelties** to Garanti customers. GT makes it possible for its customers to utilize state-of-the-art technology optimally for their needs, giving them a **competitive advantage** and continues to **lead the sector** with its uninterrupted investments.

Garanti Technology (GT) provides technology infrastructure, software development, internet applications, integration, systems management, security management, project management and office application services as well as consultancy services in these areas, to companies engaged primarily in banking and financial services, as well as in automotive, construction, media and tourism sectors.

Having the 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, GT operates as a full-scale IT Center.

GT manages all of the hardware and communication software with its strong communications backbone, infrastructure-based video and data communications services, and design and engineering activities at global standards, while providing field support services at more than 4,000 points via its countrywide locations.

Having adopted a corporate governance style based on the ITIL process model and built on Design-Operate-Support principles, Garanti Technology makes a difference with its activities that add creativity and quality to technology.

The Company creates value for the organizations it serves through projects developed in accordance with quality standards including COBIT and ISO, in an effort to produce the solution that best fits business requirements.

2011 Activities

Application Projects:

- One-Stop-Shop application has been developed, which allows car buyers to apply for an auto loan at dealers.
- Electronic transfer of bid bonds and reference letters to the Public Procurement Authority has been enabled.
- Customer Limit application allowed to proactively offer customers credit lines based on income modeling.

- SME Mass Lending Process has been introduced.
- Risk follow-up has been rendered healthier by way of monitoring the concentration of customer cheques and promissory notes received as collateral.
- Guaranteed Payment application has been designed as a new trade finance product, which takes deferred payments under the Bank's guarantee at the time of the trade, and is cashed if no funds are available in the buyer's account on the due date.
- Guaranteed Account has been introduced whereby a demand account can be opened with a single application with the option to apply also for Internet Banking and Telephone Banking, debit and credit cards, E.L.M.A. account, and bill payment linked to an overdraft account.
- Savings Account has been launched, which allows retail customers having difficulty in saving due to limited funds or lack of habit, to save up in small amounts and to withdraw cash in emergencies without worrying about losing interest income due to early withdrawal.
- Spend and Save product has been developed, which uses the credit card as the payment instrument, and the amount to be invested in customer's Savings Account is calculated as a percentage of the account statement balance set by the customer.
- Student Account has been added to the product portfolio, which regularly transfers money from the parents' account to the children's accounts, with the option of regular payment and additional allowance transfer.
- OTASS (Automated Bond Trading System) and Garanti Bank (GB) integration has been realized through the transfer of Treasury repo transactions conducted at OTASS to the GB system and transfer of security tradings executed on the GB system to OTASS.
- Development has been completed for the small branch model of 4+1 people.
- Revamped exports module has been launched.
- Simple Click application has been developed for easy sales of insurance products from branches.

- Facility has been provided for making the payments by credit card for social security, tax and restructured public debts.
- Centralization has been provided for the preparation of branches' tax returns and making payments.
- Charge and commission definitions have been made according to different criteria through the new pricing matrix, in line with the target of increasing commission income.
- Human Resources (HR) application running on different platforms has been redesigned to gather all HR processes on a single platform.
- The new Internet branch Garanti Direct went live, which offers advanced self-service banking experience including personalized finance management, transaction flagging, advanced search, online help and chat, and e-mail communication with the customer representative, etc.
- Blackberry and iPad applications have been developed for e-trader.
- A new ATM menu has been introduced that offers ease-of-use for retirees.
- Garanti Bank's debit, prepaid and credit cards have been defined on the "Mobile Financial Services" application available on Turkcell mobile phone lines; the initiative allows money transfers from one card to the other or from the card to the mobile phone number, as well as topping-up. Targeting to reach non-bank customers, the product also gives the chance to be part of the Bonus reward program and to earn minutes in purchases without being a Garanti customer.
- Functions used by MCD Telecom company on their own special devices have been supported by P.O.S. terminals of Garanti Bank, aiming to generate commission income for the Bank through transactions to be carried out.
- Cep-t Cüzdan application has been co-developed by Garanti Bank and Turkcell in view of the global developments in the mobile field, which facilitates payment and banking transactions via mobile phones.
- Card embossing has been outsourced for cost saving purposes.
- Proactive Attrition project has been carried out, which scores credit card customers according to certain criteria to measure the

risk of attrition, with the objective of taking necessary counter-action.

System and Network Projects:

- Transaction performance has been improved by 25% in mainframes through the use of zNext technology.
- After increasing the response speed in queries by 10 times upon transition to Oracle Exadata V1 in data warehouse platforms in 2009, Exadata V2 upgrade in 2011 increased system efficiency further. With the upgrade, compression is tripled using only half of the hardware components (1/3 database size versus V1 and 10 times more compression as compared with raw data) and response time is shortened, while back-up time is reduced by 50%.
- Centralized password management has been launched for protection of admin passwords for servers, network equipment and other systems in a central, electronic safe and for their secure retrieval when necessary.
- Lines of offsite ATMs have been backed-up using 3G technology.
- Live broadcast portal Garlive has been developed.

Garanti Technology continued to virtualize servers during 2011; the energy saved through 1007 servers hosted on 60 physical servers is equivalent to planting more than 63 thousand trees.

Projections for 2012

In 2012, Garanti Technology will keep contributing critical competitive advantage to Garanti Bank, its subsidiaries and other Doğuş Group companies with the innovative and creative products, services and applications developed. GT will preserve its leadership in the sector by constantly investing in up-to-date technology, uninterrupted processing capability, infrastructure security, cost efficiency and energy saving.

3,954

INFORMATION TECHNOLOGY

PROJECTS

conducted in 2011

25%

INCREASE IN TRANSACTION

PERFORMANCE

in mainframes





"I feel a recipe is only a theme, which an intelligent cook can play each time with variation."
Madame Benoit / Famed expert in French cuisine

Continuous Progress and Innovation

Garanti is associated with "first"s because of its **innovative products and services** that result from **comprehensive research and development processes** that represent a key factor in sustaining the Bank's differentiation.

Research and Innovation Management

Pursuing activities based on the notion of introducing **“firsts”** into the sector Garanti offers new products and solutions **enriched** with the customers’ and employees’ ideas to **effectively** satisfy their needs and maintain high levels of customer **satisfaction.**

~13.000

CUSTOMERS LISTENED

~4.000

EMPLOYEE IDEAS

Gathered through employee platforms

~15

MARKETING RESEARCH PROJECTS



Garanti Bank continues to be an organization that creates value for its customers through new products and services offered. Garanti blends customer needs and tendencies with trends that steer Turkey and the world to develop new products and services, and differentiates with its innovative solutions.

2011 Activities

Various activities and research initiatives are conducted with the purpose of providing accessible financial solutions that facilitate the lives of its customers. Product Development and Innovation Management department conducted 15 marketing research activities in 2011, and listened the opinions of more than 13,000 customers.

Marketing research activities carried out in 2011 are sorted under three categories:

Brand, Image and Advertising Research

- Advertising Tracking Research
- Brand Image Tracking Research
- Jazz Sponsorship Research
- Basketball Sponsorship Research

Customer Experience Surveys

- SME Banking Penetration and Satisfaction Survey
- Commercial Banking Penetration and Satisfaction Survey
- Internet Banking Usability Survey

Customer Needs and Trends Research

- Internet Banking Perception Survey
- Entrepreneurs Research
- Agricultural Banking Research
- Unbanked Consumers Research
- Retirement Banking Prize Research

Customer involvement in new product and service developments and innovation processes is highly appreciated at Garanti Bank. In this regard, online platforms are created. Based on customer research results, Garanti Bank is regarded as a genuine bank that is technological, innovative, staffed with

welcoming employees, and that understands and satisfies customer needs.

Garanti encourages its employees to share their ideas, and uses two platforms, “Önersen” and “Atölye” to collect their ideas for new product/process/service development. Introduced in 2007, “Önersen” collected more than 2,000 suggestions in 2011, while “Atölye”, a project-based innovation platform active since 2010, facilitated gathering nearly 2,000 innovative ideas from the employees with four projects.

Projections for 2012

Personalized banking, which helps customers to manage their financials and reach their goals, will gain increased importance in 2012. Accordingly, Garanti will keep offering solutions that add value to the customers in this area. The Bank will keep its focus on technological advancements and changing consumer behavior in developing new services.


Offering right solutions and supporting direct trade in sectors requiring custom-made solutions such as the agricultural industry will be key focus for Garanti. Product, service and business model developments for consumers in unbanked segments will be another areas to be concentrated on in 2012.

Product Development

Garanti takes an **innovative approach** to potential opportunities and preserves its distinction through **innovative, flexible** and customer friendly products resulting from **extensive analyses.**

In 2011
72
NEW PRODUCTS

With total of
487 products
RICH PRODUCT VARIETY



Devising solutions upon detailed identification of the needs and making sure that its products are useful, customer friendly and flexible, Garanti Bank continues to stand by its customers with 487 products, 72 of which are the new launches of 2011.

2011 Activities

Deposit, Savings and Investment Products

In 2011, the Department worked towards increasing its savings products. Along this line, Garanti introduced the following products:

- “Savings Account” allowing flexible start-up to saving for customers who have difficulty saving up and wish to acquire the habit, and
- “Spend and Save” product offering the chance to turn credit card expenses into saving.

“Accumulating Fund” product has been redesigned to fill the need of flexibility to manage joint saving and saving for specific needs.

“Target Monitoring Application” has been integrated into saving products with the objective of making saving concept tangible.

Commercial Loans and Trade Finance

In 2011, the “Guaranteed Payment” has been developed for reinforcing trade finance, an area pioneered by Garanti Bank. Providing bank guarantee for the trade among businesses and facilitating collections, the product takes the credit purchases of customers under protection.

Product Packages

Introduced in 2011, the “Guaranteed Account” provides easy access to several products that fulfill basic banking needs with a single instruction. Another new product launched in 2011, “Student Account” introduces children to banking products, particularly Paracard and Internet Banking, while giving the families the chance to pay allowances automatically.

Retail Loans

The preapproved “Ready Loan” that requires no documentation has been put on the market in 2011. The loan gives the customers quick and easy access to financial support subject to predetermined credit limits.

Projections for 2012

Garanti will focus on meeting customer needs by prioritizing its efforts on savings; “personal savings” and “joint savings”. For customer to choose appropriate deposit and investment products, guiding tools will be introduced through various channels to increase familiarity with the products.

In 2012, product development will continue in line with the needs of different sectors including agriculture, and provide solutions to finance trade at the time of trading and support trading activity.

Flexible product packages, allowing custom-tailored basic banking transactions, will be further developed in line with customer needs in 2012.

Organization and Process Development

Garanti constantly increases its **efficiency** through organizational arrangements aligned with its strategies, and maintains its leadership in the sector through implementations that **make a difference** in **customer experience** on the back of **smart business processes** that meet customer needs.

Garanti identifies needs in line with its strategies via the Organization and Process Development Department and produces successful projects enabled by accurate analyses and effective planning.

All studies and approaches are designed to support the experience shared by Garanti Bank and customers, and processes are quickly integrated into regulatory arrangements and technological advancements.

2011 Activities

In 2011, projects that were seeded in previous years came to life, and their effects in the field were monitored.

Flexible roles and innovative applications have been developed to support new business models, thus helping the Bank's strategy to be reflected in the field.

While the projects were mainly at branch level in 2010, they continued at regional office and Head office level in 2011.

Organizational structures and business conduct have been improved to set the ground for achieving higher efficiency at work.

Products of subsidiaries started to be handled as if they are banking products and integrated into sales processes. Shaped by simplicity

and speed concepts, processes made sales transactions easier, while awareness was created through information provision to customers at every phase of the sale, and product cancellation rates were brought down.

Lending processes went live, which require minimum information and documents when responding to SME customers' needs with strategies that suit the customer profile. Automated and centralized approach to processes served to ensuring effective use of internal resources, while also securing differentiation in the eyes of customers.

On the retail customers front, lending processes were introduced that are able to fulfill their needs through different channels so as to create a perception of convenience and easy access. In this way, the department contributed to achieving increased market share and lending volume. New concepts and notions were developed for loan products that required redesigning in line with the needs and new approaches.

The growth and development target of the Bank's internal organization has been supported, keeping an eye on the quality of customer service.

By ensuring centralized and smart management of the telephone that serves as

an important tool of access for the contact between customers and branches, high levels were maintained in service quality and branch efficiency.

The projects that went live were closely monitored through on-site observations, as well as branch and customer measurements.

We continued to regularly and continually measure and improve the quality of service offered to customers on the basis of service indicators that are critical to customers. The outcomes of 2011 activities are summarized below:

- Support to increase loan penetration in certain brands from 15% to 33% in auto loans through process efforts that allow loan utilization via different channels.
- Insurance sales went up 70% on the back of processes that enable the same speed and simplicity of the banking products in the sales of subsidiary products. Thanks to applications that guarantee pre-sale customer approval, rate of product cancellations, which made up 35% of all sales, was decreased to 8%.
- Improvement in our service quality continued also this year, which is monitored by Customer Centricity Index on a branch-basis. There was 15% improvement over the last year in service quality criteria that are critical for our customers.

- Efficiency of branch calls management increased by an amazing 300%. Reduction in customer complaints by 38% on the back of improved service quality, supported customer satisfaction enhancement.

Projections for 2012

In the year ahead, projects in progress will continue once they are redesigned around new themes.

Business models will be reviewed in line with changing needs. Priority will remain on efforts based in efficiency, while focusing on activities that lead to inefficiency in sales teams. In the automation and infrastructure areas, platform approaches will gain prevalence, which will add to efficiency in business management.

In terms of new process approaches, 2012 objectives cover designing processes, which:

- allow SME customers to get several loan products that suit their needs by filing a single application,
- are custom-made for retail customers and run on digital media without requiring a visit to a physical branch,
- give the foreground to efficiency and transparency for customers with commercial activity.



"A smiling face is half the meal."
Latvian proverb



Sustainability and Garanti

In the conduct of its activities that aim to add value and create high levels of satisfaction constantly for all of its stakeholders, Garanti observes the environmental and social impacts of its operations, as well as their economic effects, and deems it a major **responsibility to ensure long-term sustainability.**

Sustainability and Garanti

Garanti **turns commitments into actions** in the matters of sustainability regarding the responsibilities towards society and ecosystem, centers its operations around sustainability, **devises projects and continuously increases its support** on local and international efforts on this matter.

Garanti places great importance to “sustainability” issue, which is defined as “meeting the needs of today’s generation without compromising the ability of future generations to meet their own needs”, and thereby foresees to increase the value added to its customers, stakeholders, employees and society in a continuous and significant way. In the meantime, the Bank continues to decrease the environmental risks and ecological scarcity in accordance with the “green economy” philosophy, which is a rapidly increasing trend, and thereby targets to improve the welfare and social equality.

In line with this objective, a “**Sustainability Committee**” was established within the bank in 2010, to embed the economic, environmental and social factors into the activities and decision making mechanisms of the Bank, to manage the related risks and to adopt the sustainability approach in order to create long term value. Sustainability Committee, established under a Board member of the bank, coordinates the detailed assessment of direct environmental impacts, and indirect impacts by means of the projects financed by the bank, evaluation of the related risks, and regular monitoring and minimization of those risks.

In 2011, it was decided to employ a full time “**Sustainability Team**” under the Sustainability Committee to implement the envisaged activities and to be responsible for the management of the direct and indirect environmental impacts. From this onward, the team will be coordinating all activities regarding sustainability within the bank.

Garanti has started to evaluate its added value to the environment, created by financing various projects, by using its own systematical and standard internal systems. Accordingly, it has improved its efficiency by getting external environmental advisory services. The projects to be financed are evaluated within the scope of **Environmental Credit Policies and**

Environmental Risk Assessment Model/System, and environmental risks of the projects are evaluated in detail. Projects which are over a certain financial limit and considered as not out of scope are categorized in line with the regulations and evaluated within the scope of a risk assessment model. According to the outcome of the assessment, pre-defined actions are taken and when required, **Environmental Management Plan** is requested from the customers for certain risks. Due to the system mentioned, environmental risks of the projects financed by the Bank are evaluated, measured and monitored, and precautions are made in a methodical manner.

Garanti has been creating an Environmental Management System and Environmental Policy with the guidance of an external environmental consultancy service in order to measure, evaluate and minimize (within the scope of certain targets) the direct environmental impacts caused by electricity, water, fuel, paper usage of branches, buildings and ATM machines, air travels and vehicle usages of employees. It is targeted for the envisaged environmental management system to cover all of the branches, regional offices and departments at headquarters. Furthermore, the Bank aims the policies and procedures to be compatible with the ISO 14001 certification, ensuring the procedures to meet certain standards and thereby, to maximize the system efficiency. With the systems to be applied, the continuous improvement of the environmental activities of Garanti, regular internal and external reporting of existing environmental impacts are targeted.

An important part of the sustainability is the carbon disclosure project (CDP). Garanti was included in Turkey part of this global platform, which was established for companies to disclose their carbon emissions and efforts regarding the climate change, in 2009, 2010 and 2011. Within this

Sustainability and Garanti

scope, the Bank was included in CDP 2011 Global 500 Report. The next aim of the Bank is to meet the carbon emission target, which is set based on the rate of carbon emission amount over total assets, as the standard application of CDP.

Garanti recognizes the importance of making contributions to the institutions that encourages companies and employees on the subject of sustainability, and creating synergy with these institutions, to increase the public awareness on this subject.

The membership application of the Bank to UNEP FI (United Nations Environment Programme Finance Initiative) was accepted on December 2011. As a next step, Garanti aims to increase the memberships to the institutions and non-governmental organizations operating in this field.

We are planning to report these efforts in detail, announce the developments and results we achieve on our website, and publish our first Sustainability Report in Global Reporting Initiative (GRI) standard in 2012. By this way, we will be able to disclose to the public our sustainability performance and targets in a more transparent way, consider this as a development opportunity and as a result, continuously contribute to our country, environment, world and future generations for sustainable growth.

Corporate Social Responsibility

Corporate social responsibility is an integral part of the corporate culture of Garanti. Apart from the banking activities, Garanti shapes its efforts for the society around components of the sustainability; social, economic and environmental factors.

Besides sharing its knowledge in various fields with the society and next generations, Garanti continues to add value to cultural and social life through the innovative institutions it has established and with its support to Turkey's well-established institutions. Garanti is focused

on contributing society in cultural and educational fields. While determining the strategy, Garanti always monitors the needs of our country and society, and therefore its objective is to achieve and support the value-add to sustainable projects.

Supporting Education "Öğretmen Akademisi Vakfı" Teachers Academy Foundation

Öğretmen Akademisi Vakfı (ÖRAV), set up by Garanti in 2008 with the cooperation of Ministry of National Education in order to contribute to the personal and professional development of teachers, has addressed to over 70 thousand teachers until now with the projects realized. Within the scope of "Öğretmenin Sınırı Yok" (No Limits in Teaching) project maintained with the cooperation of Ministry of National Education in order to support the personal and professional development of teachers, training has been provided to 47,312 teachers in 781 schools and 68 provinces. With "21. Yüzyılın Okulu ve Öğrenme" (School of 21st Century and Learning) conferences, the foundation addressed at over 10 thousand school managers and teachers in 20 centers including provinces and towns. Within the scope of Eğitim Yöneticisi Geliştirme Programı EYGEP (Education Manager Development Program), Garanti has reached at to 240 teachers in 4 provinces so far.

Toplum Gönüllüleri Vakfı – TOG (Community Volunteers Foundation)

Garanti is 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 youth, since 2003.

Denizyıldızları Projesi (Starfish Project)

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.

Baba Beni Okula Gönder (Dad Send me to School) Project

Garanti has annually been providing scholarships for the education of 100 female students through its ongoing support to the "Dad Send Me to School" project, a joint effort of Milliyet newspaper and the Association in Support of Contemporary Life.

Supporting Cultural and Artistic Activities

In 2011, Garanti Bankası continued its support on culture and arts with further innovations: The cultural associations Platform Garanti Contemporary Art Center, Ottoman Bank Museum and Garanti Gallery operating within the Bank and having achieved important successes in their own fields have been restructured as independent initiatives. The new institution, based on the concept of "two buildings- one program" (Beyoğlu and Galata) has been named as SALT. Garanti Bank offered an area of 15,000 square meters in two historical buildings for cultural and artistic services. The restoration project which started on January 2010 was about re-functioning of 2 buildings of Garanti Bankası from 19th century. Both buildings which are in the nature of historical buildings and located within protected area were re-functionalized by Mimarlar Tasarım with the leadership of Ağa Han Award winner Architect Han Tümertekin

SALT

On April 2011, SALT Beyoğlu and on November 2011 SALT Galata building opened its doors. This cultural initiative SALT maintains programs in many fields like contemporary art, social history, economical history, architecture, design, and urban life; and it reviews critical issues regarding visual and solid culture, and develops innovative programs for experimental thinking and research. Aiming to ensure an environment which is open to learning and discussion,

Sustainability and Garanti

Apart from banking activities, Garanti maintains its **societal studies** based on **social, economic and environmental factors** as components of the sustainability.

SALT encourages its visitors to get attracted, criticize and communicate.

SALT Galata

The building which is still including Ottoman Bank Museum which was redesigned is comprised of exhibition areas, auditorium with capacity of 219 people, workshops allowing high number of participants to work, cafes, restaurants and stores. "SALT Research" included within SALT Galata serves as a valuable source for students, academics and researchers with its library having approximately 100,000 printed publications under 40,000 titles and its archive ensuring access to over 1 million digital documents.

SALT Beyoğlu

With its 1.130 m² programming area, SALT Beyoğlu primarily operates as an exhibition area. Forum is located as entrance area in the interface of the street and the institution. In Forum which serves as passage to exhibition, event, cinema, cafe and store areas, the visitors can access the daily program details. In the Open Cinema located after the entrance, prompt events, performances and speeches are held as well as programmed shows. Bistro area within SALT Beyoğlu offers a nice meeting point, and Dükkan presents current releases of visual culture.

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 of "Garanti Jazz Green". Garanti has, for the last past 14 years, been undertaking the main sponsorship of the International Jazz Festival, organized by the Istanbul Foundation for Culture and Arts (IKSV).

Garanti has been organizing street performances and events in various districts of Istanbul for the last years in order to spread the enthusiasm of these concerts throughout the whole city. With this, Garanti

aims to bring the jazz to the street and make it to be heard by anybody and embraced by the society.

For making the jazz music more known, the bank continues to support the concert venues. Garanti Jazz Green venue series have been extended to include also Ghetto, Nublu Istanbul and Nardis Jazz Club as well as Babylon, Tamirane, IKSV Salon, Romeo & Juliet ve Istanbul Jazz Center. Garanti will continue to sponsor the jazz concerts organized in different places throughout 2012, and continue to make musicians and music lovers meet through innovations it introduces within the scope of "Garanti Jazz Green".

Istanbul Museum of Modern Art

Garanti Bank sponsors the education program of İstanbul Modern. The program aims to play a central role in raising a 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.

Mini Bank Children's Film Festival

Since 2004, Garanti has been co-organizing the first children's film festival in Turkey, "Mini Bank 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 Istanbul, Ankara and Izmir in 2009, the festival reached children in Urfa and Mardin in 2009, Diyarbakir and Adiyaman in 2010 and Ordu and Kars in 2011.

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 the Garanti's values of teamwork, dedication, confidence and discipline, the Bank has been the main sponsor of 12 Giant Men (Turkish National Men's Basketball Team) since 2001 and of the Turkish National Women's Basketball Team since 2005.

In its 10th year of supporting basketball, Garanti prepared a documentary film for "12 Giant Men". In this documentary film prepared by Mithat Bereket, birth of 12 Giant Men brand, development of the brand and Turkish basketball within 10 years, the advertisement campaigns maintained and the song of the band Athena which has become an anthem are documented from Basketball Federation, National Team members and Garanti Bank point of view

12 Giant Men Basketball Schools Project

Since 2002, Garanti has been supporting the 12 Giant Men Basketball Schools (12 DABO) which were initiated with the Turkish Basketball Federation. In the basketball schools organized in 65 centers in Turkey and in Turkish Republic of Northern Cyprus, approximately 2,500 students receive basketball training in summer and winter periods. In 12 DABOs which have had almost 40,000 students in total since 2002, a basketball family was created of almost 150,000 people. In 12 DABO project designed with the aim of spreading the basketball love all around Turkey, creating a conscious basketball family and raising the future basketball players, referees and directors, the students also participate in various social and cultural activities.

Equestrian Sports

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, Garanti has become the main sponsor of the Turkish National Men's Football Team in 2008. Furthermore, Garanti is also a prime sponsor of the Garanti Beach Football League that has been organized by Turkish Football Federation since 2006.

Supporting Nature for a Sustainable Environment

World Wildlife Fund Turkey (WWF-Turkey)

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 enables its users to donate a portion of their bonus points earned to WWF- Turkey to be utilized in the nature conservation projects. "Environmentalist SME" package devised in 2009, the Bank supports businesses to operate in a rich environment with sustainable resources.

Projects Creating Value for Customers

"KOBILGI" Meetings

With the new series of meetings called "KOBILGI", Garanti aims to provide technical information to enterprises on new applications to change their way of doing business, legislation/law amendments and outcomes of such amendments. These meetings are organized as seminars led by specialists offering rich examples and applications. These seminars, where technical details on marketing and sales issues are also explained, aim to shed light on the new legislative information and were attended by 600 people in total in their first year in Istanbul, Bursa and Ankara.

Garanti Anatolian Meetings (GAS)

With Garanti Anatolian Meetings sessions which will celebrate its 10th anniversary

in 2012, Garanti gathers SMEs and local management representatives located at various regions of Turkey. Paving the way for professionals and experts to discuss changing economic and market conditions, assess regional and international opportunities, explore potential areas of business and find regional solutions in cooperation with local businesses and officials. These meetings have brought together 25,000 SMEs in 56 provinces to date.

Supporting Women Entrepreneurs

Being the first private bank providing services for women entrepreneurs, Garanti continues to support entrepreneur women. In 2011, the Bank organized 5th "Turkey's Women Entrepreneur Competition" in cooperation with the Economist magazine. Moreover, Garanti has organized "Women Entrepreneurs Gatherings" in 15 cities in cooperation with KAGIDER and has reached nearly 2,500 to date.

2012 Projections

In 2012, we plan to carry on our ongoing projects and involve our employees in them to a greater extent, and focus on integrating social responsibility and sustainability within all activities of our bank at all levels. Besides independent initiatives established within Garanti like SALT and ÖRAV, current and new social responsibility projects will be supported. In 2012, Garanti will be celebrating the 15th anniversary of primary sponsorship of International Istanbul Jazz Festival.

In 2012, when 10th anniversary of Garanti Anatolian Meetings will be celebrated, Garanti will continue to be supporting SMEs and finding solutions for regional issues. In the 4th year of Women Entrepreneurs Gathering which is considered as a social responsibility project, the Bank will continue to support education of the Women Entrepreneurs.

"You can't just eat good food. You've got to talk about it too. And you've got to talk about it to somebody who understands that kind of food."
Kurt Vonnegut / Author – A major name in contemporary American literature



Management and Corporate Governance

Sculpting its management philosophy and communication with stakeholders in the light of **best practices** in corporate governance, Garanti is a **strong and prestigious brand** commended worldwide.

Summary of the Board of Directors' Annual Report

Garanti's consolidated net income reached **TL 3 billion 345 million 806 thousand** in 2011. The Bank's **commitment to sustainability** was proven with its track record of delivering an average of 25% return on equity in the last 5 years. Garanti reinforced its solid stance with the remarkable performance achieved in 2011. The Bank delivered a ROAE (Return On Average Equity) of 20% in 2011.

Today, Garanti Bank has leading position in many of the segments it operates in. With its customer oriented approach; Garanti provides services to approximately **11 million customers** through an extensive distribution network that includes **918 branches, over 3,250 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 **15 million debit and credit cards** and **460 thousand POS** terminals, Garanti today manages Turkey's largest merchant network via its innovative products and services.

Garanti, with its 68 new branch openings in 2011 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 **20%** in 2011, reaching **TL 163 billion 475 million 323 thousand**; while the support provided to the economy through cash and non-cash lending reached **TL 112 billion 971 million 518 thousand**. Expanding its cash loans by **30%** in 2011, Garanti increased its share of loans in assets, by 410 basis points, to **54.5%** of assets. Garanti, with its **disciplined growth** target, did not pursue market share increasing efforts based purely on pricing 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 sustained its **leadership in consumer loans** including credit cards and preserved its leadership position as **the largest lender in mortgages in Turkey**.

General purpose lending expanded by 44% in 2011 resulting in increased market share of 40 basis points year on year, which in turn, further reinforced the Bank's market position.

Garanti sustained its sound **asset quality** in 2011. Collections normalized but remained still strong and the nominal **non-performing loan (NPL) stock*** declined by 9% versus sector's 3% increase, which is a clear evidence of the Bank's success in collections since 2008. Garanti's **NPL ratio** decreased from 3.1% in 2010 to **2.1%** in 2011.

Garanti stands out with its **well-diversified and solid funding structure**. In 2011, **customer deposits** increased by **18%** as compared to 2010 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. As of the end of 2011, the share of **demand deposits in total deposits** increased to **22%**.

In 2011, Garanti sustained its strong capitalization ratios due to high internal capital generation capability. As of year-end 2011, the Bank's consolidated **capital adequacy ratio** stood at **15.8%**. **Free funds** grew by **18.5%** on an annual basis, and the Bank funded around 1/5 of its assets through free funds.

Despite global uncertainties, regulatory pressures and lower interest rates, Garanti with its **dynamic balance sheet management**, had another successful year in 2011. The Bank, prioritizing its **customer-oriented banking strategy**, managed to grow refraining from irrational competition. Even though Garanti gained market share in many areas in 2011, the Bank displayed a distinguished pricing policy both on loan and deposit products and recorded the lowest contraction in loan deposit spread among peers. With its **continuous improvement** culture and its visionary moves that lead the sector, the

Bank contained its OPEX growth below inflation while expanding its branch network, and despite the challenges in 2011, Garanti recorded the **highest net income among Turkish banks**.

Garanti continued its corporate social responsibility projects in 2011 as well. At the core of its activities, there has been its investments in culture&arts and its activities related to sustainability. Garanti's long-lasting support to culture and arts entered a new phase with the opening of SALT Beyoğlu and SALT Galata. Aiming to create an institution that will serve Turkey's cultural and intellectual life for many years to come, three cultural institutions were merged under a single roof, SALT. Recognizing that investing in sustainability is one of its key responsibilities for a more livable world that will be able to cater to the needs of future generations, Garanti disclosed its carbon footprint in 2011, as it has done for the last 2 years, and qualified to be in the global reporting system of the Carbon Disclosure Project, CDP 2011 Global 500 Report.

Garanti was honored with numerous national and international awards also in 2011 with its **competent human resources capable of making a difference, its state-of-the-art technological infrastructure, its customer-centric products and services and its applications** created with the **synergy** driven by its superior customer relationship management solutions.

Sincerely,

Board of Directors

Note: Based on BRSA Consolidated Financials

** Adjusted with write-offs in 2008, 2009, 2010 and 2011*

Board of Directors and Auditors

Ferit Faik Şahenk **Chairman**

Ferit F. Şahenk is the Chairman of Doğuş Group and also the Chairman of Garanti Bank. Formerly, he served as the founder and Vice President of Garanti Securities, CEO of Doğuş Holding and Chairman of Doğuş Otomotiv. Mr. Şahenk is an Executive Board Member of the Foreign Economic Relations Board (DEİK) of Turkey. Following his term as the Chairman of the Turkish-American Business Council of DEİK, he is currently chairing the Turkish-German Business Council and serving as Vice-Chairman of Turkish-United Arab Emirates Business Council of DEİK. An active member of the World Economic Forum and the Alliance of Civilizations Initiative, he is on the Regional Executive Board for Massachusetts Institute of Technology (MIT) Sloan School of Management for Europe, Middle East, South Asia and Africa. Mr. Şahenk is a Board Member of Endeavor Turkey as well. Mr. Şahenk holds 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.

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 Undersecretariat of 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, Ph.D. **Board Member**

After graduating from Istanbul University Faculty of Economics, Ahmet Kamil Esirtgen earned his MBA from Stanford Graduate School of Business and his Ph.D. 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, Ph.D. **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 Ph.D. 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, Garanti Bank Pension Fund Foundation and World Wildlife Fund-Turkey.

Carlos Torres **Board Member**

Mr. Torres graduated from the Massachusetts Institute of Technology (MIT) with a B.S. in Electrical Engineering, and both a B.S. and a M.S. in Management Science from its Sloan School of Management. He also received a Law Degree from Spain's Universidad Nacional de Educación a Distancia (UNED). He has worked at various private sector corporations and is currently the Head of Strategy and Corporate Development at BBVA and a member of its Executive Committee.

Manuel Castro Aladro **Board Member**

After graduating from Universidad Pontificia Comillas (ICADE) in Economics and Business, Mr. Castro Aladro received an MBA from University of Chicago Graduate School of

Business. After working as an executive at various private companies and banks, he joined BBVA in 1992. He is the Chief Risk Officer and a Member of the Executive Committee of BBVA.

Cano Fernández **Board Member**

Mr. Cano Fernández has a degree in Economics and Business from Oviedo University. He joined Argentaria in 1991, as an Assistant Controller, mainly responsible for the development of all the accounting functions. In 1998, he was appointed Controller and Member of the Executive Committee. Between 2001 and 2003, Mr. Cano Fernández held the position of Chief Financial Officer of BBVA. In 2005, Mr. Cano Fernández takes the lead of Technology of the BBVA Group and becomes Head of Human Resources and Information Technology and in 2006, he became responsible of the Global Transformation of the BBVA Group. Since 2009, he is the President & COO of BBVA.

Manuel Galatas Sanchez-Harguindey **Board Member**

Mr. Manuel Galatas Sanchez-Harguindey has a degree in Business Administration and International Finance from Georgetown University. After working as an executive at various private corporations, he joined Argentaria (today BBVA) in 1994. Before joining Garanti, he was based in Hong Kong as the General Manager in charge of all BBVA Branches and Representative Offices in Asia/Pacific. He is now both Board Member and Audit Committee Member of Garanti Bank Turkey and General Manager of BBVA Turkey Representative Office based in Garanti Bank Headquarters in Istanbul.

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: Gökhan Erün, Hüsnü Erel, Ergun Özen, Ebru Dildar Edin, Uruz Ersözoğlu, Aydın Şenel, Adnan Memiş, Tolga Egemen

Senior Management

Ergun Özen - Board Member, President and CEO

Please see page 103 for his biography.

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 Egemen¹ - 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.

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 Payment Systems.

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 1999-2004, 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 the Vice Chairman of the Board of Directors at Eureka Insurance, Garanti Pension and Life, Teachers Academy Foundation and Board Member of Garanti Asset Management, Garanti Mortgage and Garanti Securities. In addition, Erün is the Chairman of the Board of Directors of Garanti Bank Pension Fund Foundation and Garanti Custody Services.

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 Denizyıldızlar (Starfish) Project.

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.

¹ Resigned from our Bank on February 29, 2012.



From left to right: A. Aydın Düren, Nafiz Karadere, Ali Temel, Mehmet Sezgin, Murat Mergin, Zekeriya Öztürk, Ali Fuat Erbil, Turgay Gönensin

Senior Management

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. Düren is a Board Member of Garanti Payment Systems.

Ali Fuat Erbil² - 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 Ph.D. 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. Today, he is also responsible for mortgage and private banking and is a Board Member of Garanti Pension and Life, Garanti Asset Management and 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 Technology, 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 Bank SA, Garanti Payment Systems, Garanti Pension and Life, Garanti Payment Systems, and the Teachers Academy Foundation and also the Vice Chairman of World Wildlife Foundation-Turkey.

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.

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, MasterCard Europe, Interbank Card Center and Credit Bureau of Turkey, President of Mastercard Turkey Coordination Committee.

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.

² Pursuant to the decision of the Board of Directors dated March 08, 2012, Ali Fuat Erbil continues to serve as Executive Vice President and resumes responsibilities of Corporate Banking, Financial Institutions, International Branches and Representation Offices, and Cash Management.

Note: Pursuant to the decision of the Board of Directors dated March 08, 2012, Didem Başer has been appointed as the Executive Vice President responsible of Delivery Channels; Onur Genç has joined the Bank as the Executive Vice President responsible of Retail Banking.

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), **Carlos Torres** (Board Member), **Manuel Castro Aladro** (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 Egemen¹** (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), **Manuel Galatas Sanchez-Harguindey** (Board Member), **Hüsnü Erel** (Executive Vice President), **Uruz Ersözoğlu** (Executive Vice President), **Turgay Gönensin** (Executive Vice President), **Nafiz Karadere** (Executive Vice President), **Tolga Egemen¹** (Executive Vice President), **Ali Fuat Erbil²** (Executive Vice President), **Zekeriya Öztürk** (Executive Vice President), **Aydın Şenel** (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** (Garanti Payment Systems CEO), **Alpaslan Özbek** (Garanti Payment Systems Executive Vice President), **Murat Mergin** (Strategic Planning Executive Director), **Recep Baştuğ** (Coordinator), **Esra Kıvrak** (Coordinator), **Didem Başer³** (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), **Batuhan Tufan** (Senior Vice President), **Çağrı Memişoğlu** (Senior Vice President), **Fulya Göyenci** (Senior Vice President).

Note: Regional managers and corporate branch managers and the senior vice president

for Corporate Banking Coordination 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), **Manuel Galatas Sanchez-Harguindey** (Board Member)

Committee Activities

The Audit Committee was 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 that 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 Unit's fulfillment of its obligations under internal policies;

¹Resigned from our Bank on February 29, 2012.

²Pursuant to the decision of the Board of Directors dated March 08, 2012, Ali Fuat Erbil continues to serve as Executive Vice President and resumes responsibilities of Corporate Banking, Financial Institutions, International Branches and Representation Offices, and Cash Management.

³Pursuant to the decision of the Board of Directors dated March 08, 2012, Didem Başer has been appointed as the Executive Vice President responsible of Delivery Channels.

- 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;
- Reviewing internal audit plans;
- Monitoring the measures taken by senior management and affiliated units about issues identified by auditors and independent auditors;
- Confirming that methods, tools and procedures 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 that the rating firms, independent audit firms and valuation firms with which Garanti Bank is going to sign contracts (including their managers and employees) are able to act independently in their relations with the Bank and confirm 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 2011, the Audit Committee held six meetings, which were attended by all committee members.

Liquidity Risk Management Committee (LRMC)

Likidite Riski Yönetimi Komitesi

Committee Members

Ergun Özen (President & CEO, 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 Monitoring 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** (Garanti Payment Systems CEO), **Ali Fuat Erbil¹** (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** (Garanti Payment Systems Executive Vice President), **Barbaros Uygun²** (Senior Vice President), **Emre Özbek** (Senior Vice President), **Feridun Aktaş** (Senior Vice President).

¹ Pursuant to the decision of the Board of Directors dated March 08, 2012, Ali Fuat Erbil continues to serve as Executive Vice President and resumes responsibilities of Corporate Banking, Financial Institutions, International Branches and Representation Offices, and Cash Management.

² On January 16, 2012, Deniz Güven has been appointed to Branchless Banking Senior Vice President position vacated by Barbaros Uygun.

Committee Activities

The Anti-Fraud Monitoring 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 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;

Committees and Committee Meetings Attendance

- Establishing a corporate culture and awareness of fraud throughout Garanti Bank.

Sustainability 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, internal control unit, corporate brand management and marketing communications, and financial institutions, and the 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), **Emre Özbek** (Senior Vice President), **Elif Güvener** (Senior Vice President), **Batuhan Tufan** (Senior Vice President), **Barış Gülcan** (Manager).

Committee Activities

Direct Impact and Indirect Impact 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, general accounting and financial reporting, treasury, financial institutions and corporate banking, and the financial coordinator. An execution committee was also set up under the Committee, as well as task forces thereunder.

Committee Members

M. Cüneyt Sezgin, Ph.D. (Board Member), **Hüsni Erel** (Executive Vice President), **Ali Temel** (Executive Vice President), **Aydın Şenel** (Executive Vice President), **Uruz Ersözoğlu** (Executive Vice President), **Tolga Egemen¹** (Executive Vice President), **İbrahim Aydınlı** (Financial Coordinator)

¹Resigned from our Bank on February 29, 2012.

Committee Activities

Basel Steering Committee is responsible for:

- Ensuring the Bank's alignment with Basel guidelines;
- Creating the Bank's Basel roadmap and getting the approval of the Board of Directors therefore;
- 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 scenarios created and the models and assumptions employed to identify the Bank's risk exposure; evaluates their relevance, and ensures necessary adjustments are made. The committee also discusses market projections, and evaluates potential risks that will result from a new position prior to any major change in the positions held.

Credit risk committee monitors the effectiveness of the methods and models that are being used to measure credit risk, provides coordination between risk management unit and loans and monitoring units, assesses credit risk results, reviews market developments and the performance of the loans portfolio and risks in connection therewith, 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, application software, 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.

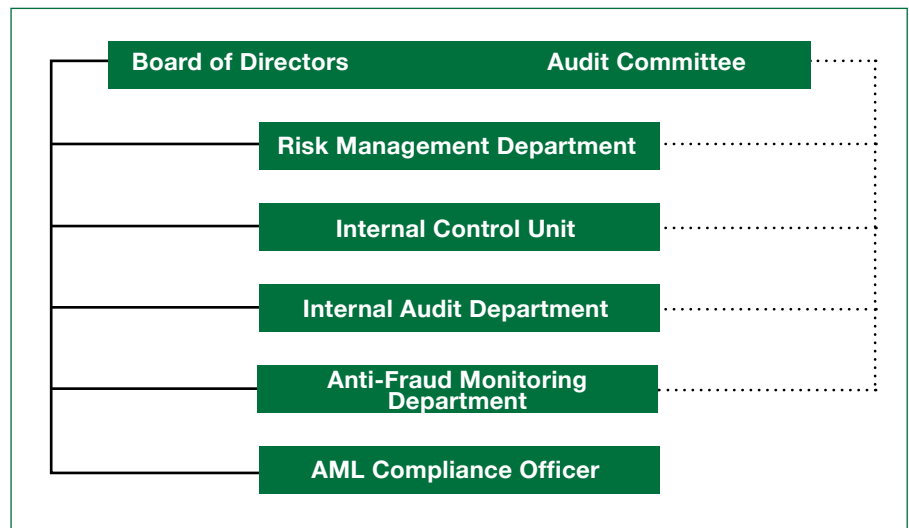
Risk Management Activities

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 for use throughout the entire risk management system and for the implementation of Basel II applications. The software is employed in measuring and

reporting on operational risk database and economic capital, trading risk and Basel II regulatory capital.

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,



Risk Management Policies

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 due to 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 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 one-year historical data at 99% confidence interval. Regular backtesting is conducted to measure the reliability of the RMD model. 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 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 195.2 million by the end of 2011 and its average value for 2011 was TL 157.3 million. Having risen in conjunction with the impact of the market volatilities triggered by the global crisis in the recent period, VaR does not constitute an important risk for the Bank when 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 Garanti Bank's exposure to interest rate risk 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 for managing 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. The structural interest rate risk is limited to the limit approved by the Board of Directors.

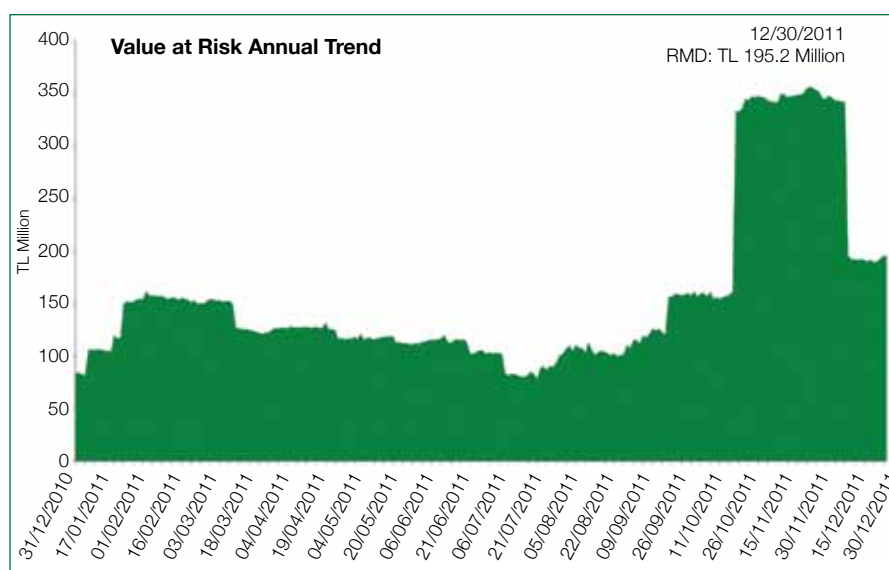
Since September 2011, interest rate risk arising from banking book are measured on unconsolidated basis, using the standard shock method, and is reported to the Banking Regulation and Supervision Agency (BRSA) on a monthly basis.

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 action to be taken. Deposits are an important balance sheet item 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 and behavioral scorecards are being used in the allotment process of the consumer loan and credit card portfolios. Application and behavioral scorecards are being used for general-purpose, automobile, housing/real estate/home equity loan and overdraft loan demands in SME Loans process. Within the context of treasury operations, necessary netting adjustments are made and counterparty credit risks are monitored accordingly. Since July 2011, Basel II Capital Adequacy Ratio (CAR) is being reported to the BRSA along with the existing CAR. Efforts to achieve alignment with Basel II continue in parallel with draft Basel II guidelines published in March 2011, as well as the FAQs posted on the BRSA website.

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. 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 the availability of the entire Bank's accounting and MIS records. Furthermore, in

commercial loans of all branches, which have not been included in the scope of on-site control as a result of a risk assessment conducted, agreements, collaterals and the documentation are examined in a sampling methodology by the Central Control team in terms of their compliance with the Bank's procedures and the legislation.

- In on-site controls, Head Office units 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 are used to enable all branches and units to manage their operational risk.
- The Internal Control Unit also performs the disaster recovery and business continuity management duty at Garanti Bank. 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 are kept ready for resuming activities 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 November 01, 2006, a Compliance Controls Division was set up under the 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

Risk Management Policies

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 subject to consolidation is performed by the Internal Audit Department. During the 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. Besides examining and investigating all acts of fraud and swindling, the Department uses early warning systems in an effort to ensure their detection before causing any damage. Considering the external fraud events, close collaboration is observed with the Anti-fraud Monitoring Department. Also, in line with the risk-based audit approach of the Internal Audit Department, 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:

- 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),
- 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,
- 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,

- Look into and evaluate the information that he/she receives or becomes aware of sua sponte; to report any transaction that he/she deems to be suspicious to MASAK (Financial Crimes Investigation Board),
- 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 in certain periods with the relevant executives to review ongoing activities.

Activities of the Anti-Fraud Monitoring Department

The Anti-Fraud Monitoring Department centrally monitors credit card, merchant, internet and application fraud with an organizational structure formed 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 proactively monitor, detect, control and prevent acts of external fraud 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 analyses with regard to acts of external fraud. The Department develops views and suggestions on the Bank's new product and service developments upon assessing the same with respect to external fraud risks, and spends efforts to timely and more effectively detect fraud events. Within the scope of Intelligence Management, the Department carries out all necessary investigation about acts of external fraud, sharing information regarding acts of external fraud 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 the fight 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 increase the security of products and services provided via alternative delivery channels and card-based payment systems, 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 quickly, 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 Kottnerus

Ebru Ogan graduated from the Business Administration Department of the Middle East Technical University. She 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 serving as 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 principles are widely embraced 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 applicable legislation, 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 21 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 the certificates of CIA (Certified Internal Auditor) and CBRM (Certified Business Resilience Manager) and having 13 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,
- Supervise 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. Serving as Anti-Fraud Monitoring Senior Vice President since 15 September 2006, Kolay has 18 years of experience in banking. 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

In 2011, the worries over the US economy have taken a backseat across the world as efforts concentrated on finding solutions to the euro area debt crisis that got even deeper. Its rating downgraded from AAA to AA+ by S&P, the US economy had a relatively better year on the back of positive data from the labor market and the ongoing loose monetary policy. The euro area, however, was unable to overcome the debt crisis, while debt repayment issues acquired an increased depth in countries such as Greece and Portugal. Although the European Union Leaders Summit resulted in a balanced budget agreement, economic expectations did not improve much due to the concerns that steps towards development of balancing instruments to counter short-term difficulties will fail to resolve debt issues and the worries over implementation. The global markets are anticipated to be negatively impacted based on the prediction that European banks will decrease their lending instead of taking on capital increases in the period ahead and the absence of growth expectation for Europe in 2012.

In spite of these negative developments in the overseas markets, the Turkish economy attained a growth that surpassed the projections in 2011; however, current deficit shot up to record levels owing to the increased imbalance between domestic and foreign demand driven by the uncertainty in the euro area, coupled with the high commodity prices. The high current deficit level continued to act as a significant pressure upon the sustainability of high growth rates in Turkey. First initiated by the CBRT's steps to decelerate hot money inflow, the depreciation of the Turkish lira and increased prices and Excise Tax in the last quarter of the reporting period pushed inflation toward double digits. This growing uncertainty in the economy exacerbated the volatility in market prices, particularly after the second half of the year.

The CBRT took into account the growth composition and increased required reserves in an effort to provide financial stability in the first half of the year. This move aimed to bring about a slowdown in the rate of credit expansion. Deceleration followed particularly in consumer loans during the year. As the growth in cash loans slightly remained below last year's figure, the sector was forced to absorb the increased cost for a while before reflecting them in the loans and to manage the price risk that arose on its balance sheet. In October, the CBRT tightened the monetary policy in view of the inflation that exceeded the target; this resulted in higher interest rates for loans in parallel with the increased interest rates of benchmark bonds. As a result, the slowdown in the credit expansion tendency became even more pronounced by the end of the year. Therefore, 2011 was characterized by increased uncertainty in the market, and a cautious attitude displayed by the sector in taking positions and in managing maturity and price risks.

In spite of the higher required reserve ratios and credit reserves imposed, restrictions brought particularly on credit expansion, and increased funding costs, Garanti Bank achieved expansion in credit portfolios selected based on risk- return balance and maintained its profitability, a result contributed also by the economic growth. Through the loan approval processes, lending policies, the solid and diversified risk rating and scoring systems and effective credit monitoring practices that are regularly reviewed in line with periodic requirements, the NPL ratio realized as 1.8%, 0.8 points below the sector's average as of December 2011.

The Draft Communiqué on Credit Risk Management first published in 2008 was twice revised and published during 2011. Garanti Bank carried on with its ongoing efforts within the frame of achieving alignment with these draft regulations. Efforts to improve lending and monitoring processes continued with system infrastructure support. The updating of the credit scoring model has been finalized; scoring models have been reviewed and behavioral scores have been incorporated in the processes. Risk-based measurements continued to increase their significance and use within decision-making processes.

In March, the BRSB published draft regulations on capital adequacy, which also linked the transition to Basel II accord to a schedule in 2011. Accordingly, reporting in accordance with Basel II has been launched in addition to the current practice in July 2011, prior to the regulatory reporting that will be effective from July 2012. Taking into account the present capital adequacy ratio of the Turkish banking industry, the sector is expected to act more cautiously in 2012 with the transition to Basel II guidelines for calculation of the capital adequacy ratio.

With regard to interest rate risk management and profitability, the trading portfolio has been managed through a proper composition of fixed and floating rate securities and limits in the period of uncertainty and volatility that resulted during the transition from the low interest environment in the first half of the year to the period of hike in benchmark interest rates in the last quarter of the year within the frame of the CBRT's tight monetary policy. While the interest rate risk in the securities portfolio held for trading purpose and in derivatives floated at a relatively higher level than last year due to interest rate volatility, there were no breach in the value-at-risk limits which were set taking into account the stress conditions.

Interest rate swaps and long-term borrowings have been used in the management of balance sheet interest rate risk arising from maturity mismatch in the banking book. Despite the extraordinary conditions in international markets, Garanti Bank created a significant source of funding by renewing the syndication facility that expired in 2011 at the same amount and at a lower interest rate, owing to the sustainable overseas borrowing ability of Garanti. Through the bond issue that was initiated in 2011, the Bank borrowed both in TL and FC, thus diversified its funding sources, and contributed to the management of maturity mismatch between assets and liabilities. Regularly monitored through duration and gap analyses, the interest rate risk was managed and kept within the limits set based on the capital, through creation of long-term funding and taking necessary actions. In addition, sensitivity analyses have been performed to monitor the impact of changes in the interest rate on the balance sheet.

Garanti Bank monitors early warning signals, as well as the daily cash flows and compliance with regulatory ratios in liquidity risk management; Garanti continued to successfully manage the liquidity risk through balanced use of different sources of funding despite the funding squeeze in the markets resulting from the increased rates. In this respect, the wide customer deposit base provided a significant advantage in funding. Due to the anticipated high costs of borrowing in the money market in 2012, the deposits are expected to further increase their significance in funding and the banks are expected to keep increasing their deposits.

Despite the fast and high depreciation of the Turkish lira in the second half of the year, Garanti did not have any significant exchange rate risk stemming from the foreign currency position, which has been kept within at low levels.

Efforts continued aimed at managing operational risk effectively. The Internal Audit Department conducted centralized and on-site audits of financial and information systems covering the Bank's all domestic and international operations and its subsidiaries subject to consolidation. In addition, the Internal Control Unit continued to perform centralized and on-site controls of branches, units and subsidiaries. Losses in relation to operational risk was at low levels, as in previous years, thanks to effective internal control and internal audit activities, software based centralized controls to prevent operational risks arising from internal fraud, limit setting and authorization supported by information systems infrastructure and centralized controls integrated into processes. In addition, with a view to increasing the efficiency of audits carried out in consolidated subsidiaries, a team was formed under the Internal Audit Department which is specialized in the financial statement audit of subsidiaries. The Internal Control Unit actively carried on coordinating the contingency and business continuity activities across the Bank. Developed to ensure crisis management and minimize operational losses that might result from business interruption, Bank Business Continuity Management Plan has been revised and enforced in 2011.

Compliance Controls Team under the Internal Control Unit evaluated all new products and services introduced by the Bank, ensuring compliance with legislation and internal procedures before their launch. In addition, with a view to achieving alignment with current and future legislation, efforts continued to make sure that timely and accurate actions are taken in coordination with the units that have a role and responsibility within the compliance system. Work was carried out to fulfill internal regulation needs. In order to further solidify the compliance culture across the Bank, a training program was designed. Named "Ethical Principles and Integrity Rules", the web-based training will be introduced in 2012. The Bank's subsidiaries have been informed on the compliance system methods and tools employed by Garanti Bank.

Within the frame of the strategy to fight against the money laundering proceeds of crime and financing of terrorism, the AML Compliance Officer and team supervised compliance with national and international regulations as an independent function reporting to the Board of Directors. Thanks to the surveillance program created with the technological means and facilities available to the Bank, monitoring and control activities were carried out effectively. Close contact has been secured with subsidiaries through visits paid during the reporting period, thus fulfilling the supervision function. Within the frame of preventing money laundering and financing of terrorism, classroom training sessions were organized, as well as web-based training programs with updated format and content; participation by all relevant Bank employees was secured in these programs which served to enhance the awareness and consciousness of the staff. As a result of the evaluation that covered the first six months of 2011, MASAK (the Financial Crimes Investigation Board) presented Garanti Bank's AML Compliance Officer Team with a certificate of commendation for the performance and fulfillment of responsibilities given to fighting against the laundering proceeds of crime and financing of terrorism. Within the frame of efforts to establish and prevent external fraud attempts and incidents, low levels were maintained in the Bank's losses arising from card, merchant, internet and application fraud incidents that have been displaying an evolving and increasing trend in the recent years owing to developing technology. Proactive measures were adopted and quick actions were taken, striving to minimize the Bank's and customers' losses.

For 2012, the growth of assets in the sector is expected to be driven by the expansion in lending volume, primarily in retail and SME loans. However, this growth rate is projected to remain below last year's figure. In a setting that will be scene to a slowdown in economic growth, banks have to give importance to manage credit risk by considering the credit quality. In 2012, access to funding sources at low-cost will give banks significant competitive advantage; hence, syndication loans are anticipated to be renewed at the current ratios. Sustainable profitability management based on efficient pricing becomes all the more important because of the interest rate risk that stems from maturity mismatches in balance sheet management, and shrinking interest margins.

2012 will be an important year for the Turkish banking industry also because of the transition to Basel II. The banks will need to adeptly manage the higher capital requirements since Basel II employs the standard method in the calculation of the capital. As Basel II is not limited to capital measurement only, efforts will also need to be finalized in 2012 for compliance with various pillars including market discipline, transparency, audit and supervision.

In 2012, Garanti Bank will keep growing by putting the emphasis on customer satisfaction through effective margin management and high quality service, combined with its portfolios created considering risk- return balance and funding structure, without compromising from credit quality in an environment that might see volatile market conditions and regulation changes. As effective and proactive risk management and audit activities will continue to support the measurement of financial risks and their management through limits, monitoring and controlling possible fraudulent activities will remain crucial as always.



Manuel Galatas Sanchez-Harguindey
Board Member, Member of the Audit Committee



M. Cüneyt Sezgin, Ph.D.
Board Member, Member of the Audit Committee

Related Party Risks

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	3,475,734	757,091	14	4,831	232,831	358,273
Balance at end of period	3,932,849	1,359,135	26	34,925	245,679	478,356
Interest and Commission Income	176,367	193	1	5	15,601	1,175

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	1,454,678	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	112,551	179	8	7	13,125	2,818

Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cari Dönem	Önceki Dönem	Cari Dönem	Önceki Dönem	Cari Dönem	Önceki Dönem
Deposits						
Balance at beginning of period	571,953	231,523	207,006	359,876	389,333	323,665
Balance at end of period	386,511	571,953	1,109,031	207,006	341,540	389,333
Interest Expense	34,010	32,238	54,624	22,919	15,672	12,087

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	707,375	303,015	-	-	3,992	3,326
Balance at end of period	951,574	707,375	1,066,781	-	28,710	3,992
Total Profit/(Loss)	37,425	154,555	27,094	-	1,683	-
Transactions for Hedging						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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 1,464,814 thousands (31 December 2010: TL 1,425,195 thousands) compose 1.75% (31 December 2010: 2.20%) of the Bank's total cash loans and 1.00% (31 December 2010: 1.15%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,178,554 thousands (31 December 2010: TL 3,708,578 thousands) compose 2.85% (31 December 2010: TL 2.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,872,260 thousands (31 December 2010: TL 1,120,261 thousands) compose 8.91% (31 December 2010: 7.14%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,837,082 thousands (31 December 2010: TL 1,168,292 thousands) compose 2.17% (31 December 2010: 1.61%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL TL 48,432 thousands compose 0.24% (31 December 2010: -) of the Bank's total funds borrowed. 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 5 thousands (31 December 2010: TL 357 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 24 thousands (31 December 2010: TL 439 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 57,693 thousands (31 December 2010: TL 53,634 thousands) to related parties.

Operating expenses of TL 6,991 thousands (31 December 2010: TL 5,447 thousands) for IT services and rent income of TL 2,990 thousands (31 December 2010: TL 2,082 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 86,277 thousands to its top management considered as key management as of 31 December 2011 (31 December 2010: TL 77,374 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 and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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

“A good cook is like a sorceress who dispenses happiness.”
Elsa Schiaparelli / Famous Italian fashion designer



Corporate Governance Principles Compliance Report

Garanti pays utmost attention to practicing corporate governance principles, and consistently shares **high quality information** with its stakeholders regarding its activities with emphasis on **transparency**.

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

Garanti complies with articles constituted under four 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 I - 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.
- coordinating the writing and publishing of annual report with the related departments and parties both in Turkish and English, in compliance with the time and structure specified in the Corporate Governance Principles..
- proactively informing shareholders on a regular basis; cultivating shareholder loyalty.

Investor Relations Department

Name Surname	Title	Phone	E-Mail
Handan Saygın	SVP	+90 (212) 318 23 50	HandanSay@garanti.com.tr
Sinem Özönür	Manager	+90 (212) 318 23 57	SinemOzo@garanti.com.tr
Oğuz Aslaner	Supervisor	+90 (212) 318 23 58	OguzA@garanti.com.tr
Ayça Paksoy	Supervisor	+90 (212) 318 23 56	AycaPa@garanti.com.tr
Hande Tunaboğlu	Supervisor	+90 (212) 318 23 54	HandeT@garanti.com.tr
Ceyda Akınç	Associate	+90 (212) 318 23 53	CeydaAk@garanti.com.tr
Gülşah Güneç	Associate	+90 (212) 318 23 59	GulsahGunenc@garanti.com.tr

Fax: +90 (212) 216 5902

Subsidiaries and Shareholders Service of General Accounting Department

Name Surname	Title	Phone	E-Mail
Hakan Özdemir	SVP	+90 (212) 318 19 47	HakanOz@garanti.com.tr
Sevgi Demiröz	Supervisor	+90 (212) 318 19 45	SevgiD@garanti.com.tr
Ülkü Sığın Toprak	Associate	+90 (212) 318 19 46	UlkuSi@garanti.com.tr

Fax: +90 (212) 216 6421

As part of its activities throughout the year, the Department has;

- participated in 32 domestic and international investor conferences with executive, management in 2011 along with one-on-one meetings with more than 870 international investment funds,
- executed 4 due diligence meetings with 3 rating agencies,
- conducted 4 cohesive conference calls on financial results and posted the call logs on its website,
- published the IR quarterly bulletin "Stockwatch Quarterly" with the updates and developments about the Bank and the sector.
- coordinated the efforts for calculation of the Bank's 2010 greenhouse gas emission (GHG) for submission to the Carbon Disclosure Project, and prepared a detailed report.
- spearheaded the establishment of Sustainability Committee (SC) and was

assigned as a member in 2010. Department also plays an active role in Sustainability Committee, a sub-committee established under the SC 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 110.

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.

The first "Sustainability Review" is published in the scope of sustainability initiative. 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 200-250 inquiries from shareholders every month via phone and e-mail regarding the share certificate procedures, general shareholders' meetings, capital increases, and dividend distributions, and reports on the shareholder structure of the Bank from Central Registry Agency. In addition, for the fiscal year 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 (1.1.2011 - 31.12.2011), one Ordinary General Assembly Meeting and one Extraordinary General Assembly Meeting were held. Meeting quorum in the Ordinary General Assembly Meeting was 57.77% and 57.07% in Extraordinary General Assembly Meeting. 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 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 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 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 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 Assembly Meetings, there are no privileged voting rights. Companies controlled by the majority shareholder of the Bank vote in the General Assembly Meetings. Minority shares are not represented in management. Garanti's Articles of Association do not specify regulation on cumulative voting procedures.

Corporate Governance Principles Compliance Report

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 Assembly Meetings based on a decision by the Board of Directors. The proposed resolution becomes effective if approved in the General 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:

- a. is in strict compliance with the relevant provisions of the Banking Law and the Capital Markets Law;
- b. has been formulated under the Bank's Corporate Governance Principles and transparency policy;
- c. 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;
- d. 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;
- e. 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.

Means of Disclosure

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,
- 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, 114 material event disclosures were made to the Istanbul Stock Exchange (ISE), via the Public Disclosure Platform during 2011. 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 websites, one in Turkish and the other one 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, semi-annually published Corporate Profile leaflet, 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.

Pursuant to request from Central Registry Agency Inc., list of individuals who has access to internal information is required to be kept in an online platform since 2011 in order to keep track of those individuals and updates made on the list. Bank updates the list of individuals who has access to insider information on Central Registry Agency's system. Bank clearly specifies the responsibilities of the individuals therein, as well as the reason for their inclusion in the list.

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

Corporate Governance Principles Compliance Report

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. Launched in 2007, suggestion platform "Önersen" have received more than 2,000 employee suggestions in 2011 and these suggestions have been assessed and incorporated into processes. In addition, the innovation platform "Atölye" was launched in 2010, another channel to collect employee comments about the ongoing projects. Until now, in the scope of 4 projects, around 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. 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 in 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 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 related to branches or employees are immediately communicated to the related 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

Corporate Governance Principles Compliance Report

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.
- measure service quality of Customer Satisfaction Department by customers and thus improve the quality of the service provided.

17. Social Responsibility

Corporate social responsibility is an integral part of the corporate culture of Garanti. Apart from the banking activities, Garanti shapes its efforts for the society around components of the sustainability; social, economic and environmental factors.

Besides sharing its knowledge in various fields with the society and next generations, Garanti continues to add value to cultural and social life through the innovative institutions it has established and with its support to Turkey's well-established institutions. Garanti is focused on contributing society in cultural and educational fields. While determining the strategy, Garanti always monitors the needs of our country and society, and therefore its objective is to achieve or support value adding and sustainable projects.

You may find the details of Garanti's Corporate Social Responsibility Projects, striving to improve not only cultural know-how of society but also its own corporate culture, on page 97.

PART IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

The Board of Directors has nine members.

Ferit F. Şahenk is the Chairman of the Board of Directors and is a non-executive. The executive members are Chief Executive Officer Ergun Özen, Vice Chairman Süleyman Sözen, Ahmet Kamil Esirtgen, Ph.D., Cano Fernandez, Carlos Torres and Manuel Castro Aladro.

There are two non-executive members, Muammer Cüneyt Sezgin, Ph.D. and Manuel Galatas Sanchez-Harguindey, in the Board of Directors in accordance with the Banking Law.

In 2011, there were no independent member in charge in the Board of Directors. In addition, in accordance with Article 23 of the Banking Law, the CEO, if not available, his delegate is the natural member of the Board of Directors. Within the framework of the abovementioned article, the CEO 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 relevant provisions of the Banking Law, other related principles and selected among qualified individuals mentioned 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 10 and 11 of the Annual Report.

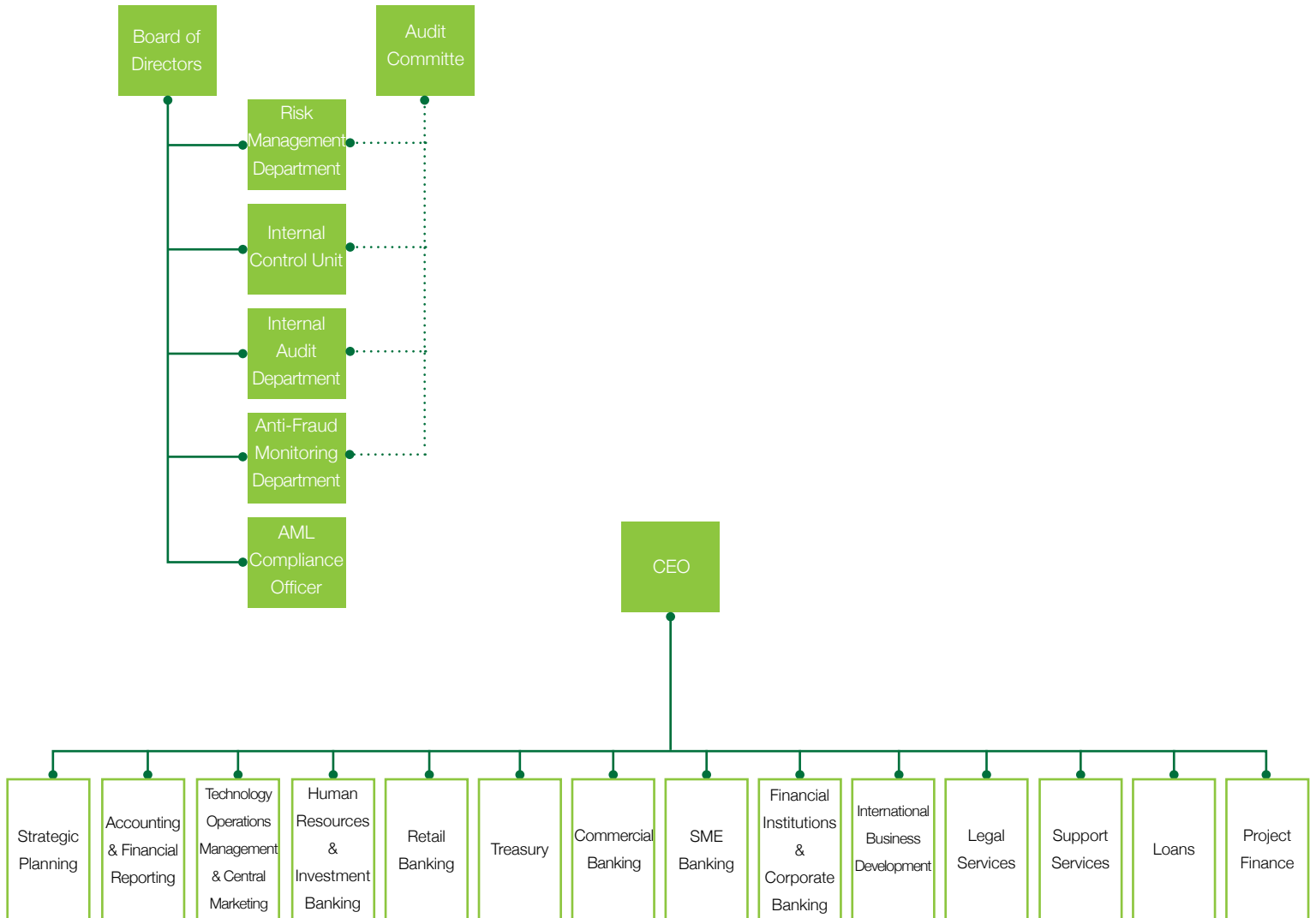
Within the context of this strategy, Garanti's budget and its short, medium and long term business plans are formed; reports on realization of objectives are monitored on weekly basis. The executives of the Bank hold quarterly performance review meetings with every branch and regional managers regarding 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 risk management functions, the Anti-Fraud 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.

GARANTI BANK ORGANIZATION SCHEME



Corporate Governance Principles Compliance Report

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 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 separately from 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. 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 the 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 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 the 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 should convene when the Bank's tasks and transactions require, but at least once in a month. 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 2011, there were no independent member in charge in the Board of Directors.

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.

Garanti places a particular importance to ethical principles and integrity and aims to create constant awareness on this issue through trainings for employees.

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 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 abovementioned framework.

"To eat is a necessity, but to eat intelligently is an art."
François de La Rochefoucauld / 17th Century French author



Summary Financial Tables* -Unconsolidated

As the **leading bank** in Turkey and referred as one of the best private banks in the region, Garanti sustains its **solid financial performance** drawing on its superior banking business model.

*In preparing Garanti Bank 2011 Annual Report, we once again remained loyal to our environmentally-sensitive approach. All the way through from design to printing, methods have been employed to maximize savings. Parallel to our approach, the financial statements are in summary form. Supporting a "Paperless Banking" in our operations, we kindly ask you to refer to our website www.garantiannualreport.com for full version of Unconsolidated and Consolidated Financial Reports as of and for the year ended December 31, 2011.

To the Board of Directors of Türkiye Garanti Bankası AŞ
İstanbul

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2011

We have audited the accompanying balance sheet of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 31 December 2011 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 420,000 thousands, TL 90,000 thousands of which was charged to the income statement as expense in the current period, 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.

Independent Auditors' 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 2011 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.

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 1, 2012

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2011

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The unconsolidated year-end financial report 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 2011

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).



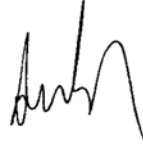
Ferit F. Şahenk

Board of Directors Chairman



S. Ergun Özen

General Manager



Aydın Şenel

Financial Reporting Executive Vice President



Hakan Özdemir

General Accounting
Senior Vice President



M. Cüneyt Sezgin

Audit Committee Member



Manuel Pedro Galatas Sanchez Harguindey

Audit Committee Member

The authorized contact person for questions on this financial report:

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

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

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Türkiye Garanti Bankası AŞ

Unconsolidated Financial Report as of and For the Year Ended 31 December 2011

(Thousands of Turkish Lira (TL))

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 907 domestic branches, seven foreign branches and four representative offices abroad. The Bank's head office is located in Istanbul.

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 2011, the group of companies under Doğuş Holding AŞ that currently owns 24.23% shares of the Bank, is named 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 had 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.

On 22 March 2011, Banco Bilbao Vizcaya Argentaria SA ("BBVA") acquired;

- 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

BBVA, holding 24.89% shares of the Bank, had joint control on the Bank's management together with Doğuş Group.

On 7 April 2011, BBVA acquired additional 503.160.000 shares at a nominal value of TL 5.032 thousands and increased its ownership in the Bank's share capital to 25.01%. As per the agreement between Doğuş Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank's management.

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 approximately 30 thousand employees.

The major worldwide joint ventures of the Group are; German Volkswagen AG and TÜV SÜD 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, Doğuş Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğuş Tüketici Finansmanı AŞ.

BBVA Group

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

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

The Group owns a bank being the largest financial institution in Mexico, the market leader in South America, and one of the largest 15 commercial banks in United States. BBVA is among the few international groups that operates in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

1.3 Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their 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	21 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	29 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	37 years
Manuel Castro Aladro	Member	22.03.2011	Master	19 years
Manuel Pedro Galatas Sanchez - Harguindey	Member of BOD and Audit Committee	05.05.2011	University	27 years
Carlos Torres Vila	Member	22.03.2011	Master	20 years
Angel Cano Fernandez	Member	22.03.2011	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	24 years

Türkiye Garanti Bankası AŞ
Unconsolidated Financial Report as of and For the Year Ended 31 December 2011

(Thousands of Turkish Lira (TL))

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	24 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	33 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	19 years
Ali Temel	EVP-Loans	21.10.1999	University	21 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	17 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	29 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	26 years
Uruz Ersözöğlü	EVP-Treasury	05.04.2006	University	20 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	19 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	26 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	30 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	16 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	17 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	17 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	17 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	857,315	20.4123%	857,315	-
Banco Bilbao Vizcaya Argentaria SA	1,050,420	25.0100%	1,050,420	-

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

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

1.5 Summary information on the bank's activities and services

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

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law;
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than those stated above to be of benefit to the Bank, it is recommended in the general meeting, and the launching of the related project depends on the decision taken during the General Assembly which results in a change in the Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. Deposits are the main sources of the lendings to the customers. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position) At 31 December 2011

(Convenience Translation of Financial
Statements Originally Issued in Turkish)

2 Unconsolidated Financial Statements

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2011			31 December 2010		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	1,589,491	6,671,660	8,261,151	3,162,714	4,347,318	7,510,032
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	430,934	1,225,908	1,656,842	763,702	216,213	979,915
2.1	Financial assets held for trading		430,934	1,225,908	1,656,842	763,702	216,213	979,915
2.1.1	Government securities		179,828	762,198	942,026	556,878	15,929	572,807
2.1.2	Equity securities		17,901	-	17,901	6,993	-	6,993
2.1.3	Derivative financial assets held for trading		190,428	460,554	650,982	191,829	200,284	392,113
2.1.4	Other securities		42,777	3,156	45,933	8,002	-	8,002
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)	2,102,492	12,241,459	14,343,951	2,500,227	5,820,958	8,321,185
IV.	INTERBANK MONEY MARKETS							
4.1	Interbank money market placements		-	-	-	-	-	-
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)	27,257,001	1,542,643	28,799,644	29,851,339	2,484,871	32,336,210
5.1	Equity securities		23,865	1,706	25,571	60,131	68,602	128,733
5.2	Government securities		26,234,437	173,268	26,407,705	28,743,514	964,406	29,707,920
5.3	Other securities		998,699	1,367,669	2,366,368	1,047,694	1,451,863	2,499,557
VI.	LOANS	(5.1.5)	49,618,481	34,194,821	83,813,302	37,297,159	27,530,151	64,827,310
6.1	Performing loans		49,338,109	34,194,821	83,532,930	36,945,599	27,530,151	64,475,750
6.1.1	Loans to bank's risk group	(5.7)	296,961	1,167,853	1,464,814	105,221	1,319,974	1,425,195
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Others		49,041,148	33,026,968	82,068,116	36,840,378	26,210,177	63,050,555
6.2	Loans under follow-up		1,532,087	-	1,532,087	1,939,109	-	1,939,109
6.3	Specific provisions (-)		1,251,715	-	1,251,715	1,587,549	-	1,587,549
VII.	FACTORING RECEIVABLES							
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	(5.1.6)	3,176,043	1,610,487	4,786,530	4,580,741	1,313,190	5,893,931
8.1	Government securities		3,170,068	1,610,487	4,780,555	4,576,594	1,313,190	5,889,784
8.2	Other securities		5,975	-	5,975	4,147	-	4,147
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	19,834		19,834	29,512		29,512
9.1	Associates consolidated under equity accounting		-	-	-	-	-	-
9.2	Unconsolidated associates		19,834	-	19,834	29,512	-	29,512
9.2.1	Financial investments in associates		18,120	-	18,120	27,798	-	27,798
9.2.2	Non-financial investments in associates		1,714	-	1,714	1,714	-	1,714
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	408,780	1,759,796	2,168,576	292,722	1,362,412	1,655,134
10.1	Unconsolidated financial investments in subsidiaries		304,695	1,759,796	2,064,491	274,906	1,362,412	1,637,318
10.2	Unconsolidated non-financial investments in subsidiaries		104,085	-	104,085	17,816	-	17,816
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)		129,335	129,335			
13.1	Fair value hedges		-	129,335	129,335	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	1,243,531	80	1,243,611	1,200,888	425	1,201,313
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	55,550		55,550	30,527		30,527
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		55,550	-	55,550	30,527	-	30,527
XVI.	INVESTMENT PROPERTY (Net)	(5.1.14)						
XVII.	TAX ASSET		6,359		6,359	117,224		117,224
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset	(5.1.15)	6,359	-	6,359	117,224	-	117,224
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	121,759		121,759	98,056		98,056
18.1	Assets held for sale		121,759	-	121,759	98,056	-	98,056
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.17)	1,128,823	107,174	1,235,997	928,019	45,773	973,792
TOTAL ASSETS			87,159,078	59,483,363	146,642,441	80,852,830	43,121,311	123,974,141

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 2011

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total	
I. DEPOSITS	(5.2.1)	47,777,457	36,765,318	84,542,775	44,000,765	28,657,654	72,658,419	
1.1 Deposits from bank's risk group	(5.7)	602,101	1,234,981	1,837,082	522,780	645,512	1,168,292	
1.2 Others		47,175,356	35,530,337	82,705,693	43,477,985	28,012,142	71,490,127	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.2.2)	495,160	279,157	774,317	243,549	217,994	461,543	
III. FUNDS BORROWED	(5.2.3)	4,384,503	16,139,154	20,523,657	5,113,873	11,519,439	16,633,312	
IV. INTERBANK MONEY MARKETS		8,338,618	2,616,373	10,954,991	10,370,745	883,398	11,254,143	
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)	8,338,618	2,616,373	10,954,991	10,337,239	883,398	11,220,637	
V. SECURITIES ISSUED (Net)	(5.2.4)	2,082,601	1,621,496	3,704,097	-	-	-	
5.1 Bills		2,082,601	-	2,082,601	-	-	-	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		-	1,621,496	1,621,496	-	-	-	
VI. FUNDS		-	-	-	-	-	-	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Others		-	-	-	-	-	-	
VII. MISCELLANEOUS PAYABLES	(5.2.4.3)	3,481,891	75,440	3,557,331	2,914,888	27,685	2,942,573	
VIII. OTHER EXTERNAL FUNDINGS PAYABLE		676,407	1,153,312	1,829,719	766,328	253,286	1,019,614	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. LEASE PAYABLES (Net)	(5.2.5)	1	4	5	246	111	357	
10.1 Financial lease payables		1	4	5	265	116	381	
10.2 Operational lease payables		-	-	-	-	-	-	
10.3 Others		-	-	-	-	-	-	
10.4 Deferred expenses (-)		-	-	-	19	5	24	
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(5.2.6)	-	782	782	-	2,347	2,347	
11.1 Fair value hedges		-	-	-	-	-	-	
11.2 Cash flow hedges		-	782	782	-	2,347	2,347	
11.3 Net foreign investment hedges		-	-	-	-	-	-	
XII. PROVISIONS	(5.2.7)	1,795,843	35,303	1,831,146	1,329,151	31,297	1,360,448	
12.1 General provisions		979,797	34,152	1,013,949	593,530	28,735	622,265	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserve for employee benefits		266,805	-	266,805	285,708	-	285,708	
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-	
12.5 Other provisions		549,241	1,151	550,392	449,913	2,562	452,475	
XIII. TAX LIABILITY	(5.2.8)	265,165	235	265,400	324,821	158	324,979	
13.1 Current tax liability		265,165	235	265,400	324,821	158	324,979	
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)	-	1,081,402	1,081,402	-	884,726	884,726	
XVI. SHAREHOLDERS' EQUITY	(5.2.11)	17,104,283	472,536	17,576,819	15,999,001	432,679	16,431,680	
16.1 Paid-in capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000	
16.2 Capital reserves		1,503,041	427,157	1,930,198	2,877,281	416,896	3,294,177	
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		180,988	427,546	608,534	1,555,432	418,378	1,973,810	
16.2.4 Revaluation surplus on tangible assets		598,953	-	598,953	598,187	-	598,187	
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		1,891	-	1,891	2,453	-	2,453	
16.2.8 Hedging reserves (effective portion)		(63,225)	(389)	(63,614)	(63,225)	(1,482)	(64,707)	
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		8,330,667	45,379	8,376,046	5,793,756	15,783	5,809,539	
16.3.1 Legal reserves		716,363	6,940	723,303	524,173	4,283	528,456	
16.3.2 Status reserves		-	-	-	-	-	-	
16.3.3 Extraordinary reserves		7,612,215	-	7,612,215	5,268,509	-	5,268,509	
16.3.4 Other profit reserves		2,089	38,439	40,528	1,074	11,500	12,574	
16.4 Profit or loss		3,070,575	-	3,070,575	3,127,964	-	3,127,964	
16.4.1 Prior periods profit/loss		-	-	-	-	-	-	
16.4.2 Current period net profit/loss		3,070,575	-	3,070,575	3,127,964	-	3,127,964	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		86,401,929	60,240,512	146,642,441	81,063,367	42,910,774	123,974,141	

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

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items At 31 December 2011

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2011			31 December 2010		
	TL	FC	Total	TL	FC	Total	
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		56,011,426	127,698,145	183,709,571	40,214,279	56,056,490	96,270,769
I. GUARANTEES AND SURETIES	(5.3.1)	5,802,261	15,219,237	21,021,498	4,958,877	10,730,903	15,689,780
1.1. Letters of guarantee		5,766,884	9,134,682	14,921,566	4,951,727	7,155,138	12,106,865
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		431,028	266,469	697,497	350,400	272,075	622,475
1.1.3. Other letters of guarantee		5,335,856	8,868,213	14,224,069	4,601,327	6,883,063	11,484,390
1.2. Bank acceptances		3,687	511,863	515,550	-	164,105	164,105
1.2.1. Import letter of acceptance		1,705	511,863	513,568	-	164,105	164,105
1.2.2. Other bank acceptances		1,982	-	1,982	-	-	-
1.3. Letters of credit		11,690	5,502,456	5,514,146	7,150	3,354,914	3,362,064
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		11,690	5,502,456	5,514,146	7,150	3,354,914	3,362,064
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		-	70,236	70,236	-	56,746	56,746
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	32,059,110	60,470,829	92,529,939	20,106,498	5,485,168	25,591,666
2.1. Irrevocable commitments		23,630,190	8,513,450	32,143,640	20,106,498	5,484,511	25,591,009
2.1.1. Asset purchase and sale commitments		1,889,216	1,204,371	3,093,587	395,731	1,393,682	1,789,413
2.1.2. Deposit purchase and sale commitments		200	559,500	559,700	-	24,450	24,450
2.1.3. Share capital commitments to associates and subsidiaries		1,000	10,407	11,407	2,000	9,373	11,373
2.1.4. Loan granting commitments		4,688,182	5,946,547	10,634,729	4,045,824	2,879,006	6,924,830
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		2,230,853	-	2,230,853	1,910,095	-	1,910,095
2.1.8. Tax and fund obligations on export commitments		16,390	-	16,390	21,447	-	21,447
2.1.9. Commitments for credit card limits		13,540,139	-	13,540,139	12,467,191	-	12,467,191
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	792,625	2,056,835	1,264,210	1,178,000	2,442,210
2.2. Revocable commitments		8,428,920	51,957,379	60,386,299	-	657	657
2.2.1. Revocable loan granting commitments		8,428,920	51,956,658	60,385,578	-	-	-
2.2.2. Other revocable commitments		-	721	721	-	657	657
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	18,150,055	52,008,079	70,158,134	15,148,904	39,840,419	54,989,323
3.1. Derivative financial instruments held for risk management		-	1,967,575	1,967,575	-	167,200	167,200
3.1.1. Fair value hedges		-	1,865,000	1,865,000	-	-	-
3.1.2. Cash flow hedges		-	102,575	102,575	-	167,200	167,200
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		18,150,055	50,040,504	68,190,559	15,148,904	39,673,219	54,822,123
3.2.1. Forward foreign currency purchases/sales		4,211,614	5,989,590	10,201,204	1,947,971	3,827,379	5,775,350
3.2.1.1. Forward foreign currency purchases		1,527,702	3,612,899	5,140,601	622,702	2,280,152	2,902,854
3.2.1.2. Forward foreign currency sales		2,683,912	2,376,691	5,060,603	1,325,269	1,547,227	2,872,496
3.2.2. Currency and interest rate swaps		8,745,935	33,714,427	42,460,362	8,242,884	24,906,206	33,149,090
3.2.2.1. Currency swaps-purchases		4,721,703	8,378,462	13,100,165	5,919,370	5,014,155	10,933,525
3.2.2.2. Currency swaps-sales		715,032	12,354,491	13,069,523	2,196,114	8,884,697	11,080,811
3.2.2.3. Interest rate swaps-purchases		1,654,600	6,490,737	8,145,337	63,700	5,502,918	5,566,618
3.2.2.4. Interest rate swaps-sales		1,654,600	6,490,737	8,145,337	63,700	5,504,436	5,568,136
3.2.3. Currency, interest rate and security options		5,067,362	9,824,110	14,891,472	4,841,892	9,579,515	14,421,407
3.2.3.1. Currency call options		2,040,606	4,933,329	6,973,935	1,861,152	3,378,729	5,239,881
3.2.3.2. Currency put options		3,007,756	3,994,033	7,001,789	2,465,329	2,834,386	5,298,715
3.2.3.3. Interest rate call options		-	888,861	888,861	-	1,630,000	1,630,000
3.2.3.4. Interest rate put options		-	-	-	-	1,630,000	1,630,000
3.2.3.5. Security call options		19,000	7,887	26,887	115,016	106,400	221,416
3.2.3.6. Security put options		-	-	-	400,395	-	400,395
3.2.4. Currency futures		66,940	60,369	127,309	14,359	28,681	43,040
3.2.4.1. Currency futures-purchases		30,820	23,623	54,443	2,066	13,270	15,336
3.2.4.2. Currency futures-sales		36,120	36,746	72,866	12,293	15,411	27,704
3.2.5. Interest rate futures		-	-	-	-	91,200	91,200
3.2.5.1. Interest rate futures-purchases		-	-	-	-	91,200	91,200
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		58,204	452,008	510,212	101,798	1,240,238	1,342,036
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		320,368,460	209,380,024	529,748,484	264,998,067	150,809,364	415,807,431
IV. ITEMS HELD IN CUSTODY		69,767,974	20,141,049	89,909,023	79,388,862	14,996,078	94,384,940
4.1. Customers' securities held		37,046,678	1,188	37,047,866	57,239,310	1,000	57,240,310
4.2. Investment securities held in custody		22,266,158	7,297,692	29,563,850	14,621,951	3,934,713	18,556,664
4.3. Checks received for collection		7,474,216	1,447,143	8,921,359	5,181,861	922,581	6,104,442
4.4. Commercial notes received for collection		2,915,109	1,135,226	4,050,335	2,291,385	1,737,683	4,029,068
4.5. Other assets received for collection		38,697	9,401,147	9,439,844	30,771	7,895,502	7,926,273
4.6. Assets received through public offering		-	46,051	46,051	-	37,530	37,530
4.7. Other items under custody		27,116	812,602	839,718	23,584	467,069	490,653
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		250,600,486	189,238,975	439,839,461	185,609,205	135,813,286	321,422,491
5.1. Securities		1,390,133	121,371	1,511,504	1,379,977	102,120	1,482,097
5.2. Guarantee notes		33,971,973	10,100,312	44,072,285	26,249,041	7,740,382	33,989,423
5.3. Commodities		-	-	-	-	-	-
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		49,423,787	51,360,202	100,783,989	36,472,372	38,791,780	75,264,152
5.6. Other pledged items		165,814,423	127,656,682	293,471,105	121,507,645	89,178,557	210,686,202
5.7. Pledged items-depository		170	408	578	170	447	617
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		376,379,886	337,078,169	713,458,055	305,212,346	206,865,854	512,078,200

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 2011

		THOUSANDS OF TURKISH LIRA (TL)		
INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD 1 January 2011- 31 December 2011	PRIOR PERIOD 1 January 2010- 31 December 2010
I.	INTEREST INCOME	(5.4.1)	10,483,529	9,499,876
1.1	Interest income on loans		6,593,311	5,308,907
1.2	Interest income on reserve deposits		-	87,246
1.3	Interest income on banks		235,491	224,527
1.4	Interest income on money market transactions		4,209	3,375
1.5	Interest income on securities portfolio		3,542,346	3,742,070
1.5.1	Trading financial assets		30,017	49,782
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		2,940,299	2,856,777
1.5.4	Investments held-to-maturity		572,030	835,511
1.6	Financial lease income		-	-
1.7	Other interest income		108,172	133,751
II.	INTEREST EXPENSE	(5.4.2)	5,794,581	4,745,136
2.1	Interest on deposits		3,956,602	3,598,786
2.2	Interest on funds borrowed		931,268	729,366
2.3	Interest on money market transactions		718,172	411,219
2.4	Interest on securities issued		177,383	-
2.5	Other interest expenses		11,156	5,765
III.	NET INTEREST INCOME (I - II)		4,688,948	4,754,740
IV.	NET FEES AND COMMISSIONS INCOME		2,007,521	1,815,536
4.1	Fees and commissions received		2,386,202	2,117,544
4.1.1	Non-cash loans		166,154	151,437
4.1.2	Others		2,220,048	1,966,107
4.2	Fees and commissions paid		378,681	302,008
4.2.1	Non-cash loans		866	750
4.2.2	Others		377,815	301,258
V.	DIVIDEND INCOME	(5.4.3)	5,557	5,290
VI.	NET TRADING INCOME/LOSSES (Net)	(5.4.4)	332,312	363,925
6.1	Trading account income/losses		317,089	202,344
6.2	Income/losses from derivative financial instruments		353,190	123,967
6.3	Foreign exchange gains/losses		(337,967)	37,614
VII.	OTHER OPERATING INCOME	(5.4.5)	902,533	637,989
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		7,936,871	7,577,480
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.4.6)	822,397	584,297
X.	OTHER OPERATING EXPENSES (-)	(5.4.7)	3,206,325	3,062,416
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,908,149	3,930,767
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)	3,908,149	3,930,767
XVI.	PROVISION FOR TAXES (±)	(5.4.9)	837,574	802,803
16.1	Current tax charge		392,346	973,542
16.2	Deferred tax charge/(credit)		445,228	(170,739)
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	(5.4.10)	3,070,575	3,127,964
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		-	-
XX.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	(5.4.8)	-	-
XXI.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge/(credit)		-	-
XXII.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	(5.4.10)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(5.4.11)	3,070,575	3,127,964
Earnings per Share			0.731	0.745

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Income/Expense Items Accounted for under Shareholders' Equity
For the Twelve-Month Period Ended 31 December 2011

INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2011- 31 December 2011	1 January 2010- 31 December 2010
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,823,522)	329,578
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	9,309	(169)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	1,366	856
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	528
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	126,851	90,038
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	330,560	(57,235)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,355,436)	363,596
XI.	CURRENT PERIOD PROFIT/LOSSES	3,070,575	3,127,964
1.1	Net changes in fair value of securities (transferred to income statement)	267,975	179,765
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	2,802,600	2,948,199
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,715,139	3,491,560

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 Year Ended 31 December 2011

THOUSANDS OF TURKISH LIRA (TL)																	
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Fonholdes	Capital Reserves			Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Intangible Assets	Bonus Shares of Equity Participations	Holding Reserves	Asset Revaluation Surplus Held for Sale and Assets of Shareholders'	Total Equity
		Paid-in Capital	Reserves in Kind	Share Premium													
PRIOR PERIOD - (1 January - 31 December 2010)																	
I.	Balances at beginning of the period	4,200,000	772,854	11,880	-	367,632	-	2,847,764	8,238	-	2,862,241	1,611,146	598,194	2,463	(65,815)	-	13,315,687
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)
2.1.	Effect of corrections	-	-	-	-	-	-	-	-	-	(25,567)	-	-	-	-	-	(25,567)
III.	Adjusted balances at beginning of the period (I+II)	(6.5)	4,200,000	772,854	11,880	367,632	-	2,847,764	8,238	-	2,836,674	1,611,146	598,194	2,463	(66,815)	-	13,290,120
Changes during the period																	
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Market value changes of securities	-	-	-	-	-	-	-	-	-	-	362,664	-	-	-	-	362,664
VI.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	1,108	-	1,108
6.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	685	-	685
6.2.	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	423
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	519	-	-	-	-	-	-	-	(169)
X.	Transition differences	-	-	-	(688)	-	-	-	-	-	-	-	-	-	-	-	(7)
XI.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current period net profits/losses	-	-	-	-	-	-	-	3,127,964	-	-	-	-	-	-	-	3,127,964
XX.	Profit distribution	-	-	-	-	192,712	-	2,420,705	3,617	-	(2,836,674)	-	-	-	-	-	(650,000)
20.1.	DIVIDENDS	-	-	-	-	192,712	-	2,420,705	3,617	-	(2,836,674)	-	-	-	-	-	(650,000)
20.2.	RESERVES TO RESERVE	-	-	-	-	-	-	-	-	-	(2,836,674)	-	-	-	-	-	(2,836,674)
20.3.	OTHERS	-	-	-	-	-	-	-	-	-	(3,617)	-	-	-	-	-	(3,617)
Balances at end of the period (III+IV+...+XVIII+XIX+XX)																	
I.	Balances at beginning of the period	4,200,000	772,854	11,880	-	538,346	-	5,268,509	12,574	3,127,964	1,973,810	598,187	2,463	(64,707)	-	-	16,431,680
CURRENT PERIOD - (1 January - 31 December 2011)																	
I.	Balances at beginning of the period	4,200,000	772,854	11,880	-	538,346	-	5,268,509	12,574	-	3,127,964	1,973,810	598,187	2,463	(64,707)	-	16,431,680
Changes during the period																	
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Market value changes of securities	-	-	-	-	-	-	-	-	-	(1,365,276)	-	-	-	-	-	(1,365,276)
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	1,033	-	1,033
4.1.	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	1,033	-	1,033
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	-	-	-	-	-	-	-	7,724	-	-	-	-	-	-	-	7,724
VIII.	Transition differences	-	-	-	1,585	-	-	-	-	-	-	-	-	-	-	-	1,585
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period net profits/losses	-	-	-	-	-	-	-	3,070,575	-	-	-	-	-	-	-	3,070,575
XVIII.	Profit distribution	-	-	-	-	193,362	-	2,348,706	20,230	-	(3,127,964)	-	766	-	-	-	(570,000)
18.1.	DIVIDENDS	-	-	-	-	193,362	-	2,348,706	20,230	-	(3,127,964)	-	766	-	-	-	(570,000)
18.2.	RESERVES TO RESERVE	-	-	-	-	-	-	-	-	-	(2,536,960)	-	-	-	-	-	(2,536,960)
18.3.	OTHERS	-	-	-	-	-	-	-	-	-	(20,996)	-	-	-	-	-	(20,996)
Balances at end of the period (I+II+III+...+XVII+XVIII)																	
I.	Balances at end of the period (I+II+III+...+XVII+XVIII)	4,200,000	772,854	11,880	-	723,303	-	7,612,215	40,828	3,070,575	663,134	598,853	1,981	(63,814)	-	-	17,576,819

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows For the Year Ended 31 December 2011

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2011- 31 December 2011	PRIOR PERIOD 1 January 2010- 31 December 2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,087,875	3,938,627
1.1.1 Interests received		9,509,710	9,122,411
1.1.2 Interests paid		(5,659,161)	(4,645,569)
1.1.3 Dividend received		5,557	5,290
1.1.4 Fees and commissions received		2,386,202	2,264,719
1.1.5 Other income		594,895	801,354
1.1.6 Collections from previously written-off loans and other receivables		77,381	54,748
1.1.7 Payments to personnel and service suppliers		(2,625,993)	(2,489,338)
1.1.8 Taxes paid		(632,675)	(872,174)
1.1.9 Others	(5.6)	(1,568,041)	(302,814)
1.2 Changes in operating assets and liabilities		(7,955,076)	(2,948,155)
1.2.1 Net (increase) decrease in financial assets held for trading		(399,950)	(241,547)
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		(1,971,747)	(1,494,614)
1.2.4 Net (increase) decrease in loans		(18,687,696)	(15,296,891)
1.2.5 Net (increase) decrease in other assets		(3,452,714)	(298,915)
1.2.6 Net increase (decrease) in bank deposits		(428,626)	80,585
1.2.7 Net increase (decrease) in other deposits		12,210,493	9,687,218
1.2.8 Net increase (decrease) in funds borrowed		3,754,940	3,617,131
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(5.6)	1,020,224	998,878
I. Net cash flow from banking operations		(5,867,201)	990,472
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		3,612,106	(2,635,108)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(84,420)	(553,497)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		171,003	5,568
2.3 Purchases of tangible assets		(366,103)	(300,936)
2.4 Sales of tangible assets		93,071	63,239
2.5 Cash paid for purchase of financial assets available-for-sale		(13,952,992)	(18,597,566)
2.6 Cash obtained from sale of financial assets available-for-sale		16,397,291	15,213,763
2.7 Cash paid for purchase of investments held-to-maturity		(4,737)	(4,143)
2.8 Cash obtained from sale of investments held-to-maturity		1,358,993	1,538,464
2.9 Others	(5.6)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		2,996,019	(354,922)
3.1 Cash obtained from funds borrowed and securities issued		5,290,027	-
3.2 Cash used for repayment of funds borrowed and securities issued		(1,723,621)	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(570,000)	(350,000)
3.5 Payments for financial leases		(387)	(4,922)
3.6 Others (payments for founder shares repurchased)	(5.6)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.6)	677,405	64,049
V. Net increase/(decrease) in cash and cash equivalents		1,418,329	(1,935,509)
VI. Cash and cash equivalents at beginning of period		6,195,233	8,130,742
VII. Cash and cash equivalents at end of period		7,613,562	6,195,233

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Profit Distribution At 31 December 2011

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (*) 31 December 2011	PRIOR PERIOD 31 December 2010
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	3,908,149	3,930,767
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	837,574	802,803
1.2.1	Corporate tax (income tax)	837,574	802,803
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	3,070,575	3,127,964
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	157,262
1.5	OTHER STATUTORY RESERVES (-)	-	20,996
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	3,070,575	2,949,706
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	210,000
1.6.1	To owners of ordinary shares	-	210,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	360,000
1.9.1	To owners of ordinary shares	-	360,000
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	36,000
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	2,343,706
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (per YTL'000 face value each)	-	-
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	731	745
3.2	TO OWNERS OF ORDINARY SHARES (%)	73	74
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Decision regarding to the 2011 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 2011

(Thousands of Turkish Lira (TL))

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.

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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 contracts. 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.

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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 than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Bank provides specific allowances for 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 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 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 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.

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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 2011 ^(*)	31 December 2010	31 December 2009
	%	%	%
Discount Rate	4.25	4.66	5.92
Interest Rate	9.52	10.00	11.00
Expected Rate of Salary Increase	6.56	6.60	6.30
Inflation Rate	5.06	5.10	4.80

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

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

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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 2011	
	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 no.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette no.26870.

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

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

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.

3.18 Taxation

3.18.1 Corporate tax

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

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

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

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

The tax applications for foreign branches;

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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 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income. The tax returns do not include any tax payable amounts. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

3.18.2 Deferred taxes

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

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

The Bank generates funds from domestic and foreign sources whenever required. The funds borrowed from foreign sources are also in the form of syndications and securitizations. Besides, funding through bill and bond issuances in the local and international markets has commenced.

The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

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 2011, the Bank does not have any government incentives or grants.

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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.

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Information on the business segments is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,078,343	3,103,411	1,432,502	317,058	7,931,314
Other	-	-	-	-	-
Total Operating Profit	3,078,343	3,103,411	1,432,502	317,058	7,931,314
Net Operating Profit	915,781	1,905,218	1,247,711	(166,118)	3,902,592
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,557	5,557
Net Operating Profit	915,781	1,905,218	1,247,711	(160,561)	3,908,149
Provision for Taxes	-	-	-	837,574	837,574
Net Profit	915,781	1,905,218	1,247,711	(998,135)	3,070,575
Segment Assets	27,857,755	55,955,547	56,911,004	3,729,725	144,454,031
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	2,188,410	2,188,410
Undistributed Items	-	-	-	-	-
Total Assets	27,857,755	55,955,547	56,911,004	5,918,135	146,642,441
Segment Liabilities	51,721,161	35,039,949	39,909,125	2,395,387	129,065,622
Shareholders' Equity	-	-	-	17,576,819	17,576,819
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	51,721,161	35,039,949	39,909,125	19,972,206	146,642,441
Other Segment Items					
Capital Expenditures	-	-	-	269,128	269,128
Depreciation Expenses	103,070	60,678	4,219	6,040	174,007
Impairment Losses	316,172	326,330	50,584	131,221	824,307
Other Non-Cash Income/Expenses	120,520	215,606	(1,191,401)	(46,337)	(901,612)
Restructuring Costs	-	-	-	-	-
Prior Period					
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	(158,870)	3,925,477
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,290	5,290
Net Operating Profit	1,034,432	1,235,041	1,814,874	(153,580)	3,930,767
Provision for Taxes	-	-	-	802,803	802,803
Net Profit	1,034,432	1,235,041	1,814,874	(956,383)	3,127,964
Segment Assets	21,610,482	43,216,828	54,096,048	3,366,137	122,289,495
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	5,050,783	123,974,141
Segment Liabilities	43,312,701	30,282,003	31,745,974	2,201,783	107,542,461
Shareholders' Equity	-	-	-	16,431,680	16,431,680
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	43,312,701	30,282,003	31,745,974	18,633,463	123,974,141
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	-	-	-	-	-

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3.24 Other disclosures

3.24.1 Changes regarding prior periods' financial statements

The Bank reassessed the accounting treatment applied for the employee termination benefits during the preparation of the current period's financial statement and adjusted the prior periods' financial statements. Accordingly, the effects of such corrections made to the 2010 accounting records on the financial statements are as follows:

	Reported		Adjusted
	31 December 2010	Correction	31 December 2010
Total Assets	123,963,432	10,709	123,974,141
Reserve for Employee Termination Benefits	47,392	53,545	100,937
Deferred Tax Assets	106,515	10,709	117,224
Extraordinary Reserves	5,294,076	(25,567)	5,268,509
Current Period Net Profit / Loss	3,145,233	(17,269)	3,127,964

4 Financial position and results of operations

4.1 Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 16.89% (31 December 2010: 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

Current Period	Risk Weightings						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	22,311,307	-	7,485,092	19,349,200	63,093,358	1,412,914	2,078,792
Cash on Hand	1,072,709	-	3,587	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	972,268	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,176,039	-	5,703,537	-	3,426,803	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	6,212,587	-	-	-	-	-	-
Loans	4,635,296	-	381,568	19,056,825	54,629,704	1,412,914	2,078,792
Loans under Follow-Up (Net)	-	-	-	-	280,372	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,569,645	-	946,305	-	5,782	-	-
Receivables from Term Sale of Assets	-	-	-	-	20,090	-	-
Miscellaneous Receivables	75,778	-	-	-	136,978	-	-
Accrued Interest and Income	316,179	-	37,459	292,375	882,617	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	2,186,458	-	-
Tangible Assets (Net)	-	-	-	-	1,221,961	-	-
Other Assets	280,806	-	412,636	-	302,593	-	-
Off-Balance Sheet Items	15,084,253	-	2,064,692	805,969	17,051,424	-	-
Non-Cash Loans and Commitments	15,084,253	-	1,076,615	805,969	16,742,631	-	-
Derivative Financial Instruments	-	-	988,077	-	308,793	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	37,395,560	-	9,549,784	20,155,169	80,144,782	1,412,914	2,078,792

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Prior Period	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

4.1.3 Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk (VaCR)	98,409,278	72,072,246
Value at Market Risk (VaMR)	4,789,663	3,553,288
Value at Operational Risk (VaOR)	11,970,584	10,184,205
Shareholders' Equity	19,454,197	16,839,261
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	16.89%	19.62%

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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	723,303	528,456
I. Legal Reserve (Turkish Commercial Code 466/1)	648,013	489,166
II. Legal Reserve (Turkish Commercial Code 466/2)	75,290	39,290
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	7,612,215	5,294,076
Reserve allocated as per the Decision held by the General Assembly	7,612,215	5,294,076
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	40,528	12,574
Profit	3,070,575	3,145,233
Current Period Profit	3,070,575	3,145,233
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	420,000	330,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	596,813	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-) (*)	115,733	135,318
Prepaid Expenses (-) (**)	-	190,263
Intangible Assets (-) (**)	55,550	30,527
Deferred Tax Asset in Excess of 10% of Core Capital (-) (**)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	17,276,585	14,534,712
SUPPLEMENTARY CAPITAL		
General Provisions	1,013,949	622,265
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus shares of Associates, Subsidiaries and Joint-Ventures	1,891	2,453
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,053,580	861,875
45% of Securities Value Increase Fund (***)	259,298	873,672
Associates and Subsidiaries	194,477	135,932
Investment Securities Available for Sale	64,821	737,740
Other Reserves	-	-
Total Supplementary Capital	2,329,681	2,361,228
TIER III CAPITAL	-	-
CAPITAL	19,606,266	16,895,940

(*) According to the temporary Article 1 of the "Regulation on Equities of Banks" as published in Official Gazette no. 26333 dated 1 November 2006, starting from 1 January 2009 leasehold improvements, prepaid expenses, intangible assets and deferred tax assets above 10% of core capital are directly deducted from core capital.

(**) Prepaid expenses are not deducted from the core capital according to the Article 1 of the Regulation for amending the Regulation on Equities of Banks" published in the Official Gazette no. 27870 dated 10 March 2011.

(***) 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.

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DEDUCTIONS FROM CAPITAL	152,069	56,679
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	1,952	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	72,648	-
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	27,676	43,569
Others	49,793	-
TOTAL SHAREHOLDERS' EQUITY	19,454,197	16,839,261

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 26.97% of the total cash loan portfolio.

The Bank's largest 100 non-cash loan customers compose 55.01% of the total non-cash loan portfolio.

The Bank's largest 100 cash and non-cash loan customers represent 8.71% of the total "on and off balance sheet" assets.

The general provision for credit risk amounts to TL 1,013,949 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	45.91	49.67
Average	48.70	44.23
Below Average	5.39	6.10
Total	100.00	100.00

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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	54,470,694	41,918,703	-	-	761,238	764,760	624,301	379,638	116,301,674	41,582,223
Public Sector	1,469,006	1,206,924	-	-	32,111,730	35,883,293	-	-	114	322
Banks	168,858	142,872	21,528,806	14,870,213	1,675,594	2,034,164	1,109,632	756,436	31,720,162	25,110,871
Retail Customers	27,704,744	21,558,811	-	-	-	-	47,250	39,568	1,015,011	2,236,164
Equity Securities	-	-	-	-	43,472	135,726	2,188,410	1,684,646	-	-
Total	83,813,302	64,827,310	21,528,806	14,870,213	34,592,034	38,817,943	3,969,593	2,860,288	149,036,961	68,929,580
Regional concentration										
Domestic	81,816,356	62,910,764	7,217,191	7,325,618	31,572,761	36,320,775	1,780,953	1,311,249	116,806,409	43,411,523
European Union (EU) Countries	1,893,731	1,847,676	12,691,913	7,041,359	1,605,165	1,049,816	1,858,189	1,357,546	17,100,334	14,740,318
OECD Countries***	-	-	4,345	3,435	-	-	-	142	969,653	646,397
Off-Shore Banking Regions	67,343	56,554	89,887	68,563	177,143	192,629	1,012	400	48,059	25,684
USA, Canada	15,357	37	1,368,385	304,276	849,736	928,238	178,157	71,124	13,663,442	9,798,122
Other Countries	20,515	12,279	157,085	126,962	387,229	326,485	151,282	119,827	449,064	307,536
Total	83,813,302	64,827,310	21,528,806	14,870,213	34,592,034	38,817,943	3,969,593	2,860,288	149,036,961	68,929,580

* 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

4.2.1 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	125,120,750	116,371,518	17,375,965	269,128	2,935,483
EU Countries	18,049,221	18,070,251	1,538,235	-	125,179
OECD Countries*	4,345	2,456,279	965,527	-	-
Off-Shore Banking Regions	340,084	1,019,718	43,396	-	9,913
USA, Canada	2,411,828	7,615,561	677,354	-	-
Other Countries	716,213	1,109,114	421,021	-	-
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	146,642,441	146,642,441	21,021,498	269,128	3,070,575
Prior Period					
Domestic	110,131,389	101,555,636	12,848,667	226,281	3,113,620
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	123,974,141	123,974,141	15,689,780	226,281	3,127,964

* 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

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4.2.2 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	524,386	1.06	80,320	0.24	359,558	0.98	92,618	0.34
Farming and Stockbreeding	518,398	1.05	78,031	0.23	343,383	0.93	84,313	0.31
Forestry	1,937	-	-	-	10,462	0.03	-	-
Fishery	4,051	0.01	2,289	0.01	5,713	0.02	8,305	0.03
Manufacturing	6,718,061	13.62	13,326,927	38.98	4,775,566	12.93	11,088,425	40.28
Mining	299,009	0.61	440,177	1.29	166,102	0.45	430,757	1.56
Production	6,144,284	12.45	8,082,120	23.64	4,266,268	11.55	7,696,560	27.96
Electricity, Gas, Water	274,768	0.56	4,804,630	14.05	343,196	0.93	2,961,108	10.76
Construction	2,218,575	4.50	2,685,354	7.85	1,623,620	4.39	1,690,111	6.14
Services	9,904,817	20.09	13,120,022	38.36	6,874,227	18.60	10,399,177	37.77
Wholesale and Retail Trade	6,541,479	13.26	3,710,137	10.85	4,527,518	12.25	3,378,415	12.27
Hotel, Food and Beverage Services	477,564	0.97	1,960,655	5.73	367,507	0.99	1,005,341	3.65
Transportation and Telecommunication	966,361	1.96	4,831,369	14.13	679,884	1.84	3,622,085	13.16
Financial Institutions	1,276,421	2.59	1,525,248	4.46	693,394	1.88	1,555,575	5.65
Real Estate and Renting Services	71,693	0.15	556,651	1.63	56,919	0.15	399,221	1.45
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	124,435	0.25	73,413	0.21	117,139	0.32	73,912	0.27
Health and Social Services	446,864	0.91	462,549	1.35	431,866	1.17	364,628	1.32
Other	29,972,270	60.73	4,982,198	14.57	23,312,628	63.10	4,259,820	15.47
Total	49,338,109	100.00	34,194,821	100.00	36,945,599	100.00	27,530,151	100.00

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4.2.3 Credit risk by business segments

Current Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	53,884,145	17,978,914	9,653,599	14,390,518	95,907,176
Non-Cash Loans	29,621,951	1,793,915	13,540,139	7,968,772	52,924,777
Loans under Follow-Up					
Cash Loans	1,512,587	275,325	228,360	-	2,016,272
Non-Cash Loans	126,784	-	-	-	126,784
Non-Performing Loans					
Cash Loans	668,434	284,194	579,459	-	1,532,087
Non-Cash Loans	113,577	-	-	-	113,577
Total					
Cash Loans	56,065,166	18,538,433	10,461,418	14,390,518	99,455,535
Non-Cash Loans	29,862,312	1,793,915	13,540,139	7,968,772	53,165,138
Provision Types					
Specific Provision					
Cash Loans	454,108	244,532	553,075	-	1,251,715
Non-Cash Loans	52,298	-	-	-	52,298
General Provision					
Cash Loans	452,745	276,662	77,470	131,769	938,646
Non-Cash Loans	49,408	1,815	20,976	3,104	75,303

Prior Period					
Loan Groups	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Performing Loans					
Cash Loans	41,187,051	13,633,282	7,798,641	7,682,197	70,301,171
Non-Cash Loans	21,268,511	1,168,112	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					
Cash Loans	43,476,044	14,243,583	8,695,232	7,682,197	74,097,056
Non-Cash Loans	21,446,498	1,168,112	12,467,191	6,198,988	41,280,789
Provision Types					
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	32,003	563	18,830	2,463	53,859

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.

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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

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	239,551	190,920
(II) Capital Obligation against Specific Risks - Standard Method	40,367	52,631
(III) Capital Obligation against Currency Risk - Standard Method	64,477	29,230
(IV) Capital Obligation against Stocks Risks - Standard Method	870	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	37,908	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))	383,173	284,263
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	4,789,663	3,553,288

4.3.2 Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2,852,355	3,790,336	2,058,261	2,255,906	2,796,062	1,883,974
Common Share Risk	147,751	408,950	48,300	256,823	277,713	237,975
Currency Risk	741,719	1,550,388	161,450	361,340	742,363	62,613
Stock Risk	15,926	58,700	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	469,797	631,775	246,763	251,618	360,925	141,363
Total Value at Risk	4,227,549	6,440,149	2,514,774	3,125,687	4,177,063	2,325,925

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.

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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 2010	31 December 2009	31 December 2008
(I) Net Interest Income	4,754,740	5,079,982	3,177,960
(II) Net Fees and Commissions Income	1,815,536	1,642,508	1,441,128
(III) Dividend Income	5,290	78,937	102,470
(IV) Net Trading Income/(Losses)	363,925	880,698	251,295
(V) Other Operating Income	637,989	279,252	297,971
(VI) Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	201,545	362,823	48,991
(VII) Extraordinary Income	599,197	210,599	233,591
(VIII) Insurance Claim Collections	-	-	-
(IX) Gross Income (I+II+III+IV+V+VI+VII+VIII)	6,776,738	7,387,955	4,988,242
(X) Capital Obligation (IX * 15%)	1,016,511	1,108,193	748,236
(XI) Average Capital Obligation against Operational Risk			957,647
(XII) Value at Operational Risk (XI * 12.5)			11,970,584

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 2011, the Bank's net 'on balance sheet' foreign currency long position amounts to TL 2,321,493 thousands (31 December 2010: TL 2,845,283 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 2,173,154 thousands (31 December 2010: TL 3,071,066 thousands), while net foreign currency long position amounts to TL 148,339 thousands (31 December 2010: a net foreign currency short position of TL 225,783 thousands).

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	1.8650	2.4216	2.4229	2.8992
Rates for the days before balance sheet date:				
Day 1	1.8650	2.4218	2.4182	2.8964
Day 2	1.8900	2.4423	2.4326	2.9103
Day 3	1.8950	2.4539	2.4328	2.9318
Day 4	1.8750	2.4506	2.4096	2.9368
Day 5	1.8700	2.4442	2.4002	2.9226
Last 30-days arithmetical average rates	1.8490	2.4340	2.3766	2.8836

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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	5,176,957	170,833	1,217	1,322,653	6,671,660
Banks	4,382,464	6,657,310	1,565	1,200,120	12,241,459
Financial Assets at Fair Value through Profit/Loss	824,738	135,499	-	-	960,237
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	277,054	1,265,589	-	-	1,542,643
Loans (*)	11,898,254	24,458,853	27,223	580,082	36,964,412
Investments in Associates, Subsidiaries and Joint- Ventures	1,608,727	151,069	-	-	1,759,796
Investments Held-to-Maturity	-	1,610,487	-	-	1,610,487
Derivative Financial Assets Held for Risk Management	-	129,335	-	-	129,335
Tangible Assets	23	54	-	-	77
Intangible Assets	-	-	-	-	-
Other Assets	24,628	42,981	18,818	1,135	87,562
Total Assets	24,192,845	34,622,010	48,823	3,103,990	61,967,668
Liabilities					
Bank Deposits	403,798	866,840	769	38,411	1,309,818
Foreign Currency Deposits	11,569,020	20,685,924	36,782	593,596	32,885,322
Interbank Money Market Takings	-	2,616,371	-	2	2,616,373
Other Fundings	6,220,854	10,999,530	-	172	17,220,556
Securities Issued	-	1,621,496	-	-	1,621,496
Miscellaneous Payables	36,480	36,604	71	2,285	75,440
Derivative Financial Liabilities Held for Risk Management	-	782	-	-	782
Other Liabilities (**)	912,942	404,041	19,156	2,580,249	3,916,388
Total Liabilities	19,143,094	37,231,588	56,778	3,214,715	59,646,175
Net 'On Balance Sheet' Position	5,049,751	(2,609,578)	(7,955)	(110,725)	2,321,493
Net 'Off-Balance Sheet' Position	(4,751,323)	2,455,470	8,024	114,675	(2,173,154)
Derivative Assets	4,387,201	12,481,980	136,286	548,026	17,553,493
Derivative Liabilities	9,138,524	10,026,510	128,262	433,351	19,726,647
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	15,130,596	29,307,203	29,890	743,710	45,211,399
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	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,769,591 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 2,570,178 thousands.

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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 2011 is provided in the table below:

Sensitivity analysis

Stress applied	Change in portfolio value	
	Current Period	Prior Period
For TL Interest Rates		
(+) 1%	(130,364)	(124,366)
(-) 1%	134,483	127,735
For Foreign Currency Interest Rates		
(+) 1%	(307,477)	(230,871)
(-) 1%	339,773	255,018

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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	-	-	-	-	-	8,261,151	8,261,151
Banks	8,118,111	1,570,388	1,624,898	433,464	-	2,597,090	14,343,951
Financial Assets at Fair Value through Profit/Loss	110,564	14,692	37,919	246,154	563,254	684,259	1,656,842
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	12,232,186	3,919,261	1,991,085	7,850,138	497,478	2,309,496	28,799,644
Loans	15,672,488	10,303,220	14,973,826	25,641,936	15,726,070	1,495,762	83,813,302
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	13,475	1,000	2,498	7,473	9,118	4,947,457	4,981,021
Total Assets	37,057,688	17,266,575	19,204,367	34,336,198	18,217,600	20,560,013	146,642,441
Liabilities							
Bank Deposits	977,358	263,239	22,908	-	-	719,836	1,983,341
Other Deposits	49,653,429	10,982,656	4,587,989	75,760	137,108	17,122,492	82,559,434
Interbank Money Market Takings	8,893,238	847,839	-	1,189,870	-	24,044	10,954,991
Miscellaneous Payables	-	-	-	-	-	3,557,331	3,557,331
Securities Issued	1,270,659	-	1,371,442	-	924,305	137,691	3,704,097
Other Fundings	9,027,908	1,679,770	3,635,879	3,126,011	3,839,414	296,077	21,605,059
Other Liabilities	713,448	1	1	2	-	21,564,736	22,278,188
Total Liabilities	70,536,040	13,773,505	9,618,219	4,391,643	4,900,827	43,422,207	146,642,441
On Balance Sheet Long Position	-	3,493,070	9,586,148	29,944,555	13,316,773	-	56,340,546
On Balance Sheet Short Position	(33,478,352)	-	-	-	-	(22,862,194)	(56,340,546)
Off-Balance Sheet Long Position	1,585,694	1,773,331	1,815,686	2,332,115	2,511,160	-	10,017,986
Off-Balance Sheet Short Position	(1,053,837)	(812,713)	(2,300,011)	(3,460,229)	(1,502,335)	-	(9,129,125)
Total Position	(32,946,495)	4,453,688	9,101,823	28,816,441	14,325,598	(22,862,194)	888,861

(*) Interest accruals are also included in non-interest bearing column. **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 (*)	1.16	0.37	-	9.16
Financial Assets at Fair Value through Profit/Loss	4.25	6.79	-	8.73
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.76	5.68	-	8.47
Loans	5.79	5.40	6.06	15.47
Investments Held-to-Maturity	-	7.22	-	13.88
Liabilities				
Bank Deposits	2.03	3.13	-	10.14
Other Deposits	2.78	3.05	0.50	8.41
Interbank Money Market Takings	-	2.15	-	10.58
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.64	-	7.76
Other Fundings	2.47	2.38	-	11.26

(*) The interest rate for USD placements at banks is 0.57% excluding the placements with range accrual agreements.

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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	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	4,077,236	4,105,558
Total Assets	34,281,286	16,813,673	21,455,109	24,247,875	11,539,223	15,636,975	123,974,141
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	-	19,593,798	19,600,968
Total Liabilities	65,134,305	10,368,787	5,564,658	3,946,227	3,334,537	35,625,627	123,974,141
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)

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

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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	-	-	-	-
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

(*) 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 for the years 2011 and 2010 are as follows :

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	135.89	148.57	94.32	109.14
Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.11	29.40

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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	1,983,341	1,977,366	713,846	977,388	263,224	22,908	-	-
Other Deposits	82,559,434	82,174,164	16,737,222	49,646,269	10,971,190	4,522,014	133,457	164,012
Other Fundings	21,605,059	21,308,982	-	433,622	934,378	7,549,791	7,791,551	4,599,640
Interbank Money Market Takings	10,954,991	10,930,947	-	8,893,238	847,839	-	1,189,870	-
Securities Issued	3,704,097	3,566,406	-	711,159	-	1,371,442	559,500	924,305
Total	120,806,922	119,957,865	17,451,068	60,661,676	13,016,631	13,466,155	9,674,378	5,687,957

	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	2,408,310	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

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	2,048,564	6,212,587	-	-	-	-	-	8,261,151
Banks	2,560,419	5,757,775	300,307	291,036	2,469,934	2,964,480	-	14,343,951
Financial Assets at Fair Value through Profit/Loss	2,858	112,204	241,410	181,592	395,274	723,504	-	1,656,842
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	25,571	169,426	587,030	137,750	24,896,940	2,982,927	-	28,799,644
Loans	123,796	13,067,358	8,027,275	12,562,565	30,021,993	19,729,943	280,372	83,813,302
Investments Held-to-Maturity	-	-	1,608,171	650,887	1,075,309	1,452,163	-	4,786,530
Other Assets	680,017	293,694	1,000	2,498	7,473	138,453	3,857,886	4,981,021
Total Assets	5,441,225	25,613,044	10,765,193	13,826,328	58,866,923	27,991,470	4,138,258	146,642,441
Liabilities								
Bank Deposits	713,846	979,727	266,766	23,002	-	-	-	1,983,341
Other Deposits	16,737,222	49,882,363	11,047,540	4,592,123	135,881	164,305	-	82,559,434
Other Fundings	-	563,869	1,062,123	7,587,496	7,791,931	4,599,640	-	21,605,059
Interbank Money Market Takings	-	8,909,625	850,699	-	1,194,667	-	-	10,954,991
Securities Issued	-	711,159	-	1,371,442	562,616	1,058,880	-	3,704,097
Miscellaneous Payables	206,398	3,350,933	-	-	-	-	-	3,557,331
Other Liabilities (**)	546,963	994,322	182,301	200,363	313,985	139,077	19,901,177	22,278,188
Total Liabilities	18,204,429	65,391,998	13,409,429	13,774,426	9,999,080	5,961,902	19,901,177	146,642,441
Liquidity Gap	(12,763,204)	(39,778,954)	(2,644,236)	51,902	48,867,843	22,029,568	(15,762,919)	-
Prior Period								
Total Assets	6,799,134	15,821,320	8,841,518	16,575,442	48,036,369	24,225,245	3,675,113	123,974,141
Total Liabilities	13,232,311	61,914,607	10,183,589	8,562,380	7,078,090	4,666,529	18,336,635	123,974,141
Liquidity Gap	(6,433,177)	(46,093,287)	(1,342,071)	8,013,062	40,958,279	19,558,716	(14,661,522)	-

(*) 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.

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4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	138,928,282	117,927,665	138,320,076	118,220,176
Interbank Money Market Placements	-	-	-	-
Banks (*)	21,528,806	14,870,214	21,528,806	14,870,214
Financial Assets Available-for-Sale	28,799,644	32,336,210	28,799,644	32,336,210
Investments Held-to-Maturity	4,786,530	5,893,931	5,019,805	6,433,894
Loans	83,813,302	64,827,310	82,971,821	64,579,858
Financial Liabilities	113,409,262	93,119,030	113,409,262	93,119,030
Bank Deposits	1,983,341	2,408,310	1,983,341	2,408,310
Other Deposits	82,559,434	70,250,109	82,559,434	70,250,109
Other Fundings	21,605,059	17,518,038	21,605,059	17,518,038
Securities Issued	3,704,097	-	3,704,097	-
Miscellaneous Payables	3,557,331	2,942,573	3,557,331	2,942,573

(*) 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:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	23,023,180	-	5,776,464	28,799,644
Financial Assets Held for Trading	967,980	203	37,677	1,005,860
Derivative Financial Assets Held for Trading	4,950	646,032	-	650,982
Investments in Associates and Subsidiaries	68,749	-	1,759,796	1,828,545
Derivative Financial Assets Held for Risk Management	-	129,335	-	129,335
Financial Assets at Fair Value	24,064,859	775,570	7,537,937	32,414,366
Derivative Financial Liabilities Held for Trading	95	774,222	-	774,317
Derivative Financial Liabilities Held for Risk Management	-	782	-	782
Financial Liabilities at Fair Value	95	775,004	-	775,099

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Prior Period	Level 1	Level 2	Level 3	Total
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
Derivative Financial Assets Held for Risk Management	-	-	-	-
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.

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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	617,193	375,096	499,780	379,540
Central Bank of Turkey	972,268	6,212,587	2,662,934	3,886,095
Others	30	83,977	-	81,683
Total	1,589,491	6,671,660	3,162,714	4,347,318

Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	972,268	-	2,662,934	1,055,761
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	6,212,587	-	2,830,334
Total	972,268	6,212,587	2,662,934	3,886,095

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

5.1.2 Information on financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	646,886	-	-
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	646,886	-	-

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68,193	20,179	28,078	29,206
Swap Transactions	13,865	379,817	95,154	135,139
Futures	-	4,950	-	1,491
Options	108,370	55,608	68,597	34,448
Other	-	-	-	-
Total	190,428	460,554	191,829	200,284

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5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	32,179	157	78,219	698,371
Foreign banks	2,070,313	12,241,302	2,422,008	5,122,587
Foreign headoffices and branches	-	-	-	-
Total	2,102,492	12,241,459	2,500,227	5,820,958

Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	5,261,563	1,501,748	7,430,350	5,539,611
USA and Canada	936,974	56,983	431,411	247,293
OECD Countries (*)	4,345	3,435	-	-
Off-Shore Banking Regions	63,515	47,602	26,372	20,961
Other	157,085	126,962	-	-
Total	6,423,482	1,736,730	7,888,133	5,807,865

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

The placements at foreign banks include blocked accounts amounting TL 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits, and TL 7,460,855 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 6,699,932 thousands (31 December 2010: TL 2,609,350 thousands) is TL 6,901,185 thousands (31 December 2010: TL 2,571,988 thousands). The related accrued interests amount to TL 763,474 thousands (31 December 2010: TL 140,204 thousands). The related impairment losses on these securities amount to TL 41,718 thousands (31 December 2010: nil). 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 9,925,000 and EUR 32,500,000 (31 December 2010: USD 8,860,000) is USD 10,119,913 and EUR 26,364,891 (31 December 2010: USD 9,277,029). The related accrued interests amount to USD 1,300,911 and EUR 29,997 (31 December 2010: USD 1,117,252). The impairment losses on these securities amount to EUR 12,333 (31 December 2010: nil).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	7,622,941	85,188	2,712,192	15,799
Assets subject to Repurchase Agreements	11,142,092	353,925	9,760,434	574,242
Total	18,765,033	439,113	12,472,626	590,041

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5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	26,731,268	28,861,356
Quoted at Stock Exchange	24,915,253	26,681,034
Unquoted at Stock Exchange	1,816,015	2,180,322
Common Shares/Investment Funds	19,666	35,154
Quoted at Stock Exchange (*)	5,081	21,866
Unquoted at Stock Exchange	14,585	13,288
Value Increases/Impairment Losses (-)	2,048,710	3,439,700
Total	28,799,644	32,336,210

As of 31 December 2011, the Bank's "financial assets available-for-sale" portfolio includes private sector bonds with "credit linked notes" at a total face value of USD 425,000,000 (31 December 2010: USD 725,000,000) and a total carrying value of TL 804,237 thousands (31 December 2010: TL 1,115,681 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	26	34,925	14	4,831
Corporates	26	34,925	14	4,831
Individuals	-	-	-	-
Indirect Lendings to Shareholders	245,679	478,356	232,831	358,273
Loans to Employees	86,115	-	78,769	-
Total	331,820	513,281	311,614	363,104

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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
Current Period				
Loans	80,928,213	588,445	838,780	1,177,492
Discounted Bills	520,754	641	1,490	16
Export Loans	3,526,691	15,283	6,311	87,254
Import Loans	730	-	-	-
Loans to Financial Sector	1,984,144	10,500	1,378	-
Foreign Loans	1,929,013	61,725	1,963	4,264
Consumer Loans	17,673,263	305,651	155,328	119,997
Credit Cards	9,653,599	-	81,726	146,634
Precious Metal Loans	245,969	4,647	5,452	1,275
Other	45,394,050	189,998	585,132	818,052
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	80,928,213	588,445	838,780	1,177,492

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
Prior Period				
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

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Collaterals received for loans under follow-up:

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,125	805	-	21,930
Loans Collateralized by Mortgages	430,374	102,467	-	532,841
Loans Collateralized by Pledged Assets	488,931	16,038	-	504,969
Loans Collateralized by Cheques and Notes	159,881	108,712	-	268,593
Loans Collateralized by Other Collaterals	370,689	3,305	-	373,994
Unsecured Loans	41,587	43,998	228,360	313,945
Total	1,512,587	275,325	228,360	2,016,272

Prior Period	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:

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	33,508	102,844	64,559	200,911
61-90 days	120,717	23,282	17,167	161,166
Others	1,358,362	149,199	146,634	1,654,195
Total	1,512,587	275,325	228,360	2,016,272

Prior Period	Corporate/ 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

Loans with extended maturities:

No. of Extensions	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
1	112,553	25,678	52,911	166,447	472,317	91,839	921,745
2	704	1,268	368	13,966	462	43	16,811
3	-	15,057	159	20	24	-	15,260
4	-	-	40	300	-	-	340
5	-	-	464	-	-	-	464
Total	113,257	42,003	53,942	180,733	472,803	91,882	954,620

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5.1.5.3 Maturity analysis of cash loans

Current Period	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	25,688,515	141,710	160,908	245,371
Loans	25,688,515	141,710	160,908	245,371
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	55,239,698	446,735	677,872	932,121
Loans	55,239,698	446,735	677,872	932,121
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-

Prior Period	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	-	-	-	-

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	385,331	16,971,897	17,357,228
Housing Loans	12,680	8,682,875	8,695,555
Automobile Loans	18,473	1,078,107	1,096,580
General Purpose Loans	28,796	635,716	664,512
Other	325,382	6,575,199	6,900,581
Consumer Loans – FC-indexed	-	408,695	408,695
Housing Loans	-	387,458	387,458
Automobile Loans	-	1,491	1,491
General Purpose Loans	-	10,380	10,380
Other	-	9,366	9,366
Consumer Loans – FC	15	34,701	34,716
Housing Loans	-	24,062	24,062
Automobile Loans	-	8,248	8,248
General Purpose Loans	15	745	760
Other	-	1,646	1,646
Retail Credit Cards – TL	9,270,682	121,785	9,392,467
With Installment	4,315,910	121,785	4,437,695
Without Installment	4,954,772	-	4,954,772
Retail Credit Cards – FC	21,042	-	21,042
With Installment	4,016	-	4,016
Without Installment	17,026	-	17,026
Personnel Loans – TL	20,775	20,964	41,739
Housing Loan	-	1,081	1,081
Automobile Loans	-	66	66
General Purpose Loans	972	985	1,957
Other	19,803	18,832	38,635
Personnel Loans - FC-indexed	-	94	94
Housing Loans	-	94	94
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	39	41	80
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	39	41	80
Other	-	-	-
Personnel Credit Cards – TL	36,359	414	36,773
With Installment	27,391	414	27,805
Without Installment	8,968	-	8,968
Personnel Credit Cards – FC	223	-	223
With Installment	27	-	27
Without Installment	196	-	196
Deposit Accounts– TL (real persons)	411,687	-	411,687
Deposit Accounts– FC (real persons)	-	-	-
Total	10,146,153	17,558,591	27,704,744

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Prior Period	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

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5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	798,777	7,194,941	7,993,718
Real Estate Loans	1,121	528,143	529,264
Automobile Loans	56,032	1,417,261	1,473,293
General Purpose Loans	741,624	5,247,089	5,988,713
Other	-	2,448	2,448
Installment-based Commercial Loans - FC-indexed	88,845	696,249	785,094
Real Estate Loans	136	49,918	50,054
Automobile Loans	5,191	219,563	224,754
General Purpose Loans	83,518	426,768	510,286
Other	-	-	-
Installment-based Commercial Loans – FC	463	94,244	94,707
Real Estate Loans	-	1,178	1,178
Automobile Loans	151	4,724	4,875
General Purpose Loans	312	5,200	5,512
Other	-	83,142	83,142
Corporate Credit Cards – TL	426,613	724	427,337
With Installment	196,638	724	197,362
Without Installment	229,975	-	229,975
Corporate Credit Cards – FC	4,117	-	4,117
With Installment	-	-	-
Without Installment	4,117	-	4,117
Deposit Accounts– TL (corporates)	525,078	-	525,078
Deposit Accounts– FC (corporates)	-	-	-
Total	1,843,893	7,986,158	9,830,051

Prior Period	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

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5.1.5.6 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	1,469,006	1,206,924
Private Sector	82,063,924	63,268,826
Total	83,532,930	64,475,750

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	81,535,965	62,559,204
Foreign Loans	1,996,965	1,916,546
Total	83,532,930	64,475,750

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	1,219,109	1,192,499
Indirect Lending	-	-
Total	1,219,109	1,192,499

5.1.5.9 Specific provisions for loans

	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	28,890	21,413
Doubtful Loans and Receivables	156,321	102,679
Uncollectible Loans and Receivables	1,066,504	1,463,457
Total	1,251,715	1,587,549

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	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
(Gross Amounts before Specific Provisions)	12,368	20,353	90,382
Restructured Loans and Receivables	12,368	20,353	90,382
Rescheduled Loans and Receivables	-	-	-
Prior 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	-	-	-

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Movements in non-performing loans and other receivables:

Current Period	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Balances at Beginning of Period	69,719	138,127	1,731,263
Additions during the Period (+)	303,743	81,937	91,767
Transfer from Other NPL Categories (+)	-	248,894	215,546
Transfer to Other NPL Categories (-)	249,400	219,156	213,210
Collections during the Period (-)	45,886	58,514	362,328
Write-offs (-) (*)	-	-	200,415
Corporate and Commercial Loans	-	-	25,841
Retail Loans	-	-	105,598
Credit Cards	-	-	68,976
Others	-	-	-
Balances at End of Period	78,176	191,288	1,262,623
Specific Provisions (-)	28,890	156,321	1,066,504
Net Balance on Balance Sheet	49,286	34,967	196,119

(*) TL 200,310 thousands of this amount is due to sale of non-performing loans.

Prior Period	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	1,195,386
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

Movements in specific loan provisions:

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	576,401	377,447	633,701	1,587,549
Additions during the Period(+)	162,831	73,785	112,034	348,650
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	98,128	100,986	123,684	322,798
Write-offs (-)	25,759	105,535	68,976	200,270
Balances at End of Period	454,108	244,532	553,075	1,251,715

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Prior Period	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	3,038	26,843	195,255
Specific Provisions (-)	211	18,555	152,194
Net Balance at Balance Sheet	2,827	8,288	43,061
Prior 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

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)	49,286	34,967	196,119
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,255,583
Specific Provision (-)	28,890	156,321	1,059,464
Loans to Individuals and Corporates (Net)	49,286	34,967	196,119
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-
Prior 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)	-	-	-

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Collaterals received for non-performing loans:

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	353	149	-	502
Loans Collateralized by Mortgages	241,111	47,657	-	288,768
Loans Collateralized by Pledged Assets	84,078	33,968	-	118,046
Loans Collateralized by Cheques and Notes	153,856	125,391	-	279,247
Loans Collateralized by Other Collaterals	159,124	8,795	-	167,919
Unsecured Loans	29,912	68,234	579,459	677,605
Total	668,434	284,194	579,459	1,532,087

Prior Period	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 off 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	2,470,203	487,156	2,904,701	406,444
Investments subject to Repurchase Agreements	156,819	-	908,463	409,643
Total	2,627,022	487,156	3,813,164	816,087

5.1.6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	3,170,068	4,576,594
Treasury Bills	-	-
Other Government Securities	1,610,487	1,313,190
Total	4,780,555	5,889,784

5.1.6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	4,521,731	5,583,946
Quoted at Stock Exchange	4,515,950	5,579,803
Unquoted at Stock Exchange	5,781	4,143
Valuation Increase / (Decrease)	264,799	309,985
Total	4,786,530	5,893,931

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5.1.6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,893,931	7,346,161
Foreign Currency Differences On Monetary Assets	292,041	25,395
Purchases during the Period	5,781	4,143
Disposals through Sales/Redemptions	(1,360,037)	(1,538,464)
Valuation Effect	(45,186)	56,696
Balances at End of Period	4,786,530	5,893,931

5.1.7 Investments in associates

5.1.7.1 Investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Türkiye	10.15	10.15
2 Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Türkiye	0.77	0.77
3 İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Türkiye	5.83	5.83
4 Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾	İstanbul/Türkiye	6.00	6.00
5 KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Türkiye	9.09	9.09
6 Gelişen Bilgi Teknolojileri AŞ ⁽²⁾	İstanbul/Türkiye	5.00	5.00
7 Türkiye Cumhuriyet Merkez Bankası AŞ ⁽³⁾	Ankara / Türkiye	2.48	2.48
8 Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara / Türkiye	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	22,629	19,044	6,401	686	-	3,179	1,105	-
2	642,295	64,918	1,405	17,658	829	5,975	3,205	-
3	2,168,769	297,083	10,613	27,363	2,890	24,411	92,469	-
4	61,072	53,664	4,716	3,009	48	4,277	36,207	-
5	38,784	27,914	2,552	2,033	4	12,265	-	-
6	427	425	-	12	-	(5)	345	-
7	154,509	12,108	245	32	4,137	3,099	12,060	-
8	207,899	201,048	2,904	3,979	-	7,672	7,632	-

(1) Financial information is as of 30 September 2011.

(2) The company is under liquidation, the financial information is as of 30 June 2011.

(3) Financial information is as of 31 December 2010.

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

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5.1.7.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	29,512	29,705
Movements during the Period	(9,678)	(193)
Acquisitions and Capital Increases	1,000	-
Bonus Shares Received ^(*)	634	54
Dividends from Current Year Profit	-	-
Sales ^(**)	(11,312)	(247)
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	19,834	29,512
Capital Commitments	1,000	2,000
Share Percentage at the End of Period (%)	-	-

The Bank has paid TL 2,000 thousands of its capital commitment of TL 4,000 thousands on 15 October 2009 and TL 1,000 thousands on 29 July 2011 arising from the capital increase of Kredi Garanti Fonu AŞ dated 11 September 2009.

(*) The paid-in capital of Yatırım Finansman Menkul Değerler AŞ was increased from TL 45,500 thousands to TL 53,500 thousands during its ordinary general assembly meeting held on 23 March 2011.

The paid-in capital of Bankalararası Kart Merkezi AŞ was increased from TL 6,000 thousands to TL 14,000 thousands during its ordinary general assembly meeting held on 30 March 2011.

(**) As per the Shareholders' Agreement dated 21 June 2007 between the Bank and Eureko BV, the Bank sold its 20% shares of Eureko Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureko BV for EUR 69,999,999.

5.1.7.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	11,312
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	18,120	16,486
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	19,834	29,512
Valued at Fair Value	-	-

5.1.7.6 Investments in associates sold during the current period

As per the Shareholders' Agreement dated 21 June 2007 between the Bank and Eureko BV, the Bank sold its 20% shares of Eureko Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureko BV for EUR 69,999,999.

5.1.7.7 Investments in associates acquired during the current period

None.

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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. TAŞ	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	99.96	99.96
7	Garanti Faktoring Hizmetleri AŞ ⁽¹⁾	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/Holland	100.00	100.00
12	Garanti Bank Moscow	Moscow/Russia	99.94	100.00
13	Garanti 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	38,394	23,787	658	-	910	7,414	(90,924)	-
2	24,287	14,112	1,670	-	1,030	2,430	11,103	-
3	897	315	18	-	31	(555)	457	-
4	880	393	74	-	6	189	(141)	-
5	1,553	1,411	-	-	19	266	375	-
6	2,705,394	499,857	17,613	169,521	-	80,784	320,659	-
7	992,741	58,374	2,587	66,483	178	8,350	25,282	84,000
8	38,261	31,891	5,807	892	1,076	2,214	13,331	-
9	17,669	15,036	2,411	587	275	620	1,239	-
10	3,023,012	442,129	14,645	39,024	5,445	112,997	251,700	-
11	10,076,702	878,244	53,805	322,723	77,242	128,056	346,838	872,306
12	720,185	146,882	43,433	22,583	15,931	12,012	72,196	151,069
13	737,455	737,452	-	41	-	(10)	(118,323)	736,420

(1) Financial information is as of 30 September 2011, however the fair value information is as of 31 December 2011.

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

(**) D Netherlands Holding BV's name changed to Garanti Holding BV as of 27 January 2011.

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5.1.8.2 Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,655,134	1,003,260
Movements during the Period	513,442	651,874
Acquisitions and Capital Increases (*)	83,420	553,497
Bonus Shares Received (**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Reclassification of Shares	8,653	-
Increase/(Decrease) in Market Values	163,773	80,512
Currency Differences on Foreign Subsidiaries	171,328	17,748
Impairment Reversals/(Losses)	86,268	3,391
Balance at End of Period	2,168,576	1,655,134
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

In the prior 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 RUB 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 Garanti 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 Garanti Holding BV was increased by EUR 118.4 millions. Garanti Holding BV is the shareholder of G Netherlands BV (formerly Doğu GE BV) directly, and Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Ralfi IFN SA and Domenia Credit IFN SA, all resident in Romania, indirectly through G Netherlands BV. The paid-in capital of Garanti 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.

In the current period;

(*) The paid-in capital of Garanti Holding BV was increased from EUR 329,088,600 to EUR 349,088,600 on 29 December 2011 as per the decision made at the board of directors' meeting held on 1 December 2011.

The Bank purchased 5.86% of the paid-in capital of Garanti Finansal Kiralama AŞ at a total face value of TL 4,278 thousands from Garanti Faktoring Hizmetleri AŞ for a consideration of TL 34,574 thousands on 5 December 2011.

5.1.8.3 Sectoral distribution of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	1,023,375	783,622
Insurance Companies	56,545	56,545
Factoring Companies	68,749	73,533
Leasing Companies	110,743	76,169
Finance Companies	805,079	647,449
Other Subsidiaries	104,085	17,816

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5.1.8.4 Quoted subsidiaries

Subsidiaries	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	68,749	73,533
Quoted at International Stock Exchanges	-	-

5.1.8.5 Valuation methods of investments in subsidiaries

Subsidiaries	Current Period	Prior Period
Valued at Cost	340,031	219,189
Valued at Fair Value	1,828,545	1,435,945

(* Includes subsidiaries for which value decreases are provided against considering their equities.

5.1.8.6 Investments in subsidiaries disposed during the current period

None.

5.1.8.7 Investments in subsidiaries acquired during the current period

None.

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

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	129,335	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	129,335	-	-

The Bank hedged its fixed-rate eurobonds issued on 20 April 2011 with a maturity of 10 years for the amount of USD 500 millions under various fair value hedges.

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5.1.12 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
At End of Prior Period:					
Cost	1,035,610	396,096	30,805	943,910	2,406,421
Accumulated Depreciation (-)	(254,749)	(339,126)	(26,665)	(584,568)	(1,205,108)
Net Book Value at End of Prior Period	780,861	56,970	4,140	359,342	1,201,313
At End of Current Period:					
Additions	50,120	301	533	176,085	227,039
Disposals (Costs)	(2,075)	(17,040)	(10,005)	(73,122)	(102,242)
Disposals (Accumulated Depreciation)	48	16,804	9,770	41,226	67,848
Impairment/Reversal of Impairment Losses	10,832	-	-	-	10,832
Depreciation Expense for Current Period (-)	(23,771)	(22,560)	(1,886)	(112,962)	(161,179)
Currency Translation Differences on Foreign Operations	-	-	-	-	-
Cost at End of Current Period	1,094,487	379,357	21,333	1,046,873	2,542,050
Accumulated Depreciation at End of Current Period	(278,472)	(344,882)	(18,781)	(656,304)	(1,298,439)
Net Book Value at End of Current Period	816,015	34,475	2,552	390,569	1,243,611

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 10,832 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 2011.

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	123,385	67,835	87,045	56,518

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5.1.13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at End of Prior Period	30,527	20,626
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	42,089	16,819
Disposals (-)	(5,697)	-
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(11,369)	(6,918)
Currency Translation Differences on Foreign Operations	-	-
Other Movements	-	-
Net Book Value at End of Current Period	55,550	30,527

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.

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.

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5.1.15 Deferred tax asset

As of 31 December 2011, the Bank has a deferred tax asset of TL 6,359 thousands (31 December 2010: TL 117,224 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 2011. However, there is a deferred tax asset of TL 134,774 thousands (31 December 2010: TL 188,672 thousands) and deferred tax liability of TL 128,415 thousands (31 December 2010: TL 71,448 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.

5.1.16 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	99,700	82,293
Accumulated Depreciation (-)	(1,644)	(1,143)
Net Book Value	98,056	81,150
End of Current Period		
Additions	96,975	74,964
Disposals (Cost)	(70,562)	(54,819)
Disposals (Accumulated Depreciation)	659	483
Impairment Losses (-)	(1,910)	(2,737)
Depreciation Expense for Current Period (-)	(1,459)	(985)
Currency Translation Differences on Foreign Operations	-	-
Cost	124,203	99,700
Accumulated Depreciation (-)	(2,444)	(1,644)
Net Book Value	121,759	98,056

As of the balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,273 thousands (31 December 2010: TL 6,293 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	3,167	4,249
Sale of Real Estates	13,945	3,170
Sale of Other Assets	2,978	2,920
Total	20,090	10,339

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	Prior Period
Prepaid Expenses	235,131	190,263
Prepaid Taxes	-	-

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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	-
Financial Assets at Fair Value through Profit or Loss	4,614	25,805	10,107	411
Banks	19,053	18,519	17,931	13,857
Interbank Money Markets	-	-	-	-
Financial Assets Available-for-Sale	2,232,901	51,024	3,221,171	132,806
Loans	812,775	402,615	502,055	278,375
Investments Held-to-Maturity	233,024	31,774	284,512	26,518
Other Accruals	10,870	-	16,088	-
Total	3,313,237	529,737	4,056,091	451,967

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days tice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating posit Accounts	Total
Saving Deposits	2,925,484	-	3,877,057	22,053,893	958,056	269,486	272,297	1,531	30,357,804
Foreign Currency Deposits	7,140,570	-	4,496,212	14,863,506	1,492,586	2,795,740	2,008,823	87,885	32,885,322
Residents in Turkey	6,828,537	-	4,324,542	13,817,207	1,249,803	488,656	1,314,294	86,177	28,109,216
Residents in Abroad	312,033	-	171,670	1,046,299	242,783	2,307,084	694,529	1,708	4,776,106
Public Sector Deposits	313,115	-	872	36,525	1,336	6	-	-	351,854
Commercial Deposits	3,731,380	-	2,543,810	5,903,471	3,051,481	538,083	257,370	-	16,025,595
Other	64,105	-	18,936	274,705	10,055	549	331	-	368,681
Precious Metal Deposits	2,562,568	-	3,247	-	-	3,414	949	-	2,570,178
Bank Deposits	713,846	-	423,390	605,619	49,794	185,942	4,750	-	1,983,341
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	6,042	-	27,548	103,181	-	5,391	-	-	142,162
Foreign Banks	162,374	-	395,842	496,326	49,794	180,551	4,750	-	1,289,637
Special Financial Institutions	545,430	-	-	6,112	-	-	-	-	551,542
Other	-	-	-	-	-	-	-	-	-
Total	17,451,068	-	11,363,524	43,737,719	5,563,308	3,793,220	2,544,520	89,416	84,542,775

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	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

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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	11,517,475	11,528,555	18,581,731	15,125,137
Foreign Currency Saving Deposits	3,165,621	3,128,715	12,114,312	9,950,009
Other Saving Deposits	1,214,676	204,524	1,254,695	243,956
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	441,070	375,362
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	352,525	186,298
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	61,995	25,309	29,650	10,340
Swap transactions	373,961	197,906	167,674	171,750
Futures	-	95	-	1,846
Options	59,204	55,847	46,225	34,058
Other	-	-	-	-
Total	495,160	279,157	243,549	217,994

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	265,651	240,192	155,150	122,359
Foreign Banks, Institutions and Funds	4,118,852	15,898,962	4,958,723	11,397,080
Total	4,384,503	16,139,154	5,113,873	11,519,439

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5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	223,318	6,338,631	700,423	4,139,314
Medium and Long-Term	4,161,185	9,800,523	4,413,450	7,380,125
Total	4,384,503	16,139,154	5,113,873	11,519,439

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,500,000	-	-	1,200,000
Cost	2,365,935	-	-	1,193,145
Carrying Value ⁽¹⁾	2,082,601	-	-	1,621,496

⁽¹⁾ The Bank repurchased its own TL securities with total nominal value of TL 369,681 thousands and netted off such securities in the accompanying financial statement.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	8,338,230	-	10,180,670	-
Financial Institutions and Organizations	8,293,202	-	10,115,836	-
Other Institutions and Organizations	20,249	-	19,318	-
Individuals	24,779	-	45,516	-
Foreign Transactions	388	2,616,373	156,569	883,398
Financial Institutions and Organizations	-	2,616,373	155,900	883,398
Other Institutions and Organizations	-	-	284	-
Individuals	388	-	385	-
Total	8,338,618	2,616,373	10,337,239	883,398

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,331,594	36,887	2,803,479	9,947
Other	150,297	38,553	111,409	17,738
Total	3,481,891	75,440	2,914,888	27,685

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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	4	4	377	353
1-4 Years	1	1	4	4
More than 4 Years	-	-	-	-
Total	5	5	381	357

5.2.5.2 Operational lease agreements

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

5.2.6 Derivative financial liabilities held for risk management

Derivative Financial Liabilities held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	-	-	-
Cash flow hedges	-	782	-	2,347
Net foreign investment hedges	-	-	-	-
Total	-	782	-	2,347

5.2.7 Provisions

5.2.7.1 General provisions

General Provision for	Current Period	Prior Period
	1,013,949	622,265
Loans and Receivables in Group I	888,467	533,544
Loans and Receivables in Group II	50,179	34,862
Non-Cash Loans	75,303	53,859
Other	-	-

As per the amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to Be Set Aside dated 28 May 2011, an additional provision of TL 34,550 thousands has been made for the loans and other receivables classified under Group I and II.

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	2,345	4,027
Medium and Long-Term Loans	968	7,429
Total	3,313	11,456

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

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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	809	738
Doubtful Loans and Receivables	2,366	3,339
Uncollectible Loans and Receivables	49,123	53,210
Total	52,298	57,287

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	420,000	330,000

5.2.7.4.2 Other provisions

	Current Period	Prior Period
Reserve for Employee Benefits	266,805	285,708
Provision for Promotion Expenses of Credit Cards (*)	44,353	46,488
Provision for Lawsuits	15,906	5,357
Other Provisions	17,835	13,343
Total	344,899	350,896

(*) 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 11 January 2012 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 1,143,072 thousands (31 December 2010: TL 951,896) at 31 December 2011 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2011 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 11 January 2012 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 740,699 thousands (31 December 2010: TL 504,338) remains as of 31 December 2011 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 305,628 thousands (31 December 2010: TL 266,382) 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.

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	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(376,357)	(315,823)
Net present value of medical benefits and health premiums transferable to SSF	305,628	266,382
General administrative expenses	(20,039)	(19,046)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(90,768)	(68,487)
Fair Value of Plan Assets (2)	1,233,840	1,020,383
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,143,072	951,896
Non-Transferable Benefits:		
Other pension benefits	(264,514)	(242,307)
Other medical benefits	(137,859)	(205,251)
Total Non-Transferable Benefits (4)	(402,373)	(447,558)
Asset Surplus over Total Benefits ((3)-(4)=(5))	740,699	504,338
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(305,628)	(266,382)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	435,071	237,956

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 (*)	9.52	10.00
Inflation Rate (*)	5.06	5.10
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	60% above inflation
Future Pension Increase Rate (*)	5.06	5.10

(*) As of 31 December 2011, the above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years in service.

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

5.2.8 Tax liability

5.2.8.1 Current tax liability

5.2.8.1.1 Tax liability

As of 31 December 2011, the Bank had a current tax liability of TL 67,849 thousands (31 December 2010: TL 204,102 thousands) after offsetting with prepaid taxes.

5.2.8.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	67,849	204,102
Taxation on Securities Income	75,858	58,218
Taxation on Real Estates Income	1,907	1,536
Banking Insurance Transaction Tax	46,017	29,377
Foreign Exchange Transaction Tax	21	25
Value Added Tax Payable	2,700	2,642
Others	67,635	27,544
Total	261,987	323,444

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5.2.8.1.3 Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	-	-
Social Security Premiums-Employer	-	-
Bank Pension Fund Premium-Employees	24	34
Bank Pension Fund Premium-Employer	36	17
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,129	514
Unemployment Insurance-Employer	2,216	966
Others	8	4
Total	3,413	1,535

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 interest rate of 6.95%. However, this debt will be repaid at 6 February 2012 as per the repayment option for the Bank. The necessary permissions are obtained from the BRSA.
- 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	-	1,081,402	-	884,726
Total	-	1,081,402	-	884,726

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	-	-

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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
Preferred Shares Provision	-	-

5.2.11.3 Capital increases in current period

None.

5.2.11.4 Capital increases from capital reserves in current period

None.

5.2.11.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.11.7 Information on privileges given to stocks representing the capital

None.

5.2.11.8 Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	56,027	408,460	66,777	267,610
Valuation difference	23,710	408,460	34,460	267,610
Exchange rate difference	32,317	-	32,317	-
Securities Available-for-Sale	124,961	19,086	1,488,655	150,768
Valuation difference	124,961	19,086	1,488,655	150,768
Exchange rate difference	-	-	-	-
Total	180,988	427,546	1,555,432	418,378

5.2.11.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,813	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-

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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
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	36	36
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	23
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	1,891	2,453

5.2.11.11 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	648,013	489,166
II. Legal Reserve	75,290	39,290
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	7,612,215	5,268,509
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	256,928	134,317	222,174	66,580
Funds Borrowed	212,822	83,255	209,226	52,818
Interbank Money Markets	6,920	17,124	24,477	671
Other Accruals	38,034	164,795	23,698	319
Total	514,704	399,491	479,575	120,388

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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 3,093,587 thousands (31 December 2010: TL 1,789,413 thousands), commitments for cheque payments of TL 2,230,853 thousands (31 December 2010: TL 1,910,095 thousands) and commitments for credit card limits of TL 13,540,139 thousands (31 December 2010: TL 12,467,191 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	9,134,682	7,155,138
Letters of Guarantee in TL	5,786,884	4,951,727
Letters of Credit	5,514,146	3,362,064
Bills of Exchange and Acceptances	515,550	164,105
Prefinancings	-	-
Other Guarantees	70,236	56,746
Total	21,021,498	15,689,780

A specific provision of TL 52,298 thousands (31 December 2010: TL 57,287 thousands) is made for unliquidated non-cash loans of TL 113,577 thousands (31 December 2010: TL 96,013 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 2011, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a total face value of USD 425,000,000 (31 December 2010: USD 775,000,000).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,298,865	883,442
With Original Maturity of 1 Year or Less	302,053	39,865
With Original Maturity of More Than 1 Year	996,812	843,577
Other Non-Cash Loans	19,722,633	14,806,338
Total	21,021,498	15,689,780

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5.3.1.4 Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	68,282	1.18	56,413	0.37	55,348	1.12	20,278	0.19
Farming and Stockbreeding	65,948	1.14	55,441	0.36	52,897	1.07	20,187	0.19
Forestry	524	0.01	112	-	704	0.01	91	-
Fishery	1,810	0.03	860	0.01	1,747	0.04	-	-
Manufacturing	2,068,327	35.66	6,223,786	40.90	1,737,187	35.03	3,646,436	33.98
Mining	307,253	5.30	45,627	0.30	316,066	6.37	23,630	0.22
Production	1,233,884	21.27	4,023,733	26.44	1,048,610	21.15	2,362,841	22.02
Electricity, Gas, Water	527,190	9.09	2,154,426	14.16	372,511	7.51	1,259,965	11.74
Construction	872,018	15.03	1,865,576	12.26	687,442	13.86	1,740,371	16.22
Services	2,325,013	40.08	5,842,613	38.39	2,105,382	42.45	4,108,355	38.28
Wholesale and Retail Trade	1,581,513	27.26	2,987,611	19.63	1,392,907	28.09	1,741,372	16.23
Hotel, Food and Beverage Services	151,771	2.62	65,921	0.43	100,954	2.04	62,760	0.58
Transportation and Telecommunication	209,132	3.60	807,888	5.31	188,038	3.79	667,331	6.22
Financial Institutions	311,294	5.37	1,961,588	12.89	364,998	7.36	1,626,136	15.15
Real Estate and Renting Services	8,835	0.15	1,668	0.01	6,640	0.13	870	0.01
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	8,143	0.14	4,381	0.03	6,648	0.13	3,150	0.03
Health and Social Services	54,325	0.94	13,556	0.09	45,197	0.91	6,736	0.06
Other	468,621	8.05	1,230,849	8.08	373,518	7.54	1,215,463	11.33
Total	5,802,261	100.00	15,219,237	100.00	4,958,877	100.00	10,730,903	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	5,747,734	15,146,980	54,527	72,257
Letters of Guarantee	5,732,357	9,071,226	54,527	63,456
Bills of Exchange and Bank Acceptances	3,687	508,978	-	2,885
Letters of Credit	11,690	5,496,540	-	5,916
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	-	70,236	-	-

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Prior 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	-	-

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	-	-	102,575	-	1,865,000	1,967,575
Fair Value Hedges	-	-	-	-	1,865,000	1,865,000
Cash Flow Hedges	-	-	102,575	-	-	102,575
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives						
Foreign Currency Related Derivative Transactions (I)	15,396,895	16,648,605	13,744,520	4,447,571	236,334	50,473,925
Currency Forwards-Purchases	2,688,834	766,748	1,433,109	133,743	118,167	5,140,601
Currency Forwards-Sales	2,605,073	740,140	1,463,081	134,142	118,167	5,060,603
Currency Swaps-Purchases	3,108,344	6,238,467	2,364,185	1,389,169	-	13,100,165
Currency Swaps-Sales	3,091,095	6,076,362	2,360,874	1,541,192	-	13,069,523
Currency Options-Purchases	1,973,314	1,352,968	3,022,990	624,663	-	6,973,935
Currency Options-Sales	1,930,235	1,370,522	3,076,370	624,662	-	7,001,789
Currency Futures-Purchases	-	39,048	15,395	-	-	54,443
Currency Futures-Sales	-	64,350	8,516	-	-	72,866
Interest Rate Related Derivative Transactions (II)	-	-	2,069,543	8,956,949	6,179,930	17,206,422
Interest Rate Swaps-Purchases	-	-	1,021,328	4,034,044	3,089,965	8,145,337
Interest Rate Swaps-Sales	-	-	1,021,328	4,034,044	3,089,965	8,145,337
Interest Rate Options-Purchases	-	-	-	888,861	-	888,861
Interest Rate Options-Sales	-	-	-	-	-	-
Securities Options-Purchases	-	-	26,887	-	-	26,887
Securities Options-Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases	-	-	-	-	-	-
Interest Rate Futures-Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	366,850	110,432	32,930	-	-	510,212
B. Total Trading Derivatives (I+II+III)	15,763,745	16,759,037	15,846,993	13,404,520	6,416,264	68,190,559
Total Derivative Transactions (A+B)	15,763,745	16,759,037	15,949,568	13,404,520	8,281,264	70,158,134

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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	-	-	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

5.3.3 Contingent liabilities and assets

The Bank made a total provision amounting to TL 15,906 thousands for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.7.4.2 Other Provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

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.

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	2,136,923	174,895	1,957,455	138,440
Medium and long-term loans	2,678,751	1,525,361	2,088,836	1,069,428
Loans under follow-up	77,374	7	54,748	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	4,893,048	1,700,263	4,101,039	1,207,868

(*) Includes also the fee and commission income on cash loans

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5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	14	3,039	150
Domestic Banks	7,500	734	3,568	535
Foreign Banks	158,303	68,940	163,830	53,405
Foreign Head Offices and Branches	-	-	-	-
Total	165,803	69,688	170,437	54,090

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	28,483	1,534	49,063	719
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,830,090	110,209	2,714,706	142,071
Investments Held-to-Maturity	465,695	106,335	740,083	95,428
Total	3,324,268	218,078	3,503,852	238,218

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from Investments in Associates and Subsidiaries	82,104	42,073

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	532,235	325,909	459,248	205,471
Central Bank of Turkey	-	-	-	-
Domestic Banks	19,268	5,312	14,329	4,836
Foreign Banks	512,967	320,597	444,919	200,635
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	73,124	-	64,647
Total	532,235	399,033	459,248	270,118

(*) 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	34,010	32,238

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest paid on Securities Issued	126,552	50,831	-	-

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5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					1 Year and Over	Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months				
Account Description									
Turkish Lira									
Bank Deposits	235	38,191	-	-	-	-	-	-	38,426
Saving Deposits	414	321,312	1,659,483	89,815	20,368	18,245	-	-	2,109,637
Public Sector Deposits	-	668	2,392	97	2	-	-	-	3,159
Commercial Deposits	377	229,529	523,510	129,863	20,436	16,917	-	-	920,632
Other	20	2,673	19,331	5,233	10,677	302	-	-	38,236
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-	-
Total TL	1,046	592,373	2,204,716	225,008	51,483	35,464	-	-	3,110,090
Foreign Currency									
Foreign Currency Deposits	617	188,817	497,877	45,531	15,635	61,476	1,696	-	811,649
Bank Deposits	-	34,730	-	-	-	-	-	-	34,730
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	119	13	-	-	133
Total FC	617	223,548	497,877	45,531	15,754	61,489	1,696	-	846,512
Grand Total	1,663	815,921	2,702,593	270,539	67,237	96,953	1,696	-	3,956,602

Prior Period	Demand Deposits	Time Deposits					1 Year and Over	Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months				
Account Description									
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	668,598	44,206	408,072	2,403

5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	24	439

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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	772	847
Others	4,785	4,443
Total	5,557	5,290

5.4.4 Trading income/losses (Net)

	Current Period	Prior Period
Income	92,007,978	64,625,145
Trading Account Income	410,680	222,242
Gains from Derivative Financial Instruments	2,972,771	2,924,648
Foreign Exchange Gains	88,624,527	61,478,255
Losses (-)	91,675,666	64,261,220
Trading Account Losses	93,591	19,898
Losses from Derivative Financial Instruments	2,619,581	2,800,681
Foreign Exchange Losses	88,962,494	61,440,641
Total	332,312	363,925

TL 3,611,644 thousands (31 December 2010: TL 2,414,324 thousands) of foreign exchange gains and TL 3,606,035 thousands (31 December 2010: TL 2,821,404 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

Accordingly, for the period ended 31 December 2011, TL 129,335 thousands of income from derivative financial instruments held for fair value hedges was recognized in income/losses from derivative financial instruments under net trading income/losses in the accompanying financial statements. In the same period, TL 123,081 thousands of expense from eurobonds subject to fair value hedges was netted with the income from interest rate swaps held for fair value hedges in the income/losses from derivative financial instruments under net trading income/losses.

As per the calculation as of 31 December 2011, the hedge accounting was assessed as effective.

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.

A part of the Bank's non-performing loan portfolio amounting to TL 483,876 thousands was sold to a local asset management company for a consideration of TL 53,925 thousands. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the Bank's financial statements before the sale.

The income from the sale of the Bank's shares in Visa and Mastercard amounting to TL 79,595 thousands is recognised under "Other Operating Income".

The income from the sale of the Bank's shares in Eureka Sigorta AŞ amounting to TL 147,358 thousands is recognised under "Other Operating Income".

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5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	308,573	386,767
Loans and receivables in Group III	28,728	20,709
Loans and receivables in Group IV	155,929	103,071
Loans and receivables in Group V	123,916	262,987
General Provisions	386,267	186,689
Provision for Possible Losses	100,000	-
Impairment Losses on Securities	2,566	1,128
Financial assets at fair value through profit or loss	2,453	1,128
Financial assets available-for-sale	113	-
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held-to-Maturity	-	-
Others	24,991	9,713
Total	822,397	584,297

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,248,149	1,160,623
Reserve for Employee Termination Benefits	24,197	6,759
Deficit Provision for Pension Fund	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	161,179	158,728
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	11,369	6,918
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	1,910	2,926
Depreciation Expenses of Assets to be Disposed	1,459	985
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,377,844	1,328,715
Operational Lease related Expenses	186,642	156,847
Repair and Maintenance Expenses	30,684	33,222
Advertisement Expenses	99,307	122,944
Other Expenses	1,061,211	1,015,702
Loss on Sale of Assets	1,185	1,971
Others (*)	379,033	394,791
Total	3,206,325	3,062,416

(*) In the current period, this item includes a provision amounting TL 122,735 thousands (31 December 2010: TL 132,138 thousands) for short-term employee benefits.

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 4,688,948 thousands, a net fees and commissions income of TL 2,007,521 thousands and operating expenses of TL 3,206,325 thousands. The Bank's profit before taxes realized at TL 3,908,149 thousands decreasing by 0.58% as compared to prior year.

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5.4.9 Information on provision for taxes from continued and discontinued operations

As of 31 December 2011, the Bank recorded a tax charge of TL 392,346 thousands (31 December 2010: TL 973,542 thousands) and a deferred tax expense of TL 445,228 thousands (31 December 2010: a deferred tax income of TL 170,739 thousands).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in tax deductible timing differences (+)	17,197	125,745
Decrease in tax deductible timing differences (-)	390,663	32,390
Increase in taxable timing differences (-)	82,202	1,378
Decrease in taxable timing differences (+)	10,440	78,762
Total	(445,228)	170,739

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
Increase/(decrease) in tax deductible timing differences (net)	(373,466)	93,355
Increase/(decrease) in taxable timing differences (net)	(71,762)	77,384
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	(445,228)	170,739

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.

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

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 1,093 thousands (31 December 2010: TL 685 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

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

An increase of TL 9,309 thousands (31 December 2010: a decrease of TL 169 thousands) that was resulted from the foreign currency translation of Luxembourg branch performance, is presented under translation differences in the shareholders' equity

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5.5.2 Any decreases arising from application of accounting for financial instruments

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

As of 31 December 2011, a decrease of TL 1,097,301 thousands (31 December 2010: an increase of TL 542,429 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 267,975 thousands (31 December 2010: TL 179,765 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

5.5.2.2 Decreases due to cash flow hedges

None.

5.5.3 Transfers to legal reserves

	Current Period	Prior Period
Transfers to Legal Reserves from Prior Year Profits	193,262	162,112
Transfers to Extraordinary Reserves from Prior Year Profits	2,343,706	2,446,312

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.

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 2011, the net cash outflow arising from banking operations amount to TL 5,867,201 thousands. TL 7,955,076 thousands of this amount is generated from the change in operating assets and liabilities and TL 2,087,875 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 1,020,224 thousands for the year 2011. 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 1,568,041 thousands for the year 2011.

The net cash inflows from financing activities for the year 2011, is TL 2,996,019 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 677,405 thousands for the year 2011.

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	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

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5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	992,289	879,320
Cash in TL	617,193	499,780
Cash in Foreign Currency	375,096	379,540
Cash Equivalents	6,621,273	5,315,913
Other	6,621,273	5,315,913
TOTAL	7,613,562	6,195,233

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 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 7,460,855 thousands as collateral against funds borrowed.

The blocked account at the Central Bank of Turkey with a principal balance of TL 6,212,587 thousands is for the reserve deposits in foreign currencies and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

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.

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	3,475,734	757,091	14	4,831	232,831	358,273
Balance at end of period	3,932,849	1,359,135	26	34,925	245,679	478,356
Interest and Commission Income	176,367	193	1	5	15,601	1,175

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	1,454,678	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	112,551	179	8	7	13,125	2,818

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	571,953	231,523	207,006	359,876	389,333	323,665
Balance at end of period	386,511	571,953	1,109,031	207,006	341,540	389,333
Interest Expense	34,010	32,238	54,624	22,919	15,672	12,087

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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	707,375	303,015	-	-	3,992	3,326
Balance at end of period	951,574	707,375	1,066,781	-	28,710	3,992
Total Profit/(Loss)	37,425	154,555	27,094	-	1,683	-
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

5.7.2 The Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 1,464,814 thousands (31 December 2010: TL 1,425,195 thousands) compose 1.75% (31 December 2010: 2.20%) of the Bank's total cash loans and 1.00% (31 December 2010: 1.15%) of the Bank's total assets. The total loans and similar receivables amounting TL 4,178,554 thousands (31 December 2010: TL 3,708,578 thousands) compose 2.85% (31 December 2010: TL 2.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 1,872,260 thousands (31 December 2010: TL 1,120,261 thousands) compose 8.91% (31 December 2010: 7.14%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,837,082 thousands (31 December 2010: TL 1,168,292 thousands) compose 2.17% (31 December 2010: 1.61%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting TL 48,432 thousands compose 0.24% (31 December 2010: -) of the Bank's total funds borrowed. 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 5 thousands (31 December 2010: TL 357 thousands) from the transactions carried out with related parties. As a result of these transactions, a leasing expense of TL 24 thousands (31 December 2010: TL 439 thousands) is recorded. Furthermore, there is a credit card (POS) payable amounting TL 57,693 thousands (31 December 2010: TL 53,634 thousands) to related parties.

Operating expenses of TL 6,991 thousands (31 December 2010: TL 5,447 thousands) for IT services and rent income of TL 2,990 thousands (31 December 2010: TL 2,082 thousands) for the real estates rented to related parties, are recorded.

The Bank made a total payment of TL 86,277 thousands to its top management considered as key management as of 31 December 2011 (31 December 2010: TL 77,374 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 and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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

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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	907	16,688			
			Country		
Foreign Representative Offices	1	1	1-Germany		
	1	1	2-Russia		
	1	1	3-England		
	1	1	4-China		
				Total Assets	Legal Capital
Foreign Branches	1	16	1- Luxembourg	13,287,494	968,640
	1	12	2- Malta	23,596,970	-
	5	57	3- NCTR	482,476	3,520

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

In 2011, 67 new domestic branches were opened and 13 branches were closed.

5.9 Significant Events and Matters Arising Subsequent to Balance Sheet Date

The decision to renew the agreement for the Turkish Airlines Frequent Flyer Cooperation Program between the Bank and Türk Hava Yolları AO expiring on 31 March 2012, has been made for a five-year period and accordingly, the negotiations between two parties have started.

At the meeting of the Bank's board of directors held on 14 July 2011, it has been resolved to issue TL denominated bank bills up to an amount of TL 1,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were obtained, and the issuance of TL denominated bank bills amounting TL 650,000 thousands with 176-days maturity and annual compound interest rate of 10.98%, and TL 350,000 thousands with 92-days maturity and annual compound interest rate of 10.96% was started on 23 January 2012 and completed on 26 January 2012.

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6. Other Disclosures on Activities of the Bank

6.1 The Bank's latest international risk ratings

MOODY'S (January 2012*)

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 (December 2011*)

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

FITCH RATINGS (November 2011*)

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 (December 2010*)

Long Term FC Obligations	BB
Short Term FC Obligations	B
Domestic Strength	BBB+
Support	2
Outlook	Stable

(* Latest dates in risk ratings or outlooks.

JCR EURASIA RATINGS (May 2011*)

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.

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6.2 Dividends

At the annual general assembly dated 31 March 2011, it was decided to distribute the profit of the year 2010 as follows:

2010 PROFIT DISTRIBUTION TABLE

2010 Net Profit	3,145,233
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(157,262)
Undistributable funds	(20,996)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(137,849)
D – Second dividend to the shareholders	(360,000)
E – Extraordinary reserves	(2,223,126)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(36,000)

Dividend payments to shareholders started on 11 April 2011.

6.3 Other disclosures

None.

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 1 February 2012 is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.

"I like a cook who smiles out loud when he tastes his own work. Let God worry about your modesty; I want to see your enthusiasm."
Robert Farrar Capon / American priest who has written books on cooking in his life



Consolidated Financial Statements

The products and services crowned with **“first”s and “best”s** are created by **the joint work of thousands of devoted and passionate Garanti employees** and make life easier for all customers who are happy members of the Garanti family and get them join in the enthusiasm of Garanti.

To the Board of Directors of Türkiye Garanti Bankası AŞ
İstanbul**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES**

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2011

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 2011 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.

Auditors' 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 450,000 thousands, TL 90,000 thousands of which was charged to the income statement as expense in the current period, 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.

Independent Auditors' 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 2011 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.

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.

İstanbul, 1 February 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**Hasan Kılıç
Partner

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL AFFILIATES

CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2011

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

Subsidiaries

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

Special Purpose Entities

1. Garanti Diversified Payment Rights Finance Company
2. 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 2011

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

**Manuel Pedro
Galatas Sanchez -Harguindey**

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

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Türkiye Garanti Bankası AŞ and Its Financial Affiliates

Consolidated Financial Report as of and for the Year Ended 31 December 2011

(Thousands of Turkish Lira (TL))

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 907 domestic branches, seven foreign branches and four representative offices abroad. The Bank's head office is located in İstanbul.

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 2011, group of companies under Doğu Holding AŞ that currently owns 24.23% shares of the Bank, is named 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.

On 22 March 2011, Banco Bilbao Vizcaya Argentaria SA ("BBVA") acquired;

- 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 thousands representing 18.60% ownership, and
- 26.418.840.000 shares of the Bank owned by Doğu Holding AŞ at a total nominal value of TL 264,188 thousands representing 6.29% ownership.

BBVA, holding 24.89% shares of the Bank, had joint control on the Bank's management together with Doğu Group.

On 7 April 2011, BBVA acquired 503.160.000 shares at a nominal value of TL 5,032 thousands and increased its ownership in the Bank's share capital to 25.01%. As per the agreement between Doğu Holding AŞ and BBVA, if any of the parties acquires additional shares during the next five years, it is required to offer half of the acquired shares to other party, in case that other party does not accept to purchase the offered shares, usufruct rights shall be established on the voting rights of such shares in favour of other party. Accordingly, although BBVA has acquired additional shares in April, this does not affect their joint control on the Bank's management.

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 about 30 thousands employees.

The major worldwide joint ventures of the Group are; Volkswagen AG and TÜV SÜD 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 Doğu 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, Doğu Gayrimenkul Yatırım Ortaklığı AŞ and Volkswagen Doğu Tüketici Finansmanı AŞ.

BBVA Group

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

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

The Group owns a bank being the largest financial institution in Mexico, the market leader in South America, and one of the largest 15 commercial banks in United States. BBVA is among the few international groups that operate in China and Turkey, and operates in more than 30 countries with more than 100 thousand employees.

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	21 years
Süleyman Sözen	Vice Chairman	08.07.2003	University	29 years
Muammer Cüneyt Sezgin	Member of BOD and Audit Committee	30.06.2004	PhD	23 years
Dr. Ahmet Kamil Esirtgen	Member	19.03.1992	PhD	37 years
Manuel Castro Aladro	Member	22.03.2011	Master	19 years
Manuel Pedro Galatas Sanchez - Harguindey	Member of BOD and Audit Committee	05.05.2011	University	27 years
Carlos Torres Vila	Member	22.03.2011	Master	20 years
Angel Cano Fernandez	Member	22.03.2011	University	26 years
Sait Ergun Özen	Member and CEO	14.05.2003	University	24 years

Türkiye Garanti Bankası AŞ and Its Financial Affiliates
Consolidated Financial Report as of and for the Year Ended 31 December 2011
(Thousands of Turkish Lira (TL))

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	24 years
Adnan Memiş	EVP-Support Services	03.06.1991	Master	33 years
Ali Fuat Erbil	EVP-Retail Banking	30.04.1999	PhD	19 years
Ali Temel	EVP-Loans	21.10.1999	University	21 years
Gökhan Erun	EVP-Human Resources & Investment Banking	01.09.2005	Master	17 years
Faruk Nafiz Karadere	EVP-SME Banking	01.05.1999	University	29 years
Halil Hüsnü Erel	EVP-Operational Services	16.06.1997	University	26 years
Uruz Ersözöglü	EVP-Treasury	05.04.2006	University	20 years
Tolga Egemen	EVP-Financial Institutions & Corporate Banking	21.09.2000	University	19 years
Turgay Gönensin	EVP-Commercial Banking	15.12.2001	University	26 years
Aydın Şenel	EVP- General Accounting & Financial Reporting	02.03.2006	University	30 years
Zekeriya Öztürk	EVP- International Business Development	06.03.2006	Master	16 years
Avni Aydın Düren	EVP-Legal Services	01.02.2009	Master	17 years
Betül Ebru Edin	EVP-Project Finance	25.11.2009	University	17 years
Murat Mergin	Head of Strategic Planning	01.01.2002	University	17 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
Doğuş Holding AŞ	857,315	20.4123%	857,315	-
Banco Bilbao Vizcaya Argentaria SA	1,050,420	25.0100%	1,050,420	-

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

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

1.5 Summary information on parent bank's activities and services

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

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law;
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than those stated above to be of benefit to the Bank, it is recommended in the general meeting, and the launching of the related project depends on the decision taken during the General Assembly which results in a change in the Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. Deposits are the main sources of the lendings to the customers. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Balance Sheet (Statement of Financial Position) At 31 December 2011

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

2 Consolidated Financial Statements

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total	
I.	CASH AND BALANCES WITH CENTRAL BANK	5.1.1	1,589,506	6,722,944	8,312,450	3,163,501	4,381,548	7,545,049
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5.1.2	493,214	1,480,920	1,974,134	854,044	295,471	1,149,515
2.1	Financial assets held for trading		493,214	1,480,920	1,974,134	854,044	295,471	1,149,515
2.1.1	Government securities		210,165	762,198	972,363	621,557	15,929	637,486
2.1.2	Equity securities		25,700	-	25,700	30,148	-	30,148
2.1.3	Derivative financial assets held for trading		214,572	709,232	923,804	194,337	279,542	473,879
2.1.4	Other securities		42,777	9,490	52,267	8,002	-	8,002
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	2,421,842	14,294,673	16,716,515	3,218,609	6,351,863	9,570,472
IV.	INTERBANK MONEY MARKETS		6,800	-	6,800	2,036	-	2,036
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		6,800	-	6,800	2,036	-	2,036
V.	FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	5.1.4	27,279,694	3,875,345	31,155,039	29,938,274	4,529,536	34,467,810
5.1	Equity securities		23,865	1,708	25,573	25,041	70,726	95,767
5.2	Government securities		26,238,027	356,345	26,594,372	28,811,271	1,115,961	29,927,232
5.3	Other securities		1,017,802	3,517,292	4,535,094	1,101,962	3,342,849	4,444,811
VI.	LOANS	5.1.5	50,244,265	40,489,844	90,734,109	37,661,647	32,495,895	70,157,542
6.1	Loans		49,963,893	40,365,215	90,329,108	37,310,087	32,418,519	69,728,606
6.1.1	Loans to bank's risk group	5.7	87,178	197,806	284,984	104,507	186,607	291,114
6.1.2	Government securities		-	-	-	-	-	-
6.1.3	Other		49,876,715	40,167,409	90,044,124	37,205,580	32,231,912	69,437,492
6.2	Loans under follow-up		1,532,087	401,446	1,933,533	1,939,109	294,002	2,233,111
6.3	Specific provisions (-)		1,251,715	276,817	1,528,532	1,587,549	216,626	1,804,175
VII.	FACTORING RECEIVABLES	5.1.6	1,080,342	169,143	1,249,485	1,162,592	288,992	1,451,584
VIII.	INVESTMENTS HELD-TO-MATURITY (Net)	5.1.7	3,176,043	1,610,487	4,786,530	4,580,741	1,313,190	5,893,931
8.1	Government securities		3,170,068	1,610,487	4,780,555	4,576,594	1,313,190	5,889,784
8.2	Other securities		5,975	-	5,975	4,147	-	4,147
IX.	INVESTMENTS IN ASSOCIATES (Net)	5.1.8	20,145	-	20,145	78,754	-	78,754
9.1	Associates consolidated under equity accounting		-	-	-	60,244	-	60,244
9.2	Unconsolidated associates		20,145	-	20,145	18,510	-	18,510
9.2.1	Financial investments in associates		18,168	-	18,168	16,533	-	16,533
9.2.2	Non-financial investments in associates		1,977	-	1,977	1,977	-	1,977
X.	INVESTMENTS IN SUBSIDIARIES (Net)	5.1.9	130,310	759	131,069	35,751	662	36,413
10.1	Unconsolidated financial investments in subsidiaries		-	605	605	-	527	527
10.2	Unconsolidated non-financial investments in subsidiaries		130,310	154	130,464	35,751	135	35,886
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	702,450	1,967,444	2,669,894	406,153	1,320,583	1,726,736
12.1	Financial lease receivables		837,128	2,239,468	3,076,596	476,883	1,501,521	1,978,404
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		134,678	272,024	406,702	70,730	180,938	251,668
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	5.1.12	-	129,335	129,335	-	-	-
13.1	Fair value hedges		-	129,335	129,335	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	5.1.13	1,272,489	153,636	1,426,125	1,229,963	143,458	1,373,421
XV.	INTANGIBLE ASSETS (Net)	5.1.14	76,265	7,981	84,246	49,608	6,197	55,805
15.1	Goodwill		6,388	-	6,388	6,388	-	6,388
15.2	Other intangibles		69,877	7,981	77,858	43,220	6,197	49,417
XVI.	INVESTMENT PROPERTY (Net)	5.1.15	-	-	-	-	-	-
XVII.	TAX ASSET		119,447	40,638	160,085	192,860	18,725	211,585
17.1	Current tax asset		89,685	7,548	97,233	37,018	2,742	39,760
17.2	Deferred tax asset	5.1.16	29,762	33,090	62,852	155,842	15,983	171,825
XVIII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.17	123,040	4,616	127,656	99,087	4,946	104,033
18.1	Asset held for resale		123,040	4,616	127,656	99,087	4,946	104,033
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	5.1.18	3,610,569	181,137	3,791,706	2,847,499	122,748	2,970,247
TOTAL ASSETS			92,346,421	71,128,902	163,475,323	85,521,119	51,273,814	136,794,933

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 2011

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total	
I.	DEPOSITS	5.2.1	47,648,127	45,588,188	93,236,315	44,055,568	35,014,673	79,070,241
1.1	Deposits from bank's risk group	5.7	228,321	1,229,275	1,457,596	218,941	438,949	657,890
1.2	Other		47,419,806	44,358,913	91,778,719	43,836,627	34,575,724	78,412,351
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	5.2.2	507,082	704,314	1,211,396	246,780	285,744	532,524
III.	FUNDS BORROWED	5.2.3	5,605,360	18,569,677	24,175,037	6,625,511	13,204,872	19,830,383
IV.	INTERBANK MONEY MARKETS		8,340,629	3,397,528	11,738,157	10,370,745	1,398,103	11,768,848
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	8,340,629	3,397,528	11,738,157	10,337,239	1,398,103	11,735,342
V.	SECURITIES ISSUED (Net)	5.2.4	2,138,635	1,603,421	3,742,056	-	-	-
5.1	Bills		2,138,635	-	2,138,635	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	1,603,421	1,603,421	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES	5.2.4	5,837,230	222,060	6,059,290	4,737,807	125,185	4,862,992
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE		705,223	1,192,528	1,897,751	773,944	275,134	1,049,078
IX.	FACTORING PAYABLES	5.2.5	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	5.2.6	-	420	420	-	2,396	2,396
10.1	Financial lease payables		-	451	451	-	2,396	2,396
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred expenses (-)		-	31	31	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	5.2.7	-	782	782	-	2,347	2,347
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	782	782	-	2,347	2,347
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	5.2.8	1,995,164	106,975	2,102,139	1,512,601	81,094	1,593,695
12.1	General provisions		979,797	87,626	1,067,423	593,530	66,937	660,467
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		273,912	6,663	280,575	290,149	3,454	293,603
12.4	Insurance technical provisions (Net)		159,487	-	159,487	140,788	-	140,788
12.5	Other provisions		581,968	12,686	594,654	488,134	10,703	498,837
XIII.	TAX LIABILITY	5.2.9	286,147	3,908	290,055	373,892	54,534	428,426
13.1	Current tax liability		286,147	2,575	288,722	373,892	54,143	428,035
13.2	Deferred tax liability		-	1,333	1,333	-	391	391
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	-	1,122,138	1,122,138	-	978,585	978,585
XVI.	SHAREHOLDERS' EQUITY	5.2.12	17,876,461	23,326	17,899,787	16,505,674	169,744	16,675,418
16.1	Paid-in capital		4,198,641	-	4,198,641	4,200,000	-	4,200,000
16.2	Capital reserves		1,443,554	(22,053)	1,421,501	2,800,816	153,961	2,954,777
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		114,597	(21,664)	92,933	1,472,063	155,443	1,627,506
16.2.4	Revaluation surplus on tangible assets		598,953	-	598,953	598,187	-	598,187
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		947	-	947	1,509	-	1,509
16.2.8	Hedging reserves (effective portion)		(55,377)	(389)	(55,766)	(55,377)	(1,482)	(56,859)
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		8,795,440	45,379	8,840,819	6,043,630	15,783	6,059,413
16.3.1	Legal reserves		747,687	6,940	754,627	544,489	4,283	548,772
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		8,016,504	-	8,016,504	5,443,579	-	5,443,579
16.3.4	Other profit reserves		31,249	38,439	69,688	55,562	11,500	67,062
16.4	Profit or loss		3,326,299	-	3,326,299	3,363,845	-	3,363,845
16.4.1	Prior periods profit/loss		-	-	-	-	-	-
16.4.2	Current period net profit/loss		3,326,299	-	3,326,299	3,363,845	-	3,363,845
16.5	Minority interest		112,527	-	112,527	97,383	-	97,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			90,940,058	72,535,265	163,475,323	85,202,522	51,592,411	136,794,933

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Off-Balance Sheet Items At 31 December 2011

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2011			31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		66,723,349	157,696,715	224,420,064	42,786,829	68,088,418	110,875,247
I. GUARANTEES AND SURETIES	5.3.1	5,806,539	16,430,870	22,237,409	4,958,878	11,506,526	16,465,404
1.1 Letters of guarantee		5,791,162	9,629,237	15,420,399	4,951,728	7,358,370	12,310,098
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		435,305	427,299	862,604	350,400	406,434	756,834
1.1.3 Other letters of guarantee		5,355,857	9,201,938	14,557,795	4,601,328	6,951,936	11,553,264
1.2 Bank acceptances		3,687	511,863	515,550	-	164,105	164,105
1.2.1 Import letter of acceptance		1,705	511,863	513,568	-	164,105	164,105
1.2.2 Other bank acceptances		1,982	-	1,982	-	-	-
1.3 Letters of credit		11,690	6,219,534	6,231,224	7,150	3,927,305	3,934,455
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		11,690	6,219,534	6,231,224	7,150	3,927,305	3,934,455
1.4 Guaranteed pre-financings		-	-	-	-	-	-
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		-	70,236	70,236	-	56,746	56,746
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		32,874,779	66,291,861	99,166,640	20,379,416	6,347,384	26,726,800
2.1 Irrevocable commitments		24,408,228	8,618,607	33,026,835	20,379,416	5,909,078	26,288,494
2.1.1 Asset purchase and sale commitments		2,685,482	2,255,452	4,940,934	676,818	2,064,602	2,731,420
2.1.2 Deposit purchase and sale commitments		200	559,500	559,700	-	24,450	24,450
2.1.3 Share capital commitments to associates and subsidiaries		1,000	10,407	11,407	2,000	9,373	11,373
2.1.4 Loan granting commitments		4,670,337	4,844,708	9,515,045	4,037,979	2,535,204	6,573,183
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,230,783	-	2,230,783	1,910,031	-	1,910,031
2.1.8 Tax and fund obligations on export commitments		16,390	-	16,390	21,447	-	21,447
2.1.9 Commitments for credit card limits		13,539,826	91,645	13,631,471	12,466,931	87,161	12,554,092
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	856,895	2,121,105	1,264,210	1,198,288	2,462,498
2.2 Revocable commitments		8,466,551	57,673,254	66,139,805	-	438,306	438,306
2.2.1 Revocable loan granting commitments		8,428,920	57,499,410	65,928,330	-	437,649	437,649
2.2.2 Other revocable commitments		37,631	173,844	211,475	-	657	657
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	28,042,031	74,973,984	103,016,015	17,448,535	50,234,508	67,683,043
3.1 Derivative financial instruments held for risk management		-	1,967,575	1,967,575	-	167,200	167,200
3.1.1 Fair value hedges		-	1,865,000	1,865,000	-	-	-
3.1.2 Cash flow hedges		-	102,575	102,575	-	167,200	167,200
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		28,042,031	73,006,409	101,048,440	17,448,535	50,067,308	67,515,843
3.2.1 Forward foreign currency purchases/sales		4,036,724	6,099,409	10,136,133	2,089,965	4,099,693	6,189,658
3.2.1.1 Forward foreign currency purchases		1,523,351	3,586,350	5,109,701	631,875	2,477,903	3,109,778
3.2.1.2 Forward foreign currency sales		2,513,373	2,513,059	5,026,432	1,458,090	1,621,790	3,079,880
3.2.2 Currency and interest rate swaps		11,245,884	47,862,337	59,108,221	8,617,535	32,388,338	41,005,873
3.2.2.1 Currency swaps-purchases		5,617,452	14,986,817	20,604,269	6,070,444	8,590,269	14,660,713
3.2.2.2 Currency swaps-sales		2,319,232	18,415,000	20,734,232	2,419,691	12,344,301	14,763,992
3.2.2.3 Interest rate swaps-purchases		1,654,600	7,230,260	8,884,860	63,700	5,726,125	5,789,825
3.2.2.4 Interest rate swaps-sales		1,654,600	7,230,260	8,884,860	63,700	5,727,643	5,791,343
3.2.3 Currency, interest rate and security options		12,632,581	18,532,286	31,164,867	6,623,791	12,217,689	18,841,480
3.2.3.1 Currency call options		5,800,662	9,241,315	15,041,977	2,760,413	4,661,817	7,422,230
3.2.3.2 Currency put options		6,812,919	8,229,023	15,041,942	3,347,967	4,126,004	7,473,971
3.2.3.3 Interest rate call options		-	888,861	888,861	-	1,630,000	1,630,000
3.2.3.4 Interest rate put options		-	-	-	-	1,630,000	1,630,000
3.2.3.5 Security call options		19,000	90,487	109,487	115,016	138,134	253,150
3.2.3.6 Security put options		-	82,600	82,600	400,395	31,734	432,129
3.2.4 Currency futures		67,638	60,369	128,007	15,446	30,150	45,596
3.2.4.1 Currency futures-purchases		31,169	23,623	54,792	1,875	14,739	16,614
3.2.4.2 Currency futures-sales		36,469	36,746	73,215	13,571	15,411	28,982
3.2.5 Interest rate futures		1,000	-	1,000	-	91,200	91,200
3.2.5.1 Interest rate futures-purchases		500	-	500	-	91,200	91,200
3.2.5.2 Interest rate futures-sales		500	-	500	-	-	-
3.2.6 Others		58,204	452,008	510,212	101,798	1,240,238	1,342,036
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		323,227,724	214,443,975	537,671,699	265,251,655	151,720,812	416,972,467
IV. ITEMS HELD IN CUSTODY		72,383,750	20,661,487	93,045,237	79,642,450	15,478,137	95,120,587
4.1 Customers' securities held		39,326,965	1,188	39,328,153	57,239,310	1,000	57,240,310
4.2 Investment securities held in custody		22,266,173	7,297,692	29,563,865	14,621,951	3,934,713	18,556,664
4.3 Checks received for collection		7,802,184	1,469,619	9,271,803	5,401,620	948,107	6,349,727
4.4 Commercial notes received for collection		2,922,615	1,168,703	4,091,318	2,302,357	1,777,910	4,080,267
4.5 Other assets received for collection		38,697	9,401,147	9,439,844	30,771	7,895,502	7,926,273
4.6 Assets received through public offering		-	46,051	46,051	-	37,530	37,530
4.7 Other items under custody		27,116	1,277,087	1,304,203	46,441	883,375	929,816
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		250,843,974	193,782,488	444,626,462	185,609,205	136,242,675	321,851,880
5.1 Securities		1,411,109	137,081	1,548,190	1,379,977	114,410	1,494,387
5.2 Guarantee notes		33,972,618	10,220,197	44,192,815	26,249,041	7,740,382	33,989,423
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	1,125,675	1,125,675	-	372,444	372,444
5.5 Real estates		49,636,631	54,315,747	103,952,378	36,472,372	38,791,780	75,264,152
5.6 Other pledged items		165,823,446	127,983,380	293,806,826	121,507,645	89,223,212	210,730,857
5.7 Pledged items-depository		170	408	578	170	447	617
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		389,951,073	372,140,690	762,091,763	308,038,484	219,809,230	527,847,714

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 2011

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2011- 31 December 2011	1 January 2010- 31 December 2010
I. INTEREST INCOME	5.4.1	11,407,836	10,177,131
1.1 Interest income on loans		7,151,770	5,641,680
1.2 Interest income on reserve deposits		4,579	87,246
1.3 Interest income on banks		275,796	295,438
1.4 Interest income on money market transactions		5,199	3,375
1.5 Interest income on securities portfolio		3,676,493	3,862,712
1.5.1 Trading financial assets		34,735	59,280
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		3,069,728	2,962,576
1.5.4 Investments held-to-maturity		572,030	840,856
1.6 Financial lease income		185,695	152,923
1.7 Other interest income		108,304	133,757
II. INTEREST EXPENSE	5.4.2	6,149,372	5,006,816
2.1 Interest on deposits		4,151,913	3,734,832
2.2 Interest on funds borrowed		1,069,194	849,833
2.3 Interest on money market transactions		739,542	415,862
2.4 Interest on securities issued		177,431	-
2.5 Other interest expenses		11,292	6,289
III. NET INTEREST INCOME (I - II)		5,258,464	5,170,315
IV. NET FEES AND COMMISSIONS INCOME		2,129,434	1,910,015
4.1 Fees and commissions received		2,533,008	2,226,221
4.1.1 Non-cash loans		187,925	169,659
4.1.2 Others		2,345,083	2,056,562
4.2 Fees and commissions paid		403,574	316,206
4.2.1 Non-cash loans		1,474	1,274
4.2.2 Others		402,100	314,932
V. DIVIDEND INCOME	5.4.3	5,224	1,890
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	352,725	402,338
6.1 Trading account income/losses (Net)		326,257	253,518
6.2 Income/losses from derivative financial instruments (Net)		351,954	63,106
6.3 Foreign exchange gains/losses (Net)		(325,486)	85,714
VII. OTHER OPERATING INCOME	5.4.5	1,154,386	886,434
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		8,900,233	8,370,992
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	5.4.6		
X. OTHER OPERATING EXPENSES (-)	5.4.7	920,395	696,092
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		3,709,690	3,403,627
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		6,261	9,974
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	5.4.8	4,276,409	4,281,247
XVI. PROVISION FOR TAXES (±)	5.4.9	930,603	896,530
16.1 Current tax charge		480,565	1,057,196
16.2 Deferred tax charge/(credit)		450,038	(160,666)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XV±XVI)	5.4.10	3,345,806	3,384,717
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		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)	5.4.8	-	-
XXI. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9	-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge/(credit)		-	-
XXII. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXI)	5.4.10	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	5.4.11	3,345,806	3,384,717
23.1 Equity holders of the bank		3,326,299	3,363,845
23.2 Minority interest		19,507	20,872
Earnings per Share		0.792	0.801

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Income/Expense Items Accounted for under Shareholders' Equity At 31 December 2011

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2011 - 31 December 2011	1 January 2010 - 31 December 2010
INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY			
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(1,893,680)	335,323
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	(7)
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	(16,019)	(33,582)
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	1,366	856
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	(562)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	358,817	(69,391)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+III+IV+V+VI+VII+VIII+IX)	(1,550,078)	233,199
XI.	CURRENT PERIOD PROFIT/LOSSES	3,345,806	3,384,717
1.1	Net changes in fair value of securities (transferred to income statement)	286,075	189,822
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	3,059,731	3,194,895
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	1,795,728	3,617,916

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates

Consolidated Statement of Changes in Shareholders' Equity At 31 December 2011

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA (TL)																		
	Founders	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Cancellation Premium	Share	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Profit/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surplus on Assets for Sale and Operations of Discontinued Operations	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PERIOD - 1 January-31 December 2010																			
I.	4,200,000	772,554	11,880	-	379,275	-	3,187,603	96,562	-	3,085,717	1,361,434	598,194	1,509	(57,967)	-	13,636,761	49,023	-	13,685,784
II.	-	-	-	-	-	-	-	-	-	(25,367)	(25,367)	-	-	-	-	(25,367)	-	-	(25,367)
2-1.	-	-	-	-	-	-	-	-	-	(25,367)	(25,367)	-	-	-	-	(25,367)	-	-	(25,367)
2-2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	4,200,000	772,554	11,880	-	379,275	-	3,187,603	96,562	-	3,060,150	1,361,434	598,194	1,509	(57,967)	-	13,611,194	49,023	-	13,660,217
Changes during the period																			
5.5																			
IV.	-	-	-	-	-	-	(280,172)	-	-	-	266,072	-	-	-	-	(280,172)	-	-	(280,172)
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	1,108	-	266,072	31	-	266,072
6-1.	-	-	-	-	-	-	-	-	-	-	-	-	-	665	-	665	-	-	665
6-2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	(688)	(33,317)	-	-	-	-	-	-	-	(34,005)	-	-	(34,005)
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14-1.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14-2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	-	-	-	-	-	-	-	-	3,363,845	-	-	-	-	-	-	3,363,845	20,872	-	3,384,717
XX.	-	-	-	-	-	-	-	-	-	(3,088,160)	-	-	-	-	-	(3,088,160)	-	-	(3,088,160)
20-1.	-	-	-	-	-	-	-	2,536,108	3,817	(3,088,160)	-	-	-	-	-	(3,088,160)	-	-	(3,088,160)
20-2.	-	-	-	-	-	-	-	2,536,108	-	(2,706,533)	-	-	-	-	-	(3,088,160)	-	-	(3,088,160)
20-3.	-	-	-	-	-	-	-	-	3,817	(3,817)	-	-	-	-	-	-	-	-	-
20-3.	-	-	-	-	-	-	-	-	3,817	(3,817)	-	-	-	-	-	-	-	-	-
Balance at end of the period (III+IV+...+XVIII+XIX+XX)	4,200,000	772,554	11,880	-	548,772	-	5,445,579	67,062	-	3,363,845	1,627,506	598,187	1,509	(56,859)	-	16,578,035	97,383	-	16,675,418
CURRENT PERIOD - 1 January-31 December 2011																			
I.	4,200,000	772,554	11,880	-	548,772	-	5,445,579	67,062	-	3,363,845	1,627,506	598,187	1,509	(56,859)	-	16,578,035	97,383	-	16,675,418
Changes during the period																			
5.5																			
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	-	-	-	-	-	-	-	-	-	(1,534,573)	-	-	-	-	-	(1,534,573)	(17)	-	(1,534,590)
IV.	-	-	-	-	-	-	-	-	-	-	-	-	-	1,063	-	1,063	-	-	1,063
4-1.	-	-	-	-	-	-	-	-	-	-	-	-	-	1,063	-	1,063	-	-	1,063
4-2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12-1.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12-2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	(1,569)	-	-	-	17	-	4,329	-	-	-	-	-	-	-	-	2,967	(4,546)	-	(1,559)
XVII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	(3,363,845)	-	766	-	-	-	(3,363,845)	-	-	(3,363,845)
18-1.	-	-	-	-	-	-	-	-	-	(970,000)	-	-	-	-	-	(970,000)	-	-	(970,000)
18-2.	-	-	-	-	-	-	-	-	-	(2,772,849)	-	-	-	-	-	(2,772,849)	-	-	(2,772,849)
18-3.	-	-	-	-	-	-	-	-	-	(20,220)	-	766	-	-	-	(20,220)	-	-	(20,220)
Balance at end of the period (I+II+III+...+XVIII+XIX+XX)	4,198,641	772,554	11,880	-	754,627	-	8,016,504	69,888	-	3,326,299	1,627,506	598,187	947	(56,766)	-	17,789,260	112,527	-	17,899,787

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Affiliates
Consolidated Statement of Cash Flows At 31 December 2011

STATEMENT OF CASH FLOWS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2011 31 December 2011	1 January 2010 31 December 2010
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	5.6	1,694,332	3,147,909
1.1.1	Interests received		10,190,755	9,269,247
1.1.2	Interests paid		(5,820,401)	(4,932,890)
1.1.3	Dividend received		5,224	1,890
1.1.4	Fees and commissions received		2,533,008	2,226,221
1.1.5	Other income		580,948	455,551
1.1.6	Collections from previously written-off loans and other receivables		82,787	54,748
1.1.7	Payments to personnel and service suppliers		(3,176,517)	(2,947,804)
1.1.8	Taxes paid		(854,304)	(1,087,957)
1.1.9	Others		(1,847,168)	108,903
1.2	Changes in operating assets and liabilities	5.6	(7,261,048)	(2,799,416)
1.2.1	Net (increase) decrease in financial assets held for trading		(354,657)	(77,238)
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		(5,733,811)	(1,628,080)
1.2.4	Net (increase) decrease in loans		(20,065,495)	(16,651,680)
1.2.5	Net (increase) decrease in other assets		(1,562,518)	(1,358,260)
1.2.6	Net increase (decrease) in bank deposits		283,853	36,164
1.2.7	Net increase (decrease) in other deposits		13,763,522	10,187,591
1.2.8	Net increase (decrease) in funds borrowed		4,385,287	5,355,638
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		2,022,771	1,336,449
I.	Net cash flow from banking operations	5.6	(5,566,716)	348,493
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	5.6	3,147,475	(2,509,841)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(62)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		171,003	-
2.3	Purchases of tangible assets		(429,342)	(437,400)
2.4	Sales of tangible assets		161,686	110,420
2.5	Cash paid for purchase of financial assets available-for-sale, net		(15,109,655)	(20,392,375)
2.6	Cash obtained from sale of financial assets available-for-sale, net		17,292,613	16,553,591
2.7	Cash paid for purchase of investments held-to-maturity		(5,781)	(4,143)
2.8	Cash obtained from sale of investments held-to-maturity		1,066,951	1,660,128
2.9	Others		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		3,033,626	(354,482)
3.1	Cash obtained from funds borrowed and securities issued		5,327,604	-
3.2	Cash used for repayment of funds borrowed and securities issued		(1,723,621)	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(570,000)	(350,000)
3.5	Payments for financial leases		(357)	(4,482)
3.6	Others		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		1,565,188	117,395
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	2,179,573	(2,398,435)
VI.	Cash and cash equivalents at beginning of period	5.6	6,895,898	9,294,333
VII.	Cash and cash equivalents at end of period (V+VI)	5.6	9,075,471	6,895,898

Türkiye Garanti Bankası AŞ and Its Financial Affiliates

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(Thousands of Turkish Lira (TL))

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 2011, Türkiye Garanti Bankası Anonim Şirketi and the following financial affiliates are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Bank Moscow (Garanti Moscow), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring Hizmetleri AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities. The company's head office is in Istanbul. The Bank owns 99.96% of the company's shares.

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

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.

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Garanti Holding was established in December 2007 in Amsterdam and as described in note 5.1.9.2, all its shares have been purchased by the Bank from Doğu Holding AŞ in May 2010. As of 27 January 2011 the consolidated subsidiary's legal name changed to Garanti Holding BV from D Netherlands BV.

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.

Associate sale

As per the Shareholders' Agreement dated 27 June 2007 between the Bank and Eureka BV, the Bank sold its 20% shares of Eureka Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureka BV for EUR 69,999,999.

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 contracts. 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.

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.

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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 than 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".

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.

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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.

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 2011^(*)	31 December 2010	31 December 2009
Discount Rate	4.25%	4.66%	5.92%
Interest Rate	9.52%	10.00%	11.00%
Inflation Rate	5.06%	5.10%	4.80%
Expected Rate of Salary Increase	6.56%	6.60%	6.30%

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

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

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.

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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 2011	
	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 no.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette no.26870.

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

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

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.

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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 5% of the calculated corporate income tax is paid as a contribution to unemployment insurance fund. 3% of the taxable income is paid as municipality tax in addition to corporate tax. The municipalities have the right to increase this rate up to 200%-350%. The municipality commerce tax, which the Bank's Luxembourg branch subject to currently is applied as 9% of the taxable income. The tax returns do not include any tax payable amounts. The tax calculation is done by the tax office and the amount to be paid is declared to corporate through an official letter called Note. The amounts and the payment dates of prepaid taxes are determined and declared by the tax office at the beginning of the taxation period. The corporations whose head offices are outside Luxembourg, are allowed to transfer the rest of their net income after tax following the allocation of 5% of it for legal reserves, to their head offices.

Tax applications for foreign financial affiliates

HOLLAND

In Holland, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. In general, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year.

Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax has been calculated using the nominal tax rate of 25% 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 seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

3.18.2 Deferred taxes

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

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

The deferred tax assets and liabilities of the 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.

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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 January 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%.

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 also in the form of syndications and securitizations. Besides, funding through bill and bond issuances in the local and international markets has commenced. The funds borrowed are recorded at their purchase costs and discounted by using the internal rate of return.

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 2011, the Bank or its financial affiliates do not have any government incentives or grants.

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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, 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 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.

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	3,105,590	3,281,637	1,432,502	1,075,280	8,895,009
Other	-	-	-	-	-
Total Operating Profit	3,105,590	3,281,637	1,432,502	1,075,280	8,895,009
Net Operating Profit	943,028	2,083,445	1,247,711	(2,999)	4,271,185
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	5,224	5,224
Net Operating Profit	943,028	2,083,445	1,247,711	2,225	4,276,409
Provision for Taxes	-	-	-	930,603	930,603
Net Profit	943,028	2,083,445	1,247,711	(928,378)	3,345,806
Segment Assets	28,915,024	62,376,914	56,911,004	15,121,167	163,324,109
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	151,214	151,214
Undistributed Items	-	-	-	-	-
Total Assets	28,915,024	62,376,914	56,911,004	15,272,381	163,475,323
Segment Liabilities	56,647,209	35,507,563	39,909,125	13,511,639	145,575,536
Shareholders' Equity	-	-	-	17,899,787	17,899,787
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	56,647,209	35,507,563	39,909,125	31,411,426	163,475,323
Other Segment Items					
Capital Expenditures	-	-	-	305,659	305,659
Depreciation Expenses	103,070	60,678	4,219	39,339	207,306
Impairment Losses	316,172	326,330	50,584	231,712	924,798
Other Non-Cash Income/Expenses	120,520	234,656	(1,191,401)	(336,647)	(1,172,872)
Restructuring Costs	-	-	-	-	-

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Prior 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	148,193	4,279,357
Income from Associates, Subsidiaries and Joint-Ventures	-	-	-	1,890	1,890
Net Operating Profit	1,019,580	1,296,710	1,814,874	150,083	4,281,247
Provision for Taxes	-	-	-	896,530	896,530
Net Profit	1,019,580	1,296,710	1,814,874	(746,447)	3,384,717
Segment Assets	22,305,253	47,113,848	54,096,048	13,164,617	136,679,766
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	115,167	115,167
Undistributed Items	-	-	-	-	-
Total Assets	22,305,253	47,113,848	54,096,048	13,279,784	136,794,933
Segment Liabilities	44,596,689	29,963,366	31,745,974	13,813,486	120,119,515
Shareholders' Equity	-	-	-	16,675,418	16,675,418
Undistributed Items	-	-	-	-	-
Total Liabilities and Shareholders' Equity	44,596,689	29,963,366	31,745,974	30,488,904	136,794,933
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	-	-	-	-	-

3.24 Other disclosures

3.24.1 Changes regarding prior periods' financial statements

The parent Bank reassessed the accounting treatment applied for the employee termination benefits during the preparation of the current financial statement and adjusted the prior periods' financial statements. Accordingly, the effects of such corrections made to the 2010 accounting records on the consolidated financial statements are as follows:

	Reported		Adjusted
	31 December 2010	Correction	31 December 2010
Total Assets	136,784,224	10,709	136,794,933
Reserve for Employee Termination Benefits	49,551	53,545	103,096
Deferred Tax Assets	161,116	10,709	171,825
Extraordinary Reserves	5,469,146	(25,567)	5,443,579
Current Period Net Profit / Loss	3,401,986	(17,269)	3,384,717

Furthermore, certain reclassifications were made in the accompanying consolidated financial statements of the prior period for comparative presentation.

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4 Consolidated Financial Position and Results of Operations

4.1 Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 15.76% as of 31 December 2011 (31 December 2010: 18.07%) (unconsolidated capital adequacy ratio: 16.89% (31 December 2010: 19.62%)).

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".

4.1.2 Consolidated capital adequacy ratio

Current Period	Risk Weightings						
	Parent Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	22,311,307	-	7,485,092	19,349,200	63,093,358	1,412,914	2,078,792
Cash on Hand	1,072,709	-	3,587	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	972,268	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	5,176,039	-	5,703,537	-	3,426,803	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	6,212,587	-	-	-	-	-	-
Loans	4,635,296	-	381,568	19,056,825	54,629,704	1,412,914	2,078,792
Loans under Follow-Up (Net)	-	-	-	-	280,372	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,569,645	-	946,305	-	5,782	-	-
Receivables from Term Sale of Assets	-	-	-	-	20,090	-	-
Miscellaneous Receivables	75,778	-	-	-	136,978	-	-
Accrued Interest and Income	316,179	-	37,459	292,375	882,617	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Business Partnership) (Net)	-	-	-	-	2,186,458	-	-
Tangible Assets (Net)	-	-	-	-	1,221,961	-	-
Other Assets	280,806	-	412,636	-	302,593	-	-
Off-Balance Sheet Items	15,084,253	-	2,064,692	805,969	17,051,424	-	-
Non-Cash Loans and Commitments	15,084,253	-	1,076,615	805,969	16,742,631	-	-
Derivative Financial Instruments	-	-	988,077	-	308,793	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	37,395,560	-	9,549,784	20,155,169	80,144,782	1,412,914	2,078,792

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Prior Period	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

Risk Weightings

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Current Period	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	24,367,033	-	10,757,393	21,068,598	70,161,097	1,425,258	2,137,765
Cash on Hand	1,124,008	-	3,587	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	972,268	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Headoffices andBranches	6,581,613	-	7,157,137	-	2,939,836	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	6,800	-	-	-	-	-	-
Reserve Deposits	6,212,587	-	-	-	-	-	-
Loans	5,067,690	-	2,169,817	20,284,494	59,174,219	1,425,258	2,137,765
Loans under Follow-Up (Net)	-	-	-	-	405,001	-	-
Lease Receivables	5,535	-	5,963	483,166	2,160,783	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	3,569,645	-	946,305	-	5,782	-	-
Receivables from Term Sale of Assets	-	-	-	-	20,090	-	-
Miscellaneous Receivables	75,778	-	-	-	2,610,830	-	-
Accrued Interest and Income	316,577	-	61,948	300,938	918,279	-	-
Investments in Associates, Subsidiaries and Joint-Ventures Business Partnership) (Net)	-	-	-	-	148,657	-	-
Tangible Assets (Net)	-	-	-	-	1,393,315	-	-
Other Assets	434,532	-	412,636	-	384,305	-	-
Off-Balance Sheet Items	15,223,995	-	2,525,179	961,489	17,562,506	-	-
Non-Cash Loans and Commitments	15,223,995	-	1,352,673	961,489	17,139,320	-	-
Derivative Financial Instruments	-	-	1,172,506	-	423,186	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	39,591,028	-	13,282,572	22,030,087	87,723,603	1,425,258	2,137,765

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Prior Period	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)	98,409,278	72,072,246
Value at Market Risk (VaMR)	4,789,663	3,553,288
Value at Operational Risk (VaOR)	11,970,584	10,184,205
Shareholders' Equity	19,454,197	16,839,261
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	16.89%	19.62%

	Consolidated	
	Current Period	Prior Period
Value at Credit Risk (VaCR)	107,808,578	78,722,539
Value at Market Risk (VaMR)	6,821,925	5,605,375
Value at Operational Risk (VaOR)	12,981,944	11,028,669
Shareholders' Equity	20,110,022	17,228,399
Shareholders' Equity / (VaCR+VaMR+VaOR) * 100	15.76%	18.07%

4.1.4 Components of consolidated shareholders' equity

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	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	4,198,641	4,200,000
Nominal Capital	4,198,641	4,200,000
Capital Commitments (-)	-	-
Paid-in Capital that Comes Last in Terms of Receivable Rights in Case of Liquidation	772,554	772,554
Share Premium	11,880	11,880
Share Cancellation Profits	-	-
Legal Reserves	754,627	548,772
I. Legal Reserve (Turkish Commercial Code 466/1)	675,914	504,369
II. Legal Reserve (Turkish Commercial Code 466/2)	78,713	44,403
Reserves Allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	8,016,504	5,469,146
Reserve Allocated as per the Decision Held by the General Assembly	8,016,504	5,469,146
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	3,326,299	3,381,114
Current Period Profit	3,326,299	3,381,114
Prior Periods Profit	-	-
Provision for Possible Losses (upto 25% of Core Capital)	450,000	360,000
Income on Sale of Equity Shares and Real Estates to be Used up for Capital Increase	596,813	596,047
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Minority Interest	112,511	97,330
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	132,748	152,511
Prepaid Expenses (-) ^(*)	-	248,019
Intangible Assets (-)	77,858	49,417
Deferred Tax Asset in 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	18,022,835	14,980,508
SUPPLEMENTARY CAPITAL		
General Provisions	1,067,423	660,467
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	963	963
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	947	1,509
Primary Subordinated Debt Excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,081,745	948,860
45% of Securities Value Increase Fund ^(**)	2,239	732,110
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	2,239	732,110
Minority Interest	16	53
Other Reserves	13,922	10,203
Total Supplementary Capital	2,167,255	2,354,165
CAPITAL	20,190,090	17,334,673

(*) Prepaid expenses are not deducted from the core capital according to the Article 1 of the Regulation for amending the Regulation on Equities of Banks¹ published in the Official Gazette no. 27870 dated 10 March 2011.

(**) 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.

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DEDUCTIONS FROM CAPITAL	80,068	106,274
Unconsolidated Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors	2,557	2,461
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
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	27,718	43,569
Deducting Securitization Positions from Equity Instead of Risk Weighting by 1250% Under Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks as per the 45th Article of the Banking Law	-	-
Others	49,793	-
TOTAL SHAREHOLDERS' EQUITY	20,110,022	17,228,399

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 26.29% of the total cash loan portfolio.

The Bank and its financial affiliates' largest 100 non-cash loan customers compose 54.86% of the total non-cash loan portfolio.

The Bank and its financial affiliates' largest 100 cash and non-cash loan customers represent 7.84% of the total "on and off balance sheet" assets.

The general provision for consolidated credit risk amounts to TL 1,067,423 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.

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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	45.91	49.67
Average	48.70	44.23
Below Average	5.39	6.10
Total	100.00	100.00

4.2.1 Customer and regional concentration of credit risks

	Loans to Individuals and Corporates		Balances with Banks and Loans Granted to Financial Sector		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	58,835,929	47,176,121	-	-	914,800	1,061,262	5,876,748	4,707,907	122,965,139	43,785,374
Public Sector	1,472,793	1,253,385	-	-	32,901,821	36,778,120	66,116	52,233	9,472	7,946
Banks	1,371,439	142,872	23,908,170	16,121,537	3,124,005	3,072,080	1,192,546	828,918	42,845,608	29,667,364
Retail Customers	29,053,948	21,585,164	-	-	-	-	1,339,281	785,369	7,495,456	3,712,634
Equity Securities	-	-	-	-	51,273	125,915	151,215	115,167	-	-
Total	90,734,109	70,157,542	23,908,170	16,121,537	36,991,899	41,037,377	8,625,906	6,489,594	173,315,675	77,173,318
Regional concentration										
Domestic	83,806,950	64,457,518	8,298,010	8,537,767	32,067,031	36,771,827	5,482,305	4,152,551	121,408,633	45,240,957
European Union (EU) Countries	5,030,676	4,353,134	13,930,937	7,055,696	2,714,802	1,894,080	2,095,429	1,808,370	27,873,468	18,606,461
OECD Countries***	487,597	357,449	18,013	14,717	-	68,875	318,966	109,736	1,890,374	1,019,536
Off-Shore Banking Regions	101,294	66,261	89,887	68,563	177,143	192,629	32,543	19,156	328,127	241,831
USA, Canada	227,310	82,718	1,439,665	401,591	971,163	1,081,629	253,325	115,492	16,120,568	10,847,909
Other Countries	1,080,282	840,462	131,658	43,203	1,061,760	1,028,337	443,338	284,289	5,694,505	1,216,624
Total	90,734,109	70,157,542	23,908,170	16,121,537	36,991,899	41,037,377	8,625,906	6,489,594	173,315,675	77,173,318

* 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

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4.2.2 Geographical concentration

	Assets	Liabilities	Non-cash Loans	Capital Expenditures	Net Profit/(Loss)
Current Period					
Domestic	124,331,396	114,117,741	17,329,010	269,128	2,830,569
European Union (EU) Countries	14,542,879	18,064,759	1,538,235	-	125,179
OECD Countries ⁽¹⁾	4,345	2,456,279	965,527	-	-
Off-Shore Banking Regions	340,084	1,019,718	43,396	-	9,913
USA, Canada	2,411,828	7,615,561	677,354	-	-
Other Countries	419,882	1,108,664	421,021	-	-
Associates, Subsidiaries and Joint-Ventures (Business Partnership)	21,424,909	19,092,601	1,262,866	36,531	380,145
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	163,475,323	163,475,323	22,237,409	305,659	3,345,806
Prior Period					
Domestic	109,343,372	99,814,272	12,848,667	226,281	3,136,981
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	136,794,933	136,794,933	16,465,404	339,101	3,384,717

⁽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

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4.2.3 Sectoral distribution of cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	524,386	1.05	628,751	1.56	359,558	0.97	382,295	1.18
Farming and Stockbreeding	518,398	1.04	626,462	1.55	343,383	0.92	373,990	1.15
Forestry	1,937	-	-	-	10,462	0.03	-	-
Fishery	4,051	0.01	2,289	0.01	5,713	0.02	8,305	0.03
Manufacturing	6,804,511	13.62	15,172,573	37.59	4,775,566	12.80	12,369,177	38.16
Mining	299,009	0.60	935,894	2.32	166,102	0.45	584,202	1.80
Production	6,147,920	12.30	9,224,117	22.85	4,266,268	11.43	8,583,011	26.48
Electricity, Gas, Water	357,582	0.72	5,012,562	12.42	343,196	0.92	3,201,964	9.88
Construction	2,218,575	4.44	3,145,058	7.79	1,623,620	4.35	1,946,607	6.00
Services	10,393,774	20.80	14,995,264	37.15	7,230,038	19.37	12,452,455	38.41
Wholesale and Retail Trade	6,541,479	13.09	5,148,007	12.75	4,527,518	12.13	4,610,443	14.22
Hotel, Food and Beverage Services	477,564	0.96	2,002,612	4.96	367,507	0.99	1,035,387	3.19
Transportation and Telecommunication	966,361	1.93	5,345,873	13.25	679,884	1.82	3,953,510	12.20
Financial Institutions	1,765,378	3.53	1,406,159	3.48	1,049,205	2.81	2,015,354	6.22
Real Estate and Renting Services	71,693	0.14	556,651	1.38	56,919	0.15	399,221	1.23
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	124,435	0.25	73,413	0.18	117,139	0.31	73,912	0.23
Health and Social Services	446,864	0.90	462,549	1.15	431,866	1.16	364,628	1.12
Others	30,022,647	60.09	6,423,569	15.91	23,321,305	62.51	5,267,985	16.25
Total	49,963,893	100.00	40,365,215	100.00	37,310,087	100.00	32,418,519	100.00

4.2.4 Credit risk by business segments

Current Period	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Loan Groups					
Performing Loans					
Cash Loans	59,193,125	19,302,859	9,732,233	23,368,223	111,596,440
Non-Cash Loans	30,975,551	895,108	13,631,471	9,880,319	55,382,449
Loans under Follow-up					
Cash Loans	1,546,148	324,703	230,040	-	2,100,891
Non-Cash Loans	126,784	-	-	-	126,784
Non-Performing Loans					
Cash Loans	857,973	480,290	595,270	-	1,933,533
Non-Cash Loans	113,577	-	-	-	113,577
Non-Cash Loans					
Cash Loans	61,597,246	20,107,852	10,557,543	23,368,223	115,630,864
Non-Cash Loans	31,215,912	895,108	13,631,471	9,880,319	55,622,810
Provision Types	Corporate Loans	Retail Loans	Credit Cards	Others	Total
Specific Provision					
Cash Loans	565,200	397,411	565,921	-	1,528,532
Non-Cash Loans	52,298	-	-	-	52,298
General Provision					
Cash Loans	459,318	309,446	81,862	141,494	992,120
Non-Cash Loans	49,408	1,815	20,976	3,104	75,303

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Prior 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	81,975	-	-	-	81,975
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	16,612,900	6,425,688	12,554,092	7,161,219	42,753,899
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	32,003	563	18,830	2,463	53,859

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.

4.3.1 Value at market risk on a consolidated basis

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	280,011	248,078
(II) Capital Obligation against Specific Risks - Standard Method	71,097	94,713
(III) Capital Obligation against Currency Risk - Standard Method	43,625	71,315
(IV) Capital Obligation against Stocks Risks - Standard Method	870	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	150,151	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)	545,754	448,430
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	6,821,925	5,605,375

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4.3.2 Average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	3,904,784	4,296,087	2,969,338	3,688,428	4,045,988	3,232,925
Common Share Risk	168,368	290,025	96,363	221,145	247,613	194,213
Currency Risk	1,313,403	2,364,675	545,312	683,013	891,438	470,113
Stock Risk	17,875	58,700	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	1,071,120	1,868,888	420,334	382,304	494,375	227,063
Total Value at Risk	6,475,550	8,878,375	4,031,347	4,974,890	5,679,414	4,124,314

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.

	31 December 2008	31 December 2009	31 December 2010
(I) Net Interest Income	3,430,704	5,405,840	5,170,315
(II) Net Fees and Commissions Income	1,578,335	1,725,073	1,910,015
(III) Dividend Income	29,472	2,760	1,890
(IV) Net Trading Income/(Losses)	253,585	897,979	402,338
(V) Other Operating Expenses	448,380	446,154	896,408
(VI) Gain/Loss on Securities Available-for-Sale and Held-to-Maturity	54,177	408,402	251,601
(VII) Extraordinary Income	302,186	210,533	601,239
(VIII) Insurance Claim Collections	-	-	-
(IX) Gross Income (I+II+III+IV+V+VI+VII+VIII)	5,384,113	7,858,871	7,528,126
(X) Capital Obligation (IX * 15%)	807,617	1,178,831	1,129,219
(XI) Average Capital Obligation Against Operational Risk		1,038,556	
(XII) Value at Operational Risk (XI * 12.5)		12,981,944	

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 2011, the Bank and its financial affiliates' net 'on balance sheet' foreign currency long position amounts to TL 1,432,280 thousands (31 December 2010: TL 1,994,151 thousands), net 'off-balance sheet' foreign currency short position amounts to TL 1,661,051 thousands (31 December 2010: TL 2,595,424 thousands), while net foreign currency short open position amounts to TL 228,771 thousands (31 December 2010: TL 601,273 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	1.8650	2.4216	2.4229	2.8992
Foreign currency rates for the days before balance sheet date:				
Day 1	1.8650	2.4218	2.4182	2.8964
Day 2	1.8900	2.4423	2.4326	2.9103
Day 3	1.8950	2.4539	2.4328	2.9318
Day 4	1.8750	2.4506	2.4096	2.9368
Day 5	1.8700	2.4442	2.4002	2.9226
Last 30-days arithmetical average rate	1.8490	2.4340	2.3766	2.8836

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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	5,189,408	173,924	1,217	1,358,395	6,722,944
Banks	5,420,804	7,486,112	25,737	1,362,020	14,294,673
Financial Assets at Fair Value through Profit/Loss	827,682	239,599	44	10,091	1,077,416
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	1,600,621	2,079,944	-	194,780	3,875,345
Loans (*)	13,895,817	27,821,134	27,223	1,515,261	43,259,435
Investments in Associates, Subsidiaries and Joint-Ventures	757	-	-	2	759
Investments Held-to-Maturity	-	1,610,487	-	-	1,610,487
Derivative Financial Assets Held for Risk Management	-	129,335	-	-	129,335
Tangible Assets	51,112	80	-	80,498	131,690
Intangible Assets	2,490	-	-	5,491	7,981
Other Assets (**)	1,228,420	1,086,318	28,276	17,634	2,360,648
Total Assets	28,217,111	40,626,933	82,497	4,544,172	73,470,713
Liabilities					
Bank Deposits	739,708	1,348,533	23,614	310,214	2,422,069
Foreign Currency Deposits	16,824,499	22,143,627	37,202	1,590,613	40,595,941
Interbank Money Market Takings	226,233	3,009,035	-	162,260	3,397,528
Other Fundings	8,043,792	11,647,654	-	369	19,691,815
Securities Issued	-	1,603,421	-	-	1,603,421
Miscellaneous Payables	112,784	100,150	162	8,964	222,060
Derivative Financial Liabilities Held for Risk Management	-	782	-	-	782
Other Liabilities (***)	926,632	525,941	19,161	2,633,083	4,104,817
Total Liabilities	26,873,648	40,379,143	80,139	4,705,503	72,038,433
Net 'On Balance Sheet' Position	1,343,463	247,790	2,358	(161,331)	1,432,280
Net 'Off-Balance Sheet' Position	(1,817,325)	(545,031)	(4,051)	705,356	(1,661,051)
Derivative Assets	8,791,859	17,757,920	253,331	2,516,426	29,319,536
Derivative Liabilities	(10,609,184)	(18,302,951)	(257,382)	(1,811,070)	(30,980,587)
Non-Cash Loans	-	-	-	-	-
Prior Period					
Total Assets	18,045,231	33,339,021	54,724	1,795,469	53,234,445
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	-	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,769,591 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 70,800 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(***) Other liabilities also include gold deposits of TL 2,570,178 thousands.

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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 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 2011 is provided in the table below for the Bank:

Sensitivity analysis for interest rates

	Change in portfolio value	
	Current Period	Prior Period
Sensitivity analysis for TL interest rates		
(+) 1%	(130,364)	(124,366)
(-) 1%	134,483	127,735
Sensitivity analysis for FC interest rates		
(+) 1%	(307,477)	(230,871)
(-) 1%	339,773	255,018

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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	-	-	-	-	-	8,312,450	8,312,450
Banks	9,961,437	1,607,707	2,072,916	437,020	-	2,637,435	16,716,515
Financial Assets at Fair Value through Profit/Loss	112,664	14,692	53,510	259,820	568,096	965,352	1,974,134
Interbank Money Market Placements	6,800	-	-	-	-	-	6,800
Financial Assets Available-for-Sale	12,232,186	3,919,261	2,134,071	9,578,813	984,245	2,306,463	31,155,039
Loans	17,768,557	12,585,374	15,652,944	26,529,611	16,407,602	1,790,021	90,734,109
Investments Held-to-Maturity	910,864	1,458,014	574,141	157,033	1,421,680	264,798	4,786,530
Other Assets	404,216	737,516	1,014,631	1,423,151	191,098	6,019,134	9,789,746
Total Assets	41,396,724	20,322,564	21,502,213	38,385,448	19,572,721	22,295,653	163,475,323
Liabilities							
Bank Deposits	1,777,950	234,740	163,946	484,997	-	435,177	3,096,810
Other Deposits	53,016,993	11,823,204	6,441,582	1,503,846	139,209	17,214,671	90,139,505
Interbank Money Market Takings	9,311,696	1,211,683	-	1,189,870	-	24,908	11,738,157
Miscellaneous Payables	-	-	-	-	-	6,059,290	6,059,290
Securities Issued	1,325,937	-	1,371,442	-	906,605	138,072	3,742,056
Other Fundings	11,462,054	1,715,238	4,379,208	3,504,548	3,915,273	320,854	25,297,175
Other Liabilities	713,444	-	-	1	-	22,688,885	23,402,330
Total Liabilities	77,608,074	14,984,865	12,356,178	6,683,262	4,961,087	46,881,857	163,475,323
On Balance Sheet Long Position	-	5,337,699	9,146,035	31,702,186	14,611,634	-	60,797,554
On Balance Sheet Short Position	(36,211,350)	-	-	-	-	(24,586,204)	(60,797,554)
Off-Balance Sheet Long Position	1,585,694	1,773,331	1,965,410	2,921,914	2,511,160	-	10,757,509
Off-Balance Sheet Short Position	(1,053,837)	(812,713)	(2,449,735)	(4,050,028)	(1,502,335)	-	(9,868,648)
Total Position	(35,679,493)	6,298,317	8,661,710	30,574,072	15,620,459	(24,586,204)	888,861

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

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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 (*)	0.59-6.1	0.25-4.40	-	5.50-12.50
Financial Assets at Fair Value through Profit/Loss	4.25	6.79	-	5.58-20.80
Interbank Money Market Placements	-	-	-	7.87
Financial Assets Available-for-Sale	3.06-7.93	5.00-11.88	-	7.14-10.05
Loans	1.68-14.00	1.26-18.20	6.06	9.23-26.00
Investments Held-to-Maturity	-	7.22	-	13.88
Liabilities				
Bank Deposits	0.20-5.37	0.89-5.19	-	4.75-10.14
Other Deposits	0.05-8.00	0.05-7.00	0.50	8.41
Interbank Money Market Takings	1.18-2.09	1.00-2.58	-	5-10.58
Miscellaneous Payables	-	-	-	-
Securities Issued	-	5.64	-	7.76-8.75
Other Fundings	1.00-3.98	2.20-5.41	-	11.26-13.99

(*) The interest rate for USD placements at banks is 0.57% excluding the placements with range accrual agreements.

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	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	5,016,453	8,008,578
Total Assets	38,105,258	18,898,899	23,010,318	26,751,212	12,630,159	17,399,087	136,794,933
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	-	-	-	-	20,277,072	20,283,884
Total Liabilities	71,213,102	11,194,808	7,970,386	4,773,634	3,339,599	38,303,404	136,794,933
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.

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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	-	-	-	-
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

(*) 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 2011 and 2010 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	135.89	148.57	94.32	109.14
Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	123.99	203.09	89.16	129.40

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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	2,099,863	6,212,587	-	-	-	-	-	8,312,450
Banks	4,541,734	5,780,697	434,099	978,456	2,017,049	2,964,480	-	16,716,515
Financial Assets at Fair Value through Profit/Loss	10,748	133,797	386,773	192,754	521,781	728,281	-	1,974,134
Interbank Money Market Placements	-	6,800	-	-	-	-	-	6,800
Financial Assets Available-for-Sale	25,573	169,424	587,031	266,340	26,617,487	3,489,184	-	31,155,039
Loans	123,796	14,739,590	9,466,730	13,828,909	31,577,077	20,593,006	405,001	90,734,109
Investments Held-to-Maturity	-	-	1,608,171	650,887	1,075,309	1,452,163	-	4,786,530
Other Assets	672,408	513,415	3,167,207	1,072,762	1,524,517	330,770	2,508,667	9,789,746
Total Assets	7,474,122	27,556,310	15,650,011	16,990,108	63,333,220	29,557,884	2,913,668	163,475,323
Liabilities								
Bank Deposits	827,375	1,752,340	358,334	158,761	-	-	-	3,096,810
Other Deposits	19,502,902	51,251,339	11,752,126	5,946,264	1,519,461	167,413	-	90,139,505
Other Fundings	-	2,133,945	1,302,730	8,952,559	8,288,265	4,619,676	-	25,297,175
Interbank Money Market Takings	-	9,328,345	1,215,145	-	1,194,667	-	-	11,738,157
Securities Issued	-	767,193	-	1,371,442	562,616	1,040,805	-	3,742,056
Miscellaneous Payables	240,042	3,446,536	-	2,372,712	-	-	-	6,059,290
Other Liabilities (**)	577,486	1,101,146	251,357	498,776	341,362	139,846	20,492,357	23,402,330
Total Liabilities	21,147,805	69,780,844	14,879,692	19,300,514	11,906,371	5,967,740	20,492,357	163,475,323
Liquidity Gap	(13,673,683)	(42,224,534)	770,319	(2,310,406)	51,426,849	23,590,144	(17,578,689)	-
Prior Period								
Total Assets	7,346,378	18,837,568	12,041,939	19,216,367	50,676,454	25,856,828	2,819,399	136,794,933
Total Liabilities	16,022,174	65,451,244	11,064,176	12,332,716	8,315,980	4,760,833	18,847,810	136,794,933
Liquidity Gap	(8,675,796)	(46,613,676)	977,763	6,883,651	42,360,474	21,095,995	(16,028,411)	-

(*) 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.

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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	3,096,810	3,087,485	827,316	1,748,890	353,704	157,575	-	-
Other Deposits	90,139,505	89,707,367	19,502,786	51,009,299	11,667,253	5,863,241	1,497,668	167,120
Other Fundings	25,297,175	24,974,773	-	1,993,549	1,171,590	8,904,403	8,287,485	4,617,746
Interbank Money Market Takings	11,738,157	11,713,248	-	9,311,695	1,211,683	-	1,189,870	-
Securities Issued	3,742,056	3,603,984	-	766,437	-	1,371,442	559,500	906,605
Total	134,013,703	133,086,857	20,330,102	64,829,870	14,404,230	16,296,661	11,534,523	5,691,471

	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	2,774,497	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

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	150,583,848	126,640,820	150,114,901	126,933,331
Interbank Money Market Placements	6,800	2,036	6,800	2,036
Banks (*)	23,901,370	16,119,501	23,901,370	16,119,501
Financial Assets Available-for-Sale	31,155,039	34,467,810	31,155,039	34,467,810
Investments Held-to-Maturity	4,786,530	5,893,931	5,019,805	6,433,894
Loans	90,734,109	70,157,542	90,031,887	69,910,090
Financial Liabilities	140,072,993	116,511,049	140,072,993	116,511,049
Bank Deposits	3,096,810	2,774,497	3,096,810	2,774,497
Other Deposits	90,139,505	76,295,744	90,139,505	76,295,744
Interbank Money Market Takings and Funds Borrowed	37,035,332	32,577,816	37,035,332	32,577,816
Securities Issued	3,742,056	-	3,742,056	-
Miscellaneous Payables	6,059,290	4,862,992	6,059,290	4,862,992

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available-for-Sale	25,339,341	2	5,815,696	31,155,039
Financial Assets Held for Trading	1,012,450	203	37,677	1,050,330
Derivative Financial Assets Held for Trading	4,962	918,842	-	923,804
Investments in Associates and Subsidiaries	-	-	26,224	26,224
Derivative Financial Assets Held for Risk Management	-	129,335	-	129,335
Financial Assets at Fair Value	26,356,753	1,048,382	5,879,597	33,284,732
Derivative Financial Liabilities Held for Trading	95	1,211,301	-	1,211,396
Derivative Financial Liabilities Held for Risk Management	-	782	-	782
Financial Liabilities at Fair Value	95	1,212,083	-	1,212,178

Prior Period	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
Derivative Financial Assets Held for Risk Management	-	-	-	-
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.

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	617,208	426,380	500,567	413,770
Central Bank of Turkey	972,268	6,212,587	2,662,934	3,886,095
Others	30	83,977	-	81,683
Total	1,589,506	6,722,944	3,163,501	4,381,548

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Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	972,268	-	2,662,934	1,055,761
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	6,212,587	-	2,830,334
Total	972,268	6,212,587	2,662,934	3,886,095

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

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	3,681	646,886	98	-
Assets Subject to Repurchase Agreements	2,036	-	-	-
Total	5,717	646,886	98	-

5.1.2.2 Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68,223	25,013	28,433	29,966
Swap Transactions	37,964	504,566	95,815	193,015
Futures	12	4,950	11	1,491
Options	108,373	174,649	70,078	54,978
Others	-	54	-	92
Total	214,572	709,232	194,337	279,542

5.1.3 Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	350,488	755,877	775,901	1,210,801
Foreign banks	2,071,354	13,538,796	2,442,708	5,141,062
Foreign headoffices and branches	-	-	-	-
Total	2,421,842	14,294,673	3,218,609	6,351,863

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Due from foreign banks:

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	6,500,586	1,516,085	7,430,350	5,539,611
USA and Canada	1,008,254	154,298	431,411	247,293
OECD Countries (1)	18,013	14,717	-	-
Off-shore Banking Regions	63,515	47,602	26,372	20,961
Others	131,649	43,203	-	-
Total	7,722,017	1,775,905	7,888,133	5,807,865

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

The placements at foreign banks include blocked accounts amounting TL 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,460,855 thousands as collateral against funds borrowed at various banks. Furthermore, there are restricted deposits at various domestic banks amounting TL 94,091 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 6,699,932 thousands (31 December 2010: TL 2,609,350 thousands) is TL 6,901,185 thousands (31 December 2010: TL 2,571,988 thousands). The related accrued interests amount to TL 763,474 thousands (31 December 2010: TL 140,204 thousands). The related impairment losses on these securities amount to TL 41,718 thousands (31 December 2010: nil). Collateralized financial assets available-for-sale in foreign currencies consist of eurobonds, foreign governments bonds and corporate bonds. Carrying values of such securities with total face value of USD 20,728,000, EUR 301,823,542 and RUB 125,000,000 (31 December 2010: USD 24,328,000, EUR 225,932,846 and RUB 148,000,000), are USD 21,959,154 EUR 300,387,939 and RUB 124,062,500 (31 December 2010: USD 26,496,517, EUR 233,587,332 and RUB 148,009,030). The related accrued interest income amount to USD 2,755,324, EUR 3,378,158 and RUB 2,388,750 respectively (31 December 2010: USD 3,306,888, EUR 5,302,110 and RUB 3,133,010), and the impairment losses to USD 209,237 and EUR 2,455,333 respectively (31 December 2010: USD 468,364 and EUR 894,635).

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	7,622,941	783,085	2,712,192	536,393
Assets subject to Repurchase Agreements	11,142,092	1,279,161	9,760,434	1,207,858
Total	18,765,033	2,062,246	12,472,626	1,744,251

5.1.4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt Securities	29,141,787	30,978,569
Quoted at Stock Exchange	26,435,077	27,945,762
Unquoted at Stock Exchange	2,706,710	3,032,807
Common Shares/Investment Fund	19,668	28,625
Quoted at Stock Exchange	5,081	13,213
Unquoted at Stock Exchange	14,587	15,412
Value Increase/Impairment Losses (-)	1,993,584	3,460,616
Total	31,155,039	34,467,810

As of 31 December 2011, 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 428,333,333 (31 December 2010: USD 730,555,556) and a total carrying value of TL 810,571 thousands (31 December 2010: TL 1,124,270 thousands).

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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	26	35,339	14	4,831
Corporates	26	35,339	14	4,831
Individuals	-	-	-	-
Indirect Lendings to Shareholders	268,574	551,004	265,353	419,398
Loans to Employees	151,148	-	135,343	-
Total	419,748	586,343	400,710	424,229

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
Current Period				
Loans	87,225,393	1,002,824	909,183	1,191,708
Discounted Bills	520,754	641	1,490	16
Export Loans	5,236,557	110,333	8,674	87,254
Import Loans	730	-	-	-
Loans to Financial Sector	2,281,899	10,500	1,378	-
Foreign Loans	4,803,462	325,628	27,589	9,713
Consumer Loans	18,941,782	361,077	195,939	128,764
Credit Cards	9,732,233	-	83,406	146,634
Precious Metal Loans	245,969	4,647	5,452	1,275
Others	45,462,007	189,998	585,255	818,052
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	87,225,393	1,002,824	909,183	1,191,708

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
Prior Period				
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

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Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	21,608	1,313	-	22,921
Loans Collateralized by Mortgages	439,391	132,998	-	572,389
Loans Collateralized by Pledged Assets	489,012	16,038	-	505,050
Loans Collateralized by Cheques and Notes	159,881	108,712	-	268,593
Loans Collateralized by Other Collaterals	389,001	14,076	-	403,077
Unsecured Loans	47,255	51,566	230,040	328,861
Total	1,546,148	324,703	230,040	2,100,891

Prior Period	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

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
30-60 days	33,508	104,090	64,559	202,157
61-90 days	146,436	45,945	18,074	210,455
Other	1,366,204	174,668	147,407	1,688,279
Total	1,546,148	324,703	230,040	2,100,891

Prior Period	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

Loans with extended maturities

No. of Extension	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1- 5 Years	Over 5 Years	Total
1	117,202	52,276	146,043	187,792	552,509	117,485	1,173,307
2	704	1,432	368	13,966	7,614	7,085	31,169
3	-	15,057	159	20	4,559	1,193	20,988
4	-	-	40	300	23,931	473	24,744
5	-	-	464	-	15,851	74	16,389
Total	117,906	68,765	147,074	202,078	604,464	126,310	1,266,597

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5.1.5.3 Maturity analysis of cash loans

Current Period	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	29,723,785	385,923	168,833	246,808
Loans	29,723,785	385,923	168,833	246,808
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	57,501,608	616,901	740,350	944,900
Loans	57,501,608	616,901	740,350	944,900
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	87,225,393	1,002,824	909,183	1,191,708

Prior Period	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

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	385,331	16,971,897	17,357,228
Housing Loans	12,680	8,682,875	8,695,555
Automobile Loans	18,473	1,078,107	1,096,580
General Purpose Loans	28,796	635,716	664,512
Others	325,382	6,575,199	6,900,581
Consumer Loans – FC-indexed	-	408,695	408,695
Housing Loans	-	387,458	387,458
Automobile Loans	-	1,491	1,491
General Purpose Loans	-	10,380	10,380
Others	-	9,366	9,366
Consumer Loans – FC	259,227	1,085,584	1,344,811
Housing Loans	12,741	471,986	484,727
Automobile Loans	5	9,096	9,101
General Purpose Loans	27,004	37,944	64,948
Others	219,477	566,558	786,035
Retail Credit Cards – TL	9,270,682	121,785	9,392,467
With Installment	4,315,910	121,785	4,437,695
Without Installment	4,954,772	-	4,954,772
Retail Credit Cards – FC	54,092	45,461	99,553
With Installment	7,041	-	7,041
Without Installment	47,051	45,461	92,512
Personnel Loans – TL	20,775	20,964	41,739
Housing Loan	-	1,081	1,081
Automobile Loans	-	66	66
General Purpose Loans	972	985	1,957
Others	19,803	18,832	38,635
Personnel Loans - FC-indexed	527	11,360	11,887
Housing Loans	527	11,360	11,887
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	1,020	50,495	51,515
Housing Loans	-	16,088	16,088
Automobile Loans	-	83	83
General Purpose Loans	39	41	80
Others	981	34,283	35,264
Personnel Credit Cards – TL	36,359	414	36,773
With Installment	27,391	414	27,805
Without Installment	8,968	-	8,968
Personnel Credit Cards – FC	453	1,573	2,026
With Installment	27	-	27
Without Installment	426	1,573	1,999
Deposit Accounts– TL (real persons)	411,687	-	411,687
Deposit Accounts– FC (real persons)	-	-	-
Total	10,440,153	18,718,228	29,158,381

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Prior Period	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

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5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	798,777	7,194,941	7,993,718
Real Estate Loans	1,121	528,143	529,264
Automobile Loans	56,032	1,417,261	1,473,293
General Purpose Loans	741,624	5,247,089	5,988,713
Others	-	2,448	2,448
Installment-based Commercial Loans - FC-indexed	88,845	696,249	785,094
Real Estate Loans	136	49,918	50,054
Automobile Loans	5,191	219,563	224,754
General Purpose Loans	83,518	426,768	510,286
Others	-	-	-
Installment-based Commercial Loans – FC	578,429	729,008	1,307,437
Real Estate Loans	-	1,178	1,178
Automobile Loans	151	4,724	4,875
General Purpose Loans	312	5,200	5,512
Others	577,966	717,906	1,295,872
Corporate Credit Cards – TL	426,613	724	427,337
With Installment	196,638	724	197,362
Without Installment	229,975	-	229,975
Corporate Credit Cards – FC	4,117	-	4,117
With Installment	-	-	-
Without Installment	4,117	-	4,117
Deposit Accounts– TL (corporates)	525,078	-	525,078
Deposit Accounts– FC (corporates)	-	-	-
Total	2,421,859	8,620,922	11,042,781

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Prior Period	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	1,472,793	1,253,384
Private Sector	88,856,315	68,475,222
Total	90,329,108	69,728,606

5.1.5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	84,546,363	64,742,509
Foreign Loans	5,782,745	4,986,097
Total	90,329,108	69,728,606

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	16,384	25,747
Indirect Lending	-	-
Total	16,384	25,747

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5.1.5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Substandard Loans and Receivables - Limited Collectibility	28,890	21,413
Doubtful Loans and Receivables	156,321	102,679
Uncollectible Loans and Receivables	1,343,321	1,680,083
Total	1,528,532	1,804,175

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	12,368	20,353	157,497
Rescheduled Loans and Receivables	-	-	5,167
Total	12,368	20,353	162,664
Prior 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

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
Current Period			
Balances at Beginning of Period			
Additions (+)	303,743	81,937	251,146
Transfer from Other NPL Categories (+)	-	248,894	215,546
Transfer to Other NPL Categories (-)	249,400	219,156	213,210
Collections during the Period (-)	45,886	58,514	383,423
Write-offs (-) (*)	-	-	231,255
Corporate and Commercial Loans	-	-	30,064
Retail Loans	-	-	112,307
Credit Cards	-	-	88,884
Other	-	-	-
Balances at End of Period	78,176	191,288	1,664,069
Specific Provisions (-)	28,890	156,321	1,343,321
Net Balance on Balance Sheet	49,286	34,967	320,748

(*) TL 220,894 thousands of this amount is due to sale of non-performing loans.

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Prior Period	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 (-) ⁽¹⁾	-	-	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

Movements in specific loan provisions

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Balances at End of Prior Period	646,712	512,810	644,653	1,804,175
Additions during the Period (+)	223,165	98,924	135,782	457,871
Restructured/Rescheduled Loans (-)	161,237	179	-	161,416
Collections during the Period (-)	113,789	101,899	125,630	341,318
Write-Offs (-)	29,651	112,245	88,884	230,780
Balances at End of Period	565,200	397,411	565,921	1,528,532

Prior Period	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

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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	3,038	26,843	596,701
Specific Provisions (-)	211	18,555	429,011
Net Balance at Balance Sheet	2,827	8,288	167,690
Prior 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

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)			
	49,286	34,967	320,748
Loans to Individuals and Corporates (Gross)	78,176	191,288	1,657,029
Specific Provision (-)	28,890	156,321	1,336,281
Loans to Individuals and Corporates (Net)	49,286	34,967	320,748
Banks (Gross)	-	-	311
Specific Provision (-)	-	-	311
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	6,729
Specific Provision (-)	-	-	6,729
Other Loans and Receivables (Net)	-	-	-
Prior 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)	-	-	-

Collaterals received for non-performing loans

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	353	149	-	502
Loans Collateralized by Mortgages	258,444	62,908	-	321,352
Loans Collateralized by Pledged Assets	111,998	36,077	-	148,075
Loans Collateralized by Cheques and Notes	153,909	125,391	-	279,300
Loans Collateralized by Other Collaterals	159,124	8,795	-	167,919
Unsecured Loans	174,145	246,970	595,270	1,016,385
Total	857,973	480,290	595,270	1,933,533

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Prior Period	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 collaterals.

5.1.5.12 Write-off policy

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

5.1.6 Factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,070,103	162,757	1,162,592	288,992
Medium and Long-Term	10,239	6,386	-	-
Total	1,080,342	169,143	1,162,592	288,992

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	2,470,203	487,156	2,904,701	406,444
Investments subject to Repurchase Agreements	156,819	-	908,463	409,643
Total	2,627,022	487,156	3,813,164	816,087

5.1.7.2 Government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	3,170,068	4,576,594
Treasury Bills	-	-
Other Government Securities	1,610,487	1,313,190
Total	4,780,555	5,889,784

5.1.7.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Securities	4,521,731	5,583,946
Quoted at Stock Exchange	4,515,950	5,579,803
Unquoted at Stock Exchange	5,781	4,143
Valuation Increase / (Decrease)	264,799	309,985
Total	4,786,530	5,893,931

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5.1.7.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at Beginning of Period	5,893,931	7,467,825
Foreign Currency Differences on Monetary Assets	292,041	19,353
Purchases during the Period	5,781	4,143
Disposals through Sales/Redemptions	(1,360,037)	(1,661,549)
Valuation Effect	(45,186)	64,159
Balances at End of Period	4,786,530	5,893,931

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 ⁽¹⁾	Istanbul/Turkey	-	6.67
2 Bankalararası Kart Merkezi AŞ ^{(1)(****)}	Istanbul/Turkey	10.15	10.15
3 Yatırım Finansman Menkul Değerler AŞ ^{(1)(*)}	Istanbul/Turkey	0.77	0.77
4 İMKB Takas ve Saklama Bankası AŞ ⁽¹⁾	Istanbul/Turkey	5.83	5.83
5 Vadeli İşlem ve Opsiyon Borsası AŞ ⁽¹⁾	Istanbul/Turkey	6.00	6.00
6 KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul/Turkey	9.09	9.09
7 Gelişen Bilgi Teknolojileri AŞ ⁽²⁾	Istanbul/Turkey	5.00	5.00
8 Türkiye Cumhuriyet Merkez Bankası AŞ ⁽³⁾	Ankara / Turkey	2.48	2.48
9 Kredi Garanti Fonu AŞ ^{(1)(****)}	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 and Extraordinary Reserves	Company's Fair Value (if available)
1	7,283	6,182	464	272	-	1,083	647	-
2	22,629	19,044	6,401	686	-	3,179	1,105	-
3	642,295	64,918	1,405	17,658	829	5,975	3,205	-
4	2,168,769	297,083	10,613	27,363	2,890	24,411	92,469	-
5	61,072	53,664	4,716	3,009	48	4,277	36,207	-
6	38,784	27,914	2,552	2,033	4	12,265	-	-
7	427	425	-	12	-	(5)	345	-
8	154,509	12,108	245	32	4,137	3,099	12,060	-
9	207,899	201,048	2,904	3,979	-	7,672	7,632	-

⁽¹⁾ Financial information is as of 30 September 2011.

⁽²⁾ The company is under liquidation, the financial information is as of 30 June 2011.

⁽³⁾ Financial information is as of 31 December 2010.

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

^(**) The paid-in capital of Yatırım Finansman Menkul Değerler AŞ was increased from TL 45,500 thousands to TL 53,500 thousands during its ordinary general assembly meeting held on 23 March 2011.

^(***) The Bank has paid TL 2,000 thousands of its capital commitment of TL 4,000 thousands on 15 October 2009 and TL 1,000 thousands on 29 July 2011 arising from the capital increase of Kredi Garanti Fonu AŞ dated 11 September 2009.

^(****) The paid-in capital of Bankalararası Kart Merkezi AŞ was increased from TL 6,000 thousands to TL 14,000 thousands during its ordinary general assembly meeting held on 30 March 2011.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

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5.1.8.2 Consolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Yatırım Ortaklığı AŞ ⁽¹⁾	İstanbul / Türkiye	-	0.21

	Total Assets	Shareholders' Equity	Total Fixed Assets ⁽²⁾	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	31,970	31,773	271	91	(223)	868	136	17,700

⁽¹⁾ Financial information is as of 30 September 2011, however the fair value information is as of 31 December 2011.

⁽²⁾ 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	60,244	50,579
Movements during the Period	(60,206)	9,665
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Allocation from Current Period Profit	6,261	9,974
Sales/Liquidations (-)	(66,448)	-
Reclassifications	-	-
Increase/Decrease in Fair Values	(19)	(309)
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at End of Period	38	60,244
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

As per the Shareholders' Agreement dated 21 June 2007 between the Bank and Eureka BV, the Bank sold its 20% shares of Eureka Sigorta AŞ with a nominal value of TL 12,000 thousands to Eureka BV for EUR 69,999,999.

Valuation methods of consolidated investments in associates

Associates	Current Period	Prior Period
Valued at Cost	-	-
Valued at Fair Value	38	50
Valued by Equity Method of Accounting	-	60,194

Sectoral distribution of consolidated investments and associates

Associates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	60,194
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	38	50
Other Associates	-	-

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Quoted consolidated investments in associates

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	38	50
Quoted at International Stock Exchanges	-	-

Investments in associates sold during the current period

Disclosed above.

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. T. 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	Golden Clover Stichting Custody	Amsterdam/Holland	-	100.00
9	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
10	Garanti Teknolojinet İletişim Hizmetleri ve Tic. AŞ	Istanbul/Turkey	-	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	38,394	23,787	658	-	910	7,414	(90,924)	-
2	24,287	14,112	1,670	-	1,030	2,430	11,103	-
3	897	315	18	-	31	(555)	457	-
4	880	393	74	-	6	189	(141)	-
5	1,553	1,411	-	-	19	266	375	-
6	39	39	29	-	-	(22)	(3)	-
7	303	303	-	-	-	-	-	-
8	306	303	-	-	-	-	-	-
9	256,423	26,224	216,181	13	-	9,842	6,382	-
10	588	588	-	-	40	7	(521)	-

⁽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 2011, the investments in United Custodian and Golden Clover Stichting Custody classified as financial subsidiaries are not consolidated in the context of materiality concept, instead they are valued at cost.

The liquidations of Trifoi Investment SRL and Garanti Broker Asigurari BRL were completed in May and September 2011, respectively, therefore these companies are not listed above.

The non-financial investments are accounted under cost method of accounting.

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5.1.9.2 Movement of consolidated investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	1,646,532	997,754
Movements during the Period	417,963	648,778
Acquisitions and Capital Increases ^(*)	83,420	578,446
Bonus Shares Received ^(**)	-	953
Dividends from Current Year Profit	-	-
Sales/Liquidations	-	(4,227)
Reclassifications	8,653	-
Increase/Decrease in Market Values	154,562	55,858
Currency Differences on Foreign Subsidiaries	171,328	17,748
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	2,064,495	1,646,532
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

Current 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 RUB 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 Garanti 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 Garanti Holding BV was increased by EUR 118.4 millions. Garanti Holding BV is the shareholder of G Netherlands BV directly, and Garanti Bank SA (formerly GE Garanti Bank SA), Motoractive IFN SA, Ralfi IFN SA and Domenica Credit IFN SA, all resident in Romania, indirectly through G Netherlands BV.

The paid-in capital of Garanti 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 Garanti 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 Garanti 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 Garanti Holding BV held on 16 December 2010;

- 1) Leasemart Holding BV, the Netherlands-based company, was acquired by Garanti 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, Motoractive IFN SA, Domenica Credit IFN SA and Ralfi IFN SA.
- 3) The remaining amount of the increased share capital of Garanti Holding BV was utilized to increase the share capital of Garanti Bank SA by EUR 35 millions through G Netherlands 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.

Current period;

(*) The paid-in capital of Garanti Holding BV was increased from EUR 329,088,600 to EUR 349,088,600 on 29 December 2011 as per the decision made at the board of directors' meeting held on 1 December 2011. Garanti Holding BV increased the share capital of Garanti Bank SA by 20 million EUR through G Netherlands BV with its capital increase.

The Bank purchased 5.86% of the paid-in capital of Garanti Finansal Kiralama AŞ at a total face value of TL 4,278 thousands from Garanti Faktoring Hizmetleri AŞ for a consideration of TL 34,574 thousands on 5 December 2011.

Valuation methods of consolidated investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	235,950	210,587
Valued at Fair Value	1,828,545	1,435,945

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	1,023,375	783,622
Insurance Companies	56,545	56,545
Factoring Companies	68,749	73,533
Leasing Companies	110,743	85,381
Finance Companies	805,083	647,451
Other Subsidiaries	-	-

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Quoted consolidated investments in subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	68,749	73,533
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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	99.96	-	Full Consolidation
2 Garanti Faktoring Hizmetleri AŞ ⁽¹⁾	Istanbul/Turkey	81.84	-	Full Consolidation
3 Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4 Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5 Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	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 Garanti Holding BV ^{(**)(***)(****)}	Amsterdam/Holland	100.00	-	Full Consolidation
9 G Netherlands BV ^(*)	Amsterdam/Holland	-	100.00	Full Consolidation
10 Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
11 Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12 Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
13 Domenia Credit IFN SA	Bucharest/Romania	-	100.00	Full Consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1	2,705,394	499,857	17,613	169,521	-	80,784	320,659	-
2	992,741	58,374	2,587	66,483	178	8,350	25,282	84,000
3	38,261	31,891	5,807	892	1,076	2,214	13,331	-
4	17,669	15,036	2,411	587	275	620	1,239	-
5	3,023,012	442,129	14,645	39,024	5,445	112,997	251,700	-
6	10,076,702	878,244	53,805	322,723	77,242	128,056	346,838	872,306
7	720,185	146,882	43,433	22,583	15,931	12,012	72,196	151,069
8	737,455	737,452	-	41	-	(10)	(118,323)	736,420
9	808,038	680,257	-	-	-	(6,890)	(9,690)	-
10	3,528,113	454,155	55,395	199,122	38,154	7,462	(62,995)	-
11	211,312	32,349	7,067	21,289	-	2,809	4,517	-
12	173,595	17,952	1,332	46,699	-	5,018	5,533	-
13	306,147	31,679	505	19,703	-	4,359	3,361	-

(1) Financial information is as of 30 September 2011, however the fair value information is as of 31 December 2001.

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

(**) As of 27 January 2011, D Netherlands Holding BV's name changed to Garanti Holding BV and Doğuş GE BV's name changed to G Netherlands BV.

(***) As of 2 August 2011, Leasemart Holding BV was merged under Garanti Holding BV.

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

Consolidated investments in subsidiaries disposed during the current period
None.

Consolidated investments in subsidiaries acquired during the current period
None.

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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	1,045,915	897,416	851,236	732,334
Between 1-5 Years	1,810,768	1,581,938	996,099	873,899
Longer than 5 Years	219,913	190,540	131,069	120,503
Total	3,076,596	2,669,894	1,978,404	1,726,736

5.1.11.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	3,076,596	1,978,404
Unearned Income on Financial Lease Receivables (-)	(406,702)	(251,668)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	2,669,894	1,726,736

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

Derivative Financial Assets Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	129,335	-	-
Cash Flow Hedges	-	-	-	-
Net Foreign Investment Hedges	-	-	-	-
Total	-	129,335	-	-

The Bank hedged its fixed-rate eurobonds issued on 20 April 2011 with a maturity of 10 years for the amount of USD 500 millions under various fair value hedges.

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5.1.13 Tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at End of Prior Period					
Cost	1,163,225	396,095	40,170	1,054,924	2,654,414
Accumulated Depreciation	(269,273)	(339,126)	(32,975)	(639,619)	(1,280,993)
Net Book Value	893,952	56,969	7,195	415,305	1,373,421
Balance at End of Current Period					
Net Book Value at Beginning of Current Period	893,952	56,969	7,195	415,305	1,373,421
Additions	50,709	301	1,745	195,862	248,617
Disposals (Cost)	(26,937)	(17,039)	(12,299)	(80,200)	(136,475)
Disposals (Accumulated Depreciation)	1,449	16,804	11,342	46,409	76,004
Reversal of/Impairment Losses (-)	10,832	-	-	(106)	10,726
Depreciation Expense for Current Period	(26,326)	(22,560)	(3,910)	(129,204)	(182,000)
Currency Translation Differences on Foreign Operations, net	22,288	-	2,351	11,193	35,832
Cost at End of Current Period	1,219,962	379,357	31,388	1,188,590	2,819,297
Accumulated Depreciation at End of Current Period	(293,995)	(344,882)	(24,964)	(729,331)	(1,393,172)
Net Book Value at End of Current Period	925,967	34,475	6,424	459,259	1,426,125

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 106 thousands is made for the impairment in values of certain tangible assets and a total provision of TL 10,832 thousands made for the impairment in values of certain real estates in prior periods is reversed in 2011 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.

5.1.14.3 Balances at beginning and end of current period

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	203,345	119,099	149,206	93,401

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5.1.14.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Net Book Value at Beginning Period	55,805	46,946
Internally Generated Intangibles	-	-
Additions due to Mergers, Transfers and Acquisition	57,042	32,949
Disposals (-)	(5,699)	(1,616)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(24,048)	(19,058)
Currency Translation Differences on Foreign Operations	1,146	(3,416)
Other Movements	-	-
Net Book Value at End of Current Period	84,246	55,805

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

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

None.

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

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

	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

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5.1.15 Investment property

None.

5.1.16 Deferred tax asset

As of 31 December 2011, on a consolidated basis the Bank has a deferred tax asset of TL 62,852 thousands (31 December 2010: TL 171,825 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 2011. However, there is a deferred tax asset of TL 197,339 thousands (31 December 2010: TL 247,838 thousands) and deferred tax liability of TL 134,487 thousands (31 December 2010: TL 76,013 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 11,959 thousands is recorded in the accompanying consolidated financial statements as of 31 December 2010 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 2011, a deferred tax asset amounting TL 1,741 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.

5.1.17 Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
End of Prior Period		
Cost	105,679	82,336
Accumulated Depreciation (-)	(1,646)	(1,144)
Net Book Value	104,033	81,192
End of Current Period		
Additions	123,683	80,899
Disposals (Cost)	(94,857)	(54,819)
Disposals (Accumulated Depreciation)	659	483
Reversal of Impairment / Impairment Losses (-)	(4,403)	(2,737)
Depreciation Expense for Current Period (-)	(1,459)	(985)
Currency Translation Differences on Foreign Operations	-	-
Cost	130,102	105,679
Accumulated Depreciation (-)	(2,446)	(1,646)
Net Book Value	127,656	104,033

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 6,273 thousands (31 December 2010: TL 6,293 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	3,167	4,249
Sale of Real Estates	13,945	45
Sale of Other Assets	2,978	2,920
Total	20,090	7,214

5.1.18.2 Prepaid expenses

	Current Period	Prior Period
Prepaid Expenses	289,532	248,019

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5.2 Consolidated liabilities

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	Total
Saving Deposits	2,926,197	-	3,897,909	22,093,153	962,176	276,351	272,297	1,531	30,429,614
Foreign Currency Deposits	9,911,152	-	4,642,512	15,890,716	1,984,801	3,144,929	4,933,946	87,885	40,595,941
Residents in Turkey	6,888,561	-	4,362,454	14,040,203	1,254,759	489,583	1,331,768	86,177	28,453,505
Residents in Abroad	3,022,591	-	280,058	1,850,513	730,042	2,655,346	3,602,178	1,708	12,142,436
Public Sector Deposits	313,115	-	872	36,525	1,336	6	-	-	351,854
Commercial Deposits	3,725,761	-	2,531,943	5,845,595	2,919,089	539,490	261,359	-	15,823,237
Others	64,105	-	18,936	274,705	10,055	549	331	-	368,681
Precious Metal Deposits	2,562,568	-	3,247	-	-	3,414	949	-	2,570,178
Bank Deposits	827,375	-	1,130,586	682,853	70,922	368,477	16,597	-	3,096,810
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,970	-	128,853	103,157	-	5,391	1,078	-	246,449
Foreign Banks	273,975	-	1,001,733	573,584	70,922	363,086	15,519	-	2,298,819
Special Financial Institutions	545,430	-	-	6,112	-	-	-	-	551,542
Others	-	-	-	-	-	-	-	-	-
Total	20,330,273	-	12,226,005	44,823,547	5,948,379	4,333,216	5,485,479	89,416	93,236,315

5.2.1 Maturity profile of deposits

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	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	-	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

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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	11,531,720	11,539,769	18,603,874	15,141,116
Foreign Currency Saving Deposits	7,639,644	6,533,041	12,607,762	10,275,662
Other Saving Deposits	1,214,676	204,524	1,254,695	243,956
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	441,070	375,362
Deposits and Other Accounts held by Shareholders and their Relatives	7,193	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	352,525	186,298
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	62,818	31,401	30,013	11,083
Swap Transactions	385,060	497,412	168,864	213,387
Futures	-	95	46	1,846
Options	59,204	175,161	47,857	53,272
Others	-	245	-	6,156
Total	507,082	704,314	246,780	285,744

5.2.3 Funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	1,268,505	979,878	1,508,513	608,657
Foreign Banks, Institutions and Funds	4,336,855	17,589,799	5,116,998	12,596,215
Total	5,605,360	18,569,677	6,625,511	13,204,872

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5.2.3.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,444,175	8,285,742	2,212,061	5,308,895
Medium and Long-Term	4,161,185	10,283,935	4,413,450	7,895,977
Total	5,605,360	18,569,677	6,625,511	13,204,872

5.2.3.2 Disclosures for concentration areas of bank's liabilities

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

5.2.4 Other external funds

5.2.4.1 Securities issued

	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	2,558,731	-	-	1,181,284
Cost	2,423,391	-	-	1,175,445
Carrying Value (*)	2,138,635	-	-	1,603,421

(*) The Bank and its financial affiliates repurchased the Bank's own TL securities with a total nominal value of TL 410,950 thousands and foreign currency securities with a total nominal value of TL 18,716 thousands and netted off such securities in the accompanying consolidated financial statement.

5.2.4.2 Funds provided through repurchase transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	8,340,241	-	10,180,670	-
Financial Institutions and Organizations	8,293,202	-	10,115,836	-
Other Institutions and Organizations	20,249	-	19,318	-
Individuals	26,790	-	45,516	-
Foreign Transactions	388	3,397,528	156,569	1,398,103
Financial Institutions and Organizations	-	3,397,528	155,900	1,398,103
Other Institutions and Organizations	-	-	284	-
Individuals	388	-	385	-
Total	8,340,629	3,397,528	10,337,239	1,398,103

5.2.4.3 Miscellaneous payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	3,331,594	39,534	2,803,479	11,671
Payables from insurance transactions	2,330,981	41,732	1,824,088	36,445
Other	174,655	140,794	110,240	77,069
Total	5,837,230	222,060	4,737,807	125,185

5.2.5 Factoring payables

None.

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5.2.6 Lease payables

5.2.6.1 Financial lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	211	187	994	994
Between 1-5 Years	240	233	1,402	1,402
Longer than 5 Years	-	-	-	-
Total	451	420	2,396	2,396

5.2.6.2 Operational lease agreements

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

5.2.7 Derivative financial liabilities held for risk management

Derivative Financial Liabilities Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	782	-	2,347
Net Foreign Investment Hedges	-	-	-	-
Total	-	782	-	2,347

5.2.8 Provisions

5.2.8.1 General provisions

General Provision for	Current Period	Prior Period
	1,067,423	660,467
Loans and Receivables in Group I	931,956	571,746
Loans and Receivables in Group II	60,164	34,862
Non-Cash Loans	75,303	53,859
Others	-	-

As per the amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to Be Set Aside dated 28 May 2011, an additional provision of TL 34,550 thousands has been made for the loans and other receivables classified under Group I and II.

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	2,345	4,027
Medium and Long Term Loans	968	7,429
Total	3,313	11,456

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

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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	809	738
Doubtful Loans and Receivables	2,366	3,339
Uncollectible Loans and Receivables	49,123	53,210
Total	52,298	57,287

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	450,000	360,000

5.2.8.4.2 Other provisions for possible losses

	Current Period	Prior Period
Reserve for Employee Benefits	280,575	293,603
Insurance Technical Provisions, Net	159,487	140,788
Provision for Promotion Expenses of Credit Cards (*)	44,353	46,488
Provision for Lawsuits	15,906	5,357
Other Provisions	32,097	29,705
Total	532,418	515,941

(*) 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 11 January 2012 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 1,143,072 thousands at 31 December 2011 (31 December 2010: TL 951,896 thousands) as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2011 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 11 January 2012 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 740,699 thousands (31 December 2010: TL 504,338 thousands) remains as of 31 December 2011 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 305,628 thousands (31 December 2010: TL 266,382 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.

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	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(376,357)	(315,823)
Net present value of medical benefits and health premiums transferable to SSF	305,628	266,382
General administrative expenses	(20,039)	(19,046)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(90,768)	(68,487)
Fair Value of Plan Assets (2)	1,233,840	1,020,383
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,143,072	951,896
Non-Transferable Benefits:		
Other pension benefits	(264,514)	(242,307)
Other medical benefits	(137,859)	(205,251)
Total Non-Transferable Benefits (4)	(402,373)	(447,558)
Asset Surplus over Total Benefits ((3)-(4)=(5))	740,699	504,338
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	(305,628)	(266,382)
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	435,071	237,956

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 ⁽¹⁾	9.52	10.00
Inflation Rate ⁽¹⁾	5.06	5.10
Future Real Salary Increase Rate	1.5	1.5
Medical Cost Trend Rate	40% above inflation	60% above inflation
Future Pension Increase Rate ⁽¹⁾	5.06	5.10

⁽¹⁾ The above rates are effective rates, whereas the rates applied as of 31 December 2011 for the calculation differ according to the employees' years in service.

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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2011, the corporate tax liability amounts to TL 78,647 thousands (31 December 2010: TL 297,271 thousands) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	78,647	297,271
Taxation on Securities Income	75,858	58,218
Taxation on Real Estates Income	1,908	1,536
Banking Insurance Transaction Tax	46,474	29,704
Foreign Exchange Transaction Tax	21	25
Value Added Tax Payable	4,303	2,758
Others	76,256	36,329
Total	283,467	425,841

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5.2.9.1.2 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	714	349
Social Security Premiums-Employer	970	255
Bank Pension Fund Premium-Employees	24	34
Bank Pension Fund Premium-Employer	36	17
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	5	2
Unemployment Insurance-Employees	1,181	532
Unemployment Insurance-Employer	2,317	1,001
Others	8	4
Total	5,255	2,194

5.2.9.2 Deferred tax liability

In the accompanying consolidated financial statements, the Bank had a deferred tax liability of TL 1,333 thousands as of 31 December 2011 (31 December 2010: TL 391 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	-	1,122,138	-	978,585
Total	-	1,122,138	-	978,585

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. The Bank decided to use its early repayment option. Accordingly, the debt will be repaid at 6 February 2012. The necessary permissions are obtained from the BRSA.

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.

As at 31 December 2011, 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
Shares repurchased during the period	(1,359)	-
Paid-in common shares	4,198,641	4,200,000
Preference shares	-	-

The Bank's shares acquired by Garanti Yatırım Ortaklığı AŞ, one the parent Bank's financial affiliates subject to full consolidation, in the current period are deducted from the paid-in capital in the accompanying consolidated balance sheet.

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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	114,597	(21,664)	1,472,063	155,443
Valuation Difference	114,597	(21,664)	1,472,063	155,443
Exchange Rate Difference	-	-	-	-
Total	114,597	(21,664)	1,472,063	155,443

5.2.12.9 Revaluation surplus

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	-	-	-	-
Real Estates	2,140	-	2,140	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates to be used for Capital Increases	596,813	-	596,047	-
Revaluation Surplus on Leasehold Improvements	-	-	-	-
Total	598,953	-	598,187	-

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 Gayrimenkul Yatırım Ortaklığı AŞ by TL 20 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands, Tat Konserve AŞ by TL 36 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.12.12 Legal reserves

	Current Period	Prior Period
I. Legal Reserve	675,914	504,369
II. Legal Reserve	78,713	44,403
Special Reserves	-	-
Total	754,627	548,772

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5.2.12.12 Extraordinary reserves

	Current Period	Prior Period
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	8,016,504	5,443,579
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	8,016,504	5,443,579

5.2.12.13 Minority interest

	Current Period	Prior Period
Balance at Beginning of Period	97,383	49,023
Profit Share of Subsidiaries Net Profits	19,507	20,872
Prior Period Dividend	-	-
Increase / (Decrease) in Minority Interest due to Sales	(4,346)	-
Others	(17)	27,488
Balance at End of Period	112,527	97,383

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 4,940,934 thousands (31 December 2010: TL 2,731,420 thousands), commitments for cheque payments of TL 2,230,783 thousands (31 December 2010: TL 1,910,031 thousands) and commitments for credit card limits of TL 13,631,471 thousands (31 December 2010: TL 12,554,092 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	9,629,237	7,358,370
Letters of Guarantee in TL	5,791,162	4,951,728
Letters of Credit	6,231,224	3,934,455
Bills of Exchange and Acceptances	515,550	164,105
Prefinancings	-	-
Other Guarantees	70,236	56,746
Total	22,237,409	16,465,404

A specific provision of TL 52,298 thousands (31 December 2010: TL 57,287 thousands) is made for unliquidated non-cash loans of TL 113,577 thousands (31 December 2010: TL 96,013 thousands) recorded under the off-balance sheet items as of 31 December 2011.

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

As of 31 December 2011, 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 428,333,333 (31 December 2010: USD 780,555,556).

5.3.1.3 Non-cash loans

	Current Period	Prior Period
Non-Cash Loans against Cash Risks	1,508,650	932,057
<i>With Original Maturity of 1 Year or Less</i>	<i>362,310</i>	<i>76,642</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>1,146,340</i>	<i>855,415</i>
Other Non-Cash Loans	20,728,759	15,533,347
Total	22,237,409	16,465,404

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5.3.1.4 Other information on non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	68,282	1.18	74,393	0.46	55,348	1.12	140,678	1.22
Farming and Stockbreeding	65,948	1.14	73,421	0.45	52,897	1.07	140,587	1.22
Forestry	524	0.01	112	-	704	0.01	91	-
Fishery	1,810	0.03	860	0.01	1,747	0.04	-	-
Manufacturing	2,069,333	35.64	6,734,153	40.98	1,737,187	35.03	3,859,813	33.54
Mining	307,253	5.29	128,173	0.78	316,066	6.37	44,163	0.38
Production	1,234,890	21.27	4,432,132	26.97	1,048,610	21.15	2,552,008	22.18
Electricity, Gas, Water	527,190	9.08	2,173,848	13.23	372,511	7.51	1,263,642	10.98
Construction	872,018	15.02	2,058,986	12.53	687,443	13.86	1,782,334	15.49
Services	2,325,013	40.03	6,218,920	37.85	2,105,382	42.46	4,441,893	38.61
Wholesale and Retail Trade	1,581,513	27.24	3,014,182	18.35	1,392,907	28.09	1,756,413	15.26
Hotel, Food and Beverage Services	151,771	2.61	67,315	0.41	100,954	2.04	63,970	0.56
Transportation and Telecommunication	209,132	3.60	884,124	5.38	188,038	3.79	731,211	6.36
Financial Institutions	311,294	5.36	2,233,692	13.59	364,998	7.36	1,879,537	16.33
Real Estate and Renting Services	8,835	0.15	1,670	0.01	6,640	0.13	872	0.01
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	8,143	0.14	4,381	0.03	6,648	0.14	3,150	0.03
Health and Social Services	54,325	0.93	13,556	0.08	45,197	0.91	6,740	0.06
Others	471,893	8.13	1,344,418	8.18	373,518	7.53	1,281,808	11.14
Total	5,806,539	100.00	16,430,870	100.00	4,958,878	100.00	11,506,526	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	5,752,012	16,358,613	54,527	72,257
Letters of Guarantee	5,736,635	9,565,781	54,527	63,456
Bills of Exchange and Bank Acceptances	3,687	508,978	-	2,885
Letters of Credit	11,690	6,213,618	-	5,916
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	70,236	-	-

Prior 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 Surities	-	56,746	-	-

5.3.2 Financial derivative instruments

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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	-	-	102,575	-	1,865,000	1,967,575
Fair Value Hedges	-	-	-	-	1,865,000	1,865,000
Cash Flow Hedges	-	-	102,575	-	-	102,575
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency Related Derivative Transaction (I)	25,005,125	21,788,016	30,156,180	4,491,883	245,356	81,686,560
Currency Forwards – Purchases	2,586,405	794,015	1,476,903	134,211	118,167	5,109,701
Currency Forwards – Sales	2,504,565	758,167	1,510,913	134,620	118,167	5,026,432
Currency Swaps – Purchases	5,861,189	7,310,969	6,034,559	1,392,994	4,558	20,604,269
Currency Swaps – Sales	6,064,712	7,142,359	5,977,391	1,545,306	4,464	20,734,232
Currency Options – Purchases	4,019,203	2,832,986	7,547,381	642,407	-	15,041,977
Currency Options – Sales	3,969,051	2,845,424	7,585,122	642,345	-	15,041,942
Currency Futures – Purchases	-	39,397	15,395	-	-	54,792
Currency Futures – Sales	-	64,699	8,516	-	-	73,215
Interest Rate Related Derivative Transaction (II)	14,530	98,806	2,414,141	10,144,261	6,179,930	18,851,668
Interest Rate Swaps – Purchases	-	-	1,182,053	4,612,842	3,089,965	8,884,860
Interest Rate Swaps – Sales	-	37,431	1,133,621	4,623,843	3,089,965	8,884,860
Interest Rate Options – Purchases	-	-	-	888,861	-	888,861
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	7,265	21,556	73,180	7,486	-	109,487
Securities Options – Sales	7,265	38,819	25,287	11,229	-	82,600
Interest Rate Futures – Purchases	-	500	-	-	-	500
Interest Rate Futures – Sales	-	500	-	-	-	500
Other Trading Derivatives (III)	366,850	110,432	32,930	-	-	510,212
B. Total Trading Derivatives (I+II+III)	25,386,505	21,997,254	32,603,251	14,636,144	6,425,286	101,048,440
Total Derivative Transactions (A+B)	25,386,505	21,997,254	32,705,826	14,636,144	8,290,286	103,016,015

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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	-	-	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

5.3.3 Contingent liabilities and assets

The Bank made a total provision amounting to TL 15,906 thousands for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.8.4.2 Other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

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.

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	2,339,857	359,897	2,094,044	326,831
Medium and long-term loans	2,681,218	1,688,011	2,088,835	1,077,222
Loans under follow-up	77,374	5,413	54,748	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	5,098,449	2,053,321	4,237,627	1,404,053

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

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5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	14	3,039	150
Domestic Banks	27,024	38,951	19,062	16,238
Foreign Banks	159,458	50,349	186,448	70,501
Foreign Head Offices and Branches	-	-	-	-
Total	186,482	89,314	208,549	86,889

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	30,863	3,872	57,936	1,344
Financial Assets Valued at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	2,835,761	233,967	2,741,984	220,592
Investments Held-to-Maturity	465,695	106,335	741,701	99,155
Total	3,332,319	344,174	3,541,621	321,091

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	591	1,657

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	85,791	23,269	77,434	29,427
Foreign Banks	528,715	358,295	442,704	235,621
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	73,124	-	64,647
Total	614,506	454,688	520,138	329,695

(*) Includes also fees and commissions 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	6,125	8,221

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	127,319	50,112	-	-

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5.4.2.4 Maturity structure of interest expense on deposits

Current Period Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	10,022	39,177	5,700	305	246	15,743	-	71,193
Saving Deposits	414	322,009	1,660,502	90,908	21,635	21,145	-	2,116,613
Public Sector Deposits	-	668	2,392	97	2	-	-	3,159
Commercial Deposits	1,982	226,506	506,585	125,793	21,220	17,589	-	899,675
Others	20	2,673	19,331	5,233	10,677	302	-	38,236
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	12,438	591,033	2,194,510	222,336	53,780	54,779	-	3,128,876
Foreign Currency								
Foreign Currency Deposits	15,637	234,773	548,074	78,414	38,774	74,407	1,696	991,775
Bank Deposits	3,097	24,265	1,460	235	792	1,280	-	31,129
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	-	-	119	13	-	133
Total FC	18,734	259,039	549,534	78,649	39,685	75,700	1,696	1,023,037
Grand Total	31,172	850,072	2,744,044	300,985	93,465	130,479	1,696	4,151,913

Prior Period Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	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	668,687	65,487	408,072	7,074

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5.4.2.6 Financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	619	94

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	1,257	1,184
Others	3,967	706
Total	5,224	1,890

5.4.4 Trading income/losses (net)

	Current Period	Prior Period
Income	101,317,512	73,963,771
Trading Account Income	454,256	1,993,162
Derivative Financial Instruments	3,722,080	2,972,714
Foreign Exchange Gain	97,141,176	68,997,895
Losses (-)	100,964,787	73,561,433
Trading Account Losses	127,999	1,739,644
Derivative Financial Instruments	3,370,126	2,909,608
Foreign Exchange Losses	97,466,662	68,912,181
Total	352,725	402,338

TL 6,632,508 thousands (31 December 2010: TL 4,727,355 thousands) of foreign exchange gains and TL 6,820,818 thousands (31 December 2010: TL 5,082,648 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

Accordingly, for the period ended 31 December 2011, TL 129,335 thousands of income from derivative financial instruments held for fair value hedges was recognized in income/losses from derivative financial instruments under net trading income/losses in the accompanying financial statements. In the same period, TL 123,081 thousands of expense from eurobonds subject to fair value hedges was netted with the income from interest rate swaps held for fair value hedges in the income/losses from derivative financial instruments under net trading income/losses.

As per the calculation as of 31 December 2011, the hedge accounting was assessed as effective.

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.

A part of the Bank's non-performing loan portfolio amounting to TL 483,876 thousands was sold to a local asset management company for a consideration of TL 53,925 thousands. The sale price is fully recognized as income under "Other Operating Income" as such receivables were fully provided against in the Bank's financial statements before the sale.

The income from the sale of the Bank's shares in Visa and Mastercard amounting to TL 79,595 thousands is recognised under "Other Operating Income".

The income from the sale of the Bank's shares in Euroko Sigorta AŞ amounting to TL 93,561 thousands is recognised under "Other Operating Income".

Furthermore, a part of non-performing receivables of the Bank's consolidated affiliates amounting to TL 20,584 thousands was sold for a consideration of TL 1,124 thousands. The income from this sale amounting to TL 282 thousands is recognized under "Other Operating Income" in the accompanying consolidated financial statements.

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5.4.6 Provision for losses on loans or other receivables

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	372,543	444,264
<i>Loans and receivables in Group III</i>	<i>28,728</i>	<i>20,709</i>
<i>Loans and receivables in Group IV</i>	<i>155,929</i>	<i>103,071</i>
<i>Loans and receivables in Group V</i>	<i>187,886</i>	<i>320,484</i>
General Provisions	395,259	224,891
Provision for Possible Losses	100,000	-
Impairment Losses on Financial Assets	2,566	1,128
<i>Financial assets at fair value through profit or loss</i>	<i>2,453</i>	<i>1,128</i>
<i>Financial assets available-for-sale</i>	<i>113</i>	<i>-</i>
Impairment Losses on Associates, Subsidiaries and Investments Held-to-Maturity	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint ventures (business partnership)</i>	<i>-</i>	<i>-</i>
<i>Investments held-to-maturity</i>	<i>-</i>	<i>-</i>
Others	50,027	25,809
Total	920,395	696,092

5.4.7 Other operating expenses

	Current Period	Prior Period
Personnel Costs	1,485,214	1,328,564
Reserve for Employee Termination Benefits	24,700	29,216
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	143
Depreciation Expenses of Tangible Assets	181,831	184,819
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Amortisation Expenses of Intangible Assets	24,016	19,058
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	1,910	2,926
Depreciation Expenses of Assets to be Disposed	1,459	985
Impairment Losses on Assets Held for Sale and Discontinued Assets	2,493	-
Other Operating Expenses	1,418,056	1,352,697
<i>Operational lease related expenses</i>	<i>206,532</i>	<i>167,870</i>
<i>Repair and maintenance expenses</i>	<i>38,941</i>	<i>37,870</i>
<i>Advertisement expenses</i>	<i>110,772</i>	<i>131,216</i>
<i>Other expenses</i>	<i>1,061,811</i>	<i>1,015,741</i>
Loss on Sale of Assets	15,574	1,971
Others (*)	554,437	483,248
Total	3,709,690	3,403,627

(*) In the current period, this item includes a provision amounting TL 122,735 thousands (31 December 2010: TL 132,138 thousands) for short-term employee benefits.

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

TL 5,258,464 thousands of the profit before taxes is derived from net interest income and TL 2,129,434 thousands from net fees and commissions income. The total operating expenses amounted to TL 3,709,690 thousands. The profit before taxes realized at TL 4,276,409 thousands decreasing by 0.11% as compared to the prior year.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2011, on a consolidated basis, the Bank recorded a current tax expense of TL 480,565 thousands (31 December 2010: TL 1,057,196 thousands) and a deferred tax expense of TL 450,038 thousands (31 December 2010: a deferred tax income of TL 160,666 thousands).

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Deferred tax benefit/charge on timing differences :

Deferred tax benefit/(charge) on timing differences	Current Period	Prior Period
Increase in Tax Deductable Timing Differences (+)	22,311	126,696
Decrease in Tax Deductable Timing Differences (-)	401,222	43,208
Increase in Taxable Timing Differences (-)	83,120	2,288
Decrease in Taxable Timing Differences (+)	11,993	79,466
Total	(450,038)	160,666

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

Deferred tax benefit/(charge) arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
Increase/(Decrease) in Tax Deductable Timing Differences (net)	(378,911)	83,488
Increase/(Decrease) in Taxable Timing Differences (net)	(71,127)	77,178
Increase/(Decrease) in Tax Losses (net)	-	-
Increase/(Decrease) in Tax Deductions and Exemptions (net)	-	-
Total	(450,038)	160,666

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	19,507	20,872

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

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

None.

5.5.1.2 Increases due to cash flow hedges

The Bank enters into swap contracts to convert variable interest rates on its borrowings to fixed interest rates for cash flow hedging purposes. After netting with the related deferred tax effect, an increase of TL 1,093 thousands (31 December 2010: TL 685 thousands) is presented in the shareholders' equity for such hedges assessed as effective.

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

An decrease of TL 16,019 thousands (31 December 2010: TL 34,005 thousands) that was resulted from the foreign currency translation of Luxembourg branch and consolidated foreign affiliates performance, is presented under translation differences in the shareholders' equity.

5.5.2 Any decreases arising from application of accounting for financial instruments

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

As of 31 December 2011, a decrease of TL 1,248,515 thousands (31 December 2010: an increase of TL 455,925 thousands) resulted from the revaluation of financial assets available-for-sale at fair value after being netted with the related deferred tax liability effect and a gain of TL 286,075 thousands (31 December 2010: TL 189,822 thousands) that was transferred to the income statement from "securities value increase fund" are presented as the current period movements in securities value increase fund in the statement of changes in shareholders' equity.

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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	204,253	170,185
Transfers to Extraordinary Reserves from Prior Year Profits	2,568,596	2,536,148

5.5.4 Issuance of share certificates

Please refer to Note 5.2.12.3.

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

Please refer to Note 3.24.

5.5.6 Compensation of prior period losses

None.

5.6 Consolidated statement of cash flows

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

In 2011, the net cash outflows arising from banking operations amount to TL 5,566,716 thousands. TL 7,261,048 thousands of this amount is generated from the cash outflows resulted from the change in operating assets and liabilities and TL 1,694,332 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 2,022,771 thousands for the year 2011. The net cash inflows from financing activities for the year 2011 is TL 3,147,475 thousands.

The effect of changes in foreign exchange rates on cash and cash equivalents item is a net foreign exchange gain of TL 1,565,188 thousands for the year 2011.

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	914,337	797,599
<i>Cash in TL</i>	500,567	468,037
<i>Cash in Foreign Currency</i>	413,770	329,562
Cash Equivalents	5,981,561	8,496,734
<i>Others</i>	5,981,561	8,496,734
Total	6,895,898	9,294,333

5.6.5 Cash and cash equivalents at end of period

	Current Period	Prior Period
Cash on Hand	1,043,588	914,337
<i>Cash in TL</i>	617,208	500,567
<i>Cash in Foreign Currency</i>	426,380	413,770
Cash Equivalents	8,031,883	5,981,561
<i>Others</i>	8,031,883	5,981,561
Total	9,075,471	6,895,898

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 7,888,133 thousands of which TL 215,432 thousands, TL 185,474 thousands and TL 26,372 thousands are kept at the central banks of Luxembourg, Malta and NCTR, respectively as reserve deposits, and TL 7,460,855 thousands as collateral against funds borrowed. The domestic banks include blocked accounts of TL 94,091 thousands held for insurance activities.

The blocked account at the Central Bank of Turkey with a principal balance of TL 6,212,587 thousands is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

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5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None.

5.6.7.2 Cash inflows presenting increase in banking activity related capacity

None.

5.7 Related Party Risks

5.7.1 Transactions with parent bank's risk group; 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	61,551	3,727	14	4,831	300,517	419,398
Balance at end of period	54,938	3,280	188,278	35,339	356,435	551,004
Interest and Commission Income	3,852	20	3	5	30,101	1,169

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	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

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	60,473	3,826	207,008	360,361	390,409	359,037
Balance at end of period	5,737	60,473	1,109,063	207,008	342,796	390,409
Interest Expenses	6,125	8,221	55,405	22,919	16,735	12,257

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	35,454	4,412	-	-	3,992	3,326
Balance at end of period	-	35,454	1,066,781	-	28,710	3,992
Total Profit/(Loss)	30,765	75,023	27,094	-	1,683	1,565
Transactions for Hedging:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	-	-	-

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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 284,984 thousands (31 December 2010: TL 291,114 thousands) compose 0.31% (31 December 2010: 0.41%) of the Bank's total cash loans and 0.17% (31 December 2010: 0.21%) of the Bank's total assets. The total loans and similar receivables amounting TL 599,651 thousands (31 December 2010: TL 362,082 thousands) compose 0.37% (31 December 2010: 0.26%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 589,623 thousands (31 December 2010: TL 427,956 thousands) compose 2.65% (31 December 2010: 2.60%) of the Bank's total non-cash loans. The deposits of the risk group amounting TL 1,457,596 thousands (31 December 2010: TL 657,890 thousands) compose 1.56% (31 December 2010: 0.83%) of the Bank's total deposits. The funds borrowed by the Bank from its risk group amounting to TL 48,432 thousands compose 0.20% (31 December 2010: -) of the Bank's total funds borrowed. 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 50,726 thousands (31 December 2010: TL 18,708 thousands) to related parties.

Operating expenses of TL 12,265 thousands (31 December: TL 11,067 thousands) for IT services rendered by related parties and rent income of TL 497 thousands (31 December 2010: TL 328 thousands) for the real estates rented to related parties, are recorded.

The Bank and its consolidated financial affiliates made a total payment of TL 131,217 thousands as of 31 December 2011 (31 December 2010: TL 110,744 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 and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the products of these entities to customers. Agency services for trading of securities on behalf of customers are rendered by the Bank's specialised branches (Investment Centers).

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

5.8 Domestic, foreign and off-shore branches or 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	907	16,688			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- Russia		
	1	1	3- England		
	1	1	4- China		
				Total Assets	Legal Capital
Foreign Branches	1	16	1- Luxembourg	13,287,494	968,640
	1	12	2- Malta	23,596,970	-
	5	57	3- NCTR	482,476	3,520

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

In 2011, 67 new domestic branches were opened and 13 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- Switzerland		
	1	2	3- Ukraine		
				Total Assets	Legal Capital
Head office-Holland	1	184	1- Holland	6,790,383	EUR 136,836,000
Foreign Branches	1	22	2- Germany	3,286,319	-

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Garanti Bank Moscow					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Head Office-Moscow	1	79	Russia	720,185	US\$ 32,757,364

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	77	848	Romania	3,528,113	RON 947,165,000

Other consolidated foreign financial subsidiaries:

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	Holland	737,455	EUR 349,088,600
G Netherlands BV	-	Holland	808,038	EUN 84,382,821
Motoractive IFN SA	98	Romania	211,312	RON 40,139,000
Ralfi IFN SA	167	Romania	173,595	RON 10,661,500
Domenia Credit IFN SA	38	Romania	306,147	RON 41,094,203

Consolidated domestic financial subsidiaries:

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	155	2,705,394	73,000
Garanti Faktoring Hizmetleri AŞ (*)	179	992,741	21,000
Garanti Emeklilik ve Hayat AŞ	802	3,023,012	50,000
Garanti Yatırım Menkul Kıymetler AŞ	115	38,261	8,328
Garanti Portföy Yönetimi AŞ	60	17,669	10,000
Garanti Yatırım Ortaklığı AŞ	7	31,970	30,000

(*) Financial information is as of 30 September 2011.

5.9 Significant events and matters arising subsequent to the balance sheet date

The decision to renew the agreement for the Turkish Airlines Frequent Flyer Cooperation Program between the Bank and Türk Hava Yolları AÖ expiring on 31 March 2012, has been made for a five-year period and accordingly, the negotiations between two parties have started.

At the meeting of the Bank's board of directors held on 14 July 2011, it has been resolved to issue TL denominated bank bills up to an amount of TL 1,000,000 thousands in various maturities in the domestic market. Accordingly, the related approvals were obtained, and the issuance of TL denominated bank bills amounting TL 650,000 thousands with 176-days maturity and annual compound interest rate of 10.98%, and TL 350,000 thousands with 92-days maturity and annual compound interest rate of 10.96% was started on 23 January 2012 and completed on 26 January 2012.

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6 Other Disclosures on Activities of the Bank

6.1 Other disclosures

6.2 Parent bank's latest international risk ratings

MOODY'S (January 2012)*

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 (December 2011)*

Long Term FC Obligations	BB
Long Term TL Deposit	BB
Outlook	Positive

FITCH RATINGS (November 2011)*

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

Outlook	AAA (Trk)
Outlook	Stable

CAPITAL INTELLIGENCE (December 2010)*

Long Term FC Obligations	BB
Short Term FC Obligations	B
Domestic Strength	BBB+
Support	2
Outlook	Stable

JCR EURASIA RATINGS (May 2011)*

Long Term International FC	BBB- (Stable)
Long Term International TL	BBB (Stable)
Long Term International	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)

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6.2.1 Latest international risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S (October 2011)*

Long Term FC Deposit	Baa1
Short Term FC Deposit	Prime-2
Subordinate-Dom Curr	Baa2
FSR	C-
Outlook	Stable

(* Latest date in risk ratings or outlooks.

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	
Outlook	AAA

(* Latest date in risk ratings or outlooks.

6.2.3 Latest international risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS (December 2011)*

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	
Outlook	AAA

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STANDARD AND POORS (December 2011)*

Foreign Currency

Long Term	BB
Short Term	B
Outlook	Positive

Turkish Lira

Long Term	BB+
Short Term	B
Outlook	Positive

(* Latest dates in risk ratings or outlooks.

6.3 Dividends

At the parent Bank's annual general assembly dated 31 March 2011, it was decided to distribute the profit of the year 2010 as follows:

2010 PROFIT DISTRIBUTION TABLE

2010 Net Profit	3,145,233
A – I. Legal reserve (Turkish Commercial Code 466/1) at 5%	(157,262)
Undistributable funds	(20,996)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(137,849)
D – Second dividend to the shareholders	(360,000)
E – Extraordinary reserves	(2,223,126)
F – II. Legal reserve (Turkish Commercial Code 466/2)	(36,000)

Dividend payments to shareholders started on 11 April 2011.

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial affiliates as of 31 December 2011, 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 1 February 2012 is presented before the accompanying consolidated financial statements.

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