GarantiBank
International N.V.

Annual Report 2009

MISSION STATEMENT

The mission of GarantiBank International N.V. is to be recognized by our stakeholders and competitors as the most reliable and respectable bank within our niche markets by offering fast and accurate services, providing tailor-made, innovative and country specific solutions and investing in cutting-edge technology and our human resources.

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CHAIRMAN'S STATEMENT

After an unprecedented downturn in 2008, early signs that the economic freefall was coming to an end were seen in the spring of 2009. Albeit the recovery was slow, most of the developed world, such as the US and the European Union including the Netherlands crawled out of the recession in the 3rd quarter of the year, while others, most notably Japan and the UK, lagged behind. It was a protracted process, due above all to government stimulus measures and not driven by consumer spending or corporate investments. In the emerging world, Asia and Latin America were much less troubled by the problems that the developed countries suffered. Those economies were mainly hit by the slump in the world trade. On the other hand, CEEMEA region was the clear underperformer among the emerging markets.

In 2009, the financial sector was mainly occupied by restoring their balance sheets after the damage caused by the crisis, which limited loan growth. In many countries, particularly the US, Eurozone and the UK, governments had to provide additional capital support to many large financial institutions with partial nationalizations. Towards the year-end, some banks were able to return the government money, owing to fast improvement in the financial markets. In the Netherlands, following the government interventions to help some of the country's largest financial institutions, DSB Bank declared its bankruptcy. According to the local regulations, the cost will be shared and GBI will have to contribute approximately EUR 2.7 million to the Deposit Guarantee Scheme of the Netherlands.

Against this background, it is my pleasure to report a solid financial performance of GarantiBank International NV (GBI) in 2009. Our operating result before tax and value adjustments to receivables increased by 20 percent whereas the balance sheet size only increased by 0.8%. The net profit, however, stands at EUR 27.9 million which is almost EUR 7 million less than in 2008. The main reason for this decrease has been our provisioning and liquidity measures. Our loans and advances portfolio grew to EUR 1.6 billion levels and funds entrusted grew by 17.5 percent. Shareholders' equity increased by almost 11 percent due to the zero-pay-out dividend policy.

GBI did not ask for any governmental support nor did it face any funding difficulties. Our funding base remained diversified and funds entrusted were still GBI's most important funding source. Our total Retail Banking customers' funds increased by 16 percent compared to 2008 which shows the long-term commitment of our clientele.

GBI's capital base remained strong and the 2009 net profit is proposed to be added to the other reserves. We prefer to have a strong Tier 1 capital base and our solvency ratio at the end of the year was 13.78 percent. The enhanced risk culture is well-established throughout the Bank with strong risk governance structure and advanced risk control processes. In anticipation of possible changes of the solvency requirements our Risk Management Department performed various risk scenarios and stress tests and presented these to the Risk Management Committee to prepare ourselves for stronger capital requirements.

All core business lines performed well. Despite severe effects of global economic contraction in late 2008 and early 2009, our Trade Finance line of business once more demonstrated strong resilience and is set to take benefit from future opportunities. Private Banking was able to respond to the demands of this challenging era owing to its agile and innovative business model as total client assets under management and revenues grew and client loyalty remained high in spite of turbulent markets and increased competition. Treasury increased its commercial transaction volumes and broadened its core product range. Structured Finance created added value to the organization by realizing strong growth in Islamic Finance, Shipping Finance, Project Finance and Cash Management. Corporate and Commercial Banking, which was established in May 2009, already started to contribute to the Bank's revenues.

GBI Romania branch will be purchased by a new Romanian bank owned by Doğuş GE BV, a Dutch holding company of which the shareholders are Doğuş Holding A.Ş. and General Electric. The sale was foreseen to be effectuated by the end of the year but due to a change in shareholder structure of the Dutch holding company (our sole shareholder, Türkiye Garanti Bankası A.Ş, will acquire the shares of Doğuş Holding A.Ş. in the company) the sale is anticipated to be concluded during the first half of 2010. Nevertheless I am proud to mention that GBI Romania branch in July of this year was awarded as the best Consumer Internet Bank of Romania.

The prospects for 2010 are favorable as the growth is picking up globally. Nonetheless, a number of problems that originally contributed to the crisis are not yet resolved. While the policymakers are preparing steps to withdraw from the extreme stimulus measures, the second phase of the recovery which is more private sector driven must start.

With its agile and innovative business model, integrity and prudence, GBI is well-positioned to maintain its long-term competitive edge in its niche markets and will continue delivering value to its stakeholders.

Amsterdam, 25 March 2010

S. Sözen
Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

Annual Accounts

This annual report presents the results and developments of GarantiBank International N.V. (GBI) in 2009. The annual accounts were drawn up by the Managing Board and audited by KPMG Accountants N.V. who issued an unqualified opinion dated 25 March 2010. In compliance with the provisions of the Articles of Association of GarantiBank International N.V., the Supervisory Board has examined the auditor's report and the financial statements of the year 2009. The Supervisory Board advises and proposes that the Shareholder adopts the 2009 annual accounts at the Annual General Meeting of Shareholders on 15 April 2010.

The Supervisory Board also recommends that the Annual General Meeting of Shareholders discharge the Managing and Supervisory Board for their respective management and supervision during the financial year 2009.

Financial Statement and Proposed Dividend

This annual report includes the financial statements as drawn up by the Managing Board. In accordance with Article 27, paragraph 4 of the Articles of Association, these accounts were audited by KPMG Accountants N.V. and in accordance with Article 29 will be adopted at the Annual General Meeting of Shareholders on 15 April 2010. The Supervisory Board has voted to adopt the Managing Board's proposal to transfer the net profit of 2009 (EUR 27,881,000) to the other reserves rather than paying a dividend.

Composition of the Supervisory Board

The Supervisory Board is composed of the following members:

Name	Year of birth	Position	Membership since	End of term
S. Sözen	1946	Chairman	1998	2010
A. Acar	1954	Member	2002	2011
H. Akhan	1953	Member	2003	2012
T. Gönensin	1962	Member	2000	2012
E. Özen	1960	Member	2001	2010
F. Şahenk	1964	Member	2002	2012

Members of the Supervisory Board are elected for a term of three years. Messrs. S.Sözen and E. Özen are due to resign by rotation on 15 April 2010. These two board members are nominated by the Supervisory Board for reappointment by the Shareholder for a new term of three years, effective 15 April 2010. GBI benefited greatly from the international banking experience and know-how of Mr. S. Sözen as Chairman of the Board and even more as Chairman of the Credit Committee of the Supervisory Board where he contributed to the management of the credit risk and supported the de-risking of the balance sheet throughout these turbulent years.

Mr. E. Özen, as the CEO of our parent bank, contributed enormously to the risk mitigating management approach of GBI. GBI would like to continue to benefit from the professional support and guidance of both supervisory board members in the next three years.

Composition of the Managing Board

The Managing Board is composed of the following members:

Name	Year of birth	Position	Membership since
B. Ateş	1963	Chief Executive Officer	2000
M.P. Padberg	1954	Managing Director	1993

Plenary Meeting of the Supervisory Board

The Supervisory Board met on 7 occasions in the reporting period and all members of the Supervisory Board participated frequently. Meetings were held to discuss the corporate strategy, the internal risk management and control systems, the de-risking of the balance sheet, the planned sale of the Romanian operations and above all the global financial banking and economical crisis and the possible impact on GBI. The financial statements and the reports of the external auditor were discussed in the presence of the external auditor.

Outside the Supervisory Board meetings, the Chairman of the Board (and at the same time the Chairman of the Credit Committee of the Supervisory Board), paid many visits to the Bank in 2009 to discuss and monitor the credit exposures (bank and corporate), country and concentration credit exposures. These discussions took place in the presence of the Amsterdam Credit Committee. Special topic discussions were discussed in subcommittees of the Supervisory Board as referred below in which at least two members of the Supervisory Board were present.

Supervisory Board Subcommittee Meetings

The Supervisory Board is currently supported by three committees consisting of members of the Supervisory Board: The Audit and Risk Management Committee (in which also compliance issues are discussed), The Credit Committee and the Remuneration Committee.

Audit and Risk Management Committee

Members: Mr. A. Acar and Mr. H. Akhan

The Audit and Risk Management Committee assists the Supervisory Board in monitoring GBI's systems of financial risk management and internal control; in compliance issues in relation with legislation and regulations; in the internal and external audits and the content of the financial statements and reports and in advising the Bank in governance and social corporate matters. The Audit and Risk Management Committee discussed the reports of the external auditor KPMG Accountants and the audit plan, the main findings and conclusions of the internal audit reports, the audit status report, risk management related reports as well as the rating validation reports of the external advisors. In 2009 the Audit and Risk Management Committee met twice. The external auditor participated once.

Credit Committee

Members: Mr. S. Sözen, Mr. E. Özen and Mr. T. Gönensin

The Credit Committee of the Supervisory Board (Extended Credit Committee (ECC)) approves and monitors the credit policies and procedures of the Managing Board and is the ultimate body that takes a final decision on a credit proposal which has been approved by the Amsterdam Credit Committee (ACC) but of which the proposed credit amount is beyond the authority of the ACC. The approval of two out of three members of ECC is mandatory for granting such a facility.

Remuneration Committee

Members: Mr. S. Sözen and Mr. F. Şahenk

The Remuneration Committee of the Supervisory Board advises the Supervisory Board on the terms and conditions of the members of the Managing Board and Executive Directors and the policies and general principles on which such terms and conditions are based on. The Committee will consult the Managing Board and, where relevant, Human Resources on all matters pertaining to Managing Board and Executive Directors' terms and conditions of employment and presents its recommendations relating to the terms and conditions of employment of the members of the Managing Board to the General Meeting of Shareholders.

Banking Code

On 9 September 2009 the Dutch Banking Association issued the Banking Code. The Banking Code, which will become effective on 1 January 2010, makes explicit reference to the roles of managing and supervisory boards with regard to risk management. The Banking Code applies to all activities in the Netherlands performed by banks that have a banking license granted under the Financial Supervision Act. The Banking Code uses the 'comply or explain' principle, which means that banks in principle shall apply the principles of the Banking Code.

The application of the principles is partly subject to the activities and other specific characteristics of the Bank and the group of which it is part. GBI will implement the Banking Code as much as possible to the extent it will fit the special and international characteristics and activities of the Bank. Most of the recommendations on different levels as Managing Board, Supervisory Board, Risk Management, Audit and Remuneration are already implemented and we will further study the implementation of the remaining ones such as the permanent education programs, the moral and ethical conduct declaration of the Managing Board and the product approval process. Maintaining a continued focus on clients' interests is a spearhead of the Code and one of GBI's core values from its inception is "focus on clients" which is in fact the sole reason for our existence.

The Supervisory Board is impressed by the exceptionally valuable work done by the Managing Board and all staff throughout 2009 and wishes to thank them for their valuable and excellent efforts and results in these turbulent times.

Amsterdam, 25 March 2010

Board of Supervisory Directors:

Mr. S. Sözen (Chairman)
Mr. A. Acar
Mr. H. Akhan
Mr. T. Gönensin
Mr. E. Özen
Mr. F. Şahenk

KEY FIGURES

	2009	2008*	2007	2006	2005
	EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
Total assets	**3,657,295**	3,626,714	3,394,847	2,856,183	2,279,566
Banks (assets)	**719,880**	1,099,027	1,195,132	1,253,020	859,934
Loans and advances	**1,593,198**	982,645	1,107,733	1,014,838	694,982
Banks (liabilities)	**608,327**	915,453	892,658	862,803	581,000
Funds entrusted	**2,605,140**	2,217,134	2,025,362	1,689,090	1,424,554
Subordinated liabilities	**53,749**	78,007	78,007	78,004	38,288
Shareholders' equity	**279,534**	252,301	217,140	182,129	174,285
Operating result before tax and value adjustments	**63,132**	52,565	46,075	36,979	33,414
Result after tax	**27,881**	34,827	35,011	23,501	20,688
Foreign branches and representative offices	**5**	6	6	4	4
Capital adequacy ratio % **	**13.78**	12.08	14.38	15.06	16.39
Cost to income ratio % ***	**38**	41	40	44	46
Return on average equity % ****	**11.06**	16.03	19.22	14.12	13.45
Return on average assets %	**0.77**	0.99	1.12	0.92	0.99
Average number of employees	**847**	763	426	243	230

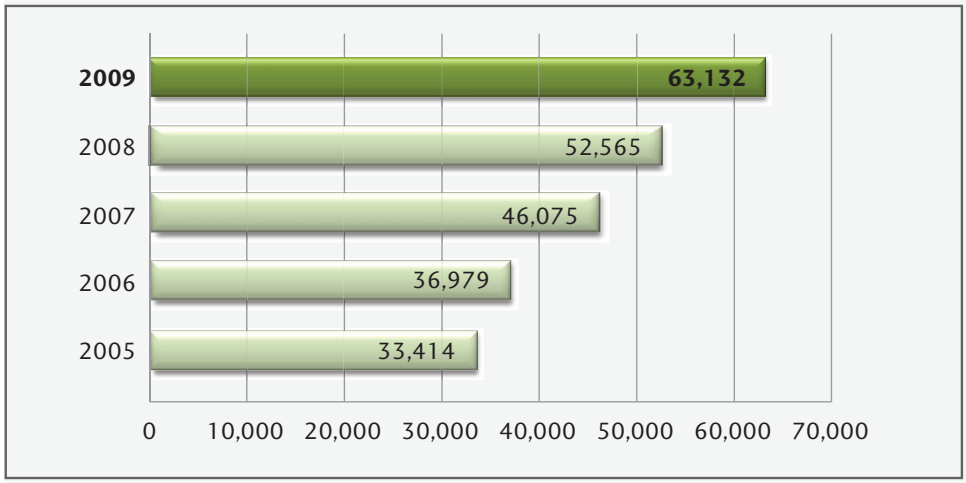
* Adjusted for reasons of comparison.

** Capital adequacy ratio calculations are based on Basel II as of 2008. For 2007, the capital adequacy ratio under Basel II is 12.31%.. For 2009, the ratio is calculated including the result for the year.

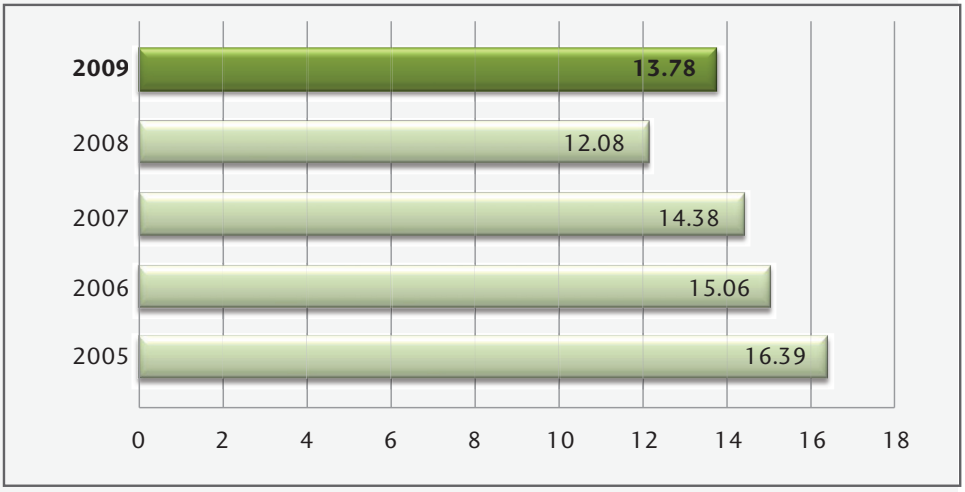
*** Cost to income ratio is calculated using total expenses and total income. Value adjustments and expansion related items are excluded (see notes to the financial statements 11 and 28).

**** Return on average equity is calculated using average shareholders' equity excluding result after tax.

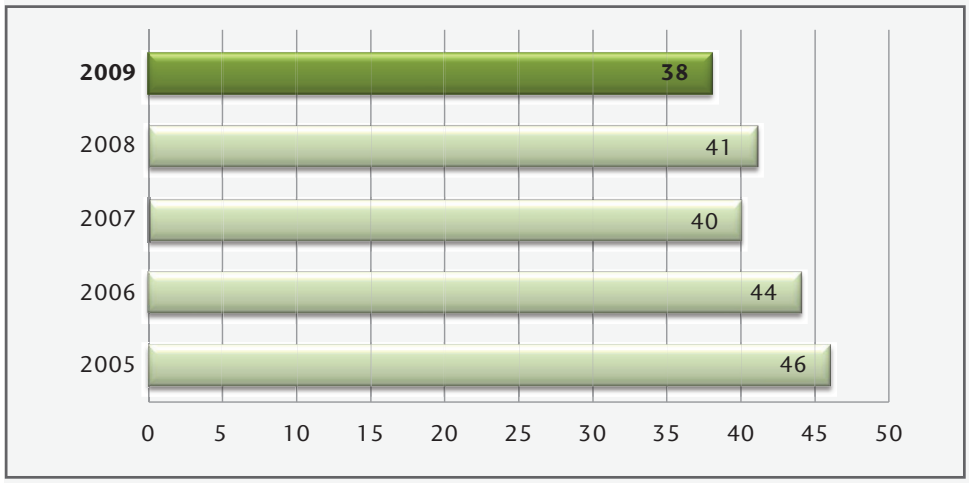
Operating result before tax and value adjustments *EUR 1,000*



Capital adequacy ratio %



Cost to income ratio %



Financial Analysis

In 2009 the operating result before tax and value adjustments amounted to EUR 63.1 million, which is 20 percent higher than in 2008 (EUR 52.6 million). Net result after tax stands at EUR 27.9 million, which is a decrease of 20% compared to 2008 (EUR 34.8 million). The main reason for the decrease in net result is an increase in value adjustments to receivables (EUR 25.1 million in 2009 compared to EUR 7.7 million in 2008), of which EUR 7.3 million relates to the expansion activities of GBI's Romania branch (2008: EUR 1.9 million).

Net interest income reached EUR 46.5 million, compared to EUR 42.1 million in 2008. Excluding the effect of the expansion activities, the net interest income decreased by EUR 1.8 million. This decrease was caused by lower average interest margins in 2009 compared to 2008, which were partially offset by higher average assets in 2009.

The net commission income amounted to EUR 28.9 million, of which EUR 5.3 million related to the expansion activities of GBI Romania. Excluding the expansion related commissions, the net commission income decreased by almost 5 percent or EUR 3.8 million compared to 2008. This decline is mainly due to a decrease in trade finance commissions by EUR 5.1 million, following the contraction in volumes in 2009 compared to 2008. Structured finance commissions increased by EUR 1.5 million.

The result on financial transactions increased from EUR 19.5 million in 2008 to EUR 30.1 million in 2009. Excluding the Romanian expansion related result the increase amounted to EUR 9.2 million. The main reason for the growth in result on financial transactions were sales of interest-bearing securities from the available-for-sale portfolio, which contributed EUR 15.0 million to this result (2008: EUR 0 million).

Total administrative expenses amounted to EUR 59.7 million, of which EUR 27.4 million relates to the expansion activities of GBI Romania. Excluding these expansion expenses, the total administrative expenses amounted to EUR 32.3 million which is EUR 1.3 million or 3.9% percent lower than in 2008.

Although the balance sheet grew slightly by 1 percent or EUR 31 million, it showed a material shift from the liquid asset items cash (-/- EUR 426 million) and banks (-/- EUR 379 million) to loans and advances (EUR 611 million) and interest-bearing securities (EUR 180 million). On the liability side of the balance sheet banks decreased by EUR 307 million, whereas funds entrusted increased by EUR 388 million.

Following the planned takeover of GBI's Romanian operations by a joint venture of Doğuş Holding A.Ş. and General Electric Capital Corporation, GBI has been guaranteed a reimbursement by the parent company for the expansion cost and income incurred by GBI Romania in anticipation of the takeover. The negative operating result of the expansion amounted to EUR 23.8 million in 2009 (2008: EUR 27.6 million). Due to the reimbursement guarantee, a receivable of EUR 62.6 million from the future shareholder or ultimately from the parent company has been included in the balance sheet under other assets. The reimbursement for the year has been included in the profit and loss account as other income.

Economic Outlook

The world economy tumbled into 2009 as the recession intensified. Vigorous fiscal, monetary and public credit policy easing in all major developed and emerging countries put a floor under the economy and a global recovery started by mid-year. 2009 was a year of exceptionally low short-term interest rates, especially in the developed economies. One effect of this environment was drastic price increases in financial assets such as equities and commodities accompanied by sharp tightening in credit spreads.

Another effect was to encourage capital outflows, especially from the US, in favor of emerging markets and their correlates such as commodities.

Although most developed countries exited recession as of Q3, the real economic indicators pointed to an anemic rate of growth; relying on government spending and stock rebuilding. Real consumer demand remained weak and excess capacity burdened the corporate sector. Unemployment rates continued to edge higher as companies were forced to reduce their costs in the sub-trend growth environment.

The variance between the economic performance of countries and regions was very large, reflecting the state of their economies when the crisis started and their subsequent policies to cope with it. Some countries, mainly US and UK took the most aggressive path aiming to come out of the recession as fast as possible. Major European countries and ECB followed a more prudent path in order to maintain the long term healthy growth potential of the region. The gap between the core and peripheral Europe, most notably Ireland, Greece, Portugal, Spain and most new entrants to Eurozone became more pronounced in terms of macro-economic fundamentals. The emerging markets, particularly Asia outperformed the advanced economies, as they quickly returned to a strong growth path thanks to their much lower credit leverage ratios, healthier macro fundamentals and public finances.

In 2009, the global economy did not grow at all, while US and Euro-16 area is estimated to contract by 2.4 percent and 3.9 percent respectively. EEMA and Latin America also contracted with estimated respective rates of 4.6 percent and 2 percent. On the other hand, non-Japan Asia is estimated to have recorded a growth rate of 5.6 percent while China grew by 8.5 percent.

Inflation is not seen as an immediate threat in most advanced economies due to continued sub-trend growth, low consumption and excess capacity. In emerging markets, the growth dynamics point to a less benign inflationary outlook. Globally, elevated commodity prices and excess liquidity in the system could lead to asset price inflation and eventually consumer price inflation in the medium to long term.

Turkish economy went into a severe recession in 2009, with the economy contracting around 6 percent and budget deficit going up to 5.5 percent of the GDP. Still macroeconomic fundamentals remained among the strongest in the EEMA region. Debt to GDP ratio is expected to be approximately 45 percent, while current account deficit came down to USD 11 billion. Foreign Direct Investments flows were also down, adding up to USD 5.9 billion, thus covering roughly 50 percent of the current account deficit in 2009. CPI inflation ended the year at 6.53 percent.

Fitch rating agency upgraded Turkey by two notches to BB+, acknowledging the strong macro economic fundamentals, while Moody's and S&P moved one notch up to Ba2 in January and BB in February 2010, respectively.

In 2010, some patterns from the past year will most probably endure. Chief among these is the relative outperformance of the emerging market economies. China, Korea, India, and Brazil are some of the standout examples. Other patterns look likely to have been secularly altered by the recession. One of these is the orderliness of economic life of the previous quarter century. The volatility of economic magnitudes was low, and now it is higher. Another departure from past patterns is the path of consumer spending, especially in the US. Consumption looks likely to grow at only about half the average pace of the previous quarter century, passing the baton of consumption-led growth to hundreds of millions in China, India, Brazil, and elsewhere.

2010 is likely to be a year of continued recovery. Global GDP is expected to grow around 3.5 percent in 2010 and to continue at about that pace in 2011. The bulk of the growth will come from strong emerging markets. The main challenge will be to conduct timely exit strategies from fiscal and monetary stimuli. Furthermore, as government finances deteriorated dramatically, sovereign credits, including those that were considered immune to any shocks before, will be put under the magnifying glass.

Business Developments

Trade Finance

Being a "global boutique", GBI's Trade Finance Division provides fast, accurate, innovative, tailor-made and country specific financing solutions with a holistic view. Other banks in emerging and developed markets, physical commodity traders, importers, exporters and other service providers engaged in international trade form part of our client base. GBI Trade Finance has been active in Transactional Commodity Finance, Structured Trade Finance and Origination & Distribution of trade related bank debt.

The competitive advantage of GBI lies in its commodity expertise, regional expertise, risk management expertise and its well-established relationships with the trade finance market actors. As a result, during periods of volatility, GBI stays resilient while keeping valued relationships and adding new ones.

In regards to global financial markets in general and the trade finance market subset in particular, 2009 was quite unique. Especially during the first quarter, markets concentrated on survival. In tandem with the "green shoots", the theme of the remainder of the year was resurrection for the fit ones -regardless of their size- while global economic contraction prevailed. Next to developments in the US whose markets very closely followed-up, China has set the tone; Russia has decoupled itself from the rest of CIS; and Turkey has proved resilience owing to the strength of its local banking sector. The World Trade Organization estimates global trade to have contracted by 12 percent in 2009 whereas firmer hopes on global recovery for 2010 fuel positive sentiment.

In response to the lower level of demand for trade finance due to contracting global trade, we prioritized liquidity and constructive risk management while adding value to our clientele at many fronts.

Chart-1: Trade Finance Assets by Counterparty *(EUR million)*

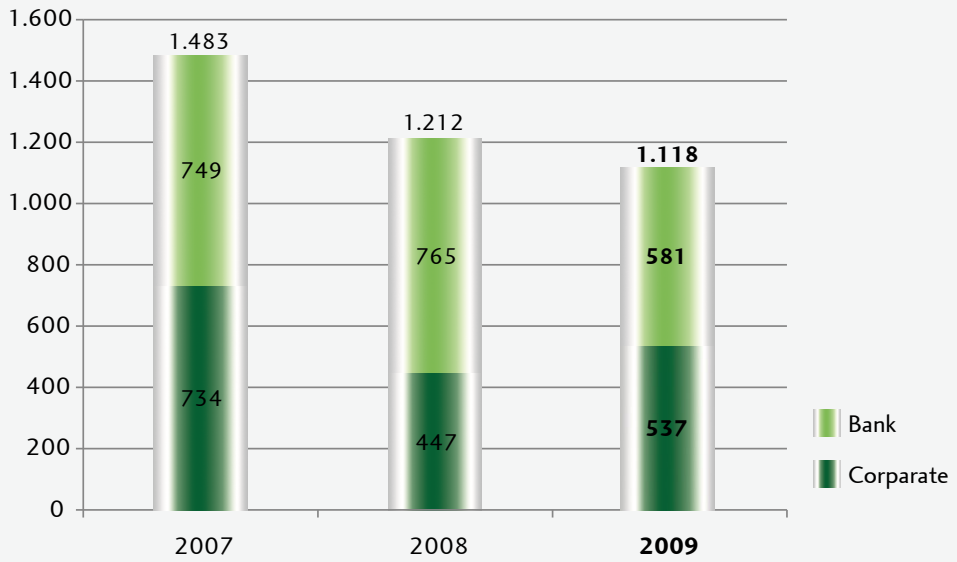
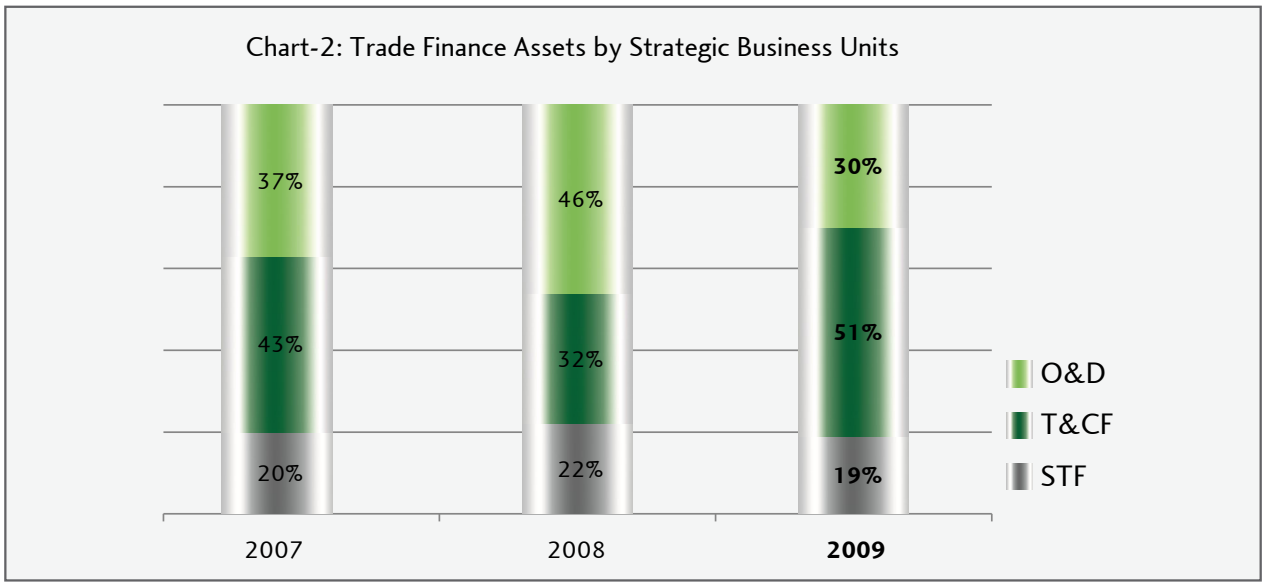


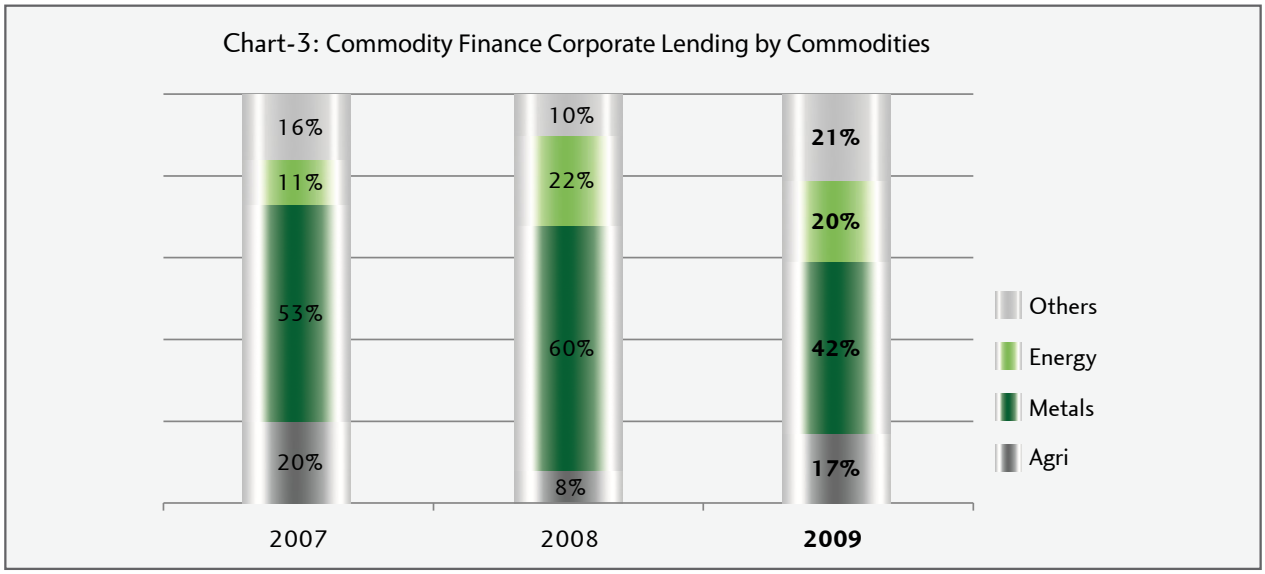
Chart-1 displays year-end on-balance sheet assets of Trade Finance Division. With a contraction of 8 percent, we closed the year with EUR 1.1 billion of assets. While we registered growth in risk on corporates mostly in the second half of the year, risk on banks reduced due to repayments from CIS banks.

At GBI, Trade Finance has three different strategic business units: Origination and Distribution (O&D), Trade & Commodity Finance (T&CF) and Structured Trade Finance (STF). O&D mainly consists of bank risk, where we provide our support to local and global banks regarding syndicated loans or bilateral trade related facilities.



At T&CF, the counterparty risk may be bank risk or corporate risk. At this front, we provide very short term lending to physical commodity traders and other corporates while securing ourselves on the basis of underlying inventory and receivables such as letters of credit issued by banks. STF is purely corporate risk and is mostly a syndicated lending activity covered by the borrower's trade flows next to its financial strength.

loss provisioning was quite limited. We have witnessed special added value of O&D once again in 2009 as secondary market activity picked up especially in the second half of the year aiding our capability to originate and distribute. STF in contrast, remained rather silent in terms of new business generation while the collateral positions in general became stronger.



During the course of 2009, we emphasized on supporting international trade flows through the T&CF window while the share of O&D and STF in Trade Finance assets as a whole dropped due to repayments from CIS counterparties. For T&CF, 2009 was definitely a winning year as many new and solid clients were acquired, the existing clientele was highly satisfied, our revenue base further diversified and loan

Chart-3 puts light on our commodity finance related corporate lending, the engine of Trade Finance at GBI, provided through T&CF and STF windows. The composition clearly demonstrates sector diversification owing to our efforts to expand further in energy, such as coal and fuels, agri-commodities such as fertilizers, grains and edible oil, and in other commodities such as chemicals and electronics.

Notwithstanding such diversification efforts, metals related lending remains our largest concentration in commodity finance related corporate lending. In this segment, we provide dedicated support to our valued clientele by being active in non-ferrous metals and ferrous metals such as flat steel, long steel other finished and semi-finished steel products and steel making raw materials including steel scrap, pig iron, ferro-alloys and others. Due to the global economic contraction in 2009, demand for financing of new trade flows at this front were curtailed.

In regards to the profit and loss account performance of GBI's Trade Finance Division, 2009 has been a modest but satisfactory year. On the revenue side our commission income remained solid and trading income at O&D front improved whereas net interest margins got narrowed. On the cost side, we achieved further rationalization parallel to the new realities.

2010 presents a favorable and rewarding landscape to the mindful and fit providers of trade financing. Hopes of global recovery are getting firmer whereas regional and market risks require continuing caution and discipline. With our crises-tested, resilient and rewarding "global boutique" approach, we shall expand on our sphere of activity on a selective basis.

Private Banking

Private Banking Division provides financial services to its international high net worth individual and institutional clients with holistic product coverage and a high degree of service sophistication. The services are delivered in two forms; brokerage and advisory, further tailored to meet each client's individual requirements.

GBI Private Banking differentiates itself through its quality of advice and its fast, accurate, innovative and personalized services. Emphasis is put on creating added value for clients by providing reliable market guidance with a view of attaining long-term asset growth.

The principles of integrity, prudence, reliability and coherency are placed at the heart of the trusted long-term relationship with the clients.

The product range includes a complete range of financial products such as deposits, foreign exchange spot and forward, non-deliverable forward, securities, equities, over-the-counter and exchange traded derivatives, structured products, capital guaranteed notes, commodities, exchange traded funds, portfolio loans, Islamic finance products and investment funds.

2009 was a very challenging year for the private banking industry. At the aftermath of the global financial crisis, the landscape has changed: invalidating various business models, reducing profitability and client loyalty. Clients started to demand higher standards of service and advice coupled with simplicity and transparency, and to evade complex instruments that are particularly profitable for the banks.

Furthermore, following the unprecedented crisis, regulatory authorities took radical measures in response to a complicated set of political, fiscal, social and regulatory drivers at play. These are likely to put additional pressure on the private banking industry with costly operational burdens.

In 2009, GBI Private Banking was able to respond to the demands of this challenging era owing to its competent team and agile business model. The Bank enjoyed strong client loyalty in spite of turbulent markets and increased competition. Evaluating the business model, GBI identified that its core competences lie in the field of brokerage and advisory services, and decided to cease discretionary asset management activity. GBI directed its resources to enhance its core differentiating services while cooperating with partner financial institutions in other areas.

The Division also took steps to ensure that product ranges, sales techniques and messages were fully compliant with new regulations. Internal procedures and business practices were updated accordingly.

In spite of major headwinds of the industry, GBI Private Banking was able to find the sweet spot of profitability in 2009. GBI Private Banking is well-positioned, agile and innovative to maintain its long-term competitive advantage in 2010 and beyond.

Treasury

Treasury has dual missions; to manage the Bank's balance sheet risks and to achieve steady growth in customer transaction volumes by providing competitive pricing to direct and indirect treasury clients. It consists of two departments: Asset and Liability Management (ALM) and Trading.

ALM is responsible for day to day balance sheet risk management in line with the ALCO's directives. The Department uses VAR, duration, gap and sensitivity analysis reports to assess the Bank's interest rate, liquidity and foreign exchange risks. It further prepares hedging and funding strategies based on the prevailing market conditions, forecasted market outlook, balance sheet dynamics and risk parameters.

In 2009, Asset and Liability Management Department maintained a prudent approach in liquidity and interest mismatch risk management which proved to be highly beneficial for the Bank's stable performance. GBI's traditionally strong liquidity position served well to support healthy growth in business activities and to cushion its funding costs in a volatile environment. While diversification in funding sources between different segments of wholesale and retail markets continued, the share of funds entrusted was increased significantly. Interest mismatch risk management was one of the top priorities due to the elevated level of uncertainty in interest rate outlook at the aftermath of the crisis.

With the implementation of Internal Transfer Pricing (ITP), ALM's role in the pricing of the Bank's assets and liabilities was further formulized and structured. The desk provided pricing proposals to weekly ALCO meetings to steer the balance sheet effectively in line with the Bank's stratgic targets and resource constraints.

Treasury Trading Department is responsible for proprietary trading and handling of the commercial flow business stemming either from direct treasury clients such as financial institutions or indirect clients through other front offices. It consists of FX / FX Derivates and Fixed Income / Credit Derivatives Desks. A broad range of products are covered with a holistic approach and a specific expertise in Turkish financial markets.

2009 was characterized by recovery in global financial markets which became apparent after the first quarter. Risk appetite returned as markets grew more confident with the help of unprecedented government support. While volatility remained high throughout the year, market normalization led to significant spread tightening in credit markets.

GBI Treasury kept its strategic focus on the growth of customer driven business. The Division continued to be a market maker in its core products among financial institutions. The quality of the bond portfolio was increased with the development of high-rated fixed income investment and trading activities.

Treasury cooperated with the other front office divisions to develop products and strategies that will serve the Bank's clients. The Division supported the marketing efforts by providing speedy, accurate, reliable and competitive pricings.

Treasury's in-house training programs continued regularly on four product categories; namely Foreign Exchange, Foreign Exchange Derivatives, Fixed Income and Credit Derivatives aiming to promote cross selling by front offices and to strengthen the know-how at support departments.

GBI Treasury increased its revenues compared to 2008 while volumes in all product categories also went up. The main contributors to this performance

were strong commercial volumes and development of new core products owing to the Division's ability to benefit from the market trends.

2010 will be another challenging year. GBI Treasury will continue implementing its highly risk-averse and commercially-driven growth strategy which is proven to be a winner under all market circumstances.

Financial Institutions

The main function of Financial Institutions Division (FI) is to maintain and develop GBI's FI relations with a focus on the Bank's core counterparties which are the leading banks in the world.

This function was particularly important in 2009's post-crisis environment where the financial markets had extremely deteriorated and every bank needed the confidence and support of its correspondents the most. With an aim to build mutually beneficial long-term relationships with trustworthy partners, FI made sure that GBI's bank-to-bank commitments were properly fulfilled, constantly guiding the commercial business lines to create satisfactory business reciprocity. FI also kept a continuous and transparent communication with the Bank's main counterparts, paying regular visits and providing up-to-date information to them about GBI's financial performance and strategic developments in the Bank.

In 2009, FI also explored the possibilities to improve GBI's general correspondent relationships and expand the areas of cooperation with other banks and financial institutions, playing a three-dimensional role: to facilitate Trade Finance business via the Bank's broad network of correspondents; to promote the Treasury services and products offered by the Bank to target counterparts; and to diversify GBI's wholesale funding capabilities through money market borrowings as well as documentary bilateral facilities.

Additionally, FI continued to handle GBI's relations with rating agencies aiming to improve the Bank's ratings. As of year-end 2009, GBI maintains its bank deposits ratings of Baa1/P-2 and a BFSR (bank financial strength rating) of C- from Moody's Investors Services.

Structured Finance

Structured Finance Division focuses on four segments of activity; namely Islamic Finance, Shipping Finance, Project Finance and Cash Management.

Islamic finance is an area that has grown to become an increasingly important segment within the global financial market, gaining considerable ground as a

viable and alternative model to conventional finance. Today, the size of the Islamic finance market is estimated to be between USD 700 - 1000 billion globally and is forecasted to grow at a rate of 12 to15 percent per annum. Currently, Islamic finance has a very small share of the global market – about 1 percent – but all the signs are that it will continue to grow rapidly in the coming years.

The Islamic finance industry has felt the influence of the credit crunch and downturn in the global economy in 2008 and 2009, with a rapid drop in Sukuk issuance and a fall in the value of equity funds. Notwithstanding the negative trends in the Islamic Finance industry the investors are still seeking for Islamic investments as a means of diversification, expecting the recovery of the sector amid the recovery of the world finance system within the coming years and further fueling the growth of Islamic Finance assets.

At the same time looking at the global negative trends, Turkey is internationally recognized as one of the top emerging markets and has a strong potential to overcome the difficulties faced by the financial world, due to its good infrastructure, regulatory and legal framework and abundant natural and human resources. Turkey has been utilizing Islamic finance techniques since the late 1980s through financial institutions known as "Special Finance Houses" (Özel Finans Kurumu), which became the "Participation Banks" (Katılım Bankası) with the enactment of the Banking Act No. 5411 ("Banking Act") on 1 November 2005. Levels of Middle East investment in Turkey have significantly increased in recent years. The Islamic banking sector in particular has been on the receiving end of large sums but other sectors are starting to attract heavy Middle East interest including insurance, energy and real estate.

Islamic Finance Department created added value to the organization. In 2010, GBI is aiming to grow in various segments of our target market, with newly introduced products, such as Murabaha structure for SME segment. As in 2009, GBI will continue to be the business partner for the well-known advisors and legal officers to provide the best services to our clients, to introduce them to the new techniques and rules of the Islamic Finance world.

During 2009, the Baltic Dry Index showed a remarkable improvement despite the global economic turmoil. The year started at a low of 773 points and improved during the year to a more healthy 3,005 points. This improvement, however, did not prevent all ship-owners from facing financial challenges during the year. However, clients of the Shipping Finance Department managed to cater for the difficult market circumstances. This is a result of GBI's selective client approach combined with a ship-finance policy based on conservative loan to value ratios, acceptable fleet age and solid security -and legal structures. In 2010, while we safeguard our existing portfolio, we expect an increasing activity level as our clients will pursue new opportunities that meet our conservative finance criteria.

The Project Finance Department energized its resources on short to medium term financings with Tier I type companies. The bilateral and club type lending activity strengthen our credit portfolio with high rated companies and various cross-sale opportunities. In 2010, we are aiming to continue this activity with a Tier I and upper Tier II client portfolio.

We combined all account management functions within GBI under Cash Management Department. The department has been staffed with experienced multi-lingual staff and focused purely on service oriented customer management. We are providing deposit and payment services to our international clients which are all served by dedicated account officers and internet facilities.

In 2010, we will continue to serve our international clients, exporters, construction companies, shipping companies and the tourism sector.

Corporate and Commercial Banking

Corporate and Commercial Banking Division (CCB) was established in May 2009 as a new business line within the GBI organization. CCB intensively targets on and works with mid-sized companies and large corporations located in Turkey with high credit ratings. CCB provides a broad range of corporate and commercial banking products and aims to deliver exceptional customer service with the highest quality.

Since the establishment of CCB in May 2009, the targets were reached by concentrating on non-bank financial institutions and blue chip companies in Turkey and CCB gradually increased its volume and number of customers.

Retail Banking

The turmoil in financial markets with global effects on many aspects has been reflected in retail savings markets through increased competition in 2009. Main stream banks and insurance companies, especially the ones who received governmental support, turned to the retail markets as a source of funding.

Benefiting from the low cost of direct banking channels supported by efficient processes, we were still able to offer our customers attractive interest rates while remaining in line with business requirements. Although this strategy required more active interest rate adjustments, a 16 percent increase in funds entrusted proved the support of our deposit holders to the strategy.

With a main focus on customers, we are well equipped to understand their expectation. Maintaining competitive local operations in the countries that we are operating in, will bring the opportunity to enhance our products according to local market needs and to introduce fine-tuned services.

Highly motivated team members of GBI Retail Banking are the main support of our commitment to deliver high-end service quality. Our transparent structure, integrated processes and streamlined technology transform wholesale banking to personalized services.

International Branches

Romania

In order to curb the effects of the global financial crisis on domestic economy in 2009 and to cover the external financing gap, Romania received a multilateral financial support package worth EUR 20 billion. The financing was provided by the IMF through a Stand-By Arrangement of EUR 12.9 billion, by the European Union which provided EUR 5 billion, by the World Bank (EUR 1 billion), by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) and the International Finance Corporation (IFC) with a combined EUR 1 billion. In addition, the parent banks of the nine largest banks operating in Romania, holding about 70 percent of total banking assets, committed to maintain their exposure to the country and ensure dequate capital levels over 10 percent for their affiliates.

The Romanian economy contracted sharply during 2009, the forecasted nominal GDP of EUR 118 billion represented a decrease of about 7 percent in real terms. This fall took place in the context of the global crisis, Romanian economy being affected strongly by the international crisis mainly as a consequence of a sharp decline in external demand and disposable income and increased uncertainties which negatively impacted on investment decisions. At the same time the unemployment rate grew to the highest level since 2004, 7.8 percent, which is 3.4 percent more than at end of 2008.

The external imbalances have suffered a strong correction. The imports decreased by almost a third to EUR 35.5 billion, whereas exports fell by 15 percent to EUR 28.5 billion. The current account deficit narrowed strongly to EUR 5.2 billion, representing about 4.5 percent of GDP (down from an unsustainable level exceeding 10 percent of GDP for the period 2006 – 2008). Also, the current account deficit has been financed mostly by Net FDI flows.

At the end of the year annual inflation was 4.74 percent, slightly above the target of 3.5 percent +/- one percentage point. The average inflation reached 5.6 percent, down from 7.9 percent in 2008. In 2009 the non-government credit grew by 1 percent to about RON 200 billion, with 40

percent denominated in local currency and 60 percent in foreign currency. Due to the higher financing needs, the government credit surged 172.1 percent during the same period to RON 46.8 billion.

GBI Romania Branch continued to develop its range of specially designed products and services aimed at both companies and individuals and achieved the recognition of the local and international markets for these efforts. In April 2009 Garanti Online, the internet banking service launched in 2007, was awarded "The most innovative internet banking service in Romania" by the editorial team of eFinance magazine at the "Performance and innovation in banking" event. In July GarantiBank Romania was awarded "The Best Consumer Internet Bank in Romania in 2009" during the annual award ceremony organized by the renowned magazine Global Finance.

In 2009 the branch extended its agency network by opening 7 more units, and thus reaching 51 units in major cities throughout the country, 21 of which are in Bucharest.

The total assets of the branch increased almost two-fold exceeding EUR 800 million. This is mainly due to the 55 percent increase in loans and advances to customers (corporate and SME's loans moved up by 37 percent, while retail loans by 70 percent). The bonds portfolio amounts EUR 129 million, counting for 15.3 percent of the branch's total assets.

On the liabilities side, funds entrusted increased 3.2 times, out of which time deposits were 3.7 times and callable money was 3.4 times higher compared to the previous year. The deposits from banks also recorded a 40 percent increase.

In 2009 the number of customers exceeded 140,000 from only 43,000 in 2008, 95 percent of which are retail customers and the rest are SMEs and large corporate clients.

The number of debit and credit cards issued by the branch reached 130,000. Out of this total more than 78,000 were bonus credit cards and almost two thirds of the cards were issued in 2009. The number of bonus card partner outlets exceeded 3,000.

Germany

Last year Germany's economy suffered its biggest annual drop in output since the second world war. The economy shrank by around 5 percent. In 2009 both exports and capital investment in machinery and equipment slumped heavily. Foreign trade, which in previous years had been a major driving force for growth in the German economy, slowed down economic development in 2009. While exports were down a real/price-adjusted 14.7 percent, the decrease was just 8.9 percent for imports. Hence the balance of exports and imports made a negative contribution to GDP growth, as it had done in 2008.

But unemployment rose by just 230,000 from 2008, contrary to many other EU nations which reported alarming increases in unemployment rates.

In 2009 a positive contribution was made by consumption expenditure: household expenditure was up 0.4 percent and government expenditure rose by 2.7 percent on the previous year. The government has run up unprecedented debts to save the banking system and stimulate growth. New borrowing by the federal government alone is expected to total almost EUR 86 billion in 2010.

The German government revised its forecast of 2010 economic growth upward in its yearly outlook. The Euro-zone's biggest economy is now expected to grow between 1.4 and 2 percent in 2010, where a 1.2 percent growth was forecast in October 2009.

Similar to 2008, despite the extending global financial crisis, our branch in Germany managed to increase its savings deposits in 2009 by a remarkable 35 percent, reaching almost EUR 1,1 billion at the year-end.

The savings deposits are subdivided into 53 percent call-money and 47 percent time deposit. The increase in call-money compared to 2008 was even 112 percent. The number of customers grew by 10 percent. This is a clear signal that our customers have maintained their confidence in the services of our bank over the 11 years since we are active in the German market. 43 percent of customers use the Internet-Banking facilities of our branch and 60 percent of financial transactions are done through Internet Banking.

Risk Management

In the aftermath of the global credit crisis, 2009 has been a year in which GBI has reaped its continuous efforts in risk management. The enhanced risk culture that is well established throughout the Bank, supported with the strong risk governance structure and advanced risk control processes have led to stable financial performance even in times of turbulence.

GBI has responded to the changing market conditions by maintaining a strong liquidity buffer and solvency level. In addition, increasing emphasis has been put on the risk control, efficient use of capital through risk-return optimization and ongoing stress testing. The solvency level has increased from 13.71 percent to 13.78 percent with the high quality Tier1 ingredient increasing from 11.55 percent to 11.85 percent, while sustaining a strong franchise in core markets.

Overview on the governance around the risks

The risk management at GBI can be best described as a holistic approach, where all risks are defined and analyzed in coordination with their implications on the business decisions and interactions with other types of risks. The risk management culture at GBI supports value creation by providing insight into the levels of risk that can be absorbed, compared with the earnings power and the capital base. Integrated risk management has become a key ingredient in the Bank's strategy.

Senior management holds the responsibility to ensure that the Bank is operating with an adequate level of capital in order to sustain the financial stability of the Bank. Risk management at GBI is structured as an integrated effort at various levels within the organization. The Audit and Risk Management Committee of the Supervisory Board is the ultimate authority for the monitoring of risks and capital adequacy at the board level.

The Risk Management Committee (RMC) has the responsibility of the coordination of the risk management activities within the Bank and reports directly to the Audit and Risk Management Committee of the Supervisory Board. Other risk committees are established to manage more specifically the key banking risks; the Credit Committee for credit risk, the Asset & Liability Committee (ALCO) for market and liquidity risks, the Legal Committee for legal risk, Compliance Committee for compliance risks and the Complaint Committee.

Internal Audit Department is responsible for the monitoring of these risks through regular audits and reporting them to the Audit and Risk Management Committee of the Supervisory Board.

The Risk Management Department (RMD) is an independent risk control unit, which operates independent of commercial activities and reports directly to the RMC. RMD is responsible for the quantification and monitoring of the material risks in terms of economic capital and regulatory capital in order to limit the impact of potential events on the financial performance of the Bank. Risks are continuously monitored through a well-established Internal Capital Adequacy Assessment Process (ICAAP) and reported comprehensively to the related committees. RMD develops and implements risk policies, procedures, methodologies and risk management infrastructures that are consistent with the regulatory requirements, best market practices and the needs of business lines. RMD also coordinates all the efforts for compliance of the Bank's risk management policies and practices with Basel principles and the Financial Supervision Act (FSA, Wet op het financieel toezicht / Wft).

Risk appetite

The Bank has a well balanced risk appetite, which combines the risk and return in a comprehensive manner. GBI has always achieved to meet an adequate level of solvency thanks to its committed shareholder, high level of attention paid to prudent risk management practices and risk-averse strategies applied. GBI prefers to have a strong capital base with a high Tier 1 ingredient. GBI has a zero tolerance for any breach in following the regulations and strictly refrains from taking any risk that may hinder the reputation of the Bank as per the risk appetite statement of the Bank.

Market risk

GBI assumes market risk in trading activities by taking positions in debt, foreign exchange, other securities and commodities as well as in equivalent derivatives. The Bank has historically been conservative while running the trading book. Hence the main strategy is to be active in intraday trading and keep the overnight trading positions at low levels.

ALCO bears the overall responsibility for the market risk and sets the limits for the trading positions and stop loss levels on product and desk level. Treasury Department actively manages the market risk within the limits provided by ALCO. Middle Office and Internal Control Unit (ICU), which are both established as independent control bodies, monitor and follow-up all trading transactions and positions on an ongoing basis. RMD monitors market risk through regulatory and economic capital models and reports to ALCO and Audit and Risk Management Committee of the Supervisory Board.

GBI is using Value-at-Risk (VaR) methodology as a risk measure for the market risk on the trading book. VaR quantifies the maximum loss that could occur due to changes in risk factors (e.g. interest rates, foreign exchange rates, equity prices, etc.) for a time interval of one day, with a confidence level of 99.9 percent. VaR is supplemented by stress tests to determine the effects of potentially extreme market developments on the value of market risk sensitive exposures.

Interest Rate Risk on the Banking Book (IRRBB)

Interest rate risk is defined as the risk of loss in earnings or in the economic value on banking book items as a consequence of movements in interest rates. The asset and liability structure of the Bank creates certain exposure to IRRBB.

Business units are not allowed to run structural interest mismatch positions. As a result of this policy, all structural interest rate risks are managed by the Treasury Department in line with the policies and limits set by ALCO, with the help of a well defined internal transfer pricing process.

GBI uses duration, gap and sensitivity analyses for the quantification of interest rate risk. Sensitivity analyses are based on both economic value and earnings perspectives. Interest sensitivity is measured by applying standard parallel yield curve shifts, historical simulation approach and user defined yield curve twist scenarios. The outcomes of these analyses are discussed at ALCO and are used effectively in decision making processes for hedging and pricing. RMD is represented in ALCO and contributes to the market risk management process in a proactive manner.

The Bank has a low duration structure both in assets and liabilities and has a very limited duration gap. The Bank's sensitivity to interest rate shocks is limited. Net change in economic value of equity under regulatory interest rate shock scenario is closely monitored and lies considerably below the regulatory threshold of 20 percent. This standard sensitivity measure has never been above 6.5 percent throughout 2009.

Liquidity risk

The main objective of GBI's liquidity risk policy is to maintain sufficient liquidity in order to ensure safe and sound operations. ALCO bears overall responsibility for the liquidity risk strategy. ALCO has delegated day-to-day liquidity management to the Treasury Department, which is responsible for managing the overall liquidity risk position of the Bank. The Treasury Department monitors all maturing cash flows along with expected changes in core-business funding requirements to maintain the day-to-day funding.

The Bank aims for a well-diversified funding mix in terms of instrument types, fund providers, geographic markets and currencies. The Bank monitors liquidity risk through gap analysis, which is supplemented by stress tests designed based on different scenarios. These analyses allow applying shocks with different magnitudes on the liquidity position of the Bank. Scenarios are driven based on bank-specific and market-specific liquidity squeezes.

In addition to this, cash capital concept, which shows the excess of long-term funds over long-term assets, is used as a measure for long-term funding mismatch. The Bank has a detailed contingency funding plan in place for the management of a liquidity crisis situation. All liquidity analyses are reported to ALCO on a regular basis. ALCO reviews and plans the necessary actions to manage the liquidity gaps.

The Bank has not endured liquidity shortages during the liquidity squeeze in the market thanks to the prudent liquidity policy, which is based on balancing short-term and long-term liquidity gaps, and maintaining a high quality liquidity buffer. The Bank places its excess liquidity to central banks or governments in Europe and to very limited number of selected credible counterparties. GBI has a diversified mix of wholesale and retail funding sources. Retail funding, in general, is the primary funding source, which enables the Bank to have a positive liquidity gap even in the case where the wholesale funding market dries up.

Credit risk

GBI is mainly involved in low default portfolios such as sovereigns, banks, large corporate companies and trade finance activities. The credit risk assessment and monitoring processes are designed in a way to reflect the credit risk profile of the Bank. A primary element of the credit approval process is a detailed risk assessment of every credit exposure associated with an obligor. The risk assessment process considers both the creditworthiness of the counterparty and the risks related to the specific type of credit facility or exposure. This risk assessment not only affects the structuring of the transaction but also the outcome of the credit decision.

Being a Foundation-IRB Bank, GBI is using a series of credit-risk measurement models. The Bank has dedicated internal rating models for all asset classes for evaluating the creditworthiness of the counterparties. The rating models are integrated in the credit granting and monitoring processes. These models are validated by a third party on an annual basis.

Credit rating models capture all elements of country risk, including transfer and convertibility risk, at various levels. The inherent risk of the countries in which GBI operates is taken into account through the calibration of the rating models. Systemic risk factors are taken into account by using a separate country factor. Finally, the rating of the counterparty is effectively capped according to the rating of the sovereign.

The granular 22-grade rating scale, which is calibrated on a probability of default measure based upon a statistical analysis of historical defaults, enables the Bank to compare the internal ratings between different sub-portfolios of the institution. Risk rating models also serve as a basis for the calculation of the regulatory capital and economic capital that GBI needs to hold to cover possible losses from its lending activities. Ratings are also integral parts of pricing and risk-based performance measurement processes.

GBI makes use of internal economic capital models in order to assess the adequacy of the regulatory capital for Pillar 1 risks and to determine the additional capital requirement for concentration risk. The economic capital model quantifies concentration risk based on concentrations in single

name obligors, countries and industries. Modeling and risk components are reviewed periodically depending on the changes in economic environment and business structure of the Bank and refined if necessary.

The Bank applies stress tests in order to assess the adequacy of the capital buffer after including all Pillar 1 and Pillar 2 risks. Additional scenario analyses are also used within the scope of the Capital Planning process.

The Credit Committee is responsible for the control of all the credit risks arising from the banking book, the trading book and concentration risks (single name, country and industry concentrations). Business lines, Corporate Credit Department and Credit FI and Sovereign Department perform credit assessment for all counterparties and the Credit Committee assigns the final limit based on these assessments together with the internal rating of the customer. RMD monitors the portfolio credit risk through rating models and economic capital models, regulatory capital model on a monthly basis and reports to RMC.

Operational risk

Operational risk includes potential losses caused by a breakdown in information or transaction processing and settlement systems and procedures, human errors, non-compliance with internal policies or procedures, including the possibility of unauthorized transactions by employees. Such risks are managed through bank-wide or through business line specific policies and procedures, controls, and monitoring tools. GBI's policy to control operational risk is communicated with and implemented in all business lines. Key elements in this policy are Know Your Customer principles, delegating tasks and responsibilities, issuing clear policies, procedures and directives, segregation of duties, four-eyes principles, carrying out supervision, taking corrective action, maintaining highly responsive accounting systems, systematic internal controls and performing periodic internal audits.

Legal, integrity and reputational risk

GBI is committed to the preservation of its reputation in the markets it operates. Since integrity is one of the core values of GBI, it is embedded in GBI's policies and specifically designed integrity and compliance procedures. Internal communication sessions support the proper understanding and effective compliance of these external and internal requirements. All legal issues are under the co-ordination of the Legal Committee. For each line of business, GBI has established standardized legal documentation and procedures to ensure that GBI's rights and obligations are clearly documented and legally enforceable.

Other risks

The Bank has limited or no exposure to residual risk, pension risk, settlement risk, underwriting risk and securitization risk. These risks are monitored in regular audit activities and assessments within the scope of Internal Capital Adequacy Assessment Process (ICAAP). Strategic risk is taken into account in the capital planning process in order to account for the possible increase in the capital requirement based on the strategies or the business models that are chosen by the Bank.

Risk-Based Performance Measurement

Risk-Based Performance Measurement is an important element at GBI in evaluating the risk and the capital allocated to each business unit. Return on Risk Adjusted Capital (RORAC) is used as a uniform measure for monitoring of economic value added based on the preset risk appetite. RORAC figures are monitored on a regular basis in order to find out the optimum way for using capital.

Basel II

De Nederlandsche Bank N.V. has approved GBI's application to use the Internal Rating Based Foundation (F-IRB) approach in regulatory capital calculation starting from 1 January 2008. GBI is one of the first IRB compliant banks in the Netherlands and the only bank among its peers. The Bank uses the Standardized Measurement Approach for market risk and the Basic Indicator Approach for operational risk. Concentration risk, interest rate risk and other Pillar II risks are also taken into account in the regulatory capital calculation within the context of ICAAP.

During 2009, all rating models have been validated by independent third party experts. The

Internal Audit Department has reviewed the use of the models and the data quality. DNB reviews the performance of the models, the quality of all related information systems and the components of ICAAP within the scope of Supervisory Review Process.

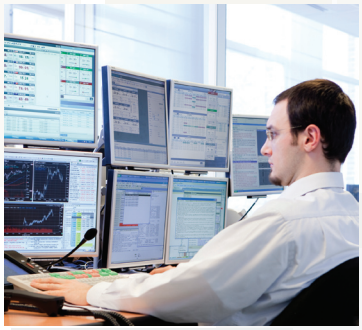
The recession is most likely over as it appears the economy has stopped shrinking, posting modest growth over the last quarter. Fear of inflation is unwarranted as overcapacity will continue to cast a long shadow over the housing and labor markets and the industrial sector. We know that the emerging recovery will not send us back to the booming years ending in 2007, but to our minds 2010 will be a year of sober recovery. We will continue to execute our business strategy and manage the Bank through these difficult days with our crisis-tested and resilient approach, with our dedicated unchanged team, to the forecasted, at least similar return levels, as of the year under review.

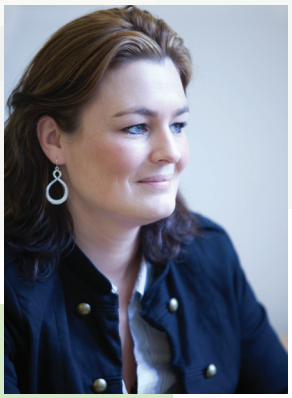
The Managing Board would like to thank our clients, shareholders and stakeholders for their continuing trust in our great bank and especially our employees for their continuous commitment to their work and for their appreciated contribution to the excellent results in a year of great difficulty.

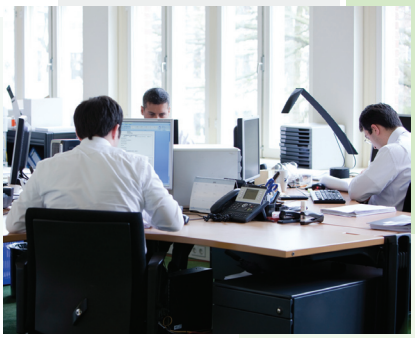
Amsterdam, 25 March 2010

Board of Managing Directors:

Bahadır Ateş
Marc P. Padberg







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BALANCE SHEET AS AT 31 DECEMBER 2009 *(Before Profit Appropriation)*

			2009		2008*
			EUR 1,000		*EUR 1,000*
Assets					
Cash	*4*		**425,757**		851,796
Banks	*5*		**719,880**		1,099,027
Loans and advances	*6*		**1,593,198**		982,645
Interest-bearing securities	*7*		**722,898**		542,404
Shares	*8*		**2,531**		–
Participating interests	*9*		**318**		318
Property and equipment	*10*		**48,848**		53,704
Other assets	*11*		**79,021**		42,806
Prepayments and accrued income	*12*		**64,844**		54,014
Total assets			**3,657,295**		3,626,714
Liabilities					
Banks	*13*		**608,327**		915,453
Funds entrusted	*14*		**2,605,140**		2,217,134
Debt securities	*15*		**23,851**		45,888
Other liabilities	*16*		**12,078**		13,327
Accruals and deferred income	*17*		**58,202**		99,520
Provisions	*18*		**16,414**		5,084
			3,324,012		3,296,406
Subordinated liabilities	*19*		**53,749**		78,007
Paid-in and called-up capital		**136,836**		196,567	
Revaluation reserves		**4,272**		4,920	
Other reserves		**110,545**		15,987	
Net profit		**27,881**		34,827	
Shareholders' equity	*20*		**279,534**		252,301
Total liabilities and shareholders' equity			**3,657,295**		3,626,714
Off-balance sheet liabilities	*21*		**231,125**		185,027

** Adjusted for reasons of comparison*

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2009

			2009		2008*
			EUR 1,000		*EUR 1,000*
Interest income	*22*	**194,017**		225,910	
Interest expense	*23*	**147,515**		183,825	
Net interest			**46,502**		42,085
Commission income	*24*	**31,818**		33,179	
Commission expense	*25*	**2,925**		2,438	
Net commission	*26*		**28,893**		30,741
Result on financial transactions	*27*		**30,064**		19,505
Other income	*28*		**23,794**		27,567
Total income			**129,253**		119,898
Administrative expenses:	*30*				
• Staff costs		**33,385**		35,775	
• Other administrative expenses		**26,307**		25,947	
			59,692		61,722
Depreciation	*31*		**6,429**		5,611
Value adjustments to tangible fixed assets	*32*		**487**		–
Value adjustments to receivables	*33*		**25,106**		7,662
Total expenses			**91,714**		74,995
Operating result before tax			**37,539**		44,903
Tax on result on ordinary activities	*34*		**9,658**		10,076
Net result after tax			**27,881**		34,827

** Adjusted for reasons of comparison*

CASH FLOW STATEMENT FOR THE YEAR 2009

	2009	2008*
	EUR 1,000	*EUR 1,000*
Net cash flow out of operational activities		
Net profit	**27,881**	34,827
Adjustments for depreciation	**6,429**	5,611
Adjustments for value adjustments to tangible fixed assets	**487**	–
Adjustments for value adjustments to receivables	**25,106**	7,662
Adjustments for other income	**(12,149)**	(5,525)
Due from banks, excluding due from banks demand and value adjustments to receivables	**361,504**	108,648
Loans and advances, excluding value adjustments to receivables	**(618,085)**	119,347
Available-for-sale portfolio	**(127,549)**	–
Trading portfolio	**25,031**	88,840
Other assets	**(36,215)**	(26,807)
Prepayments and accrued income	**(10,830)**	35,951
Due to banks, excluding due to banks on demand	**(484,814)**	15,587
Funds entrusted	**388,006**	191,772
Debt securities	**(22,037)**	(49,961)
Other liabilities	**(1,249)**	(2,884)
Accruals and deferred income	**(41,318)**	32,211
Provisions relating to deferred tax and pension	**11,330**	2,993
	(508,472)	558,272
Net cash flow out of investment activities		
Investments in:		
• Property and equipment	**390**	(6,259)
• Investment portfolio, excluding value adjustments to receivables	**(86,624)**	(56,083)
	(86,234)	(62,342)
Net cash flow out of financing activities		
Subordinated liabilities	**(24,258)**	–
	(24,258)	–
Net cash flow	**(618,964)**	495,930
Cash and cash equivalents as at 1 January	**857,360**	361,430
Cash and cash equivalents as at 31 December	**238,396**	857,360
Net cash flow	**(618,964)**	495,930

	2009	2008*
	EUR 1,000	*EUR 1,000*
Specification of cash and cash equivalents as at 31 December		
Cash	**425,757**	851,796
Due from banks on demand	**(187,361)**	5,564
	238,396	857,360

** Adjusted for reasons of comparison*

1 Overview of GarantiBank International N.V.

General

The financial information of GarantiBank International N.V. (hereafter: "GBI" or "the Bank") is included in the financial statements of Türkiye Garanti Bankası A.Ş., incorporated in Turkey. GBI works in close cooperation with its 100 percent shareholder Türkiye Garanti Bankası A.Ş.

GBI is mainly active in financing of international trade and corporate lending, as well as in retail banking, treasury and private banking.

Economic environment

The financial position of GBI is to a large extent related to the economic developments in Turkey and emerging markets. The accompanying financial statements reflect GBI's best assessment of the impact of these economic developments on the financial position of GBI.

Basis of presentation

The financial statements are compiled in conformity with the provisions governing the financial statements of banks as contained in Part 9, Book 2 of the Netherlands Civil Code, Guidelines of the Council for Annual Reporting (Raad voor de Jaarverslaggeving - RJ) and the formats prescribed for the balance sheet and profit and loss account of banks under the Financial Statements Formats Decree.

All amounts are stated in thousands of euros, unless otherwise indicated.

Principles for consolidation

The participating interests are not consolidated, but are included at their invested equity amounts, because they are not material to the balance sheet of the Bank.

2 Changes in accounting policies

Pensions

In the beginning of 2009 the council for Annual Reporting (Raad voor de Jaarverslaggeving – RJ) has issued a complete renewed draft Guideline oRJ 271.3 (2009) which conceptually deviates strongly from the existing RJ 271.3 (2008). Entities are allowed to apply the oRJ 271.3 (2009) with immediate effect. The main difference is that the oRJ 271.3 (2009) has been based on an obligations approach whereas the RJ 271.3 (2008) has been based on a risk approach.

In the obligations approach an entity only includes a liability in its balance sheet for outstanding pension obligations payable and possible additional obligations to the pension fund or employees, existing as per the balance sheet date. The pension premiums payable are to be included in the profit and loss account as an expense.

GBI has decided to apply oRJ 271.3 (2009) in its 2009 financial statements. As a result the pension provision outstanding as at 31.12.2007 amounting to EUR 256 thousand and the related deferred tax asset amounting to EUR 65 thousand have been reversed and have been processed directly in the shareholders equity and the 2008 net result after tax has been decreased by EUR 105 thousand (an increase of EUR 141 thousand in pension expenses and a decrease of EUR 36 thousand in tax expense).

3 Significant accounting policies

General

Assets and liabilities are stated at nominal value, unless otherwise stated below.

Foreign currencies

Assets and liabilities denominated in foreign currencies are converted at the spot rate as at balance sheet date.

Foreign exchange rate differences are taken to the profit and loss account as 'Result on financial transactions', with the exception of exchange differences resulting from the conversion of capital investments in participating interests and related hedging transactions. These are accounted for in shareholders' equity together with the results from related hedging instruments, after allowing for taxation.

Other outstanding forward transactions in foreign currencies are valued at the applicable forward rate for the residual term to maturity as at balance sheet date.

Transactions and the resulting income and charges in foreign currencies are converted at the rate applicable on transaction date. The resulting exchange rate effects are accounted for as 'Result on financial transactions' in the profit and loss account.

Results of participating interests in foreign currencies are translated at the rates prevailing at the end of the month in which the results are realized. The difference resulting from the translation at the rates prevailing at the end of months instead of the rate at balance sheet date is accounted for in shareholders' equity.

The results of the branch in Romania are translated at the rates prevailing at balance sheet date and are adjusted for the revaluation of the book value of the fixed assets in the local currency.

Derivatives

Derivatives are financial instruments embodied in contracts of which the value depends on one or more underlying assets or indices.

Where GBI has entered into derivatives to cover its own currency positions, these are recognized in accordance with the accounting principles applicable to these positions, i.e. derivatives are converted at period-end rate (spot rate). The forward points on currency swaps are amortized to the profit and loss account on a linear basis. Where GBI has entered into derivatives to cover its own interest positions, GBI applies the possibility of cost price hedge accounting as stated in the Dutch Accounting Standard RJ 290. Derivative instruments used to hedge the Bank's own interest positions are recorded at cost and the interest results on these instruments are recognized under interest income and/or interest expense.

The other derivatives are recorded at fair value, i.e. market value as at balance sheet date. The resulting price and valuation differences are stated in the profit and loss account as Result on financial transactions.

Loans and advances to banks/customers

Loans and advances to banks/customers are valued at nominal value, after deduction of general and specific provisions for doubtful debts. The additions to or transfers from the general and specific provisions for doubtful debts are recognized in 'Value adjustments to receivables' in the profit and loss account.

Profits or losses on the sale of loans and advances to banks/customers (forfaiting) are taken to the profit and loss account as 'Result on financial transactions'.

Investment-, trading- and available-for-sale portfolio

The investment portfolio shown in the item 'Interest-bearing securities' comprises all investments, which are intended to be held on a permanent basis or to maturity.

The trading portfolio shown in the items 'Interest-bearing securities' and 'Shares' consists of investments which are intended to be used to gain transaction results on a short-term basis.

The available-for-sale portfolio, shown in the item 'Interest-bearing securities' comprises all investments which are neither intended to be held on a permanent basis or to maturity, nor intended to be used to gain transaction results on a short-term basis.

Interest-bearing securities

Interest-bearing securities, including fixed-income securities belonging to the investment portfolio, are stated at redemption value. The difference between redemption value and acquisition price is deferred and included in the balance sheet as either a prepayment or an accrual and is amortized over the remaining life of the relevant securities.

Interest-bearing securities included in the trading portfolio are stated at market value. Profits or losses from revaluation or trading of these securities are taken to the profit and loss account as 'Result on financial transactions'.

Interest-bearing securities included in the available-for-sale portfolio are stated at market value. Positive revaluation results are included under revaluation reserves in shareholder's equity

until the moment of realization taking deferred tax liabilities into account. Negative revaluation results are directly taken to the profit and loss account as 'Result on financial transactions'. At the same time, interest calculated using the effective interest method is recognised in the profit and loss account.

Shares

Shares belonging to the trading portfolio are stated at market value. The resulting differences in value are accounted for in the profit and loss account as 'Result on financial transactions'.

Participating interests

Participating interests in which GBI has a significant influence on the commercial and financial policy are stated at net asset value determined in conformity with the accounting policies applied in these financial statements.

Property and equipment

The valuation principles for tangible fixed assets are as follows:

Land and buildings in use by GBI

Premises held as a long-term investment or held for sale are valued at the 'best efforts' market value. Changes in this value are accounted for in the revaluation reserve, taking deferred tax liabilities into account.

A debit balance of the revaluation reserve is taken to the profit and loss account. Incidental revaluations of GBI's premises held for sale are released to the profit and loss account upon realization. Land is not being depreciated.

Depreciation periods applied are as follows:
- Properties, excluding land : 50 years.
- Improvement of properties : 50 years.

Other fixed assets

These are stated at acquisition price less straight-line depreciation on the basis of estimated useful economic lives.

Depreciation periods applied are as follows:
- Renovation of properties : 10 to 15 years.
- Furniture and equipment : 3 to 10 years.

Provisions

General

Provisions are carried on the balance sheet to cover obligations and losses at the balance sheet date, for which the amounts are uncertain as at the balance sheet date but which can be reliably estimated.

Deferred tax liabilities

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are accounted for only if there is sufficient assurance about their collectability.

Pensions

Pension plans have been established for the employees in the Netherlands and the majority of staff employed outside the Netherlands in accordance with the regulations and practices of the relevant countries. Third parties, mostly insurance companies, administer and execute these plans.

The nature and substance of the plans are decisive for their treatment in the financial statements. Contributions to the pension schemes are charged directly to the profit and loss account in the year to which they relate. A pension provision needs to be included in the balance sheet for pension premiums payable and possible additional obligations to the pension fund or employees outstanding as per the balance sheet date.

Income

All income items are attributed to the period in which they arise or in which the service was provided, with the exception of value differences in respect of trading positions stated at market value. The latter are added or charged directly to the result for the year.

Interest income and interest expenses are recognized in the year to which they relate. Interest results on off-balance sheet instruments used to hedge GBI's own positions, are recognized in interest income and/or interest expense. Commission income and commission expense are recognized in the year to which they relate.

Interest- and commission income from the extension of credits are not stated as income if the collection of the interest and commission is doubtful.

Positive results on the sale of interest-bearing securities belonging to the investment portfolio, are directly recognized in interest income. If, on balance, losses on the sale of interest-bearing securities belonging to the investment portfolio would arise, the surplus losses are charged directly to 'Interest expense'.

Operating expenses

Expenses are allocated to the period in which they arise.

Taxes

In determining the effective tax rate, all permanent and timing differences between pre-tax profit and the taxable amount in accordance with tax legislation, are taken into account.

Income tax in the profit and loss account for the year comprises current and deferred tax. Income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Cash flow statement

The cash flow statement gives details of the source of liquid funds which became available during the year and the use of the liquid funds over the course of the year. The cash flows are classified into cash flows from operational activities, investment activities and financing activities. Liquid funds include cash in hand, net credit balances on current accounts with other banks and net demand deposits with central banks.

Movements in loans, total customer accounts and interbank deposits are included in the cash flow from operational activities. Investment activities comprise purchases, sales and redemptions in respect of investment portfolios, as well as investments in and sales of participating interests, property and equipment. The issue of shares and the borrowing and repayment of long-term funds are treated as financing activities.

The cash flow statement has been drawn up using the same accounting principles as applied to the balance sheet and profit and loss account.

	2009	2008
4 Cash	**425,757**	851,796
This item includes all legal tender, as well as demand deposits held at the central bank and giro and retail clearing services in countries in which GBI is established.		
5 Banks	**719,880**	1,099,027
This item comprises all loans and advances to banks falling under government supervision as well as to central banks, which are not included in the 'Cash' item and insofar as not embodied in the form of debt securities including fixed-income securities.		
This amount is shown net of provisions amounting to EUR 2.4 million (2008: none)		
The changes in the provisions were as follows:		
Position as at 1 January	–	–
Additions	2,406	–
Position as at 31 December	2,406	–
6 Loans and advances	**1,593,198**	982,645
These include all loans and advances, excluding those to banks and those embodied in debt securities including fixed-income securities.		
This amount is shown net of provisions amounting to EUR 31.9 million (2008: 18.2 million)		
The changes in the provisions were as follows:		
Position as at 1 January	18,210	11,650
Additions	14,795	7,663
Write-offs	(983)	(726)
Exchange rate differences	(97)	(377)
Position as at 31 December	31,925	18,210
7 Interest-bearing securities	**722,898**	542,404
Included under this item are debt securities with a fixed interest rate or an interest rate dependent on the prevailing interest rate.		
This amount is shown net of provisions amounting to EUR 8.0 million (2008: none)		

	2009	2008
The changes in the provisions were as follows:		
Position as at 1 January	–	–
Additions	7,905	–
Exchange rate differences	91	–
Position as at 31 December	7,996	–
The breakdown by issuer is as follows:		
• Issued by public bodies	323,117	295,640
• Issued by others	407,777	246,764
	730,894	542,404
Provisions	(7,996)	–
	722,898	542,404

Of the interest-bearing securities EUR 213.0 million will mature in 2010, EUR 139.7 million is unlisted (2008: EUR 76.9 million) and EUR 9.8 million has been issued by a group company (2008: EUR 16.2 million).

The breakdown by portfolio is as follows:		
• Investment portfolio	577,578	490,863
• Available-for-sale portfolio	129,337	–
• Trading portfolio	23,979	51,541
	730,894	542,404
Provisions	(7,996)	–
	722,898	542,404

The changes in the investment portfolio are as follows:

Balance sheet value as at 1 January	490,863	434,780
Purchases	348,018	359,956
Sales	(90,887)	(140,824)
Redemptions	(160,593)	(161,459)
Exchange rate differences	(9,823)	(1,590)
	577,578	490,863
Provisions	(7,996)	–
Balance sheet value as at 31 December	569,582	490,863

	2009	2008
The purchase price of the investment portfolio was EUR 16.8 million above the redemption value (2008: EUR 10.6 million).		
The difference between the book value and the market value of the interest-bearing securities in the investment portfolio amounts to EUR 9.5 million positive (2008: EUR 36.4 million negative).		
The difference between the acquisition price and the market value of the trading portfolio is EUR 2.5 million positive (2008: EUR 3.7 million positive).		
EUR 23.9 million (2008: EUR 45.9 million) of securities in the trading portfolio are fully hedged by the debt securities that are included in the balance sheet item 'Debt securities' (see note 15). The difference between the acquisition price and the market value of the trading portfolio excluding these hedged securities is negligible.		
The difference between the acquisition price and the market value of the available-for-sale portfolio is EUR 6.1 million negative (2008: none).		
8 Shares	**2,531**	–
This item includes unlisted shares which are issued by an investment fund which is managed by a related party and does not include any options. The shares are part of the trading portfolio.		
The difference between the acquisition price and the market value of the shares is EUR 210.7 thousand positive.		
9 Participating interests	**318**	318

This item comprises the following equity participations:

- 100 percent Trifoi SRL, Bucharest, the owner of the land where GarantiBank International Bucharest Branch, Romania, was located previously.
- 100 percent Trifoi Investment SRL, Bucharest, a financial services company.
- 100 percent Golden Clover Stichting Custody, Amsterdam, a custodian company.
- 100 percent United Custodian, Amsterdam, a custodian company.
- 100 percent Stichting Safekeeping, Amsterdam, the owner of the shares of Safekeeping Custody Company B.V., a custodian company.

The sole objective of the custodian companies is to hold, for the benefit of customers of GBI, rights with respect to securities, and to conclude agreements and perform or bring about the performance of all other acts conducive to the foregoing. Securities kept in custody amount to EUR 159.1 million as at 31 December 2009 (31 December 2008: EUR 262.3 million).

The participating interests are not consolidated, but included at their invested equity amounts, because they are not material to the balance sheet of the Bank.

	2009	2008
10 Property and equipment	**48,848**	53,704

The changes in this balance sheet item are as follows:

	Land and buildings in use by GBI	Land and buildings not in use by GBI	Other fixed assets	Total
Balance sheet value as at 1 January 2009	38,546	3,754	11,404	53,704
Purchases	360	–	4,680	5,041
Revaluation *	(2,981)	(487)	–	(3,468)
Depreciation **	(3,255)	–	(3,173)	(6,429)
Balance sheet value as at 31 December 2009	32,670	3,267	12,911	48,848
Accumulated depreciation	13,348	741	9,445	23,534

** The revaluation relates to GBI's (office) premises in the Netherlands, Romania and Germany and is based on a current market value.*

*** Depreciation includes EUR 4,886 thousand of depreciation expenses which is included in the reimbursement right in 'Other assets' (see notes 11 and 28)*

11 Other assets	**79,021**	42,806

This item includes those amounts, which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet asset item. This concerns, for example, balances of payment transactions still to be settled, deferred tax assets of EUR 1.3 million (2008: EUR 2.1 million) and current taxes receivable amounting to EUR 13.3 million (2008: EUR 0.9 million).

This item also includes a reimbursement right from the shareholder, amounting to EUR 62.6 million relating to the planned sale of GBI Romania to a joint venture of Doğuş Holding A.Ş. and General Electric Capital Corporation *(see also note 28)*.

12 Prepayments and accrued income	**64,844**	54,014

This item includes the prepayments for costs to be charged to following periods, as well as uninvoiced amounts still to be received, such as accrued interest.

13 Banks	**608,327**	915,453

This includes the non-subordinated amounts owed to banks in so far as not embodied in debt certificates.

	2009	2008
14 Funds entrusted	**2,605,140**	2,217,134
Included under this item are all non-subordinated debts, insofar as these are not amounts owed to banks or embodied in debt certificates.		
This item can be specified as follows:		
• Savings accounts	**1,825,644**	1,526,712
• Other funds entrusted	**779,496**	690,422
	2,605,140	2,217,134
15 Debt securities	**23,851**	45,888
This item includes issued notes that are fully linked to securities that are kept in the Bank's trading portfolio.		
16 Other liabilities	**12,078**	13,327
This item includes those amounts, which are not of an accrued or deferred nature or which cannot be classified under any other balance sheet liability item.		
17 Accruals and deferred income	**58,202**	99,520
This item includes prepayments received in respect of profits attributable tofollowing periods and amounts still to be paid, such as accrued interest, as well as the net loss on forward foreign exchange contracts and other derivative instruments amounting to EUR 3.8 million (2008: EUR 22.8 million).		
18 Provisions	**16,414**	5,084
The following table summarizes the composition of the provisions:		
Provision for deferred tax liabilities (see note 34)	**16,414**	5,084
Provision for pension obligations	**–**	–
	16,414	5,084
Provision for pension obligations		
The changes in this item were as follows:		
Position as at 31 December (previous year)	**–**	256
Change in accounting policy	**–**	(256)
Position as at 1 January	**–**	–
Position as at 31 December	**–**	–

	2009	2008
19 Subordinated liabilities	**53,749**	78,007

This item comprises subordinated retail loans and subordinated lower Tier 2 notes issued. The subordinated liabilities are subordinate in respect of the other current and future liabilities of GBI.

The subordinated retail loans have a fixed yearly interest payment or a variable yearly interest payment at a rate of EURIBOR plus 3 percent at a minimum rate of 5.5 percent. The original maturity of the retail loans is 5, 6, 8 or 10 years.

The subordinated lower Tier 2 notes issued have a quarterly interest payment at a variable rate of EURIBOR plus 1.5 percent. The original maturity of the notes is 10 years.

In the financial year the charges paid in respect of the subordinated loans and subordinated notes issued amounted to EUR 3.7 million (2008: EUR 4.9 million).

20 Shareholders' equity	**279,534**	252,301
Paid-in and called-up capital	**136,836**	196,567

The authorized capital amounts to EUR 500 million and is subdivided into 500,000 shares with a nominal value of EUR 1,000 each, of which 136,836 shares have been issued and fully paid-in.

The changes in this item were as follows:

Position as at 1 January	**196,567**	159,470
Issue of new shares – transfer from share premium account	**–**	2,086
Issue of new shares – transfer from net profit	**–**	35,011
Reversal of new shares issued – transfer to other reserves	**(59,731)**	-
Position as at 31 December	**136,836**	196,567

During the year, the Bank decided to reverse the issue of 59,731 shares. In 2007 and 2008 these shares, with a nominal value of EUR 1,000 each, were issued to the 100 percent shareholder Türkiye Garanti Bankası A.Ş. as a result of the conversion of the net profits of 2006 and 2007 into nominal share capital. These profits have now been transferred to the other reserves.

	2009	2008
Revaluation reserves	**4,272**	4,920

This item comprises revaluation reserves for buildings and interest-bearing securities in the available-for-sale portfolio. The changes in this item were as follows:

	As at 31 December 2009			As at 31 December 2008		
	Buildings*	Available-for-sale portfolio	Total	Buildings*	Available-for-sale portfolio	Total
Position as at 1 January	**4,920**	**–**	**4,920**	4,777	–	4,777
Release from deferred tax liability due to change in tax rate	**–**	**–**	**–**	143	–	143
Revaluations	**(2,436)**	**1,788**	**(648)**	–	–	–
Position as at 31 December	**2,484**	**1,788**	**4,272**	4,920	–	4,920

* Includes buildings in the Netherlands and Romania

	2009	2008
Other reserves	**110,545**	15,987
Position as at 31 December (previous year)	**15,987**	15,796
Change in accounting policy pensions	**–**	191
Position as at 1 January	**15,987**	15,987
Transfer from paid-in and called-up capital	**59,731**	–
Profit appropriation	**34,827**	–
Position as at 31 December	**110,545**	15,987
Net profit	**27,881**	34,827
The changes in this item were as follows:		
Position as at 1 January	**34,827**	35,011
Profit distribution	**(34,827)**	(35,011)
Result after tax	**27,881**	34,932
Change in accounting policy pensions	**–**	(105)
Position as at 31 December	**27,881**	34,827

Capital adequacy

The standards applied by the Dutch Central Bank (DNB) for the principal capital ratios are based on the capital adequacy guidelines of the European Union and the Basel Committee for Banking Supervision.

In accordance with the Basel II Capital Accord, the Bank is using the Internal Rating Based Foundation (F-IRB) approach to calculate the regulatory capital ratios.

These ratios compare GBI's total capital and Tier 1 capital with the required pillar I capital for credit risk (based on the total of risk-weighted assets and off-balance sheet items), the market risk associated with the trading portfolios and the operational risk. The following table analyzes actual capital in accordance with international BIS requirements:

	2009	2008
Tier 1 capital	275,262	212,363
Tier 2 capital	44,679	46,221
Total capital	319,941	258,584
Required pillar I capital	185,753	171,274
BIS ratio	13.78%	12.08%
Tier 1 ratio	11.85%	9.92%

As of 2009 GBI takes into account the current year result in the BIS ratio calculations. This partially explains the increase in the ratios from 2008 to 2009. GBI has been granted the permission to include current year's profit to own funds by DNB, as the Bank has not made any dividend pay-out in the last three years. Solvency ratio and Tier 1 ratio before including current year's profit has increased from 12.08% to 12.58% and 9.92% to 10.65%, respectively. The BIS ratio is well above the minimum required ratio of DNB.

	2009	2008
21 Off-balance sheet liabilities	231,125	185,027
This includes all liabilities arising from transactions in which GBI has guaranteed the commitments of third parties.		
The off-balance sheet liabilities can be broken down into liabilities in respect of:		
• guarantees	94,011	43,140
• irrevocable letters of credit	109,514	93,029
• other commitments	27,600	48,858
	231,125	185,027

	2009	2008
22 Interest income	**194,017**	225,910
This includes income arising from the lending of funds and related transactions as well as commissions and other income, which have an interest characteristic.		
This item comprises interest and similar income from:		
• debt securities including fixed-income securities	**61,853**	56,959
• other	**132,164**	168,951
	194,017	225,910
23 Interest expense	**147,515**	183,825
This item includes the costs arising from the borrowing of funds and the interest-related result of derivatives as well as other charges, which have an interest characteristic.		
24 Commission income	**31,818**	33,179
This amount comprises the income from fees received in respect of banking services supplied to third parties insofar as these do not have an interest characteristic. This relates primarily to trade finance activities.		
25 Commission expense	**2,925**	2,438
This concerns the expenses paid in respect of fees for banking services supplied by third parties insofar as these do not have the characteristics of interest.		
26 Net commission	**28,893**	30,741
Net commission comprises:		
• Trade finance	**21,089**	24,718
• Payment services	**2,218**	2,136
• Security brokerage	**825**	335
• Private banking services	**1,684**	1,886
• Structured finance	**3,423**	1,915
• Other	**(346)**	(249)
	28,893	30,741

	2009	2008
27 Result on financial transactions	**30,064**	19,505

This item covers value differences and profits and losses on the sale of securities belonging to the trading or available-for-sale portfolio and currency differences and price/rate differences arising from dealing in other financial instruments.

This item comprises:		
• Securities trading	**17,248**	3,309
• Foreign exchange dealing	**9,408**	13,297
• Forfaiting	**712**	666
• Other	**2,696**	2,233
	30,064	19,505

28 Other income	**23,794**	27,567

Following the planned takeover of GBI Romania by a joint venture of Doğuş Holding A.Ş and General Electric Capital Corporation, GBI has been guaranteed, as of 2007, a reimbursement for the expansion cost and income incurred by GBI Romania in anticipation of the takeover. As a result of this reimbursement guarantee, an amount of EUR 23.8 million (2008: EUR 27.6 million) has been included in this item.
The negative expansion result is included in the related items of the profit and loss account as follows:

Interest income	**28,788**	11,851
Interest expense	**23,401**	12,705
Net interest	**5,387**	(854)
Commission income	**7,005**	3,990
Commission expense	**1,665**	650
Net commission	**5,340**	3,340
Result on financial transactions	**5,022**	3,695
Total income	**15,749**	6,181
Administrative expenses:		
• Staff costs	**12,494**	12,705
• Other administrative expenses	**14,900**	15,282
Total administrative expenses	**27,394**	27,987
Depreciation	**4,886**	3,840
Value adjustments to receivables	**7,263**	1,921
Total expenses	**39,543**	33,748
Operating result before tax	**(23,794)**	(27,567)

	2009	2008
The cumulative expansion result has been included in the balance sheet item 'Other assets' as a reimbursement receivable from t he parent company (see note 11).		
The takeover will take place after receiving the local supervisory approvals, which are expected in 2010.		
29 Segmentation of income	**255,899**	278,594
The total of interest income, commission income and result on financial transactions can be broken down into the following geographical areas based on customer domicile:		
• The Netherlands	**19,871**	18,550
• Turkey	**117,913**	124,702
• CIS countries	**30,780**	48,040
• Rest of Europe	**77,278**	80,972
• Rest of the world	**10,057**	6,330
	255,899	278,594
Other income is not included in this segmentation as it fully relates to the reimbursement right for the expansion result of GBI Romania.		
30 Staff costs and other administrative expenses	**59,692**	61,722
This includes:		
• Staff costs	**33,385**	35,775
• Other administrative expenses	**26,307**	25,947
	59,692	61,722
EUR 12.5 million of staff costs (2008: EUR 12.7 million) and EUR 14.9 million of other administrative expenses (2008: EUR 15.3 million) relate to the expansion activities of GBI Romania (see notes 11 and 28).		
The staff costs comprise:		
• Wages and salaries	**26,678**	28,353
• Pension costs	**2,078**	2,068
• Other social costs	**3,547**	3,600
• Other staff costs	**1,082**	1,754
	33,385	35,775

Other administrative expenses include expenses related to services provided by KPMG Accountants N.V. (the auditor of these financial statements) and other members of the international KPMG network. These can be broken down as follows:

	2009			2008		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG network	KPMG Accountants N.V.	Other KPMG net-work	Total KPMG network
Audit on the financial statements	114	72	186	151	49	200
Other audits	202	31	233	128	28	156
Fiscal advice	–	73	73	–	71	71
Other non-audit expenses	9	–	9	20	14	34
	325	176	501	299	162	461

	2009	2008
The average number of full-time equivalent employees was 847 (2008: 763), which can be split as follows:		
• In the Netherlands	163	161
• Outside the Netherlands	684	602
	847	763

31 Depreciation

	6,429	5,611

In 2009, the depreciation terms of several fixed assets have been brought more in line with the expected economic lifetime of these assets. This has resulted in longer depreciation terms and a decrease of depreciation expenses amounting to EUR 170 thousand.

The depreciation expenses include EUR 4,886 thousand (2008: EUR 3,840 thousand) which relates to the expansion activities of GBI Romania (see notes 11 and 28).

For a further breakdown of this item, please see the overview of changes in property and equipment in note 10.

32 Value adjustments to tangible fixed assets

	487	–

This item relates to the revaluation of GBI's premises in Germany. Please also see note 10, property and equipment.

	2009	2008
33 Value adjustments to receivables	**25,106**	7,662
This item consists of additions to provisions for loans and advances to credit institutions and customers. EUR 7,263 thousand (2008: EUR 1,921 thousand) relates to the expansion activities of GBI Romania (see notes 11 and 28).		
34 Tax on result on ordinary activities	**9,658**	10,076
The corporate income tax has been calculated using the nominal tax rate of 25.5 percent over the Dutch taxable income and the local applicable tax rates for taxable income in Germany (30 percent) and Romania (16 percent). The overall effective tax rate increased from 22.4 percent in 2008 to 25.7 percent in 2009.		
Dutch tax rate	**25.5%**	25.5%
Effect of deviating tax rate in foreign countries	**(1.1)%**	(1.4)%
Effect of tax credit	**–**	(1.7)%
Other	**1.3%**	–
Effective tax rate on operating income	**25.7%**	22.4%
The 2009 taxes amounted to EUR 9,658 thousand (2008: EUR 10,076 thousand), including a deferred tax expense of EUR 1,905 thousand (2008: EUR 1,296 thousand).		
The provision for deferred tax liabilities relates to tax liabilities that will arise in the future owing to the difference between the book value of specific assets and liabilities and their valuation for tax purposes.		
The sources of deferred tax liabilities can be specified as follows:		
Foreign branches	**14,486**	1,117
Buildings	**1,587**	3,967
Available-for-sale portfolio	**341**	–
	16,414	5,084
The sources of deferred tax assets can be specified as follows:		
Foreign branches	**1,258**	2,032
	1,258	2,032

35 Pledged assets

EUR 108.0 million of 'Interest-bearing securities' has been pledged as collateral for EUR 100.5 million of liability item 'Banks'. These assets are consequently not freely available.

36 Risk management

36.1 Credit risk

Credit risk encompasses all forms of exposure where counterparties may default on their obligations to GBI in relation to lending, hedging, settlement and other financial activities.

Concentrations of credit risks, including country and industry risks, indicate the relative sensitivity of GBI's performance to developments affecting a particular industry or geographical region.

36.1.a Breakdown by geographical regions

The geographical breakdown of assets and off-balance sheet liabilities is based on customer domicile as follows:

As at 31 December 2009	Banks	Loans and advances	Interest-bearing securities	Off-balance liabilities
• The Netherlands	46,407	16,947	46,477	7,537
• Turkey	439,784	762,628	235,025	106,594
• CIS countries	43,022	187,065	99,310	35
• Rest of Europe	83,007	620,259	263,117	74,901
• Rest of the world	110,066	38,224	86,965	42,058
	722,286	1,625,123	730,894	231,125
• Provisions	(2,406)	(31,925)	(7,996)	–
	719,880	1,593,198	722,898	231,125

As at 31 December 2008	Banks	Loans and advances	Interest-bearing securities	Off-balance liabilities
• The Netherlands	9,039	40,904	1,000	1,174
• Turkey	518,602	252,070	356,998	60,461
• CIS countries	369,969	128,352	177,097	6,040
• Rest of Europe	91,223	495,228	7,309	60,243
• Rest of the world	110,194	84,301	–	57,109
	1,099,027	1,000,855	542,404	185,027
• Provisions	–	(18,210)	–	–
	1,099,027	982,645	542,404	185,027

	2009	2008
36.1.b Breakdown by collateral		
The loans and advances can be broken down by collateral as follows:		
Substitution collateral (bank guarantees)	70,740	18,820
Financial collateral (securities and cash)	52,453	37,268
Other collateral and unsecured	1,501,930	944,767
	1,625,123	1,000,855
Provisions	(31,925)	(18,210)
	1,593,198	982,645

36.1.c Breakdown by sector and industry

The loans and advances can be broken down by sector and industry as follows:

	2009	2008
Agriculture	80,230	13,755
Basic materials	332,384	293,590
Capital goods	63,503	70,283
Chemicals	19,045	21,390
Construction	87,131	57,813
Consultancy	22,414	17,332
Consumer products	108,817	26,584
Financial services	282,200	125,182
Leisure and tourism	6,764	2,762
Media	21,908	31,884
Oil & gas	60,413	29,566
Pharmaceuticals	4,327	4,001
Private individuals	245,595	139,569
Public sector	13,405	2,217
Retail	5,819	679
Telecom	31,755	21,132
Transport & logistics	8,089	13,448
Utilities	29,533	20,000
Other	201,791	109,668
	1,625,123	1,000,855
Provisions	(31,925)	(18,210)
	1,593,198	982,645

36.1.d Derivatives and capital adequacy requirement

Derivatives are financial instruments taking the form of contracts whose value depends on one or more underlying assets, reference prices or indices. Examples of derivatives are forward exchange contracts, swaps, options and forward rate agreements. Transactions in derivatives are contracted by GBI to hedge interest rate risks and foreign exchange risks on GBI's own positions and on behalf of clients.

The degree to which GBI is active in the respective markets or market segments is shown in the following analysis by means of notional amounts. However, the notional amounts give no indication of the size of the cash flows and the market risk or credit risk attached to derivatives transactions.

The market risk arises from movements in variables determining the value of derivatives, such as interest rates and quoted prices. The positive replacement value is the loss that would arise if a counterparty were to default. In calculating the positive replacement value shown in the following table, netting agreements and other collateral have not been taken into consideration.

As at 31 December 2009		Notional amounts <1 year	Notional amounts >1< 5 years	Total	Positive replacement value
		EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
Interest rate contracts					
OTC	Swaps	–	197,182	197,182	24
Currency contracts					
OTC	Swaps	1,631,816	62,409	1,694,225	15,490
	Forwards	246,599	–	246,599	748
	Options	305,098	–	305,098	5,253
		2,183,513	259,591	2,443,104	21,515

As at 31 December 2008		Notional amounts <1 year	Notional amounts >1< 5 years	Total	Positive replacement value
		EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
Interest rate contracts					
OTC	Swaps	43,113	17,964	61,077	–
Currency contracts					
OTC	Swaps	1,825,067	146,057	1,971,124	37,765
	Forwards	107,267	–	107,267	1,010
	Options	280,891	–	280,891	11,485
Other contracts					
	Options	729	–	729	2
		2,257,067	164,021	2,421,088	50,262

In the capital adequacy calculations according to the Basel II Capital Accord, the Bank applies the Original Exposure Method to determine the unweighted credit equivalent of the derivatives by taking a percentage of the relevant notional amounts, depending on the nature and original term of the contract. The analysis below shows the resulting credit equivalent, which is then weighted for the counterparty risk (mainly banks).The figures allow for the downward impact of netting agreements and other collateral on risk exposure and capital adequacy.

	As at 31 December 2009		As at 31 December 2008	
	EUR 1,000		*EUR 1,000*	
	Unweighted	**Weighted**	Unweighted	Weighted
Interest rate contracts	**5,167**	**3,230**	757	92
OTC currency contracts	**55,330**	**7,164**	91,967	23,733
Other contracts	**–**	**–**	15	–
	60,497	**10,394**	92,739	23,825

36.2 Market risk

Market risk arises from fluctuations in interest rates, foreign currency exchange rates and security prices. It is GBI's policy to avoid exposure to significant open positions in interest and foreign currency risk.

36.2.a Currency risk

The total equivalent of assets in foreign currencies is EUR 1,977 million, while the total equivalent of liabilities in foreign currencies is EUR 830 million. The currency position is reduced to acceptable levels through off-balance sheet instruments.

	As at 31 December 2009				As at 31 December 2008			
Currency	Gross long position	Gross short position	Net long position	Net short position	Gross long position	Gross short position	Net long position	Net short position
	EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
USD	**1,913,320**	**1,903,319**	**10,001**	**–**	2,170,673	2,176,591	–	5,918
TRY	**548,555**	**553,998**	**–**	**5,443**	327,741	327,943	–	202
CHF	**22,648**	**22,728**	**–**	**80**	22,697	22,757	–	60
RON	**237,640**	**265,242**	**8,398**	**–**	265,896	265,798	98	–
GBP	**65,708**	**65,789**	**–**	**81**	42,271	42,677	–	406
BRL	**392**	**386**	**6**	**–**	4,368	4,365	3	–
JPY	**7,544**	**8,399**	**–**	**855**	18,992	18,991	1	–
SEK	**2**	**–**	**2**	**–**	119	128	–	9
AUD	**39,980**	**40,028**	**–**	**48**	64,096	64,102	–	6
RUB	**350**	**237**	**113**	**–**	4,815	525	4,290	–
CAD	**73**	**71**	**2**	**–**	21	18	3	–
MXN	**–**	**–**	**–**	**–**	3	–	3	–
ZAR	**4**	**–**	**4**	**–**	4	–	4	–
KZT	**11**	**–**	**11**	**–**	11	–	11	–
NOK	**23**	**–**	**23**	**–**	48	51	–	3
CNY	**–**	**–**	**–**	**–**	5,966	5,965	1	–
XAU	**–**	**–**	**–**	**–**	1	–	1	–
HUF	**3**	**–**	**3**	**–**	–	–	–	–

36.2.b Interest rate risk

The following table provides a maturity calendar of all interest-bearing financial instruments, including derivatives as of 31 December 2009, which is based on remaining days to maturity for fixed rate instruments and next repricing date for floating rate instruments:

	Variable	< = 3 months	< = 1 year	< = 5 years	> = 5 years	Total
	EUR 1 mln	*EUR 1 mln*	*EUR 1 mln*	*EUR 1 mln*	*EUR 1 mln*	*EUR 1 mln*
Assets	152	2,045	786	541	64	3,588
Liabilities	(115)	(2,285)	(442)	(390)	(7)	(3,239)
Derivatives	–	188	42	(283)	–	(53)
Net interest position 31 Dec. 2009	37	(52)	386	(132)	57	296
Net interest position 31 Dec. 2008	(54)	1,083	(727)	(104)	79	277

The calculation of the sensitivity analysis as at 31 December 2009 shows that, assuming an unchanged structure of assets, liabilities and off-balance sheet items, an interest increase of one percent, taking into account a parallel movement of the yield curves for all currencies, would result in a decrease in the economic value of the Bank's equity amounting to approximately EUR 0.8 million (31 December 2008: EUR 2.0 million increase).

36.3 Liquidity risk

The following table provides a maturity analysis of assets and liabilities according to their contractual remaining maturity:

	On demand	< 3 months	> 3 months < 1 year	> 1 year– < 5 years	> 5 years	Provisions	Total
	EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
Assets							
Cash	425,757	–	–	–	–	–	425,757
Banks	15,203	271,756	415,284	20,043	–	(2,406)	719,880
Loans and advances	21,367	514,543	440,915	405,895	242,403	(31,925)	1,593,198
Interest-bearing securities	–	52,077	160,924	480,208	37,685	(7,996)	722,898
Shares	2,531	–	–	–	–	–	2,531
Participating interests	318	–	–	–	–	–	318
Property and equipment	–	–	–	–	48,848	–	48,848
Other assets	79,021	–	–	–	–	–	79,021
Prepayments and accrued income	64,844	–	–	–	–	–	64,844
31 Dec. 2009	609,041	838,376	1,017,123	906,146	328,936	(42,327)	3,657,295
31 Dec. 2008	1,014,275	600,235	897,287	838,637	294,490	(18,210)	3,626,714

	On demand	< 3 months	> 3 months < 1 year	> 1 year– < 5 years	> 5 years	Provisions	Total
	EUR 1,000	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*	*EUR 1,000*
Liabilities							
Banks	200,701	95,759	154,833	157,034	–	–	608,327
Funds entrusted *	1,255,635	810,346	316,568	222,403	188	–	2,605,140
Debt securities	–	3,291	3,600	16,960	–	–	23,851
Other liabilities	12,078	–	–	–	–	–	12,078
Accruals and deferred income	58,202	–	–	–	–	–	58,202
Provisions	–	–	–	–	16,414	–	16,414
Subordinated liabilities	1,322	11,863	819	3,941	35,804	–	53,749
Shareholders' equity	–	–	–	–	279,534	–	279,534
31 Dec. 2009	**1,527,938**	**921,259**	**475,820**	**400,338**	**331,940**	**–**	**3,657,295**
31 Dec. 2008	986,511	893,611	1,023,376	465,416	257,800	–	3,626,714

** This includes on demand retail funding which has a longer term characteristic.*

37 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

These financial instruments include loans and advances to banks and customers, deposits from banks and customers, obligations under repurchase agreements, loans and advances from banks and other short-term assets and liabilities which are of a contractual nature. The carrying amount of these particular assets and liabilities approximates their fair value, partially due to the fact that it is market practice to renegotiate interest rates to reflect current market conditions. The fair value of the interest-bearing securities in the investment portfolio amounts to EUR 589.3 million (2008: EUR 452.0 million), whereas the book value amounts to EUR 579.8 million (2008: EUR 488.4 million). The fair value of hedging derivatives as at 31 December 2009 amounts to EUR 22.3 million (negative) on a net basis (2008: EUR 35.4 million negative). The carrying value of these derivatives is EUR 17.6 million negative (2008: EUR 35.4 million negative).

38 Related parties

Related parties include the 100 percent shareholder Türkiye Garanti Bankası A.Ş., its major shareholders Doğuş Holding A.Ş. and GE Capital Corporation (which together have a controlling interest over Türkiye Garanti Bankası A.Ş.), all its subsidiaries and the Supervisory and Managing Board of Directors of GBI and all the entities on which the shareholders have a significant influence. During the course of the business, GBI has made placements with and granted loans to related parties and also received deposits from them at commercial terms.

In addition to the regular business transactions with the shareholder, the expansion costs in respect of the Romanian branch that are prepaid on behalf of the future shareholders of these activities, is a related party transaction as well (see note 28). The ultimate settlement of this agreement will take place upon the actual transfer of the Romanian activities.

38.1 Outstanding balances

GBI has the following balances outstanding from and transactions with related parties:

	As at 31 December 2009		As at 31 December 2008	
	Related parties with a participating interest in the Bank	**Other related parties**	Related parties with a participating interest in the Bank	Other related parties
	EUR 1,000	*EUR 1, 000*	*EUR 1,000*	*EUR 1,000*
Banks (assets)	**48,090**	**350**	14,888	545
Loans and advances	**–**	**43,228**	–	20,811
Interest-bearing securities	**9,778**	**45,990**	16,227	–
Shares	**2,531**	**–**	–	–
Other assets	**62,608**	**–**	38,814	–
Banks (liabilities)	**245,327**	**5**	222,436	10,785
Funds entrusted	**–**	**41,518**	–	9,366
Subordinated liabilities	**–**	**–**	–	325
Interest income	**2,251**	**1,095**	1,559	3,635
Interest expense	**2,615**	**324**	1,978	3,012
Commission income	**595**	**252**	244	419
Other income	**23,794**	**–**	27,567	–

38.2 Remuneration of Managing Board Directors and Supervisory Board Directors

In accordance with the Articles of Association, the remuneration of the members of the Managing Board is subject for approval by the shareholder at the Annual General Shareholders' Meeting.

The remuneration policy for the members of the Managing Board will be submitted to the Annual General Shareholders' Meeting for adoption, on 15 April 2010. The objective of the remuneration policy is to attract, motivate and retain a qualified Managing Board with an international mindset and background.

Therefore, the remuneration policy for the Managing Board is composed to combine short-term operational performance with long-term objectives of the Bank.

The remuneration of current and former members of the Managing and Supervisory Board amounted to EUR 2,809,920 in 2009 (2008: EUR 2,874,681).

Amsterdam, 25 March 2010

BOARD OF MANAGING DIRECTORS:

Mr. B. Ateş
Mr. M.P. Padberg

BOARD OF SUPERVISORY DIRECTORS:

Mr. S. Sözen (Chairman)
Mr. A. Acar
Mr. H. Akhan
Mr. T. Gönensin
Mr. E. Özen
Mr. F. Şahenk

OTHER INFORMATION

Profit appropriation

In the Annual General Shareholders' Meeting, it will be proposed to add the net profit of 2009 (EUR 27,881,000) to the other reserves.

The profit appropriation has been proposed in conformity with article 31 of the Articles of Association, which states:

Article 31

1. The profits shall be at the disposal of the general meeting.
2. Dividends may be paid only up to an amount which does not exceed the amount of the distributable part of the net assets.
3. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.
4. The general meeting may resolve to pay an interim dividend provided the requirement of the second paragraph has been complied with as shown by interim accounts drawn up in accordance with the provision of the law.
5. The general meeting may, subject to due observance of the provision of paragraph 2, resolve to make distributions to the charge of any reserve which need not be maintained by virtue of the law.

To the Managing Board, the Supervisory Board and the Shareholders of GarantiBank International N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 as included on page 28 to page 55 which are part of the annual report 2009 of GarantiBank International N.V., Amsterdam, which comprise the balance sheet as at 31 December 2009, the profit and loss account and the cash flow statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the report of the Managing Board, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. 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 the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GarantiBank International N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Managing Board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 25 March 2010

KPMG ACCOUNTANTS N.V.
E. Bleekrode RA

Supervisory Board

Mr. S. Sözen (Chairman)
Director since 1998. Chairman of GBI Supervisory Board since 2006. Vice-Chairman of Türkiye Garanti Bankası A.Ş. Supervisory Board.

Mr. A. Acar (Member)
Director since 2002. Chairman of Doğuş Automotive. Holds several Board Member positions in various Doğuş Group companies. Previously served as CEO of Ottoman Bank in Turkey and as CEO of Bank Ekspres.

Mr. H. Akhan (Member)
Director since 2003. CEO of Doğuş Holding A.Ş. Previously served as CEO of Körfezbank in Turkey.

Mr. T. Gönensin (Member)
Director since 2000. Holds Senior Management position in Türkiye Garanti Bankası A.Ş. Previously served as CEO of Ottoman Bank in Turkey and as Senior Managing Director of GBI.

Mr. E. Özen (Member)
Director since 2001. CEO of Türkiye Garanti Bankası A.Ş. since April 2000. Previously held several Senior Management positions at Türkiye Garanti Bankası A.Ş.

Mr. F. Şahenk (Member)
Director since 2002. Previously held the position of Chairman between 2002 and 2006. Presently Chairman of Türkiye Garanti Bankası A.Ş.

Managing Board

Mr. B. Ateş
CEO, since 24 March 2000.

Mr. M. P. Padberg
Managing Director, since 1 January 1993

Senior Management

Trade Finance
Mr. C. O. Draman
Executive Director

Treasury
Ms. Ö. Etker-Simons
Executive Director

Private Banking
Ms. Ö. Etker-Simons
Executive Director

Financial Institutions
Ms. Ö. Etker-Simons
Executive Director

Credits
Mr. S. Kanan
Executive Director

Operations
Mr. G. Salman
Executive Director

Information & Communication Technology
Mr. G. Salman
Executive Director

Structured Finance
Mr. E. Zeyneloğlu
Executive Director

Financial Control & Reporting
Ms. M. F. C. Koomen
Manager

Risk Management
Mr. M.Ö. Şişman
Manager

Human Resources
Ms. M.S. van Tilburg - van Alfen
Manager

Retail Banking
Mr. O. Küpçü
Manager

Compliance & Internal Audit Services
Mr. L. Öztan
Manager

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