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INTRODUCTION

In order to demonstrate our ongoing commitment to the environment and the development of corporate responsibility across all our business activities, we are presenting a Sustainability Review as a supporting document to our Annual Report.

Garanti Bank has long been a supporter of sustainable development for our world. We have been a sponsor of World Wildlife Fund Turkey (WWF Turkey) for over 18 years and we have been actively involved in implementing projects in conservation and protection of our national natural resources including biodiversity, marine environments (including sea turtle protection), wetlands, forestry and water management.

Raising Public awareness for sustainability issues, Garanti supported the first Turkish screening of the movie ‘An Inconvenient Truth’, former US Vice President Al Gore’s production on global climate change.

Garanti is now preparing for its second year of participation in the Carbon Disclosure Project (CDP). As part of this effort, the Bank is developing programs to improve the performance of the branches and facilities to increase energy efficiency and lower the carbon footprint.

This Review sets out our key programs, actions and results to date in the area as we strive to build sustainable performance throughout our business culture. In 2011 we are intending to strengthen our management and performance in sustainability with the establishment of a focused team which will have a remit to monitor and improve our practices and technology.

As Garanti, we have always taken pride in our approach to process excellence and continuous innovation. Our new Leadership in Energy and Environmental Design (LEED) gold aimed Data Centre is due to come on board in 2013 and our leadership in Alternative Delivery Channels (ADC) for banking services in Turkey aligns effectively with our sustainable goals.

We will be extending our ‘green branch’ program throughout 2011 and increasing the ability of our employees to further engage with issues of environmental and sustainable responsibility for the benefit of our organization and customers. Overall we see this Review as one of our first public steps in communicating our goals in becoming a model for Turkish business society with our sustainable growth strategy.
We believe that this long-term organizational strategy and all of these activities will contribute to building a more sustainable future, further establishing Garanti Bank as a leader in the financial sector.

The concerns about the potential consequences of constituting a lacking effort for a sustainable future are increasing rapidly. At Garanti, we endeavor to lead by example and commit to addressing the challenges of climate change both in our own operations and in our larger circle of influence. Not only a handful of entities but all individuals and financial and non-financial institutions should start taking corrective actions.

Particular challenges we see ahead for Turkey and our key markets concerning sustainability include the need to reduce energy usage, minimization of waste and reduction in water consumption. Assessing the impact of both our direct and indirect activities is a key tenet of Garanti’s commitment to a sustainable future.

We are continuing to be at the forefront of providing financing for energy and resource efficiency projects across a wide array of market segments. In this context, we have been able to obtain a USD 60 Million financing facility from the European Bank for Reconstruction and Development (EBRD) and the Clean Technology Fund in 2010 to grant favored lending for energy efficiency improvements in residences, small and medium enterprises, industry / manufacturing, commercial buildings and renewable energy projects. The take up of this program has been encouraging.

In the coming years we are expecting to see new technological developments and new regulations in parallel to growing customer and stakeholder concern. We will be committed to ensuring that any key projects that we are financing will conform to the new accepted standards in sustainability and environmental impact. To support this, we have recently formed a special committee focused on assessing and managing environmental risk and impact for projects above certain threshold.

We also intend to remain a leader in the financing of energy and efficiency projects including renewable energy projects and to date have funded more than USD 2.2 billion in this area. We have solely financed approximately half of the wind power projects installed in Turkey which significantly contribute to reducing the carbon emissions.

We firmly believe that this long-term organizational strategy and all its related activities will contribute to building a more sustainable future for our customers, employees and the community, further establishing Garanti Bank as a leader in the financial sector.

Sincerely,

Ergun Özen
President and CEO
ABOUT GARANTI

Corporate Profile & Shareholding structure
Mission/Vision/Strategy
Our Core Values
Milestones in Garanti's History
Financial Indicators
Garanti's Competitive Advantages and Market Share
Garanti: The Leading Bank in Turkey
Credit Ratings
**CORPORATE PROFILE**

Garanti provides a wide range of financial services to its 10 million customers through an extensive distribution network of 853 domestic branches; 6 foreign branches; 4 international representative offices; over 3,000 ATMs; an award-winning Call Center; and state-of-the-art internet and mobile banking platforms.

Garanti Bank, with an established history of 64 years, is today Turkey’s second largest private bank having total consolidated assets reaching USD 90 billion.

Garanti provides a wide range of financial services to its 10 million customers through an extensive distribution network of 853 domestic branches; 6 foreign branches in Cyprus, Luxembourg and Malta; 4 international representative offices in Moscow, London, Düsseldorf and Shanghai; over 3,000 ATMs; an award-winning Call Center, and state-of-the-art internet and mobile banking platforms built on cutting-edge technological infrastructure. Garanti operates in every segment of the banking sector including corporate, commercial, SME, retail, private and investment banking. Along with its nine expert subsidiaries providing services in payment systems, pension, leasing, factoring, securities, and portfolio management, Garanti is an integrated financial services group. Moscow-based Garantibank Moscow (GBM), Amsterdam-based Garantibank International (GBI), and Romania-based Garanti Bank SA with its 65 branches are also included among these subsidiaries.

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

Following the best practices in corporate governance, Garanti is co-managed by two powerful companies, Doğuş Holding and GE Capital from 2005 to March 2011, under the principle of equal partnership. Garanti stands out as a strong and prestigious brand with an effective management style and prudent risk management approach.

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

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

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

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**SHAREHOLDING STRUCTURE OF T. GARANTI BANKASI A.Ş.**

<table>
<thead>
<tr>
<th>Shareholding Structure</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOĞUŞ HOLDING A.Ş.</td>
<td>26.7025</td>
</tr>
<tr>
<td>DOĞUŞ ARAŞTIRMA GELİŞTİRME VE MÜŞAVRİLİK HİZ. A.Ş.</td>
<td>3.7359</td>
</tr>
<tr>
<td>DOĞUŞ NAKLIYAT VE TIC. A.Ş.</td>
<td>0.0144</td>
</tr>
<tr>
<td>GE ARAŞTIRMA ve MÜŞAVRİLİK LİMİTED ŞİRKETİ</td>
<td>1.0000</td>
</tr>
<tr>
<td>GECC (GE CAPITAL CORPORATION)</td>
<td>19.8503</td>
</tr>
<tr>
<td>OTHER SHAREHOLDERS</td>
<td>48.3339</td>
</tr>
</tbody>
</table>

**VISION/MISSION/STRATEGY**

**OUR VISION**

is to be the best Bank in Europe.

**OUR MISSION**

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

**OUR STRATEGY**

is to maintain long-term sustainable growth by continuously creating value.
OUR CORE VALUES

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

“Our customers…”

...are the focus of all our operations and efforts.

• We always strive to satisfy our customers above and beyond their expectations.
• We are honest, courteous, helpful, solution-oriented and always pleasant.

“Garanti and its employees have high moral values”

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

“Team work”

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

“Continuous progress”

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

“Social responsibilities”

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

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

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

1946
- First bank to work during lunch time
- Introduced the first Cash Management Account in Turkey (E.L.M.A.)

1983
- Joined Dogu Group, a conglomerate operating in finance, industrial and services sectors.

1990
- First private bank to launch “Business Owner Package” to support SMEs.

1993
- The first bank to offer “Virtual P.O.S.” system.

1995
- The first bank in the world to issue trade payment rights securitization.

1996
- First private bank to offer “Free and Easy” online banking.

1997
- Introduced Bonus Card, Turkey’s first chip-based and multi-branded credit card.

1998
- Introduced Shop & Miles, Turkey’s first credit card that same miles while shopping.

1999
- Became the first multi-branch private bank in Turkey to offer real-time online services.

2000
- The first Turkish bank to offer internal and telephone banking together.

2001
- Established Turkey’s first interbank card platform with Bonus Card.

2002
- Established Environment Committee with the aim of evaluating and managing environmental risks which are caused directly by the operations or indirectly by the provided loans.

2003
- Introduced world’s first flexible credit card, FlexiCard, enabling customization of all parameters including financial and visual.

2005
- Bought back founder share certificates, an important move toward improved corporate governance.

2006
- Introduced Bonus Trink, the PayPass featured credit card with contactless chip technology.

2007
- Introduced Another first in Turkey by performing Western Union transactions through ATMs as well as Internet Banking.

2008
- 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, Euroko B.V. (Holland) to transfer 80% of shares in Garanti Insurance and 15% of shares in Garanti Pension.

2010
- Established 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 (The Turkish Derivatives Exchange) via online banking.

- Turkey’s first bank to offer “Corporate Governance” payments.

- Launched Environment Committee with the aim of evaluating and managing environmental risks which are caused directly by the operations or indirectly by the provided loans.

- Introduced another first in Turkey by performing Western Union transactions through ATMs as well as Internet Banking.

- Launched 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 (The Turkish Derivatives Exchange) via online banking.
FINANCIAL INDICATORS
Garanti’s commitment to sustainability was demonstrated in over 20% ROAEs the Bank delivered in the last five consecutive years. Garanti further reinforced its solid stance with the remarkable performance achieved in 2010.

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

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

Garanti stands out with its well-diversified and solid funding structure. In 2010, customer deposits increased by 16% as compared to 2009 and rapid expansion of the customer base continued. As a natural consequence of Garanti’s successful business model, which has been solidified by its uninterrupted support. Garanti’s assets reached TL 136 billion 784 million 224 thousand, while the support provided to the economy through cash and non-cash lending reached TL 86 billion 622 million 946 thousand.*

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

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

**Key Financial Indicators**

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<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td>TL 137 Billion</td>
<td>TL 116 Billion</td>
<td>18% GROWTH IN ASSETS</td>
</tr>
<tr>
<td>TL 17 Billion</td>
<td>TL 14 Billion</td>
<td>22% GROWTH IN SHAREHOLDERS’ EQUITY</td>
</tr>
<tr>
<td>TL 7 Billion</td>
<td>TL 7 Billion</td>
<td>STRONG ORDINARY BANKING INCOME</td>
</tr>
<tr>
<td>TL 3.4 Billion</td>
<td>TL 3.1 Billion</td>
<td>10% GROWTH IN NET INCOME</td>
</tr>
<tr>
<td>TL 70 Billion</td>
<td>TL 53 Billion</td>
<td>31% GROWTH IN LOANS</td>
</tr>
<tr>
<td>TL 2 Billion</td>
<td>TL 1.8 Billion</td>
<td>3% GROWTH IN NET FEES AND COMMISSIONS</td>
</tr>
<tr>
<td>TL 41 Billion</td>
<td>TL 38 Billion</td>
<td>8% GROWTH IN SECURITIES</td>
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**Key Financial Ratios**

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<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>2.8% Return on Average Assets</td>
<td>2.2%</td>
<td>18.1% Capital Adequacy Ratio</td>
</tr>
<tr>
<td>10% GROWTH IN NET INCOME</td>
<td>3.1% Non-performing Loans Ratio</td>
<td></td>
</tr>
<tr>
<td>16% GROWTH IN ASSETS</td>
<td>22% Return on Average Equity</td>
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</tbody>
</table>
GARANTI: THE LEADING BANK IN TURKEY

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

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

PRE-EMINENT BUSINESS MODEL WITH ITS SPECIALIZED SUBSIDIARIES
- Leader in bancassurance
- #2 in equity turnover in the ISE
- Leading position with TL 7.4 billion
  assets under management
- 1 out of 5 entrants to the pension system
  choose Garanti
- Leader with ~2,000 leasing contracts

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

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

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

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

MOODY’S
- Long Term FC
  Ba3
- Long Term TL
  Baa1
  Outlook: Positive

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

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

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

You may find detailed information about Garanti’s credit ratings in the Garanti 2010 Annual Report or you may follow Garanti Investor Relations website for any developments. http://www.garanti.com.tr/investorrelations
ORGANIZING FOR SUSTAINABLE PERFORMANCE
Garanti’s environmental and corporate sustainability efforts are coordinated by the Environment Committee which is chaired at the Board level and includes three senior executives of Support Services, Loans and Project and Acquisition Finance and four department heads of Commercial and Corporate Loans, Project and Acquisition Finance, Investor Relations, Financial Institutions, Internal Control and Compliance Department.

The Committee is deliberately structured in this way to integrate sustainable and environmental concerns and opportunities into all operations and products and to ensure that they are consistent with internal policies and related regulations. It also coordinates activities of building up new processes, getting new tools and developing new policies that may be needed during environmental assessments within the Bank.

The Committee oversees activities with regard to assessing and mitigating risks derived from both direct and indirect impacts of the Bank with the help of its Sustainability Team and the Environmental Impact Assessment Team. The Sustainability Team is led by the Executive Vice President of Support Services and is composed of participants from Construction, Corporate Communications and Brand Management, Purchasing, Training, Human Resources, Internal Control and Compliance, and Investor Relations departments. The Sustainability Team conducts weekly meetings to monitor performance in regards to previously determined goals and collects inputs from all related departments of the Bank to be utilized in sustainability efforts.

The Environment Committee (EIA) Team which is working on mitigating environmental risks occurring through financed projects and other credit granting activities. The EIA team is led by the Executive Vice President of Loans and composed of participants from Corporate and Commercial Loans, Project and Acquisition Finance, Financial Institutions, Corporate Banking Coordination, Commercial Marketing and Internal Control departments.

The Environment Committee is organized to meet at least four times a year in order to monitor the progress on and to provide input to sustainability efforts.

The Environment Committee is responsible for ensuring that the policies and programs needed in sustainability efforts are designed, implemented and delivered across the operations of the Bank.

The Committee also advises on strategy for climate change and the regulatory environment.

The Sustainability Team is responsible for designing, developing and implementing an Environmental Management System (EMS) in 2011 and for steering this towards achieving external ISO 14001 accreditation latest by 2012. Particular attention is to be paid to arising international commitments and best practices and to advice on how the Bank can build appropriate responses and measures into its sustainability program.

The EIA Team focuses on Bank’s actual lending programs and project investments. The EIA team is actively working on building a formal assessment and reporting process to evaluate environmental risks and ensure that good practices for environmental protection, risk mitigation and stakeholder concerns are an integral part of the Bank’s project development process. In the current situation, many projects of the Bank already require environmental and social impact assessments to be carried out.

The Team is tasked to strengthen the Bank’s approach to these issues and to ensure that they are fully internalized into the credit granting processes. The Team is also responsible for liaison with the sustainable and environmental programs of the Bank’s internal co-financing partners to ensure that it can deliver effective investment and development programs.

For the purpose of building new processes in which environmental protection, risk mitigation, and stakeholder concerns are taken into consideration, a separate project has already been launched in 2011. According to the work program of the project, an environmental impact assessment system is to be built and questionnaires that will be utilized in lending processes are to be prepared as well.

Launch of new environmental and social policies and procedures that will come into effect in lending processes is the expected core outcome of the project.

The committee is co-chaired by the Executive Vice President – Support Services and the Executive Vice President of Loans. The team is composed of participants from Construction, Corporate Communications and Brand Management, Purchasing, Training, Human Resources, Internal Control and Compliance, and Investor Relations departments.

The Committee is also responsible for liaison with the sustainable and environmental programs of the Bank’s internal co-financing partners to ensure that it can deliver effective investment and development programs.

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MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

Carbon Emissions
Environmental Management
Indirect Impacts from Lending Programs
We will be working to put into place an appropriate range of data collection, reporting and monitoring parameters with the eventual goal of producing reporting material which will meet the requirements of a recognized process such as GRI. This will enable stakeholders and ourselves to benchmark our actions against accepted good international practice and give us a framework for improvement.

We have however, been gathering key data sets on our performance in a number of areas which set out where we are in terms of increasing our sustainability and efficiency measures as well as demonstrating how we are implementing a number of key corporate goals. In addition, we have been progressing a number of projects and initiatives which on their own merits are important milestones in our sustainable journey.

Our chief focus to date has been in the performance of our emissions such as GHG (Greenhouse Gases) management, energy usage, branch and headquarters environmental management, and ways to limit resource usage during our day-to-day transactions and customer services. Garanti provides a wide range of financial services to its 10 million customers through an extensive distribution network of 891 domestic branches, 6 foreign branches and 4 international representative offices; over 3,000 ATMs; and close to 17,000 employees and business travel is another major element in our corporate footprint and we have significantly reduced travel for training and management meetings by using webinars and web-enabled training programs. Data and communications are an essential part of our business service and another major immediate focus is in improving the efficiencies of our data infrastructure, which is a significant user of energy.

Through Garanti Technology we are making significant reductions in the base energy load of our IT equipment, we are also working to minimize energy use from equipment left in ‘stand-by’ mode.

We have however, been gathering key data sets on our performance in a number of areas which set out where we are in terms of increasing our sustainability and efficiency measures as well as demonstrating how we are implementing a number of key corporate goals. In addition, we have been progressing a number of projects and initiatives which on their own merits are important milestones in our sustainable journey.

Our chief focus to date has been in the performance of our emissions such as GHG (Greenhouse Gases) management, energy usage, branch and headquarters environmental management, and ways to limit resource usage during our day-to-day transactions and customer services. Garanti provides a wide range of financial services to its 10 million customers through an extensive distribution network of 891 domestic branches, 6 foreign branches and 4 international representative offices; over 3,000 ATMs; and close to 17,000 employees and business travel is another major element in our corporate footprint and we have significantly reduced travel for training and management meetings by using webinars and web-enabled training programs. Data and communications are an essential part of our business service and another major immediate focus is in improving the efficiencies of our data infrastructure, which is a significant user of energy.

Through Garanti Technology we are making significant reductions in the base energy load of our IT equipment, we are also working to minimize energy use from equipment left in ‘stand-by’ mode.

CARBON EMISSIONS

The Sustainability Committee will be looking at the steps needed to progress towards a carbon balance for our emissions portfolio. As a financial services provider, our own carbon emissions are relatively low in comparison with many other industries. With around 17,000 employees across Turkey however, the Bank’s total emissions are still significant. The emissions come primarily from energy consumption in offices and data centers and transportation.

CDP Submission

In 2010, Garanti calculated its first greenhouse gas inventory (or ‘carbon footprint’) for 2009 and reported greenhouse gas emissions to the Carbon Disclosure Project (CDP). We are now in the process of calculating emissions for 2010.

Our 2009 Carbon Footprint has been calculated following the industry standard Greenhouse Gas Protocol from The World Resources Institute and the World Business Council for Sustainable Development. For this inventory, we used the services of an independent consultant to apply a rigorous methodology for data collection and quality assurance. We recognize that consistency and data accuracy is critical for credible reporting any progress to reduce emissions. As such we remain committed to continuously improving data collection to support our climate change management activities.

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2009 Emissions

Emissions have been calculated for all Garanti owned and/or operated facilities, ATM machines, vehicles and business travel. Facilities data were calculated based on activity data from the facilities where possible; estimations based on cost were used for facilities where activity was not available. Activity data were supplied in the form of monthly or annual invoices for electricity, diesel and gasoline purchases and we were able to track fuel consumption for the majority of our vehicles. Refrigerator data was estimated using the Climate Savers Screening Methodology for refrigerants and global warming potentials were used to convert N2O, CH4 and HFC emissions into CO2 equivalent. For 2009, emissions from on-site use of fuels which include natural gas, diesel, fuel oil and a relatively small amount of coal were all calculated following the industry standard Greenhouse Gas Protocol from The World Resources Institute and the World Business Council for Sustainable Development. For this inventory, we used the services of an independent consultant to apply a rigorous methodology for data collection and quality assurance.

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For 2010, we expect a slight absolute decrease in CO₂ emissions.

Green Branch/Office
Garanti has been very active to ensure that our branches are installing and using efficient energy management technology. We have installed low energy lighting in all our branches, all facade lighting and lighting for ATMs is controlled by light sensors. We are also investigating alternative very low energy lighting units. In our head office we have utilized motion sensors. We are also investigating lighting for ATMs is controlled by light sensors. We are engaged in deploying energy-efficient technologies and behaviors. For 2010, we expect a slight absolute decrease in per facility emissions due to deployment of energy-efficient technologies and behaviors.

It is clear that the major contribution to our carbon footprint is from our electricity consumption, the major element of that consumption is in the cooling, lighting and IT systems in our branches. We are in the process of establishing our emissions responsibilities using the recognized Scopes of CO₂ Emissions breakdown. Scope 1 emissions comprise emissions from electricity, heat and steam consumed by the organization (within the organizational boundaries). Scope 2 emissions comprise emissions from electricity, heat or steam consumed by the organization (energy supplied from outside the organizational boundaries). Scope 3 emissions include purchased goods and services, paper and business travel by air, car and train. Typical to emissions reporting, our scope 3 emissions have been limited to personnel air travel. We expect to collect data for additional scope 3 emissions as our program to measure and address environmental impacts develops.

As we have indicated, Garanti Bank’s largest CO₂ emissions and direct environmental impact comes from the energy consumption of our buildings. As part of our sustainability commitment we have a maintained refurbishment program for our branches which aims at giving them a ‘greener’ profile: replacing air-conditioning units with systems that are up to 40% more efficient and reducing the overall electricity consumption of a typical branch by 10%. This is a key role for our Construction Department, working closely with Garanti Technology and with our Procurement staff. The energy profile of a branch is a critical element in determining its priority for refurbishment.

Our attention to energy consumption extends to those areas where our branches are in leased buildings: we have still undertaken an assessment of our emissions and seek continual improvement in energy usage. We continue to be active in pursuing future opportunities to build LEED or similar standard buildings for all new building assets. For 2010, we expect a slight absolute decrease in CO₂ emissions from air travel, even with a significant increase in international travel reflecting the increasingly global nature of our business.

This decrease comes from measures to cut domestic travel through increased use of internet-based training and teleconferencing.

Key Projects
Over the last 2 years Garanti has significantly increased the level of training and information sharing carried out remotely using Webinars, interactive remote learning and teleconferencing. Looking at our other environmental impacts, Garanti has, wherever applicable, moved to consolidate printing operations – either at the print centre or with the use of local networked units. A new program to increase the use of double sided printing whenever this is permitted under banking regulations is currently in preparation.

Electronic waste is handled to maximize recycling opportunities. 105,000 kg of electronic waste was disposed between 2008 and 2010. For more
MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

By the end of the third quarter of 2011, Garanti is aiming to revise corporate lending policies in the light of the findings of this initiative.

general waste Garanti established a waste segregation initiative. In recent years, Garanti bank has worked to digitalize a number of processes in order to optimize customer service and minimize costs and paper consumption. For example we have worked to increase the number of customers who receive account statements as digital documents instead of paper documents. Today, more than 60,000 daily customer request pages that were previously sent by ordinary mail are digitalized giving considerable savings and reducing transportation emissions.

In 2010, Garanti began piloting use of ATMs that allow for “real-time” cash deposits. In essence, this equips machines with the ability to “recycle” money, dramatically reducing the need to service machines. While this meaningfully enhances customer convenience, it also reduces the greenhouse gas emissions associated with service calls by allowing real-time account updating and thus allowing the reuse of money for cash withdrawals at the machine. By the end of 2011, we plan to have 308 machines in operation.

In 2007, we began to consolidate and “virtualize” servers in our data centers. This effort elevates real-time computing power per server, reducing total server need (and associated electricity use) as well as the tremendous cooling demand that servers require. Per square meter of property, data centers emit the greatest total amount of carbon emissions across all our properties. Constituting to 71%, 593 of 756 servers are virtualized in data center.

ENVIRONMENTAL MANAGEMENT
In order to manage Garanti Bank’s environmental impact systematically and efficiently, we have decided to implement an Environmental Management System (EMS). It is intended that the system will ensure that Garanti continually improves its environmental behavior and regularly reports on our environmental conditions internally as well as externally.

The EMS will be based on our Environmental Policy and will set forth procedures, responsibilities and controls for individual areas. The system will be reviewed on an ongoing basis by the Environmental Committee and will ensure that adjustments are implemented, for example as the result of new statutory provisions. We will be designing the system in 2011 which will adhere to the requirements of ISO 14001. We are intending to achieve accreditation for all our operations as soon as possible.

We have recently begun this process and have undertaken an initial Gap analysis to drive the work program. A number of additional opportunities have been discussed and more formalized objectives and targets are currently in preparation to maximize performance and reduce consumption and emissions. Reduction targets and objectives will mean actively implementing initiatives to introduce new behaviors and technologies. Given our growth objectives even maintaining energy consumption at a current baseline value will actually mean an overall reduction in consumption. Our efforts to reduce our energy consumption will not be confined to CO2 emissions. We are looking at the issue of SO2 and NOX emissions as well, which have an acidifying effect on soil and lakes amongst other things.

Following this we will be looking at supply chains and supplier behavior, and will be setting goals that all new suppliers of selected product groups must have internal as well as externally.

Project Assessment in Lending Processes
Hence, a project of Establishment of Policies, Procedures and Industry Specific Guidelines for Environmental and Social Project Assessment in Lending Processes has already been launched in the first period of 2011.

The Project encompasses all industry sectors and projects for which generic and industry specific evaluation criteria will be established. These criteria will be employed in the project evaluation process that will be designed for the purpose of identifying possible environmental impacts of the lending activities.

Within this process, a quantitative risk-level of a subject project will be determined for “go” or “no go” decision. If “go” decision is given, depending on the rating, certain environmental actions for the financing will also be addressed if needed. The required actions might include additional investigations and studies such as site investigations, measurements, analysis and assessment, environmental and social management plans, and periodic monitoring and reporting.

By the end of 2011, Garanti is aiming to revise corporate environmental lending policies in the light of the findings of this initiative. Sector-based standards will be identified and projects that do not meet these standards will be excluded from financing.
GARANTI BANK AND THE COMMUNITY
Garanti has an active and extensive Corporate Social Responsibility program which we use to interact with our wider community and improve our society’s well-being.

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

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

Value our communities and our environment. Our programs and support in this area are designed to encourage development of skills, education, development and quality of life.

Garanti has an active and extensive Corporate Social Responsibility program which we use to interact with our wider community and improve our society’s well-being. We commit to continuously and significantly increasing the value we add to society and our environment. Garanti creates and sponsors long-term sustainable projects that represent the corporate culture to broaden the vision of individuals and society.

Education is one of our key areas of focus. We believe education is a cornerstone for ensuring that a society can develop sustainably and we have set up programs for a range of ages and groups which we hope will benefit the communities involved and to improve their opportunities in life. The Teachers Academy Foundation, founded by Garanti is charged with the aim of eventually supporting 100,000 teachers and officials in primary education across Turkey within the first five years of its establishment. We believe this will provide a significant boost in the quality of education and are working with the education authorities to improve standards and capabilities.

We have an Educational Scholarship program for female students “Baba Bari Oluka Ginder” (Dad, Send Me to School) Project which educates up to 100 female students each year who otherwise would have had limited access to continue their education. Improving access for female education has been recognized as a foundation of sustainable development in many societies and we are proud to play our part in driving progress in this area.

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To this end, the Bank organized the 4th “Turkey’s Women Entrepreneur Competition” in cooperation with the education authorities to improve standards and capabilities. We all believe that women have a special role in society and that they can contribute added value to the economy and development initiatives.

Garanti has actively contributed to the society’s well-being. We commit to continuously and significantly increasing the value we add to society and our environment. Garanti creates and sponsors long-term sustainable projects that represent the corporate culture to broaden the vision of individuals and society.

Awards

We received the first prize in the “Corporate Social Responsibility Program” category at the European Excellence Awards 2010 for our activities directed towards women entrepreneurs. We have been honored with the first prize in the “Corporate Social Responsibility” category for our programs aimed at women entrepreneurs, and we took the second spot in the “Corporate Social Responsibility Program of the Year in Europe” category for the Teachers Academy Foundation’s “Oğlenteş Sinan Yen” (No Limits in Teaching) project at the Stevies International Business Awards. For students who wish to increase their chances to study we have set up the Garanti Bank Bonus Academy which provides access to studies in areas with limited facilities using web and webinar studying and culminates in offering the best student with a three month scholarship at Bahçeşehir University.

Garanti Bank supports community development beyond formal education however. We have many active programs for the Arts and Sports focusing on events that bring communities of all ages together. We provide national sponsorship and development for basketball and volleyball, equestrianism, football, sailing and winter sports and are a long-standing principal supporter of performance events such as the Garanti Jazz Festival which has become a renowned event in the Turkish arts calendar.

It is important to acknowledge that Garanti’s commitment is recognized by external agencies and has, for the second time, resulted in an award from WWF. We are concerned that development is not just confined to the key cities and economic zones of our country as we believe that sustainable development means balanced development for all communities and to have healthy economic development in rural as well as urban areas.

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whom we provide Leadership and Guidance programs for key community figures.

"Elim Sende" corporate social responsibility project's objective is to support preschool education and to provide proper physical environment and ideal kindergarten conditions for children who attend kindergarten classes at elementary schools.

With "Elim Sende", it is planned to renovate 30 kindergartens between the years 2010 - 2012 with the cooperation of Garanti Bank HR Internal Communications unit, "Gönüllü Yoncular" (Volunteer Clovers Corporate Social Responsibility Club) and the Ministry of National Education; and with the scientific support of Boğaziçi University.

In the first phase of the project, 11 kindergartens in İstanbul, Bursa, Konya, Mersin, Adana, Hatay and Antalya got renovated by 200 Garanti Bank employees. In 2011, 10 more kindergartens in İstanbul, Ankara, İzmir, Trabzon, Siliv, Kocaeli, Muğla and Eskişehir will be renovated.

Employees at Garanti Bank can volunteer for the "Elim Sende" in various ways. They can assist in renovating the classrooms in the selected kindergartens and/or donate toys, games and educational tools which are in good condition. "Elim Sende" (My Hand on Yours) project which aims to support children's physical and psychological development, is the very first large scale corporate social responsibility project that is run for the employees.

Established under Garanti with a mere 70 members in August 2008 on the basis of employee volunteerism, "Gönüllü Yoncular" (Volunteer Clovers) is a social responsibility club that has reached more than 900 members in the end of 2010, receiving outstanding interest and support from the Bank employees. In the meantime, the Club has successfully carried out numerous projects with the support of the entire Garanti family. The first project undertaken by the club, known as the "One Book from Each Clover to Shed Light on Darkness" campaign, was supported by all Garanti employees. In this project 35,000 books were delivered to designated schools and provincial public libraries in 16 cities. Nearly 1,000 executives of Garanti Bank, including the President, Executive Vice Presidents, and Unit, Region and Branch Managers got involved on a personal level in the renovation work of the Aşağı Kocayatak, Bursa, Burmahancı, Eskiyörük, Kozağacı and Kuşlar primary schools in Antalya. This effort was organized under the joint coordination of GEA - Mother Earth (an NGO active in search and rescue, ecology and relief campaigns) and Volunteer Clovers. Volunteer Clovers supports the "Elim Sende" (My Hand on Yours) Project undertaken by Garanti.

The Club participates actively in the scholarship project carried out by the TOGO by designating students eligible for scholarships and conducting interviews with them. Furthermore, Volunteer Clovers supports the Audiobook Reading for the Blind Project, which is carried out under the leadership of the Bogaziçi University Technology Center for the Blind. It does this by helping in the creation of audio books.

**APPENDIX**

**CSR Projects**
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CSR Projects
Garanti Bank has a large number of CSR programs and we have selected only a few key flagship ones for our Sustainability Review which are focused on some key indicators of social progress for sustainability reporting. Our activities are wide ranging however and in this Appendix we highlight some other areas where Garanti is contributing to our Society in the form of support for the Arts, Sports and Recreation activities.

Supporting Education
"Öğretmen Akademi Vakfı“ (Teachers Academy Foundation)
Garanti, recognizing the role education plays in upgrading the overall well-being of the society, set up a foundation in 2008, an initiative exhibiting its sensitivity in this aspect and its long-term commitment. The objectives of the Teachers Academy Foundation include, among others, supporting the personal and professional development of teachers who educate the future generations. In this frame, a five-year protocol has been signed with the Ministry of National Education in relation to the Foundation’s first project, “Öğretmenin Sinir Yaşı” (No Limits in Teaching) which seeks to contribute to the current education model, supporting analytical thinking and research. Within the scope of the project formulated to provide teachers with training activities on personal and professional development, 100,000 elementary school teachers, directors, and inspectors will receive face-to-face training. The project started in April 2009 with pilot runs in five cities, and reached more than 20,483 teachers in 58 cities by the end of 2010. The aim is to spread the project across the country.

"Toplum Gönüllüleri Vakfı“ - TOG (Community Volunteers Foundation)
Since 2003, Garanti has been the main corporate sponsor of TOG, a foundation that acts on the vision of achieving social peace, solidarity and change through the involvement and leadership of the youth.

"Denizyıldızları“ (Starfish) Project
The Denizyıldızlar (Starfish) Project has been supported by the donations of Garanti employees, customers, and friends since 1998. Within the frame of the project, every year, 2,500 students receive education on the campus, comprising one primary school and four vocational and technical high schools. With their construction completed in 2010, the theater and conference hall seating 120, the semi-Olympic size indoor swimming pool, and the indoor sports facility with a spectator capacity for 600 opened their doors for the students.

"Baba Beni Okula Gönder“ (Dad, Send Me to School) Project
Since 2006, Garanti has annually been providing scholarships for the education of 100 female students through its support to the Dad, Send Me to School project, a joint effort of Milliyet newspaper and the Association in Support of Contemporary Life.

Supporting Art & Culture
Garanti Kültür A.Ş.
Garanti, via its own cultural and artistic institutions, provides solid support to culture and the arts in Turkey, and takes on “sustainable” initiatives in these areas. Platform Garanti Contemporary Art Center signifies the first example of these initiatives, which was decided to continue with its activities after it has been taken over from the Ottoman Bank in 2001. Platform had been regarded as one of the world’s top few institutions in contemporary arts, its main focus, from 2001 until 2010 during which time it was active. On another wing, the Ottoman Bank Museum and the Ottoman Bank Archives and Research Center established in 2002 to perpetuate the invaluable legacy of the Ottoman Bank not only narrated the story of an establishment and of a period, but also contributed to collective memory with endeavors in social and economic areas, as well as a comprehensive activity program. Transformed from Garanti Art Gallery, Garanti Gallery was established in 2001. 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Istanbul Museum of Modern Art
Garanti Bank sponsors the education program of Istanbul Modern, Turkey’s first and only modern and contemporary art museum. The program aims to play a central role in raising creative and inquisitive individuals who are literate, and also actively involved, in the arts, while supplementing classroom education. Through the ongoing Garanti-sponsored Istanbul Modern training programs, over 300,000 children and teenagers received training to date. In 2010, Garanti also sponsored “The Enemy Inside Me”, the first ever retrospective exhibition in Turkey of the internationally acclaimed artist Kusturica Ahtaman.
Football
With the objective of contributing to improvement of football and broadening the scope of its commitment to support sports, Garanti has become one of the main sponsors of the Turkish National Men’s Football Team in 2008. Garanti extended the range of its support to football and became a prime sponsor of the Garanti Beach Football League that has been organized by the Turkish Football Federation (TFF) since 2006.

Supporting Environment
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 (World Wildlife Fund) to be utilized in the nature conservation projects. Another one is the “Environmentalist SME” package devised in 2009, the Bank supports businesses to operate in a rich environment with sustainable resources.

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

The Lycian Way
Garanti sponsored putting in place a way-marking system at international standards along the Lycian Way, a 550 km long-distance trail stretching from Fethiye to Antalya, and further contributed to tourism in the region by publishing a guidebook for the Lycian Way in 2006.

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

12 Giant Men Basketball Schools Project
Since 2002, Garanti has been supporting the 12 Giant Men Basketball Schools (12 DABO) which were initiated in cooperation with the Turkish Basketball Federation in an effort to inculeate basketball culture in young children, and help basketball become a commonly played game and reach a broad base in Anatolia. At 12 DABO schools, 33,000 youngsters received basketball training in 55 centers to date.

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

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

APPENDIX