Annual Journal of a Pension Company

Garanti Emeklilik

GARANTİ PENSION
2011 ANNUAL REPORT

Contents

GARANTİ PENSION AND LIFE BRINGS HAPPINESS INTO THE LIVES OF ITS CUSTOMERS

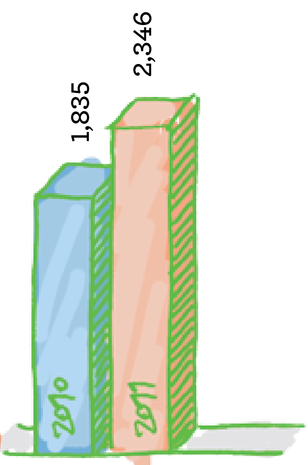
RECOGNIZED AS THE MOST ADMIRED PRIVATE PENSION COMPANY FOR MANY YEARS IN A ROW, GARANTİ PENSION OWES THIS ACHIEVEMENT TO ITS CLOSE RELATIONSHIPS WITH ITS CUSTOMERS, AS WELL AS ITS CONTINUOUSLY EXPANDING PORTFOLIO OF PRODUCTS AND SERVICES. WITH REGARD TO THE SERVICES IT PROVIDES, THE COMPANY IS A PIONEER IN BOTH THE PRIVATE PENSION AND THE LIFE INSURANCE SECTORS. GARANTİ PENSION ADDED THOUSANDS OF NEW CUSTOMERS TO ITS FAMILY IN 2011 AND CONTINUES TO GROW AND MULTIPLY THE VALUE IT CREATES.

Key Financial Indicators

Garanti Pension sustained its rapid growth in 2011, by multiplying the value it creates for its customers.

Growth Rate (2010-2011)

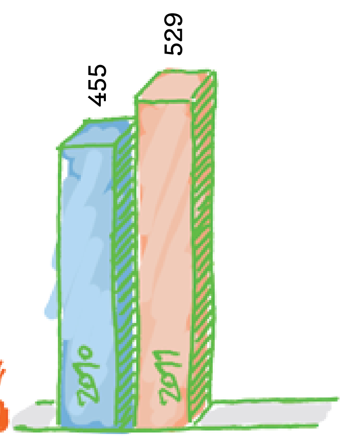
27.9%



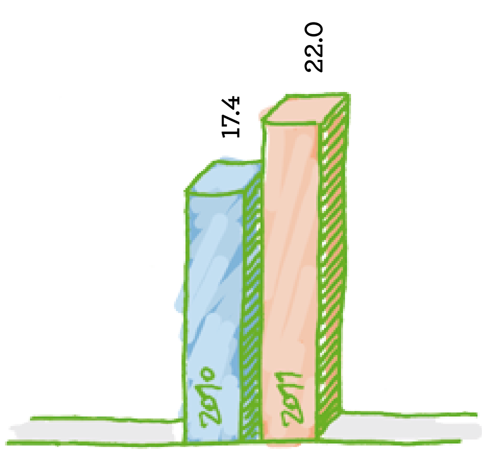
Total Pension Funds (TL million)

Growth Rate (2010-2011)

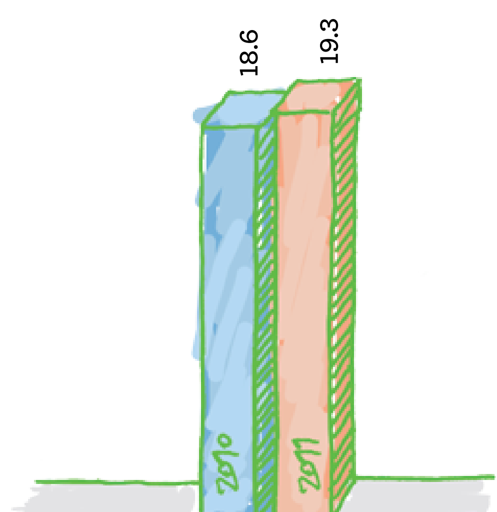
16.2%



Number of Participants (thousand)

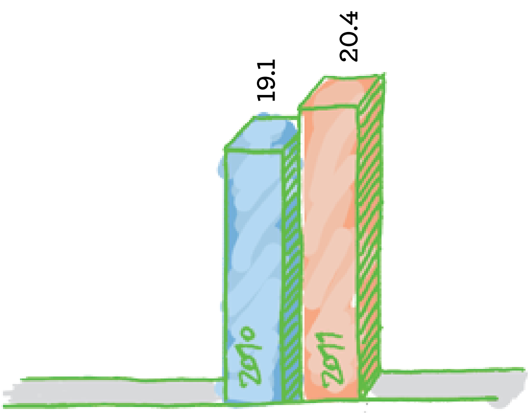


Market Share in the Annual Net Increase of Private Pension Fund Size (%)



Market Share in Annual Net Increase of Private Pension Contributions (%)

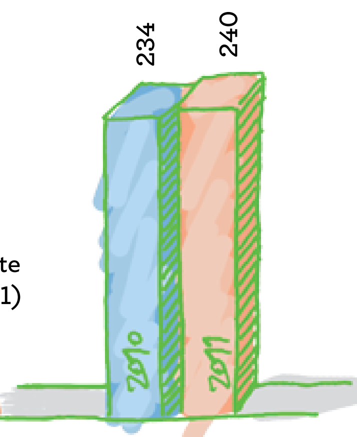
Due to its brand value and the assurance it provides for its customers, Garanti Pension and Life became the top company in regards of the increase in the number of participants in 2011.



Market Share in the Annual Net Increase of Private Pension Participants (%)

Growth Rate (2010-2011)

2.7%

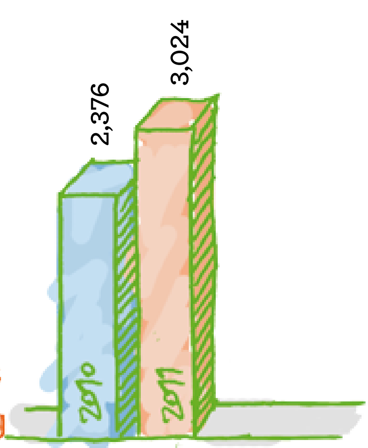


Life Insurance Premium Production (TL million)

In 2011, Garanti Pension and Life stood out among its competitors by becoming the most profitable company in the sector.

Growth Rate (2010-2011)

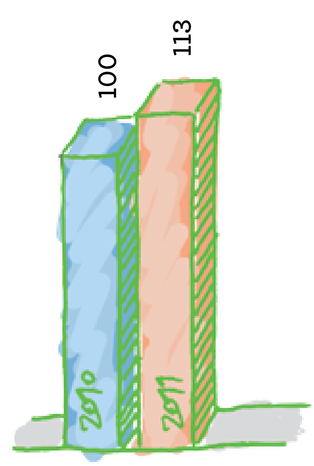
27.3%



Total Assets (TL million)

Growth Rate (2010-2011)

12.6%



Net Profit (TL million)

About Garanti Pension and Life

Garanti Emeklilik ve Hayat Anonim Şirketi (Garanti Pension and Life) was incorporated as "AGF Garanti Hayat Sigorta Anonim Şirketi" on July 24, 1992. The Company trade name was changed to "Garanti Hayat Sigorta Anonim Şirketi" on May 18, 1999.

On November 14, 2002, the Company applied for a conversion from a life insurance company to a pension company. The Company's name was changed initially to "Garanti Emeklilik Anonim Şirketi" and then to "Garanti Emeklilik ve Hayat Anonim Şirketi". Subsequently, the Company established pension mutual funds pursuant to the resolution of its Board of Directors dated June 28, 2003 and the authorization obtained from the Capital Markets Board. Fifteen percent of the Company's issued capital was sold to Achmea B.V. for € 100 million.

In all of its activities, Garanti Pension and Life places great importance on providing a secure future to its customers and sustaining its achievements. Owing to this approach, the Company continues to strengthen its market position among the powerful players in the sector. For Garanti Pension and Life, customer satisfaction is a priority and the Company develops its products and services accordingly. Besides, it has a dynamic structure that can rapidly meet emerging needs; the Company also maintains a strong foothold under all kinds of changing circumstances. With all these qualities, the Company adds value to Turkey's pension and life insurance sectors. Garanti Pension and Life has achieved many firsts in both sectors that it operates in, with its customer-tailored services that are a result of its people-oriented approach. The Company will continue to serve as a model for other companies operating in the sector, thanks to its know-how in bancassurance and financial expertise.

By improving its product range and developing private pension plans tailored for individuals, Garanti Pension and Life sets an example for the sector with its customer-oriented approach.

GARANTİ PENSION AND LIFE HAS ACHIEVED MANY FIRSTS IN THE SECTOR.

People-oriented business and management approach

Innovative products and services

Key Steps To Leadership

2003
Introducing pension products to customers
Garanti Pension and Life ventured into the sector by offering pension products.

2004
Innovative approaches to changing market conditions
• Marketing activities for promoting corporate pension plans started.
• Due to changes in customer needs, new life insurance products were developed. Within the framework of these developments, "Renewal-guaranteed Credit Life", "Long-term Credit Life", "One-Year Credit Term Life", "Guarantor Life" and "Preferred Life" insurance products were added to the product lineup.

2005
Products that provide a secure future
• Group funds were developed to meet the needs of corporate clients.
• The "Guaranteed Tomorrows" insurance product, which offers coverage against death as well as critical illnesses, was launched.

2006
Market leader in group plans in its third year
• Garanti Pension and Life became the leader in group plans in its third year of entering the market.

2007
Strong partnerships
• Fifteen percent of the Company's issued capital was sold to Achmea B.V. for € 100 million.

2008
Leader of the sector
• The "Garanti Pension Hobby Clubs" project, which aims to enrich customers' social lives and improve their quality of life, was launched.
• Three life insurance products with additional unemployment coverage were launched simultaneously.

2009
A pioneer of innovation
• Garanti Pension and Life achieved another first in the sector by launching the "Flexible Alternative Fund" that invests exclusively in income-indexed securities.
• Garanti Pension and Life became the first company to launch the Pension Income Plans and to make salary payments to its retirees as part of an income drawdown plan.
• By initiating the Mobile Branch application, the Company allowed its customers to monitor their accounts via their cell phones on a 24/7 basis.
• Garanti Pension and Life set another example in the sector by offering private pension contracts over the Internet.

2010
The "Garanti" brand is growing stronger with innovations and awards.
• The Company launched the "Online Pension Advisor service", a first in the sector.
• Private pension plans were developed specially for participation banking customers.
• The Company's corporate web site, garantiemeklilik.com.tr, won the Altın Örümcek Award.
• With the Hobby Clubs project, the Company received the Altın Pusula Public Relations Award, the first and the only award program of Turkey's public relations sector.
• The Company initiated the corporate social responsibility initiative - "Back to Study: Educating, not Employing Children".
• The Social Security Advisor application was launched and is another innovation in the sector.

2011
Customer-focused investments and practices
• The Funds and Investor Strategies Unit, included within service branches, assisted participants in determining their fund investment strategies by offering customized services.
• Garanti Pension and Life Flexible (TL), Garanti Pension and Life Domestic Government Debt Securities Income, Garanti Pension and Life Equity, and Garanti Pension and Life Group Equity and Pension Mutual Funds were launched.
• Garanti Pension Hobby Clubs project carried the joy it has brought to customers' lives onto social networks with its Facebook page.

Vision

Mission

Based on our responsibility toward society as a whole as well as our shareholders, we are obliged to protect the bright future of our customers and employees, we guide them, add value and make them feel "under Garanti".

STANDS WITH ITS CUSTOMERS

LEADING THE WAY

HAPPY EMPLOYEES HAPPY CUSTOMERS

THE FUTURE LIES WITH GARANTİ

Core Values

The core values, which are embraced by each member of the Garanti Pension and Life Family, are reflected in all the Company's internal and external practices, including:

- With its customer-focused approach, the Company strives to attain customer satisfaction far above expectations.
- The Company believes in open dialogue, listens to each and every person and considers all ideas and criticisms.
- The Company has a sincere approach under any circumstances, and acts in an honest and ethical manner.
- The Company abides in full and prudent compliance with relevant laws.
- The Company believes that customer satisfaction can only be attained with happy employees.
- The Company pays attention to deriving the highest performance from its employees and believes in continuous development.
- With its innovativeness and creativity, the Company differentiates itself in any area it ventures into.

Competitive Advantages

Garanti Pension and Life's most important competitive advantage in both life insurance and private pension sectors is its experience and skill in the bancassurance area. The synergy between the Company and its main distribution channel Garanti Bank is an inimitable model that has attracted the attention of the sector for many years. Garanti Pension and Life has a significant competitive advantage with not only the compatibility between the Company and Garanti Bank in terms of technology infrastructure, systems and regional sales structure, but also with the collaboration which is carried out within the framework of a shared corporate culture and service approach.

THE ADDED VALUE AND THE RELIABILITY OF THE "GARANTİ" BRAND ARE AMONG THE MOST IMPORTANT COMPETITIVE ADVANTAGES OF GARANTİ PENSION AND LIFE.

Garanti Pension and Life's most distinguishing characteristics are:

"Garanti" as a brand value

The reliability provided by Garanti as a valuable and a well-known brand

The synergy and collaboration with Garanti Bank

Effective sales strength

Effective use of bancassurance

Superiority in alternative distribution channels and widespread distribution channels

Financial power and technology infrastructure

Robust capital and stable financial structure
Reinsurance capacity
Profitable risk acceptance practices
Continuously improving technology infrastructure

Customer-oriented approach

Customized solutions
Continuous development of after sales services
Practices that reinforce closer customer relationships

Corporate culture and human resources

Corporate structure that enables rapid adaptation to changes
Creative and competent workforce capable of taking the initiative
Emphasis on life-long development
Internal customer satisfaction efforts

Capital and Shareholding Structure

GARANTİ PENSION AND LIFE MAINTAINS ITS STABLE MARKET POSITION UNDER ANY CONDITIONS, THANKS TO ITS ROBUST CAPITAL STRUCTURE AND THE SYNERGY ESTABLISHED WITH THE COMPANY'S SHAREHOLDERS.

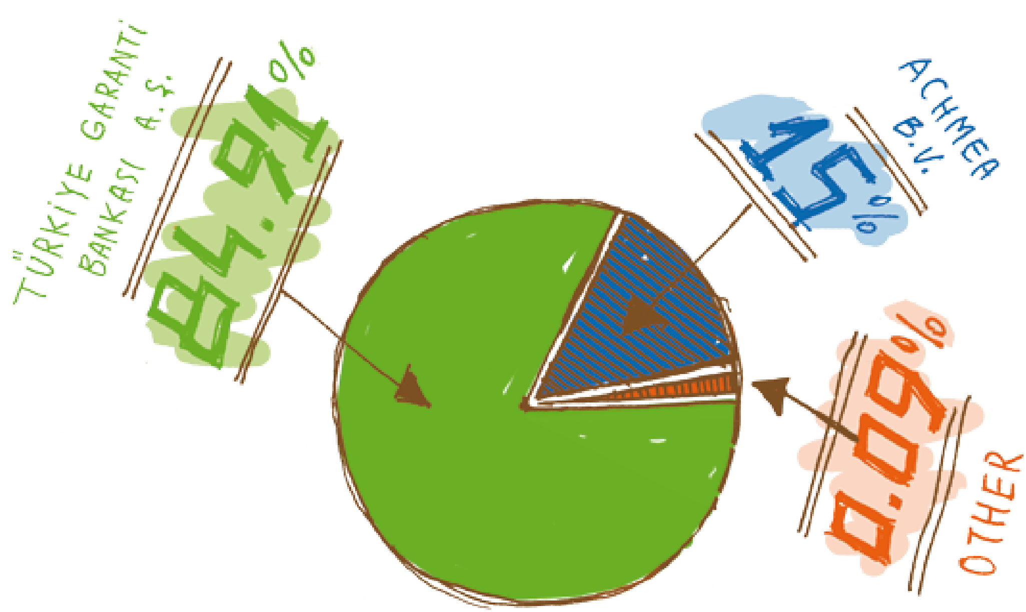
Achmea B.V. acquired 15% of Garanti Pension and Life's outstanding shares for €100 million in 2007. There were no changes in the Company's shareholding structure in 2011.

The Company's shareholding structure and capital distribution are as follows:

December 31, 2011	Ownership Share (%)	Share Capital (TL)
Türkiye Garanti Bankası A.Ş. (Garanti Bank)	84.91	42,456,190
Achmea B.V. (Achmea)	15.00	7,500,000
Other	0.09	43,810
Total	**100.00**	**50,000,000**

The Chairman and Members of the Board of Directors, the CEO and Executive Vice Presidents of the Company do not own any shares in the Company.

ROBUST FINANCIAL STRUCTURE



Garanti Bank in Brief

A GLOBAL BRAND DIFFERENTIATED BY ITS SUPERIOR SERVICE APPROACH...

With its deep experience going back for 65 years, Garanti, Turkey's second largest private sector bank, differentiates itself in all areas where it operates with the principles of sustainable efficiency, high achievements and superior service. Thanks to its well qualified workforce, customer-oriented service approach, innovative product strategy and high quality services, Garanti Bank has steadily advanced since 1964, the year of its establishment.

Garanti Bank effectively meets all of the financial needs of its over 10 million customers by implementing all kinds of innovations and sets an example in the banking sector with its rapid adaptation to changes. The Bank draws attention with its pioneering role in introducing new ideas and practices; additionally, it is not only a valuable brand in Turkey, but it is also a "universal bank" valued on a global scale.

Increasing its market share every year, Garanti Bank has become a leader in all the sectors it operates in. Owing to its robust financial structure, the Bank sustains its growth without being affected by the fluctuations in the economy. Hence, Garanti Bank's net profit and total assets swelled to TL 3.3 billion and TL 163.5 billion, respectively, by 2011 year-end. Garanti Bank had an average return on equity (ROE) of 20% and an average return on assets (ROA) of 2.2%.

Garanti Bank operates in corporate, private, commercial, retail and investment banking as well as in SME banking business lines. The Bank serves as an integrated financial services group with its eight subsidiaries that operate in the payment systems, private pension system, leasing, factoring, securities and asset management sectors. The subsidiaries of the Bank include Garanti Bank Moscow (GBM), with headquarters in Moscow; Garanti Bank International (GBI), with headquarters in Amsterdam; and Garanti Bank SA which carries out banking and financial operations across Romania.

Garanti Bank's superior quality approach in all of its products and services is also backed up by various awards in Turkey and abroad. Garanti Bank was deemed the "Best Bank in Turkey" by Euromoney magazine, one of the world's leading financial publications, for the 11th year. Further, it was designated the "Best Bank in Turkey" by Global Finance, in the category of "World's Best Emerging Market Banks in Central & Eastern Europe". The Bank was also the recipient of many awards in 2011.

Garanti Bank will maintain its market leading position by means of its customer satisfaction-oriented approach along with 16,777 employees in a total of 918 branches, including six branches and four representative offices abroad. The Bank will also continue to create value for its stakeholders in 2012 with over 3,000 ATMs, an award-winning Call Center and an extensive distribution network, which is followed as a model by the rest of the sector.

"BEST BANK IN TURKEY"
"GARANTİ'S NET PROFIT TL 3.3 BILLION"
"GARANTİ'S TOTAL ASSETS TL 163.5 BILLION"

Achmea B.V. in Brief

A GIANT IN THE INSURANCE SECTOR IN EUROPE...

Achmea Group is a private group of companies that has its headquarters in the Netherlands and operates with 22,000 employees in Benelux countries and in eight other European countries. Achmea Group's main area of business is insurance and it is among the leading companies of the insurance sector in Europe. The Group serves its customers with a rich portfolio of services consisting of pension, health insurance and non-life insurance products within the scope of its insurance and financial services.

Achmea B.V. signed a partnership agreement with Garanti Bank in March 2007 and acquired 15% of Garanti Pension and Life's outstanding shares for € 100 million. In May 2011, the Group completed the share transfer process, which started with the agreement signed in 2007, and pursuant to this first agreement acquired the remaining 20% stake in Eureko Insurance, which was held by Garanti Bank. Consequently, the Group now holds all of Eureko Insurance shares.

Achmea B.V.'s mission is to create value for its four main stakeholder groups that it sees as equally important: customers, distribution partners, shareholders and employees. The Group's primary objective is to expand into the entire European continent with a special emphasis on the emerging Central and East European markets. Planning to further reinforce its market position in developed markets and to expand its service network, the Group aims to add to its achievements in the insurance sector by pursuing its steady growth strategy.

Chairman's Message

Dear Stakeholders,

In 2011, the public debt crisis affecting the Euro Zone occupied the agenda of the world's public as well as financial markets. The debt problems in the Euro Zone, downgraded credit ratings, the inability of the US government in taking permanent measures and the slowing growth rate both in developed and developing countries are all interpreted as the signs of an overall recession in the world's economy in 2012. These factors also raise the possibility that both investors and consumers will be acting more cautiously during this period.

Despite the deceleration of the global economy, the Turkish economy demonstrated a performance far above expectations in 2011 and made significant progress in employment and the central budget. On the other hand, the depreciation of the Turkish lira, the increase in commodity prices, interest rates, and inflation have been the main agenda items in our economy throughout the year. The current account deficit is the major problem in our country's economy, which reached a GDP growth rate of 8.5% by year-end.

AN INCREASE OF 27.8% IN FUND SIZE

The private pension sector in Turkey, that has served the public for eight years, reached its growth targets in 2011 and closed the year with growth rates of 19.3% and 16.2% in fund size and number of participants, respectively. Private pension systems around the world are regarded as pools where long-term resources accumulate, and this system can help close the savings deficit in our country; it can also serve as an important solution for the current account deficit problem.

The growth in the life insurance sector continued in 2011. The sector recorded growth of 22.8% in direct premium production, reaching a volume of TL 2.6 billion. Some 79% of total premium production was generated from risk products.

At Garanti Pension, we sustained our steady growth in 2011 in both of our operating sectors, owing to a customer satisfaction focused strategy as well as our dynamic and innovative approach. Our Company increased its fund size by 28%, the highest in the sector, and thereby achieved an 11% market size gain, also the highest in the sector.

On account of the credibility of the Garanti brand and our superior services that exceed customer expectations, we increased the number of our participants significantly in

2011. With 74 thousand new participants, Garanti Pension achieved the highest increase in the number of participants in the sector. In 2011, we sustained our successful market position also in group pension plans and maintained our sector leadership with a 26.1% market share.

In the life insurance sector, Garanti Pension closed the year with TL 240 million in direct premium production, as a result of the high productivity that was made possible with the synergy between the Company and Garanti Bank. Our bancassurance practices, constituting one of the most important drivers of our competitive advantage, once again proved successful thanks to the effective use of our alternative distribution channels. In 2011, our Company realized about two-thirds of the total premium production in the sector, generated from alternative distribution channels.

In 2011, Garanti Pension differentiated itself in the sector mainly with the innovations in its after sales services. The Company's net profit after taxes was TL 113 million. Technical profit generated from private pension and life insurance businesses was TL 109 million.

As one of the leading companies in the sector, our main goal is to attain a high level of customer satisfaction in all of our activities. In this respect, we will continue to maintain and advance our leadership position in market shares in 2012 and carry our strong position into the coming years, by launching products and services that will yield the greatest benefits for our customers.

I would like to thank our employees and management team who with their hard work and dedication made it possible for Garanti Pension to confidently continue on its journey to leadership, as well as all our stakeholders, participants and policyholders who have supported us and remained loyal to us.

Respectfully yours,

Ergun Özen
Chairman of the Board of Directors

WE WILL CONTINUE TO CARRY OUR STRONG POSITION IN THE SECTOR INTO THE COMING YEARS.

CEO's Message

With 74 thousand new participants, Garanti Pension and Life achieved the highest increase in the number of participants in the sector.

A FUND SIZE OF TL 2.3 BILLION

THE COMPANY WITH THE LARGEST MARKET SHARE GAIN IN FUND SIZE: 1.1%

THE COMPANY OF CHOICE BY ONE OF EVERY FIVE PARTICIPANTS

The total fund size in the private pension sector exceeded TL 14.3 billion.
With a demographic structure consisting mainly of a young population, Turkey offers great potential for the private pension sector, which grows more and more each year. The private pension system in our country, which started operations in 2003, posted an increase of 19.3% in fund size, over the previous year and reached a level of TL 14.3 billion.

Together with the 360 thousand new participants who joined in 2011, the total number of participants in the private pension system exceeded 2.6 million.

The life insurance business continues to be the driving force of the insurance sector.
The life insurance business has significantly contributed to the overall insurance sector. The fact that premium production from life insurance products has recorded a growth of 22.8% and reached TL 2.6 billion, demonstrates the great potential of this sector in our country. Some 73.3% of total premium production was generated by means of bank distribution channels, and 5.1% via alternative distribution channels.

The transformation process in the structure of life insurance products that started with asset transfers from savings life insurance contracts into the private pension system, continued in 2011 as well. Thus, the share of risk products, the driving force of the sector, in total life insurance premiums increased to 79%.

We are the leader in market share gains in the private pension sector.
At Garanti Pension, we achieved a high trajectory of success as a result of our customer-oriented approach and thanks to our endeavors in improving private pension products. In 2011, our Company became a leader in various areas.

With its robust financial structure, Garanti Pension ranks third in total fund size in the sector. In 2011, we increased our Company's fund size by 28%, to reach TL 2.3 billion. Thus, our Company's market share rose to 16.4%, and we achieved the largest market share gain in pension fund size at 1.1%.

The 20% market share we attained in the total number of participants shows that one out of every five participants preferred to join Garanti Pension in 2011. We always aim to provide our customers a high quality and a happy life, not only during their retirement years, but also on their journey to retirement. As a result of this approach, we further increased our number of participants

OUR CUSTOMERS' HAPPINESS AND FUTURE LIE IN GARANTİ!

with 74 thousand new participants in 2011, the highest increase in the sector. Together with our newly joined customers, the Garanti Pension Family has a total of 529 thousand participants.

In 2011, we attained another leadership position with the largest market share gain in the net increase in contributions. With an increase of 37.1%, our Company outperformed the sector by 6.8 points.

Our Company's market share was 16.6% by 2011 year-end, and we achieved the largest market share gain in the sector at 0.8%. In 2011, we observed that group pension plans started to pick up. Garanti Pension sustained its superior performance in this area as well and maintained its leadership position with a market share of 26.1%.

We demonstrated a strong performance in the life insurance sector.
With its innovative product strategy, Garanti Pension also develops customer-specific products, special to their needs, in the life insurance sector. Thus, the Company realized a total direct premium production of TL 240 million in 2011; with a market share of 9.1%, the Company ranked third among the 27 players in the sector.

Garanti Pension is the leader in life insurance premiums generated by means of alternative distribution channels and has a market share of 64.6%. The Company continues to set an example for the sector with its close collaboration with Garanti Bank as well as with its bancassurance practices.

Another major achievement for us in 2011 was in the area of unemployment insurance products that we have offered since 2008. With unemployment insurance premium production of TL 90 million in 2011, our total premium production reached TL 272 million. By year-end, we have attained a total of 953 thousand policies in these products. Our effective advertising strategies and powerful distribution network played a major role in this achievement.

Thanks to our customer-focused strategies, we were able to deliver a superior service exceeding expectations.
With the purpose of increasing customer satisfaction, we focused on further improving our technological infrastructure and operational processes in 2011. We also focused on offering special services to our customers from different segments with innovations we introduced

37% GROWTH IN CONTRIBUTIONS

DIRECT PREMIUM PRODUCTION OF TL 240 MILLION to the sector. As a result of year-long efforts in improving the infrastructure of our call center and after sales services, we increased our capacity and were able to provide our customers with faster and more efficient solutions. By accelerating our private pension sales, we further increased customer satisfaction.

In order to make our customers feel more privileged, in 2011, we focused on providing information to our customers on an individual basis and guided them about their savings. Accordingly, we made it possible for our customers to easily access us by means of various channels, such as the Mobile Site, a first in the sector. Additionally, we launched the Corporate Customer Line that enables our corporate customers, who hold group plans, to conveniently get in touch with our specialists and to complete all their transactions.

Valuing customer feedback highly in all of its product and service improvements, Garanti Pension initiated the "Voice of the Customer" practice in 2011, through which the Company was able to determine the needs, opinions and suggestions of its customers in detail. We will continue to ask for feedback from our customers in 2012, to guide our product development efforts and to help us improve our operational processes.

We are confidently moving forward thanks to our robust financial structure.
In the two sectors where it operates, our Company determines its business strategies in line with its sustainable profitability target. Thus, in 2011, we were able to sustain our rapid growth rate in both assets and profits. In 2011, our Company increased its net profit after taxes by 12.6% over the previous year to reach TL 113 million.

At Garanti Pension, our profit mainly consists of technical profit from the life insurance and pension sectors. In 2011, our Company's technical profit was TL 109 million; and, 77.2% of our profit before taxes, which was TL 141.7 million, was derived from technical profit. These figures reflect our unmatched performance in the sector.

Our achievements were recognized with numerous awards.
Garanti Pension's various products, services and activities were recognized by eminent national and international platforms and we were yet again richly awarded in 2011. For the fifth time, our Company received the "Turkey's Most Admired Private Pension Company" award from Capital Magazine within the scope of its "Turkey's Most Admired Companies" survey. This recognition showed once again that we are on the right track by embracing the principle of putting customer satisfaction first.

We were also pleased that our Company's 2010 Annual Report received the "Platinum Award" in two separate categories, granted by the esteemed award organization, LACP (League of American Communications Professionals).

GARANTİ PENSION AND LIFE'S NET PROFIT IS TL 113 MILLION

TURKEY'S MOST ADMIRED PRIVATE PENSION COMPANY

TWO PLATINUM AWARDS BY LACP FOR THE 2010 ANNUAL REPORT

ALTIN ÖRÜMCEK AWARD,
THE BEST INSURANCE
COMPANY WEBSITE

IPRA
ALTIN KÜRE

FIRST PLACE IN THE COMMUNITY
RELATIONS CATEGORY AT THE
EMEA SABRE AWARDS

Our corporate website, garantiemeklilik.com.tr, which reflects our corporate image and our closeness to our customers, won the Altın Örümcek award for the second year in the "Insurance" category of 2011 Altın Örümcek Web Awards. And our Hobby Clubs' website, hobimlemutluyum.com, which is Turkey's most comprehensive hobby portal, was voted the second best website in the Community/Social Communications category.

Our social responsibility initiative, which was initiated in 2010, aims to take elementary school students who work on the streets outside of school hours, permanently off the streets and out of workplaces and to reinforce their commitment to their education. This initiative has had very good results in a very short time and has attracted attention from abroad as well. Thereby, it was honored with first place awards in the Corporate Responsibility category at the IPRA Golden World Awards, and also in the Community Relations category at the Global and EMEA Sabre Awards.

Our customers' satisfaction and financial security will continue to be our most important priorities in 2012.
We always aim to please our customers, not only during their retirement years, but also in the present time. In line with this principle, we develop and offer unmatched services. With our innovative spirit, we will continue to closely monitor customer needs and develop and implement exemplary practices in 2012. Among our main financial targets for 2012 are increasing life insurance premiums, private pension fund size and the number of participants. Additionally, we will develop strategies to gain more market share in the two sectors we operate in. 2012 will be a year when our capital strength and profitability will increase, and our robust financial position will be further strengthened. Owing to its determination and dynamic structure, Garanti Pension will continue to rank among the leaders of the sector in the coming year, as it has in the past.

I would like to express my deepest gratitude to all our employees and esteemed shareholders who takes the utmost pride in Garanti Pension's achievements, and add value to our Company, as well as to our participants and policyholders who with their feedback always motivate us to accomplish the best.

Respectfully yours,

Erhan Adalı
CEO

Overview of the Economy in 2011

A year of uncertainties and risks across the world
The deceleration in the growth performances of developed countries and the unsolvable crisis are the most important agenda items for the world's economy. The global economic crisis, which first emerged as a mortgage crisis in the USA in 2008, underwent a transformation with the adverse effects of the debt crisis in Greece in the Euro Zone, and became a public financing problem by spreading across Europe; first Spain, Portugal, and Ireland, then spread to others. The financing problems and the banking risks in the region, which started to spread from these countries to larger economies, resulted in an increasing system risk in European countries.

TURKISH ECONOMY GREW 8.5% IN 2011.

All these adversities led to a decrease in the desire for consumption and investment and also to a deceleration in the growth rate of both developed and developing countries.

AIM:
TO INCREASE DOMESTIC SAVINGS

In light of these developments, the most important agenda item for the world's economy in 2012 will be attaining financial stability and dissipating the insecurities felt by the markets.

Turkish economy maintained its growth despite the ongoing crisis.
Despite this negative picture of the global economy, Turkey outperformed expectations in 2011. During the first nine months of the year, the Turkish economy grew 9.6%, far exceeding the rate of 6% forecast at the beginning of 2011, and closed the year with growth of 8.5%. The fact that this growth was mainly generated from consumption items raises doubts about sustaining growth in 2012. Other important developments observed in the economy during the third quarter of the year were the sharp decline in the stock market, the substantial depreciation of the Turkish lira and the increase in the interest rates on TL loans. Despite all these developments, the level of employment and contributions to the workforce in Turkey have reached its highest level in recent years.

METHOD:
TO INCREASE PENETRATION IN PRIVATE PENSION SYSTEM

The major problems of the Turkish economy are the current account deficit and the low amount of private savings. However, the current account deficit is expected to decline in 2012, in line with the expected deceleration in the Turkish economy. Encouraging savings is to be tackled seriously in the medium-term program for 2012-14, and the aim is to increase the efficient use of financial markets and tools in order to increase domestic savings. One of the measures in this strategy to carry out the regulatory amendments, including tax related matters, in order to resolve the problems that are faced in expanding the private pension system.

The Turkish economy is expected to maintain its growth in 2012, even if at a slower momentum compared to the previous years. The appetite for investing, which is affected by the continuing uncertainties and risks in the global economy, is expected to also decrease in Turkey, as it is expected to do so across the world.

Sector Developments in 2011

2.6 MILLION
PRIVATE PENSION SYSTEM PARTICIPANTS

19.3%
GROWTH IN THE PRIVATE PENSION FUND SIZE

TL 14.3 BILLION
TOTAL FUND SIZE

73.3%
SHARE OF BANK DISTRIBUTION CHANNEL IN TOTAL PREMIUM PRODUCTION IN THE LIFE INSURANCE SECTOR

Private pension sector maintains its growth potential.
Despite the global economic crisis and the high-risk environment, the private pension system is continuing to grow in Turkey as well as across the world. In 2011, the private pension sector in Turkey grew 15.8%, adding 360 thousand new participants and reaching 2.6 million participants in total. The growth rate in fund size was 19.3% and reached over TL 14.3 billion. The growth trend in the sector is expected to continue with full force in the coming years.

There is a boom in group pension plans.
Group pension plans serve as a driving force in accelerating the growth of the private pension sector. As a result of the positive developments in the sector, group plans recorded growth of 17.9% in 2011. The number of employer-sponsored group pension plans also increased 18.4% over the previous year.

The contribution of life insurance products to the overall insurance sector is continuing.
Despite the uncertainties and deepening risks in the global economy, the life insurance sector maintained its steady growth. The sector still has very high growth potential in Turkey and maintained its positive forward momentum in 2011. With the increasing competition among sector players, new products and services were developed for different segments, contributing to growth of the overall sector. Especially, the sales of credit life insurance products and unemployment insurance products have increased significantly.

The importance of risk products increased in the life insurance sector, after people started to transfer their retirement savings from savings life insurance contracts into the private pension system; and these products have been further developed and improved during the past years. Each year more and more customers prefer risk products that secure people against risks they may encounter in their daily lives. Thus, the share of risk products continues to increase in total life insurance premiums. For instance, five years ago risk products made up 37.3% of total life insurance premium production, whereas this ratio soared to 78.9% in 2011.

In terms of distribution channels, the sales made by means of bank channels have significantly increased especially during the last few years. A share of 73.3% shows that majority of the total premium production was realized by the bank channel; meanwhile, alternative distribution channels realized 5.1% of the total premium production.

Financial Strength of Garanti Pension and Life

Garanti Pension and Life maintains its firm standing and reassures its customers under a variety of circumstances, owing to its robust financial structure. The Company further strengthened its market position in 2011. Garanti Pension and Life closely follows the emerging changes and introduces new ideas to the sector by using its dynamic structure and always takes into account its sustainable profitability target in all of its activities. As regards to this target, the Company's financial and technical performance was very strong in 2011, as a result of investments in technology infrastructure; perfectly executed cost-control efforts; and effective communications, marketing and sales activities. The Company continued to record rapid growth in total assets as well as in profitability ratios.

WITH ITS CONSTANTLY IMPROVING SERVICE QUALITY, THE COMPANY ONCE AGAIN HAD THE HIGHEST PROFIT IN THE SECTOR.

In 2011, Garanti Pension and Life's total assets grew 27.3% to reach TL 3 billion while its shareholders' equity was up 34.1% to TL 442 million. Further strengthening its already robust financial structure with these results, the Company increased its net profit after taxes by 12.6% over the previous year to TL 113 million in 2011.

A major portion of this profit stemmed from the technical profit earned from its operations in the life insurance and pension sectors. The Company's gross technical profit in 2011 was TL 109 million. Some 77.2% of the Company's pre-tax profit of TL 141.7 million in 2011 comprises of technical profit.

Garanti Pension and Life's most important objective for 2012 is to continue to gain market share in both the private pension and life insurance sectors. While meeting these objectives, the Company will seek to increase its financial strength and profitability on its path of growth, and will continue to rank among the leading companies in the sector.

IN 2011, GARANTİ PENSION AND LIFE:

* TOTAL ASSETS GREW 27.3% TO REACH TL 3 BILLION;
* SHAREHOLDERS' EQUITY WAS UP BY 34.1% TO TL 442 MILLION;
* 77.2% OF THE COMPANY'S PRE-TAX PROFIT OF TL 141.7 MILLION IS COMPRISED OF TECHNICAL PROFIT.

2011 Operations

A Successful Year in the Private Pension Sector

INCREASING THE FUND SIZE BY 8.6 POINTS OVER THE SECTOR AND REACHING A TOTAL FUND SIZE OF TL 2.3 BILLION!

REGISTERING THE LARGEST MARKET SHARE GAIN IN FUND SIZE WITH 1.1% IN 2011

REGISTERING THE LARGEST MARKET SHARE GAIN IN THE SECTOR WITH 0.8%!

Garanti Pension and Life ended 2011 with a superior performance in the private pension sector, and made significant gains as a result of its yearlong activities. The Company's achievements in the private pension sector in 2011 include:

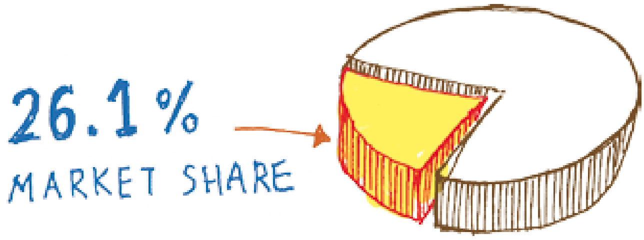
- Largest market share gain in pension fund size,
- Largest market share gain in contributions,
- Highest increase in the number of participants,
- Leader in market share in group pension contracts.

First place in increasing fund size
Garanti Pension and Life further reinforced its robust financial structure and stable performance during the year, owing to its activities and investments that have higher customer satisfaction as primary aim. The Company ranks third in total asset size in the sector, and outperformed its rivals and ranked first in terms of increasing its fund size in 2011.

In 2011, Garanti Pension and Life's fund size grew 8.6 points over the sector, increased 28% and reached TL 2.3 billion by year-end. Raising its market share to 16.4%, the Company posted a 1.1% increase which is the largest market share gain in pension fund size in the sector.

At the peak with an increased market share of 80 basis points
In 2011, Garanti Pension and Life outperformed the sector in contributions and achieved significant success. While contributions of the private pension sector increased by an annual average growth rate of 30.3%, Garanti Pension and Life attained a growth rate of 37.1% over the previous year, taking in TL 557 million in contributions and performing far above the sector. Reaching a market share of 16.6% by year-end, the Company recorded the largest market share gain by increasing its market share by 0.8%.

In 2011, one out of five participants chose Garanti Pension
As a reliable investment vehicle, each year the private pension system is preferred as a savings option by more people who wish to secure their future. In 2011, one out of five participants who joined the growing private pension system chose Garanti Pension. By adding 74 thousand new participants, the Company achieved the highest increase in the number of participants in 2011, reaching a total of 529 thousand participants and a market share of 20%.



IN 2011, GARANTİ PENSION AND LIFE WAS THE MARKET LEADER IN GROUP PENSION CONTRACTS WITH A MARKET SHARE OF 26.1%.

With its innovative product strategy, Garanti Pension and Life monitors the needs of its customers in different segments and develops customized products and services. The Company always aims for superior service quality that exceeds expectations, and will continue to increase its market share in 2012.

Sustained leadership in group pension plans
Group pension plans, which enable employees to get together and join the private pension system without contributions from their employers, appeal to more participants each year. As a result of its endeavors in this area and with customers' trust in the Company, Garanti Pension attained a market share of 26.1% and maintained its leading position in group pension contracts in 2011.

Garanti Pension and Life's Success Statement in Private Pensions

	2007	2008	2009	2010	2011
Pension Fund Size (TL million)	572,5	897,8	1,326.2	1,834.5	2,345.8
Pension Fund Size Market Share (%)	12.5	14.1	14.6	15.3	16.4
Number of Pension Participants	275,150	336,535	399,354	454,992	529,076
Pension Participants Market Share (%)	18.9	19.3	20.1	20.0	20.0
Total Pension Contributions (TL million)	485.8	762.6	1,051.7	1,490.3	2,058.4
Pension Contributions Market Share (%)	12.4	13.9	14.8	15.8	16.6

A Year of Growth in the Life Insurance Sector

INCLUDING TL 90 MILLION PRODUCED IN 2012, THE TOTAL PREMIUM PRODUCTION OF UNEMPLOYMENT INSURANCE PRODUCTS REACHED TL 272 MILLION SINCE THEIR LAUNCH IN 2008.

The increase in life insurance direct premium production continued.
While closely following the developments in the sector and designing new products accordingly, Garanti Pension and Life also improves its existing products in line with customer needs. The Company increased its premium production in the life insurance sector in 2011 and realized a direct premium production of TL 240 million, ranking third in the sector with a market share of 9.1%.

On account of its fruitful collaboration with Garanti Bank in the area of life insurance direct premium production, the Company proves highly successful in bancassurance, setting an example for other companies in the sector.

Through the extensive network of the Bank's branches, Garanti Pension and Life reaches a broad customer base. In 2011, the Company was the dominant market leader among all insurance companies, in terms of life insurance premium production realized through alternative distribution channels. In addition, the Company has a market share of 11.5% in risk products premium production.

The Company realized TL 90 million in unemployment insurance premiums.
Unemployment insurance products, which have entered the market under the leadership of Garanti Pension and Life, offer different solutions to customer concerns about unemployment, one of the major issues in working life. With active promotional activities, the Company raised awareness about unemployment insurance products and delivered these products to a wide target audience in a short period of time as a result of the effective utilization of its distribution channels. Including TL 90 million produced in 2012, the total premium production of unemployment insurance products reached TL 272 million since their launch in 2008. The Company attained a total of 953 thousand policies in unemployment insurance products as of year-end 2011.

Garanti Pension and Life's Success Statement in Life Insurance

	2007	2008	2009	2010	2011
Life Insurance Premium Production (TL million)	108	123.5	181.1	234.2	240
Life Insurance Premium Production Market Share (%)	7.6	8.0	10.2	10.9	9.1

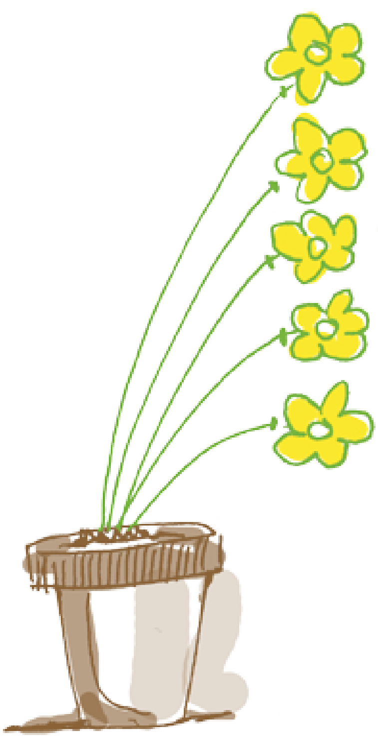
Garanti Pension and Life's main principle in pension and life insurance sectors is customer satisfaction, and each passing year it has attained a multitude of achievements in this regard. With its innovative and pioneering spirit, in 2012 the Company will also continue to enhance its wide product and service range that is designed to appeal to different customer segments. Utilizing the cooperation between banking and insurance sectors in the most efficient way, Garanti Pension and Life will maintain further leadership positions in market shares.

Wide Range of Products

Owing to the close collaboration with Garanti Bank and their shared corporate values, Garanti Pension and Life reinforces its achievements in the fields it operates in and maintains a high level of customer satisfaction. By effectively utilizing Garanti Bank's extensive distribution network, the Company displays an exemplary performance in bancassurance operations and also offers its customers the opportunity to reach a wide range of products with a "one-stop shop" approach.

Different private pension plans for a happy retirement

Garanti Pension and Life places considerable importance on product diversity in terms of meeting the needs of its customers in the different sectors it operates in. For that reason, the Company offers five different private pension plans. Garanti Pension and Life's customers, who want to start saving for the future, can confidently choose from among these five different private pension plans, which will provide a happy retirement:



1. **Practical Pension Plan** targets customers who want to make advantageous investments through small savings.

2. **Prestige Pension Plan** offers exclusive advantages for those customers who prefer to make large contributions with a prestigious retirement in mind.

3. **Select Pension Plan** is for customers who would like to accumulate rapidly with the most advantageous plan.

4. **SME Pension Plan** is exclusively developed for small and medium-size business owners.

5. **e-Pension Plan** is for customers who prefer to apply with a Garanti Bank credit card on the Internet and want to take advantage of the exclusive features offered by this plan.

In addition to the above, group pension plans, which enable employees to form a group and join the private pension system with or without contributions from their employers, also have a significant place in Garanti Pension and Life's product portfolio. Group pension plans offer special advantages to companies and their employees.

With the addition of four new funds, which were launched in 2011, the Company currently offers 16 pension mutual funds within its pension plans that appeal to different attitudes toward risk.

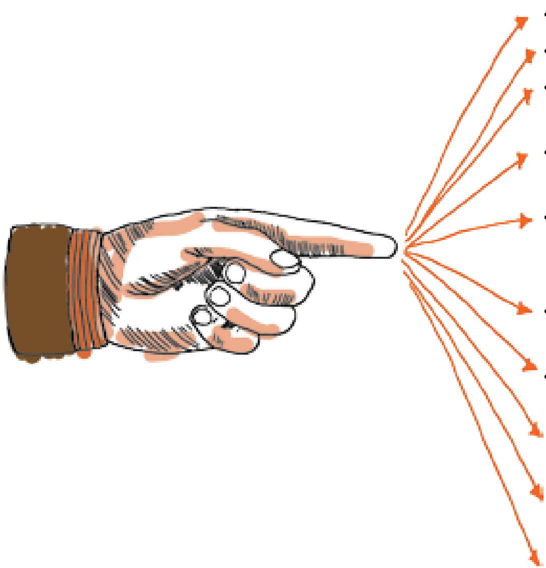
The new funds launched in 2011 include:

- Garanti Pension and Life Flexible (TL) PMF,
- Garanti Pension and Life Domestic Government Debt Securities Income PMF,
- Garanti Pension and Life Equity PMF,
- Garanti Pension and Life Group Equity PMF.

Life insurance products that cover a broad range of risks

Garanti Pension and Life's insurance products insure individuals and their families against unexpected risks in life, within certain coverage limits. By effectively utilizing bancassurance in its activities, the Company offers its customers insurance products that are mainly designed for these operations. The Company always takes into account the changing circumstances and needs of its customers, and accordingly enhances its insurance product portfolio.

Garanti Pension and Life's insurance products include:



- **Credit life insurance products,**
- **Other life insurance products,**
- **Guaranteed Tomorrows Insurance** offers financial coverage against critical illnesses,
- **Education Insurance** for those customers who would like to secure the educational expenses of their loved ones,
- **SME Bill Payment Protection Insurance** offers financial support to SME segment customers in case of short-term disabilities,
- **Income Protection Insurance** guarantees monthly income in case of unemployment,
- **Payment Protection Insurance** makes the customer's loan payments in case of unemployment,
- **Debt Cancellation Insurance** makes the customer's credit card payments in case of unemployment,
- **Overdraft Account Payment Protection Insurance** makes the policyholder's overdraft account payments in case of unemployment,
- **Bill Payment Protection Insurance** pays the customer's bills in case of unemployment.

Technology Investments and Improvements in Operational Processes

"PRACTICES THAT STAND OUT IN THE SECTOR"

Reaching a wider target audience with various products, as a result of the capacity increase in the call center and after sales services

Increasing competitive advantages with customer-oriented technology investments
With the purpose of offering customers a service quality that exceeds expectations, Garanti Pension and Life channels its financial strength to carry out technological infrastructure investments as well as to improve its operational processes. Owing to the rapid flow of business processes and by effectively utilizing information technologies in the delivery of services, the Company stands out in the sector.

Changing the infrastructure of the life insurance system
By carrying out investments that aim to improve service quality, the Company completely changed the infrastructure of its life insurance system, and established a new structure that facilitates the transactions by meeting customer's needs in a faster and more efficient way.

Improving sales processes
In 2011, the Company initiated the first phase of the optimization initiative that aims to simplify and increase the speed of sales processes. With this optimization initiative, customers, who purchase private pension plans from Garanti Bank branches will be able to receive faster service. The second phase of the initiative, which involves the sales of life insurance products, is expected to increase customer satisfaction as a result and will start in 2012.

Investments that add value to the Call Center system
The necessary process improvements for accelerating call center transactions were completed. As a result, a high level of customer satisfaction was achieved with the automatic customer recognition system and thereby the Call Center processes have become faster and more efficient.

In 2011, the Company increased its capacity by carrying out infrastructure improvements related to its Call Center and After Sales Services. Subsequently, the expanded team is now able to reach a wider target audience with a variety of products.

Garanti Pension and Life's Distribution Channels

"LEADER IN BANCASSURANCE OPERATIONS"

Unequalled achievements in alternative distribution channels
Garanti Pension and Life's close collaboration with Garanti Bank, its main distribution channel, has been an important model for other companies in the sector for many years now. By effectively utilizing bancassurance in the two areas where it operates, the Company stands apart from its rivals.

In 2011, Garanti Pension and Life increased the number of its regional offices, thus rendering its sales network more effective and also providing better service to its customers across the country. Additionally, the Company's partnership with Türkiye Finans Katılım Bankası is continuing within the scope of its bancassurance operations. This partnership was established in 2010.

Garanti Pension and Life uses alternative distribution channels effectively. Achieving unparalleled success in the sector with its premium production realized via the branchless banking and call center channels, the Company reaches its target customers through a very extensive distribution network. In 2011, Garanti Pension and Life carried out significant innovations in its call center and sales channels. In this respect, the Company launched a completely new sales channel and started to sell products to varying customer segments.

Customer Satisfaction Activities

In 2011, Garanti Pension and Life launched the "Voice of the Customer", a service which collects customer opinions and whereby their needs are examined, in order to exceed quality expectations in all of its services.

The private pension sector is based on mutual trust between the Company and its customers and requires a long-term relationship. As a result, maintaining customer loyalty is much more important in this sector compared to others. Garanti Pension and Life aims to fully understand the needs of its customers and to support them while they save for their future. Therefore, the Company develops its customer service practices in line with this approach and in doing so has an important competitive advantage in the way it approaches its customers. With the help all of its employees, Garanti Pension and Life acts according to the principle of providing its customers with products and services designed to satisfy them beyond their expectations.

Garanti Pension and Life carries out all of its product and service improvements and developments with the purpose of putting its customers first. Therefore, the Company meticulously evaluates all the feedback it receives from its customers throughout the year. In 2011, the Company launched the "Voice of the Customer" practice, which collects customer opinions and whereby their needs are examined, in order to exceed quality expectations in all of its services. In addition, the Company launched a separate call center, which has been created to assist customers solve their issues related to the services they receive from the Company in the quickest way possible.

In addition to collecting feedback, Garanti Pension and Life offers its customers not only specific services, but also an enriched and a high quality lifestyle via various campaigns, special events, and Hobby Clubs that have been created to enhance their social lives. Also, via its online systems, each of which is a first in the sector, the Company enables its customers to, with ease, access their complete account information in the quickest way possible. In addition to monitoring the needs of its existing and potential customers, Garanti Pension and Life closely follows sector developments in Turkey and in the rest of the world. Thus, it continuously improves its services and products with an innovative spirit.

Well-executed communication strategies
With the purpose of creating stronger bonds with its customers, Garanti Pension and Life reaches its customers via various communications channels within the scope of its customer relations strategies. It also enables them to access the Company via any communications channel they may prefer. In line with this approach, the Company implemented numerous practices in 2011, in order to provide customer-specific notifications and to offer its customers guidance about their savings in line with their individual needs. It also increased the number of channels through which customers can access the Company.

Garanti Pension and Life's After Sales Services Unit calls customers regularly to inform them about their private pension contracts and life insurance policies. Customers are encouraged to actively participate in these calls during which their issues are dealt with.

For customers to yield the maximum benefit from their private pension contracts, in 2011, the Company continued to deliver detailed information to its customers via e-mails and mailings. Additionally, the Company shares market updates and fund proceeds with its customers on a monthly basis.

Garanti Pension and Life shaped its communications strategies for 2012 with the same approach and objectives.

A SPECIAL SERVICE FOR CORPORATE CUSTOMERS:

CORPORATE CUSTOMER LINE!

Exclusive services delivered via "Expert Customer Representatives"

While the savings of customers, who have started on a journey with Garanti Pension and Life, continue to accumulate for the future, their needs also increase and eventually become diversified. Customers are able to convey all their questions and demands to expert customer representatives, who serve customers individually. With this practice, customers are frequently informed about their savings and the developments in the market. They are also provided with notifications that take into account their risk-taking capabilities.

Faster service for corporate customers

The Company diversified the services tailored to its corporate customers who hold group pension plans, and improved its communications channels in 2011. In this respect, the Company launched the Corporate Customer Line, through which corporate customers and their employees can convey their questions about their group pension plans and perform their transactions. With this service, customers are able to access customer representatives, who are experts in group pension plans, through a single phone number, instead of phoning the Call Center.

Immediate responses to questions with the "Online Pension Advisor"

The Online Pension Advisory service, a first in the sector, allows customers and participants to easily access a variety of information on private pension and life insurance products over the Internet. The questions submitted to the specific section of the corporate website, are immediately replied to by the Company's advisors. With this service, customers are able to access correct and complete information on private pension and life insurance products, whenever it is convenient.

Social Security Advisor, the first and still the only such service in the sector

The private pension system, which encourages people to start saving today for a secure future, is designed to complement the social security system. The Social Security Advisor service, which was pioneered by Garanti Pension and Life and is the first and still the only in the sector, serves customers about matters related to the social security and private pension systems.

[THE FIRST AND STILL THE ONLY SUCH SERVICE IN THE SECTOR: SOCIAL SECURITY ADVISOR]

Garanti Pension and Life Brand in 2011

Corporate Communications Activities

GARANTİ PENSION AND LIFE, HAS BECOME ONE OF THE MOST POWERFUL AND CREDIBLE BRANDS IN THE SECTOR, OWING TO PROJECTS THAT ADD VALUE TO SOCIETY AND IMPLEMENTATIONS THAT REDUCE DISTANCE AND ENABLE THE COMPANY TO STAND WITH ITS CUSTOMERS AT ALL TIMES. EACH YEAR THE COMPANY INCREASES ITS BRAND VALUE AND IN 2011 RECEIVED MANY PRESTIGIOUS AWARDS.

15 PRESTIGIOUS AWARDS OF WHICH 14 ARE INTERNATIONAL

The Company reached wide audiences with its TV commercials.
In its TV campaign aired at the beginning of the year, Garanti Pension and Life wanted to stress that real happiness means securing the life quality of today for the future. The campaign clearly suggests the importance of the private pension system and indicates that people can save at Garanti Pension to secure their futures. Additionally, the TV campaign emphasized the fact that anyone from any income level can join the private pension system. The commercials featured people who practice their dream hobbies, and having hobbies was presented as a factor contributing to an increased quality of life. This advertising campaign appeared mainly on TV, but also in other media such as radio, cinema, newspapers, magazines and billboards.

In 2011, Garanti Pension and Life used primarily print media and TV in its advertising activities. Besides the image campaign, which aired through February, the Company also placed various print advertisements for its “Prestige Pension Plan” as well as “Guaranteed Tomorrows” and Education Insurance products, which are the Company’s most preferred life insurance products. Additionally, the advertising of Hobby Clubs continued throughout the year in magazines and outdoor media.

Approximately 12 thousand Garanti Pension and Life customers enhanced their lives with Hobby Clubs.
Since its launch in 2008, the Hobby Clubs project has received 15 prestigious awards, of which 14 are international. Hobby Clubs project continues to enrich the social lives of Garanti Pension and Life customers and encourages them to take up new hobbies.

Garanti Pension and Life’s customers choose the Company not only for a secure and a comfortable future, but also to lead a stimulating life today. The Company secures the futures of its customers with high-quality products and services, but also increases their quality of life in the present time by means of its Hobby Clubs project. Thus, Garanti Pension and Life has a unique position in the sector, distinguishing itself from other companies.

Hobby Clubs offer members discounts of up to 50% in courses, training classes, and hobby equipment they purchase from leading companies in various hobby fields. By 2011 year-end, approximately 12 thousand Garanti Pension and Life customers took advantage of these benefits, attended courses and improved their existing hobbies.

hobimlemutluyum.com is now more inviting, more dynamic, more interactive and more user-friendly...

With its new face, hobimlemutluyum.com stands with customers who want to live in the moment.
Garanti Pension and Life strives to achieve the best in all of its products and services, and in these efforts the Company gets the biggest support from customer feedback. With this approach, in 2011, the Company revamped its website, hobimlemutluyum.com, which is specially designed for the Hobby Clubs.

Both the design and the infrastructure of the hobimlemutluyum.com website, which has received numerous awards in national and international competitions, were renewed, and the website was given a new structure, in which the latest technologies were implemented with further customer satisfaction in mind. Rich content related to 19 new hobbies was included, video and events sections were brought to the foreground, the existing forum and blog sections were improved to create an inviting, more dynamic, interactive and user-friendly platform. As of 2011, the portal had over 17 thousand members.

GARANTİ PENSION AND LIFE IS ON FACEBOOK!

The Company multiplies the values it adds to real life by sharing them on social networks.
Garanti Pension and Life guides its customers to realize that their savings of today can serve to protect their living standards in the future. The Company aims to increase its customers' enjoyment of life in the present time via applications that enhance social life.

In 2011, the Company launched the Facebook page of its Hobby Clubs in order to form a community and to keep alive the communication with social network users as well as to enliven its followers.

In addition to general information about the Company, other information about Hobby Clubs and events, photos, news, videos and mini questionnaires related to hobbies are included on the frequently updated Facebook page. This new Facebook page, which has already become a dynamic communication and sharing platform about hobbies, allows the Company to increase the number of its Hobby Club members, to raise company awareness and also to provide easy access to the Company.

IN 2011, GARANTİ PENSION AND LIFE LAUNCHED THE MOBILE BRANCH APPLICATION - ANOTHER BREAKTHROUGH IN THE SECTOR.

With garantiemeklilik.com.tr, the Company stands with its customers for all of their needs.
Garanti Pension and Life aims to stand with and support its customers whatever their requirements may be. The Company's corporate website, garantiemeklilik.com.tr, provides immediate access to information on private pension and life insurance sectors, owing to its continuously updated content and user-friendly design. In 2011, garantiemeklilik.com.tr won "Turkey's Best Insurance Company Website" award, with its meticulous design, warm interface, clear presentation of information and user-friendly structure.

The Internet branch application on the website offers customers the opportunity to complete many transactions online. The website contains information on private pension and life insurance products, private pension funds and pension plans, estimated calculations, comparisons with other investment instruments and also detailed and updated information related to campaigns.

The Mobile Branch application is another breakthrough in the sector. Garanti Pension and Life's main priority is to be accessible to its customers in all of its services. Accordingly, the Company launched the Mobile Branch application – another breakthrough in the sector - in 2011. With this application, individuals can access the answers to all of their questions about private pension and life insurance products via their cell phones. The Company has once again proved its innovative face with the "Mobile Branch".

Social Responsibility Initiatives that Lay the Foundation for a Secure Future

WITHIN THE SCOPE OF THE "BACK TO STUDY" PROJECT, 100 ELEMENTARY SCHOOL CHILDREN PERMANENTLY RETURNED TO THEIR SCHOOLS.

Since its establishment, Garanti Pension and Life has operated according to the principle that a secure future can be built starting from today. The Company aims to increase the living standards of society through its social responsibility initiatives.

Within the scope of the "Back to Study" initiative, children return to school from the streets.

Garanti Pension and Life believes that the foundation of a secure future can be laid with investments starting today. Thus, with the purpose of supporting education the Company launched the "Back to Study" initiative in March 2010, in collaboration with Istanbul Province National Education Directorate and Boğaziçi University.

"Back to Study" initiative seeks to lure elementary school children, who work on the streets of Istanbul, back to school on a full time basis and to ensure that they continue their education. The initiative is administered at a total of 19 schools in six districts in Istanbul: Bağcılar, Beyoğlu, Esenler, Küçükçekmece, Sultangazi and Ümraniye. The main purpose of the initiative is to reinforce the commitment of children to their education and keep them off the streets permanently.

With the commencement of the new school term in September 2011, "Back to Study" initiative was extended to seven new schools in five districts: Ataşehir, Avcılar, Esenyurt, Göztepe and Üsküdar. In 2011, approximately 400 employees of Garanti Pension and Life contributed to the initiative. The volunteers of the initiative have demonstrated great effort, dedication and patience, and eventually the initiative has started to yield positive results, encouraging the contributors in terms of extending the initiative to new schools in other districts. Since its launch, "Back to Study" has reached out to nearly 2,500 elementary school students and their families, and approximately 100 elementary school students stopped working on the streets and returned to school entirely.

Within the scope of the initiative, students attend classes two days a week in order to reinforce their school education. Guidance counselors help to make the children conscious about the dangers on the streets and discuss their futures with them. Additionally, regular meetings are held with the children's families in order raise awareness among the parents that providing for the family is not a child's duty, but a parent's. Parents are also informed about the significant impact of education on their children's future.

In 2011, the volunteering employees of Garanti Pension and Life dedicated their weekends to the schools covered within the initiative. In addition to several academic and educational studies, the volunteers also participated in many personal development-oriented activities with the children, including cinema, theater, dancing, painting, basketball, photography and museum visits.

Garanti Pension and Life plans to run this initiative for many years by continuously expanding its scope, and it will continue to invest today to provide a secure future for these children.

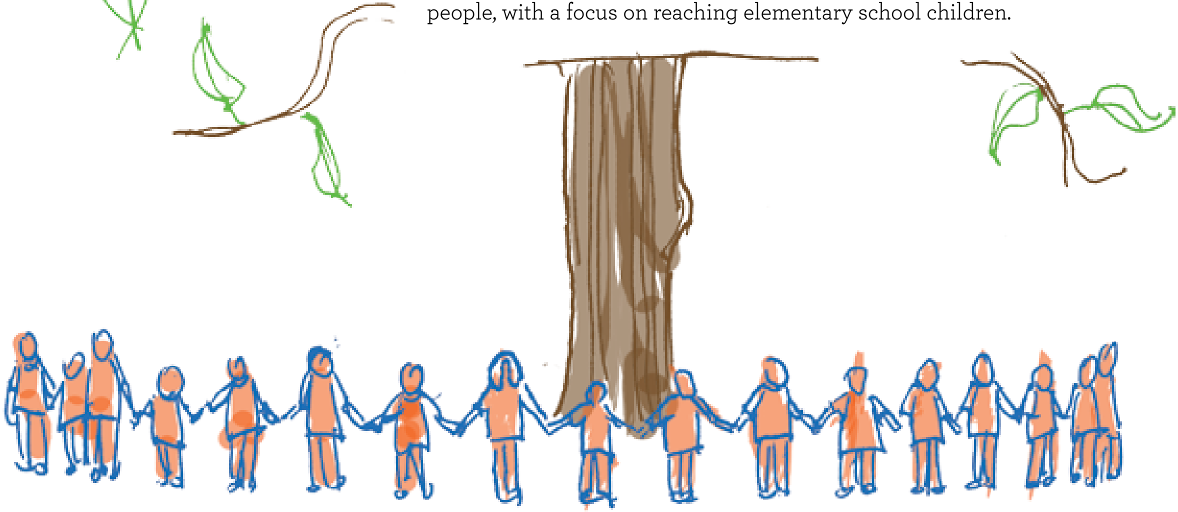
Company executives share their experiences with students.
With the purpose of preparing students for the professional world, Garanti Pension and Life collaborated with the Cappadocia Vocational School in 2008; in 2011, the Company continued to undertake these initiatives. Within the scope of this initiative, Company executives teach courses on the private pension system and life insurance sector at this school, share their experience with the students, reply to their questions, and help to prepare students for the world of business.

Garanti Pension and Life supports students by helping them obtain the Private Pension Intermediary License, and with internships and job opportunities the Company also allows students to begin their professional careers on a solid footing. The Company will continue to support the Vocational School students in 2012.

Supporting the Community Volunteers Foundation for secured futures
Garanti Pension and Life has supported the activities of the Community Volunteers Foundation since 2006, and it will continue to do so in 2012. The Foundation's activities consist of the young Community Volunteers' services in repairing village schools, tutoring students with limited means, for high school and university entrance exams, teaching literacy skills and instructing computer classes at Youth Service Centers, all of which aim to provide a solid future for the students. Young Community Volunteers will continue to receive the support of Garanti Pension and Life.

The "Mobile Health Services" initiative has provided healthcare services in every corner of Turkey for the last six years.
Garanti Pension and Life has supported the Mobile Health Services initiative administered by the Ayhan Şahenk Foundation since 2005. The initiative provides free healthcare services in every corner of Turkey, and the Company will continue to support this initiative in 2012.

Within the scope of the Mobile Health Services initiative, ophthalmology, general medicine and pediatric specialists reach an average of 30 thousand people annually via specially designed healthcare vehicles. The services are mainly intended for financially challenged and uninsured people, with a focus on reaching elementary school children.



Strong Corporate Image via Sponsorship Activities

MAIN SPONSOR OF THE HUMAN RESOURCES SUMMIT:

GARANTİ PENSION AND LIFE

Garanti Pension and Life reflects its brand image onto the events it sponsors.
With its powerful corporate image, Garanti Pension and Life added value to several initiatives as a sponsor in 2011, as it has done in previous years. In 2011, the Company was able to reach wide audiences through these various initiatives, which included the following:

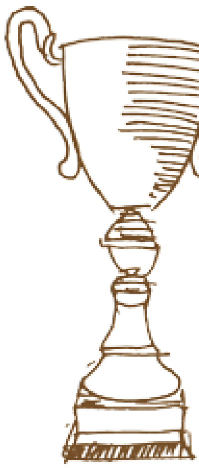
The shining star of the Human Resources Summit
Assuming the main sponsorship of the Human Resources Summit in 2011, as it has done for the previous four years, Garanti Pension and Life, with this contribution, once again underscored the importance it places on human resources. At the 2011 summit, which was organized under the theme “Unveiling Performance Requires Mastery”, world-renowned speakers, professionals who are experts in their respective fields, and human resources executives came together to form an important sharing platform.

As the main sponsor of the summit, Garanti Pension and Life targeted corporate customers in its activities, and actively promoted its products, services and Hobby Clubs, as in previous years. The Company plans to sponsor the Human Resources Summit in 2012 as well.

Full support to horseback riding
Within the scope of Hobby Clubs activities, Garanti Pension and Life aims to introduce new hobbies to its customers and increase their quality of life. Thus, the Company is trying to promote horseback riding, and has sponsored the Equestrian Jumping Istanbul Championship for the past three years. This event brings together people who are interested in horseback riding, and it once again attracted much attention in its third year, as in previous years.

The Company carried out other sponsorship activities throughout the year in order to promote its Hobby Clubs.

Awards that Recognize Success



TWO PLATINUM AWARDS BY LACP TO 2010 ANNUAL REPORT

3 PRESTIGIOUS AWARDS TO "BACK TO STUDY" PROJECT

Turkey's most admired private pension company, once again in 2011
Capital, the eminent business and economics magazine in Turkey, elected Garanti Pension and Life as "Turkey's Most Admired Private Pension Company" in 2011, as in 2006, 2007, 2008 and 2009, within the scope of "Turkey's Most Admired Companies" survey, conducted with the participation of 1,500 executives.

Offering products and services that exceed customer expectations, Garanti Pension and Life is rightfully proud of receiving this prestigious award for the fifth time.

International communications award goes to the 2010 Annual Report.
Garanti Pension and Life's 2010 Annual Report received LACP's (League of American Communications Professionals) "Platinum Award" – the most prestigious award granted to only one company - in two separate categories.

With its professional design appealing to its target audience and high quality content, the Company's 2010 Annual Report ranked 5th among the "Top 100" list, in which all categories are evaluated.

2011 Web Oscar once again goes to garantiemeklilik.com.tr.
Garanti Pension and Life's corporate website, garantiemeklilik.com.tr, which reflects the Company's innovative and dynamic side as well as its close relationships with customers, was once again awarded for its success in 2011.

Garantiemeklilik.com.tr won the Altın Örümcek award for the second year in the "Insurance" category of the 2011 Altın Örümcek Web Awards, Turkey's first and only independent award organization. The selection was made from among many prominent candidates. With the Altın Örümcek award, the Company's website was once again commended by this prestigious organization for its creative design, user-friendly features and continuously updated rich content.

The second Altın Örümcek award goes to hobimlemutluyum.com.
In 2011, Garanti Pension and Life received another Altın Örümcek Web award with its hobimlemutluyum.com website, the most important communications platform of the Hobby Clubs project.

With its rich and up-to-date content, hobimlemutluyum.com, Turkey's most comprehensive hobbies platform, was voted as the second best website in the Community/Social Communications category.

Three prestigious international awards go to "Back to Study" initiative.
Garanti Pension and Life's most significant social responsibility initiative, "Back to Study", has made outstanding achievements during the short period since its launch. This success attracted the attention of international platforms and the initiative was honored with three prestigious awards: IPRA (International Public Relation Association), Global and EMEA Sabre Awards.

"Back to Study" initiative triumphed over strong rivals and was honored with first place awards in the Corporate Responsibility category at the IPRA Golden World Awards and the Community Relations category at the Global and EMEA Sabre Awards.

Board of Directors

Ergun Özen (1960)
Ergun Özen holds a BA degree from New York State University, Faculty of Economics. He is also a graduate of the Harvard Business School Executive Management Program. Mr. Özen joined the Garanti Family in 1992. He has held the position of CEO and Board Member since April 1, 2000. Mr. Özen is also Board Member of Garanti Bank Moscow, GarantiBank International NV, the Banks Association of Turkey, Turkish Industrialists' and Businessmen's Association (TÜSİAD) and the Istanbul Foundation for Culture & the Arts (İKSV). Mr. Özen is the Chairman of Garanti Securities, Garanti Asset Management, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, and Teacher Academy Foundation.

Gökhan Erün (1968)
Gökhan Erün holds a BS degree in Electronics and Communications from Istanbul Technical University and an MBA from Yeditepe University. He joined Garanti Bank in 1994 in the Treasury Department. He worked as Director of the Commercial Marketing and Sales Department from 1999 until 2004. He was appointed General Manager of Garanti Pension and Life in September 2004 and later as Executive Vice President in charge of Human Resources and Investment Banking at Garanti Bank in 2005. He is the Vice Chairman of the Board of Garanti Pension and Life, Eureko Insurance and the Teacher's Academy Foundation; he is also a Member of the Board of Garanti Asset Management and Garanti Securities. In addition, Mr. Erün is the Chairman of the Board of the Retirement Foundation of Garanti Bank.

M. Cüneyt Sezgin (1961)
A graduate of Middle East Technical University, Department of Business Administration, with an MBA from Western Michigan University and a doctorate from Istanbul University Faculty of Economics, M. Cüneyt Sezgin has worked in management at various banks in the private sector. Mr. Sezgin is the Country Director of the Global Association of Risk Professionals and a Board Member of Garanti Bank SA, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Eureko Insurance, Garanti Bank Retirement Foundation and the WWF (World Wildlife Fund) - Turkish Society for the Conservation of Nature.

Ali Fuat Erbil (1968)
Ali Fuat Erbil has a BS degree in Computer Engineering from Middle East Technical University, an MBA from Bilkent University and a PhD in Banking and Finance from Istanbul Technical University. He worked as manager at various private sector companies and banks. He joined Garanti in 1997 as Department Director for Distribution Channels and was appointed Executive Vice President responsible for Private Banking and Distribution Channels in 1999. Mr. Erbil is a Board Member of Garanti Pension and Life, Garanti Asset Management and Garanti Bank Retirement Foundation.

Mehmet Sezgin (1962)
Mehmet Sezgin has a BBA from Middle East Technical University and an MBA from the University of Massachusetts. Before joining Garanti Family, he worked at various private banks and at MasterCard Europe. Serving as General Manager of Garanti Payment Systems since 1999, Mr. Sezgin is also a Board Member of Garanti Pension and Life and Mastercard Europe.

H. Murat Aka (1962)
H. Murat Aka has a BBA from Middle East Technical University (1984) and an MBA in Business Administration from Boğaziçi University (1987). He graduated from the 172nd academic term Advanced Management Program at Harvard University in 2007. He joined Doğuş Group in 1987 and currently serves as Board Member and Chairman of the Audit/Risk Committee at Doğuş Automotive Service, Doğuş Auto Marketing, VDF Consumer Finance and Leaseplan Fleet Rental. He is also a Board Member of Garanti Pension and Life, Doğuş Real Estate Investment Trust, and Doğuş Sports Investments.

F. Nafiz Karadere (1957)
Nafiz Karadere has a BA in International Relations from Ankara University, Faculty of Social Sciences and has worked as executive manager at various private banks. In 1999, he was appointed Executive Vice President for SME Banking / Corporate Brand Management and Marketing Communications at Garanti Bank. He currently serves as a Member of the Board of Directors at Garanti Pension and Life and the Teachers Academy Foundation as well as the Vice Chairman of the Board of Directors of WWF (World Wildlife Fund) - Turkish Society for the Conservation of Nature.

Jan Nijssen (1953)
Jan Nijssen is a graduate of the Business Econometrics Department of Erasmus University in Rotterdam. His professional career began in 1978 at Nationale Nederlanden, where he worked in various capacities. In 1992, he was appointed General Manager of NN Life Company. After the merger of NMB with Postbank, NN was renamed ING, and Mr. Nijssen was appointed Executive Board Member of ING Netherlands and ING Europe. After serving ING Group as the Global President of Pensions and Chairman of the Board of Directors of Central Europe Insurance, Mr. Nijssen became co - owner and partner of Montae (pensions consultancy in The Netherlands) and Member of the Internal Supervisory Committee, Shell Company Pension Fund.

Erhan Adalı (1966)
For Mr. Adalı's CV, please see page 38.

Executive Management

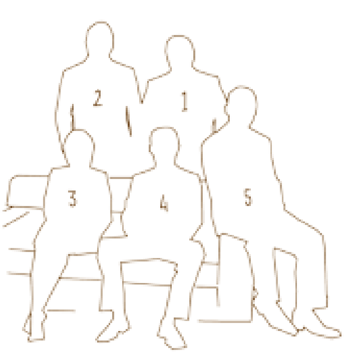
Erhan Adalı (1966) 1
CEO
Erhan Adalı graduated from Istanbul University, Faculty of Political Sciences, Public Administration Department. Having started his professional career in 1989 as Assistant Inspector at Garanti Bank, Mr. Adalı worked as Branch Director, Regional Director and SME Banking Marketing Coordinator. Since his appointment in October 2005, he has served as the CEO of Garanti Pension and Life.

Ahmet Karaman (1970) 2
Executive Vice President: Finance
Ahmet Karaman is a graduate of Middle East Technical University, Department of Economics. Mr. Karaman began his professional career in the banking sector and assumed several positions at Garanti Bank Headquarters, where he worked until 2005. He was then appointed to the position of Finance and Management Reporting Department Manager at Garanti Pension and Life. Since September 2009, Mr. Karaman has been Executive Vice President in charge of accounting, fund management, budget planning and reporting, and collections.

Yasemen Köne (1972) 3
Executive Vice President: Sales and Marketing
Yasemen Köne holds a BBA from Marmara University. Having started her professional career at Garanti Bank in the position of Assistant Specialist from 1994 to 1997, she was promoted to Branch Targeting and Efficiency Overseeing Executive in 1997, Corporate Banking Portfolio Executive in 1998, Corporate Branch Marketing Executive in 2000, Corporate Banking Sales Coordinator in 2002 and Commercial Branch Manager in 2003. In November 2005, she was appointed Executive Vice President at Garanti Pension and Life and is responsible for operations of the Retail Marketing, Corporate Marketing, Corporate Communications, Product Development and Strategic Planning departments.

Cemşit Türker (1966) 4
Executive Vice President: Administrative Support
Cemşit Türker graduated from Istanbul Technical University with a BS degree in Industrial Engineering. He began his professional career at Garanti Bank as an Assistant Specialist in 1991 and was appointed Retail Banking Business Development Executive in 1996. Until 2004, Mr. Türker served as Branch Director, Small Enterprises Targeting and Overseeing Executive, Retail Regional Marketing Director, Retail Regional Sales Director, respectively. He was appointed Director of the Corporate Business and Performance Development Department at Garanti Pension and Life in March 2004. In May 2006, he was promoted to his current position as Executive Vice President responsible for Customer Relationship Management and Marketing, and Human Resources.

Ömer Mert (1969) 5
Executive Vice President: Technical and Operational Units
Ömer Mert earned both BS and MA degrees in Industrial Engineering from Istanbul Technical University. He started his professional career at Halk Insurance in 1993 and worked as System Research and Development Manager at Inter Life Insurance; Technical and Reinsurance Manager at Güneş Life Insurance; Operations & Customer Relationship Manager at Axa Oyak Life Insurance; Private Pension Project Manager at TEB Financial Investments; and Executive Vice President at Doğan Pension. Since May 2005, Mr. Mert has served as Technical and Actuarial Executive Vice President in charge of IT and Process Measurement, After-sales Services and Call Center and Operations at Garanti Pension and Life.


2
1
3
4
5

Statutory Auditors and Internal Audit Department

Auditors' Dates of Appointment (as per the provision in Article 4 Law No. 5684)
Osman Bahri Turgut, April 25, 2011
Emre Özbek, April 25, 2011

Osman Bahri Turgut (1969)
Osman Bahri Turgut is a graduate of Marmara University, Faculty of Economics. In 1990, he began working for Garanti Bank as an Assistant Inspector, followed by Authorized Assistant Inspector, Inspector, Deputy Director and Director in various departments; in 2006, he was appointed Auditing Board Chair.

Emre Özbek (1976)
Emre Özbek graduated from Ankara University, Department of Business Administration. He began working at Garanti Bank as an Assistant Inspector in 1999 and served as Auditing Board Vice Chairman from 2007-2009. He was then appointed Internal Control Center Manager in 2009.

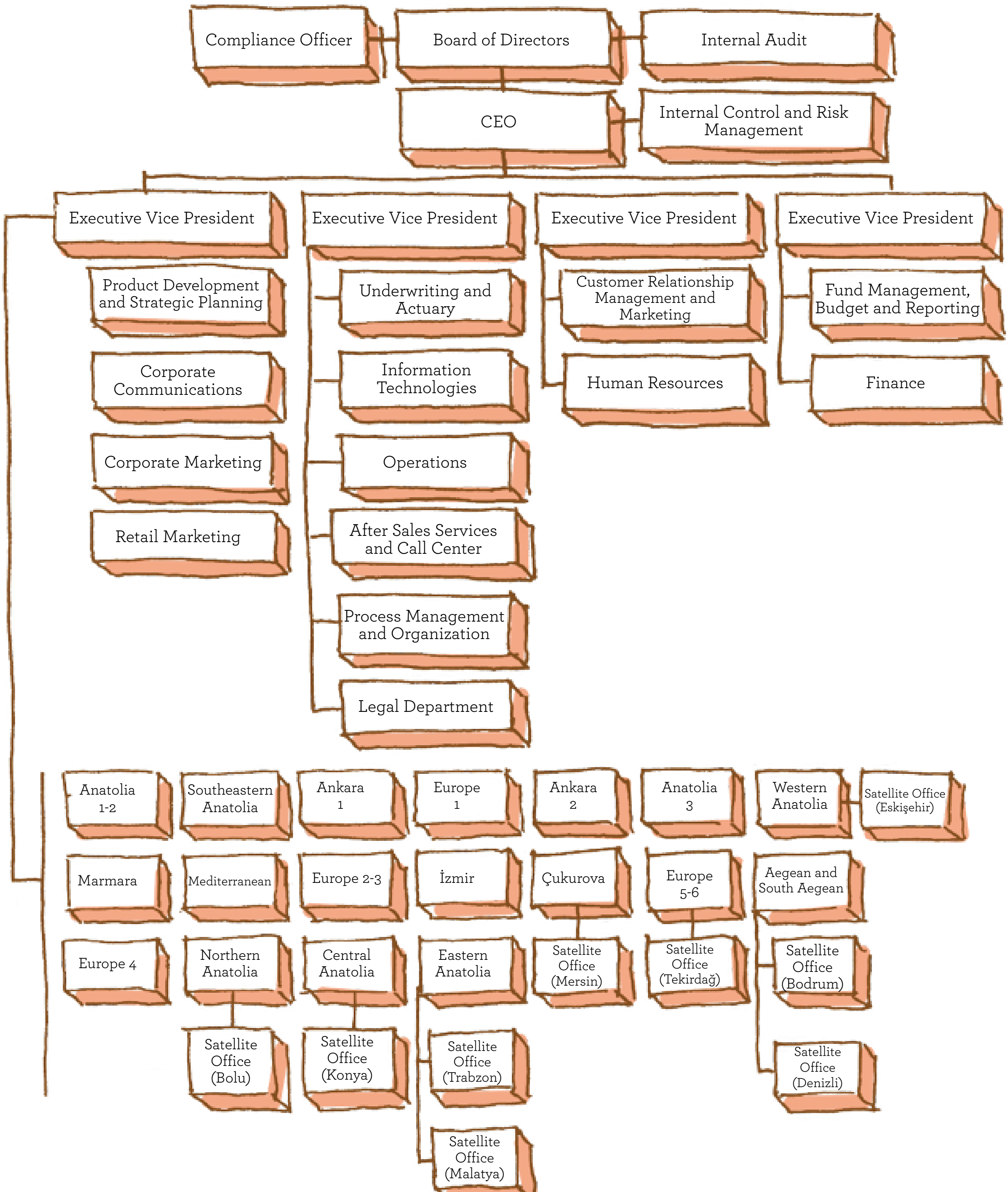
Talat Soysal (1973)
Talat Soysal is a graduate of Middle East Technical University, Department of Mathematics. He received an MA in Economics from the same university. Mr. Soysal began his professional career as Assistant Inspector at Ottoman Bank and then joined Garanti Bank as an Assistant Inspector in 2002. In 2008, he served as Reviewing Inspector at the same bank. In December 2009, he was appointed Auditing Board Chairman of Garanti Pension and Life.

Participation in Board of Directors Meetings
The Board of Directors of Garanti Pension and Life convened for 24 meetings during 2011. Nine of these meetings were attended by eight members, eight meetings were attended by seven members and seven were attended by six members.

Board of Directors

Meeting Dates	Meeting No.	Present
22.03.2011	268	7
22.03.2011	269	7
22.03.2011	270	7
22.03.2011	271	7
22.03.2011	272	7
22.03.2011	273	7
26.04.2011	274	8
17.05.2011	275	7
17.05.2011	276	7
16.08.2011	277	6
16.08.2011	278	6
16.08.2011	279	6
16.08.2011	280	6
26.09.2011	281	6
18.11.2011	282	8
23.11.2011	283	6
01.12.2011	284	6
20.12.2011	285	8
20.12.2011	286	8
20.12.2011	287	8
20.12.2011	288	8
20.12.2011	289	8
20.12.2011	290	8
20.12.2011	291	8

Organizational Chart



Human Resources

Garanti Pension and Life Human Resources

THE SECRET OF CUSTOMER SATISFACTION: HAPPY EMPLOYEES

802 TOTAL NUMBER OF EMPLOYEES

At Garanti Pension and Life we believe that both well qualified human resources and a positive work environment are essential to reach the Company's strategic objectives. Accordingly, the Company's priority in all of its human resources practices is to make its employees happy.

One of the main objectives determined by the Company in line with this approach is to provide its employees continuous professional and personal development opportunities, and thereby to increase Garanti Pension and Life's performance and achievements.

At Garanti Pension and Life we believe that customer satisfaction can only be attained with happy employees. Therefore, in 2011, the Company carried out specific practices intended for employees who are in direct contact with customers. The Company set up a system in which employee satisfaction is regularly measured, their needs and problems are determined and necessary improvements are realized.

Number of Employees of Garanti Pension and Life in 2011

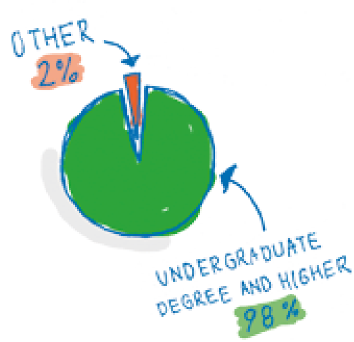
Number of Personnel as of December 31, 2011	802
Head Office	181
After Sales Services and Call Center	223
Sales	398

Garanti Pension and Life has a total of 18 Regional Offices: Seven regional offices in Istanbul, three in Ankara, two in Izmir, two in Bursa, and one regional office each in Adana, Gaziantep, Kayseri and Antalya.

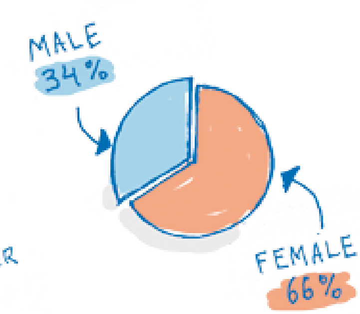
Demographic Data for Garanti Pension and Life

Average Age	
Female	28
Male	30
Company	29

Education Status



Gender Distribution



Recruiting Practices

"PROFESSIONAL AND PERSONAL SUPPORT STARTING FROM THE FIRST DAY AT WORK"

Since its establishment, Garanti Pension and Life has strived to recruit employees who are open to innovation and change, can take the initiative, embrace a result-oriented and a customer-focused approach, and who believe in the importance of continuous development. The Company believes in the fact that sustainable success is only possible with highly competent employees; therefore, it shapes its recruiting practices in line with the concept of right employee for the right position. In this respect, the Company continues to implement the job compatibility analysis practice which complements job interviews.

Garanti Pension and Life's Human Resources Department provides professional and personal support to each and every employee starting from their first day at work. Coaching reports, which the Company issues to managers and supervisors of newly recruited employees to monitor and support their development during their adaptation periods, are also very useful tools.

An After Sales Services Life Team was established at the Head Office, and the total number of Regional Offices reached 18 with the recently opened Regional Offices. At the end of 2011, the number of employees within the After Sales Services Team was 233, including the newly recruited employees.

In 2012, the Company plans to recruit new employees mainly for its sales and after sales services departments.

Training Applications

CONTINUOUS DEVELOPMENT FOR SUSTAINABLE SUCCESS

Aware of the fact that life-long learning is one of the main principles ensuring sustainable success, Garanti Pension and Life organizes training programs that enable employees to adapt to the changing market conditions with their knowledge and competencies. Training processes are carried out according to annual plans and in line with the Company's objectives.

In this respect, orientation programs, MT programs and specific training programs developed for After Sales Services teams are organized by the Human Resources Department. In addition, the Company administers Private Pension Intermediaries Licensing Training, Garanti Pension Product Training, and Sales Compass and On-the-Job Training.

In 2012, the Company plans to organize training programs for employees with a variety of job descriptions in order to support their development processes and also to increase e-learning practices.

Development Monitoring Program

The Development Monitoring Program is one of the most important initiatives launched by Garanti Pension and Life in 2011. This program monitors and supports employees' job adaptation and the on-the-job development processes of new employees recruited at Regional Offices.

During their development process, employees are not only monitored at work but manager-employee feedback is also collected. Through this new system, the Human Resources Department is able to monitor the complete process for all employees individually.

Summary Report of the Board of Directors to the General Assembly

Dear Shareholders,

We sincerely thank each and every one of you for your attendance at the General Assembly convened to review and vote on the accounts and operations results of the 20th Fiscal Year of Garanti Emeklilik ve Hayat Sigorta Anonim Şirketi.

The Company's nominal paid-in capital in 2011 stood at TL 50,000,000 while shareholders' equity reached TL 442,129,527.

The Company's net life insurance premium production (gross premiums, minus any premiums ceded to reinsurers) increased 9% over the previous year to reach an amount of TL 152,628,102.

The Company's Private Pension fund size grew 28%, from TL 1,834,480,332 at year-end 2010 to TL 2,345,409,580 in 2011.

Achieving many accomplishments in 2011, the Company sustained its lasting growth and achieved its objectives.

Dear Shareholders,

The Company, whose operations have been summarized above, generated a pre-tax accounting profit of TL 141,744,113 in 2011, corresponding to net profit of TL 112,606,527 in the Company's financial statements after allowing for Corporate Tax.

We appreciate the interest you have shown in the General Assembly and wish the best for our country and the Company in 2012.

Respectfully yours,

Erhan Adalı
Member of the Board of Directors and CEO

Statutory Auditors' Report

To the General Assembly Presidency of Garanti Emeklilik ve Hayat A.Ş.:

We present below the results of our audit activities regarding the 2011 fiscal year of the Company for your information.

1. It has been observed that the books and documents required to be kept in accordance with the nature and importance of the Company have been kept in compliance with the Company's accounting form and procedures as well as the provisions of the Articles of Association and the Turkish Commercial Code. The values entered in the inventory, balance sheet and income statements are consistent with book keeping records and they were kept as per the provisions of the Articles of Association and the Turkish Commercial Code. It has also been observed that the balance sheet and income statement of the Company as submitted by the Board of Directors to the General Assembly are produced in line with the transparency and accuracy principles stipulated in Article 75 of the Turkish Commercial Code and are the same as the balance sheet existing in the official book records.

2. It has been observed that the resolutions concerning Company management have been entered in the resolution book, which has been duly kept.

In conclusion, we kindly submit the Company operations as summarized in the report drawn up by the Board of Directors and the balance sheet and income statements, which have been submitted along with the foregoing, to the General Assembly for approval.

Emre Özbek
Statutory Auditor

Osman Bahri Turgut
Statutory Auditor

Report on Compliance of the Annual Report

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : (212) 366 6000
Fax: (212) 366 6010
www.deloitte.com.tr

To the General Assembly of Garanti Emeklilik ve Hayat Anonim Şirketi:

We have audited the accuracy and consistency of the financial information included in the Annual Report of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") as of December 31, 2011 with the independent auditors' report drawn up as of the end of the same fiscal period. The Annual Report is the responsibility of the Company's management; our responsibility, as independent auditors, is to express an opinion on the compliance of the financial information presented in the annual report that we have audited with the independently audited financial statements and the accompanying notes to these financial statements.

We have conducted our audit in accordance with the procedures and principles set out by the regulations on preparation and issuance of annual reports in the Insurance Law No. 5684 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance on whether the financial information included in an annual report is free from material errors. We believe that our audit provides a reasonable and sufficient basis for our opinion.

In our opinion, the financial information presented in the accompanying Annual Report accurately reflects, in all material respects, the information regarding the financial position of Garanti Emeklilik ve Hayat Anonim Şirketi as of December 31, 2011 in accordance with the principles and procedures set out by the regulations and in conformity with the Insurance Law No. 5684. It includes the summary report of the Board of Directors and the independent auditor's report issued by us; it is consistent with the information presented in the audited financial statements and accompanying notes.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Müjde Şehsuvaroğlu
SMMM Partner
Istanbul, March 16, 2012

Internal Audit Activities

Internal Control and Risk Management Practices
All risk management policies determined by the Company and their application procedures are implemented, and in addition, all operational and financial risks, including risks arising from Company's operations, are measured, monitored, audited and reported.

Internal Control operates under the administration of the CEO and directly reports to the Board of Directors. Internal Control activities are regularly monitored by the Internal Audit Department, which also reports directly to the Board of Directors, and are assessed by the Audit Committee.

1) Internal Control Practices
Periodic controls are carried out at risk points determined via risk management activities, and the results are regularly shared with the related departments and the senior management. The necessary improvements in processes, systems and the like are carried out in order to minimize erroneous transactions.

2) Risk Management Practices

Operational Risks
Operational risks are defined as risks related to loss stemming from errors, breaches, defects or damages caused by internal processes, personnel or external incidents. In 2011, the Company completed the required work related to operational risks under the below topics and these can now be monitored and reported on a monthly basis:

1) Operational Loss Data,
2) Key Risk Indicators,
3) Risk Control Self-Assessment.

Data related to operational loss is collected from every department and is analyzed on a monthly basis. This data will be used as essential data in measurement and scenario analyses models for calculating "Risk Based Capital Adequacy", which will be implemented in the future pursuant to Solvency II Directives.

Periodic changes in critical operations and transactions as well as the reasons are examined by monitoring and analyzing the Key Risk Indicators, and these are reported to the senior management.

In 2011, the Quantitative Impact Study (QIS 5) was completed under the auspices of the Undersecretariat of Treasury of the Republic of Turkey. In addition, the updating and detailing study related to the "Business Continuity Management (BCM)" initiative, an important step in operational risk management, was also initiated in 2011.

Information on Financial Structure

As in previous years, Garanti Emeklilik ve Hayat A.Ş. (Garanti Pension and Life) continued its rapid growth in total assets and profitability in 2011.

Pre-tax profit grew 12.7% in 2011 over the previous year to reach TL 141,744,113. The Company paid TL 29,137,586 in taxes in 2011, resulting in net profit after taxes of TL 112,606,527.

During the same period, technical profit from life insurance and pension operations reached TL 109,466,583. Shareholders' equity increased 34.1% to TL 442,129,527 in 2011. As of December 31, 2011, the Company's total assets grew 27.3% compared to a year ago and reached TL 3,023,728,206.

The increase in total assets is largely due to private pension activities. The Company recorded a 28% increase in participants' funds compared to a year ago, as of December 31, 2011. The Company's total pension fund size reached TL 2,345,409,580.

The share of cash assets in total assets stands at 16.5% as of December 31, 2011, while financial assets constitute 1.9% of total assets. As of December 31, 2011, the share of Private Pension System receivables in total assets rose to 77.9%.

As of December 31, 2011, the share of the Company's insurance technical reserves in its total liabilities stands at 5.3%. The Company's source of premium income is derived from the life insurance sector; the total earned premium in the fiscal year which ended on December 31, 2011 was TL 147,688,000. This figure represents a 9.6% increase over the total earned premium during the fiscal year ending on December 31, 2010 of TL 134,770,961.

GARANTİ PENSION AND LIFE'S ASSET SIZE GREW 27% TO OVER TL 3 BILLION!

Assessment of Financial Position, Profitability and Claims Servicing Capacity

Total life insurance claims increased 42% over the previous year to TL 35,354,429 in 2011. The Company's technical profit was up 0.3% to TL 109,466,583.

The Company's technical reserves consist of unearned premium reserve, reserves for outstanding claims, life insurance mathematical reserve, reserve for life insurance profit share, equalization reserve, and reserve for bonus payments and discounts.

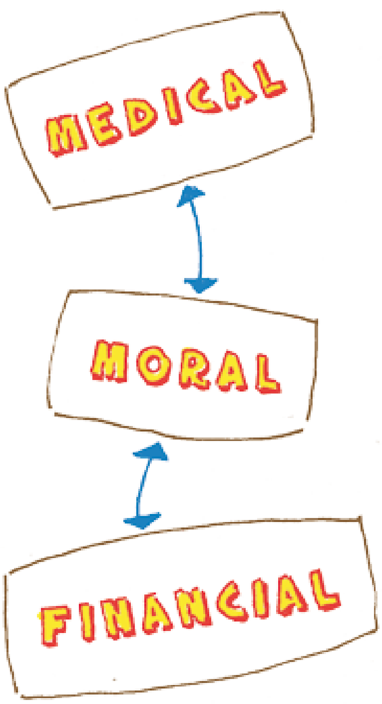
In financial statements, the unearned premium reserve is the outstanding part of the premiums which have accrued for the applicable insurance contracts for the next accounting period(s) on a daily basis, remaining after production commissions and after the share of expenses in life insurance as well as the portion allocated to savings, if any.

At the end of the each period and year, a reserve for outstanding claims is apportioned for all liabilities concerning unpaid claim files of which the Company has already been notified and are under review. The reserve for outstanding claims is set according to expert reports or policyholder and expert assessments. In this framework, as of December 31, 2011, the change in reserve for outstanding claims stands at TL 4,219,458.

The life insurance mathematical reserve comprises the actuarial mathematical reserves and reserve for life insurance profit share, and represents the Company's obligations to the policyholders in the life insurance branch. For variable universal life insurance policies, a reserve for profit share is set aside for the income earned from investments made with premiums written on a collection basis.

Risk Management Policies

Management of Insurance Risk



Pricing Policies

Garanti Pension and Life adopts the following pricing principles and policies:

- When setting risk premiums, the expected claim amount is taken into consideration and premium limits are determined accordingly.
- The relevant departments of the Company continuously monitor changing competitive conditions and customer needs. The Company utilizes the regular data flow from these departments and the interdepartmental collaboration in pricing, which is a part of the product development process.
- The Company aims to establish pricing policies that ensure product profitability and service continuity.
- The Company compares the prices it sets with those of its domestic competitors, as well as those of foreign counterparts.

The breakdown of the Company's premium production by product category in 2011 reveals that the share of variable universal and long-term life insurance policies has declined while the share of risk-based annual life insurance policies has risen. The Company's management is of the opinion that this trend had a positive impact on profitability ratios. Taking high profitability into consideration in product pricing practices is important in terms of safeguarding the Company's future.

Risk Assessment Policies

The Company uses the same risk assessment tool that is used by the leading reinsurer. As part of this effort, the Company realizes new gains from the risk-assessment framework of treaty reinsurers every year. These gains not only facilitate operational transactions but also positively contribute to the Company in terms of cost. Check-up limits are reviewed and revised each year based on prior experience statistics. In addition, there are three other assessments. A "Medical" assessment is carried out by the Company physician. A "Moral" assessment is made by risk-assessment personnel and sales teams. Finally, a "Financial" risk assessment is conducted for both the loan life insurance required by bank loans and individual applications, even though these applications are received in small numbers.

Medical Risk Assessment
As the first step in risk assessment, the medical risk evaluation aims to collect information on customers' health status and requires that customers undergo check-ups under conditions defined based on the amount of life insurance coverage. The first assessment is made by the Company physician through medical evaluation. Procedures are applied according to the results mutually agreed upon with the reinsurers and applications that present a medical risk are rejected.

Moral Risk Assessment
Within the scope of medical risk assessment, information is collected from the customers concerning gender, living conditions, place of residence, occupation, and the like. As part of this process, support from sales teams is requested on issues that appear to be suspicious and dubious cases are referred for further review.

Financial Risk Assessment
As the third step, a study is conducted to fulfill the requirement of compatibility between the amount of life insurance coverage demanded by the customers and their annual income and/or loan amount. Amounts of coverage provided are matched to the Bank's risk because 90% of the Company's portfolio is made up of risk originating from the Bank's products. The fact that the initial financial analysis is performed by the Bank for loan insurance products and the Bank extends the loan in the first place facilitates the finalization of an analysis essential to the Company.

Operational Risk Management

All application and policy issuance procedures are carried out through information systems, which have been established between the Company and Garanti Bank, the Company's main distribution channel. Likewise, originals of all documents tracked in 2011 with the electronic archiving system within the claims payment process are retained. Follow-up tracking is performed through these information systems.

Reinsurance Policy
At Garanti Pension and Life, reinsurance processes are performed only on risk benefits (death and additional coverage) of life insurance policies. Due to the high underwriting profitability of risk-based life insurance plans, each year an amount equivalent to the maximum retention level, as set upon actuarial estimations, is kept with the Company. The excess amount is transferred under surplus reinsurance treaties. Nevertheless, attention is paid to keep the retention level at more limited ratios and amounts over those risk benefits (for example, life-threatening illnesses coverage and so on) which pose greater uncertainty for the Company. For life-threatening illnesses and unemployment coverage, the Company operates under quota-share reinsurance treaties. Additionally, to conserve retention after extensive natural disasters such earthquakes, floods, traffic accidents involving mass transportation vehicles or terrorist attacks, each year an excess of loss reinsurance agreements are signed to secure catastrophic claims in a way most suitable for the portfolio.

Reinsurers

The major service providers in the Company's supply chain are the reinsurers who offer reassurance for the Company in life insurance and additional risk coverages. The following factors are decisive in the Company's business relationships with reinsurers:

- Financial strength,
- A long-term approach,
- Competitive premium prices,
- Capacity provided in optional businesses and non-proportional (catastrophic) reinsurance agreements,
- Opportunities the Company is offered in the context of risk assessment, information on new sector developments, product development, training, and the like.

Performance concerning the procured service is evaluated on a yearly basis for treaties. The evaluation is performed by checking whether the share of the reinsurer in insurance claims and balances remaining after reinsurance transactions in the Company's favor have been paid promptly and in full. Additionally, the capacity extended to the Company in optional businesses, speed in operational reinsurance transactions, and the technical knowledge and market information conveyed to the Company are also taken into consideration as evaluation criteria. In cases of unsatisfactory performance, alternative reinsurers are considered.

As a result of the stable and consistent pricing and risk acceptance policies implemented, the risk assessment terms and procedures agreed upon with treaty reinsurance companies enable automatic insurance coverage of a much greater amount than market averages.

The leading reinsurer in reinsurance agreements is the Munich-based Münchener Rückversicherungs AG (Munich RE). According to share size in reinsurance agreements, the second-ranking reinsurer is Milli Reasürans T.A.Ş. (Milli Re). Madrid-based Mapfre RE ranks third and the French reinsurer Scor Global Life is fourth. For life insurance products with unemployment coverage, the Company is also engaged in reinsurance business with Istanbul-based Cardif Hayat Sigorta A.Ş., a BNP Paribas subsidiary, and with the Gibraltar-based Lighthouse Insurance Company.

Management of Financial Risk

The Company is exposed to the following risks originating from the use of financial instruments:

• Credit risk,
• Liquidity risk,
• Market risk.

The entire responsibility to establish and supervise the risk management structure rests with the Board of Directors. The Board of Directors executes risk-management system operations through the Company's internal audit department.

The Company's risk-management policies have been formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor the risks and compliance with set limits. These policies and systems are periodically reviewed in a way that reflects changes in market conditions as well as product and service offerings. The Company is developing a disciplined and constructive supervision framework with relevant training and management standards and procedures so that all employees understand their own duties and responsibilities.

Credit Risk
Credit risk is defined as the possibility that counterparties might not be able to fulfill their obligations in accordance with the terms of contract that have been mutually agreed upon. Major balance sheet items where the Company is exposed to credit risk are as follows:

- Banks,
- Other cash assets and cash equivalents (cash accounts excluded),
- Financial assets held for trading,
- Financial investments owned by risk-based life insurance policyholders,
- Premium receivables from the insured,
- Receivables from agencies,
- Pension mutual funds concerning Private Pension operations, and receivables from participants,
- Receivables from reinsurers concerning commissions and paid-up claims,
- Reinsurance shares from insurance liabilities,
- Receivables from the parties concerned,
- Other receivables,
- Prepaid taxes and funds.

The most common method in insurance risk management is to execute a reinsurance agreement. However, transferring insurance risk via a reinsurance agreement does not relieve the Company, as the first underwriter, of its obligations. If a reinsurer does not fulfill a claim, the Company's obligation to the policyholder continues. The Company considers the reinsurer's credibility by examining the financial status of the company in question before entering into the annual agreement.

The Company cancels insurance premiums when they become overdue or are outstanding for a certain period of time. It then deducts the relevant amount from the written premiums and from premium receivables.

Liquidity Risk
Liquidity risk is risk that the Company might have difficulty in fulfilling its liabilities resulting from its monetary obligations.

As a method of protection against liquidity risk, maturity match is maintained between assets and liabilities; liquid assets are kept ready for complete fulfillment of potential liquidity requirements if necessary.

Market Risk
Market risk is based on potential variations in market prices such as interest rates and foreign exchange rates that might affect the Company's income or the value of financial instruments it holds. Market risk management is intended to optimize risk profitability and control the market risk amount within acceptable parameters.

Currency Risk
The Company is exposed to currency risk due to the foreign currency-denominated insurance operations it carries out.

Foreign exchange gains and losses from foreign currency transactions were entered in the records held for the corresponding periods. At the end of each period, balances of foreign currency asset and liability accounts were appraised and converted into Turkish lira at the exchange rates prevailing at that time. The resulting foreign exchange differences were reflected in the records as gains or losses from foreign exchange transactions.

Foreign currency-denominated transactions were recognized on the basis of exchange rates prevailing on the date of transaction. As of the balance sheet date, foreign currency-denominated asset and liability items were appraised based on the foreign exchange buying rate of the Central Bank of Turkey (TCMB), effective on December 31, 2011. Only life insurance mathematical reserves and loans were appraised based on the effective selling rates of TCMB as stated in the policies.

Interest Rate Risk Exposure
Risk exposure of the trading securities portfolio is based on the fluctuations in market prices of relevant securities resulting from changes in interest rates. The major risk for the non-trading securities portfolio is the loss from fluctuations in future cash flows and the loss stemming from the drop in fair market value of financial assets as a result of changes in market interest rates. Interest rate risk is managed through monitoring of the interest rate range and setting pre-approved limits for re-pricing ranges.

Interest Sensitivity of Financial Instruments

Interest sensitivity of the income statement is the effect of the change in interest rates, under the criteria assumed below, on the fair market value of the financial assets. The difference in fair value as of December 31, 2011 is reflected in the profits or losses, and the effect on net interest income from the non-trading financial assets and liabilities with a variable interest rate. Interest sensitivity of shareholders' equity is calculated on the basis of the variation in the market value of the financial assets which are available for sale in the portfolio as of December 31, 2011 as a result of the presumed variations in interest rates. During this analysis, other variables, particularly foreign exchange rates, are assumed to be fixed.

Fair Market Value Representation

The estimated market value of financial instruments is determined by using available market data and appropriate appraisal methods, if applicable. The Company has classified its securities into trading financial assets or financial assets available for sale, and represented the related financial assets with their exchange prices prevailing at the end of the term.

Capital Management

The principal capital management policies of the Company are as follows:

- Compliance with the capital adequacy requirements stipulated by the Undersecretariat of Treasury,
- Ensuring the Company's continuity and securing sustained gains for shareholders and stakeholders,
- Securing a sufficient level of return for shareholders by setting insurance policy prices proportionate to the insurance risk assumed.

Garanti Emeklilik ve Hayat Anonim Şirketi

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : (212) 366 6000
Fax : (212) 366 6010
www.deloitte.com.tr

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying financial statements of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2011, and statement of income, statement of changes in equity and statement of cash flow for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

3. Our responsibility is to express a conclusion on the financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued based on insurance laws and regulations. Those standards require 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.

Independent Auditor's Opinion

4. In our opinion, the financial statements give a true and fair view of the financial position of Garanti Emeklilik ve Hayat Anonim Şirketi as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued (Note 2), based on insurance laws and regulations.

Additional paragraph for the English translation:

5. The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Istanbul, 15 March 2012

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

Müjde Şehsuvaroğlu
Partner

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

We assure you that our financial report and the related disclosures and notes prepared in accordance with the requirements set out by Republic of Turkey Prime Ministry Undersecretariat of the Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

Istanbul, 15 March 2012

Erhan ADALI Member of the Board of Directors, General Manager	Ahmet KARAMAN Executive Vice President	Salih İLERİ Financial Affairs Unit Manager
Osman TURGUT Statutory Auditor	Emre ÖZBEK Statutory Auditor	Erol ÖZTÜRKOĞLU Actuary – Registration No: 50

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED
BALANCE SHEET

ASSETS

I- Current Assets	Note	Audited Current Period (31 December 2011)	Audited Prior Period (31 December 2010)
A- Cash and Cash Equivalents	**14**	**500.187.457**	**354.616.351**
1- Cash	14	48	168
2- Cheques Received		-	-
3- Banks	14, 45	493.220.364	344.213.967
4- Cheques Given and Payment Orders (-)		-	-
5- Other Cash and Cash Equivalents	14, 45	6.967.045	10.402.216
B- Financial Assets and Investments with Risks on Policy Holders	**11**	**56.264.640**	**79.937.572**
1- Financial Assets Available for Sale	11	263.221	263.221
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	25.063.974	44.920.053
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11	30.937.445	34.754.298
7- Equity Shares		-	-
8- Diminution in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations	**12**	**2.414.708.552**	**1.894.755.656**
1- Receivables from Insurance Operations	12	59.604.020	52.660.537
2- Provision for Receivables from Insurance Operations (-)	12	(21.541)	(137.487)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	2.8, 12	246.684	369.585
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Private Pension Operations	12, 18	2.354.879.389	1.841.863.021
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations (-)		-	-
D- Due from Related Parties	**12, 45**	**3.712.017**	**2.887.203**
1- Due from Shareholders	45	-	2.630
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	3.712.017	2.884.573
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	**12**	**42.867**	**64.268**
1- Lease Receivables		-	-
2- Unearned Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables	12	42.867	64.268
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	**17**	**33.554.896**	**31.174.613**
1- Prepaid Expenses	17	33.554.896	31.174.613
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses and Income Accruals		-	-
G- Other Current Assets		**36.339**	**41.427**
1- Inventories		35.706	40.948
2- Prepaid Taxes and Funds		534	479
3- Deferred Tax Assets		-	-
4- Business Advances		99	-
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**3.008.506.768**	**2.363.477.090**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED
BALANCE SHEET

ASSETS

II- Non Current Assets	Note	Audited Current Period (31 December 2011)	Audited Prior Period (31 December 2010)
A- Receivables from Main Operations		**-**	**-**
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10-Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		**-**	**-**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		**4.169**	**4.169**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Guarantees Given		4.169	4.169
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets		**-**	**-**
1- Investments in Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Assets	**6**	**3.160.627**	**2.187.211**
1- Investment Properties		-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	8.034.334	6.199.419
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	1.898.379	1.768.718
8- Leased Tangible Assets	6	168.464	168.464
9- Accumulated Depreciation (-)	6	(6.940.550)	(5.949.390)
10- Advances Paid for Tangible Assets (Including Construction In Progresses)		-	-
F- Intangible Assets	**8**	**11.483.196**	**9.792.522**
1- Rights		334.371	-
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets	8	37.855.462	29.740.581
7- Accumulated Amortization (-)	8	(26.706.637)	(19.948.059)
8- Advances Regarding Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals			**-**
1- Prepaid Expenses			-
2- Income Accruals			-
3- Other Prepaid Expenses and Income Accruals			-
H- Other Non-current Assets		**573.446**	**181.774**
1- Effective Foreign Currency Accounts			-
2- Foregin Currency Accounts			-
3- Inventories			-
4- Prepaid Taxes and Funds			-
5- Deferred Tax Assets	21	573.446	181.774
6- Other Non-current Assets			-
7- Other Non-current Assets Amortization (-)			-
8- Provision for Other Non-current Assets (-)			-
II- Total Non-current Assets		**15.221.438**	**12.165.676**
TOTAL ASSETS		**3.023.728.206**	**2.375.642.766**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

LIABILITIES

III-Short Term Liabilities	Note	Audited Current Period (31 December 2011)	Audited Prior Period (31 December 2010)
A- Borrowings	**19, 20, 45**	**-**	**570.396**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Issued Financial Assets		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	19, 20	-	570.396
B- Payables from Main Operations	**19**	**2.373.430.489**	**1.861.359.138**
1- Payables Due to Insurance Operations	19	24.823.786	25.229.085
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Private Pension Operations	18, 19	2.348.606.703	1.836.089.995
5- Payables from Other Operations		-	40.058
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-	-
C- Due to Related Parties	**19**	**5.270.211**	**2.594.839**
1- Due to Shareholders	45	112.308	185.322
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		30.501	148.222
6- Due to Other Related Parties	45	5.127.402	2.261.295
D- Other Payables	**19**	**900.152**	**2.279.761**
1- Guarantees and Deposits Received		-	-
2- Other Payables		900.152	2.284.367
3- Discount on Other Payables (-)		-	(4.606)
E- Insurance Technical Reserves	**17**	**86.152.169**	**71.463.315**
1- Unearned Premiums Reserve - Net	17	57.600.426	52.657.512
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17, 18	11.701.430	6.199.869
4- Oustanding Claims Reserve - Net	17	16.769.750	12.549.781
5- Provision for Bonus and Discounts - Net	17	80.563	56.153
6- Reserve for Policies Investment Risk of Life Insurance Policyholders - Net		-	-
7- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions	**19**	**14.846.850**	**12.762.000**
1- Taxes and Dues Payable		5.328.501	3.722.920
2- Social Security Premiums Payable		1.321.562	557.184
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	29.137.586	25.725.003
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(20.940.799)	(17.243.107)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks	**23**	**1.941.188**	**1.635.467**
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23	1.941.188	1.635.467
H- Deferred Income and Expense Accruals	**19**	**25.572.594**	**23.894.551**
1- Deferred Income	10, 19	24.044.819	22.890.687
2- Expense Accruals		1.527.775	1.003.864
3- Other Deferred Income and Expense Accruals	19	-	-
I- Other Short Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Current Liabilities		**2.508.113.653**	**1.976.559.467**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED
BALANCE SHEET

LIABILITIES

IV- Long Term Liabilities	Note	Audited Current Period (31 December 2011)	Audited Prior Period (31 December 2010)
A- Borrowings		**-**	**-**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations		**-**	**-**
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		**-**	**-**
1- Guarantees and Deposits Received		-	-
2- Other Payables		-	-
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	**17**	**73.334.405**	**69.308.301**
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17, 18	69.800.362	66.817.095
4- Oustanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Reserve for Policies Investment Risk of Life Insurance Policyholders - Net		-	-
7- Other Technical Reserves - Net	17	3.534.043	2.491.206
F- Other Liabilities and Provisions		**-**	**-**
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	**23**	**150.621**	**177.503**
1- Provision for Employment Termination Benefits	23	150.621	177.503
2- Provisions for Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Non Current Liabilities		**73.485.026**	**69.485.804**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED
BALANCE SHEET

SHAREHOLDERS' EQUITY

V- Shareholders' Equity	Note	Audited Current Period (31 December 2011)	Audited Prior Period (31 December 2010)
A- Paid in Capital		**53.084.445**	**53.084.445**
1- (Nominal) Capital	2.13, 15	50.000.000	50.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		3.084.445	3.084.445
4- Negative Inflation Adjustment on Capital (-)		-	-
B- Capital Reserves		**-**	**-**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		**276.438.555**	**176.472.371**
1- Legal Reserves	15	10.000.000	8.777.544
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	266.164.169	167.345.946
4- Special Funds (Reserves)		-	-
5- Revaluation of Financial Assets	11, 15	274.386	348.881
6- Other Profit Reserves		-	-
D- Previous Years' Profits		**-**	**-**
1- Previous Years' Profits			-
E- Previous Years' Losses (-)		**-**	**-**
1- Previous Years' Losses		-	-
F- Net Profit of the Period		**112.606.527**	**100.040.679**
1- Net Profit of the Period		112.606.527	100.040.679
2- Net Loss of the Period		-	-
Total Shareholders' Equity		**442.129.527**	**329.597.495**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3.023.728.206**	**2.375.642.766**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

	Note	Audited Current Period (01/01/2011 - 31/12/2011)	Audited Prior Period (01/01/2010 - 31/12/2010)
A- Non-Life Technical Income		**2.349**	**1.506**
1- Earned Premiums (Net of Reinsurer Share)	17	2.349	1.506
1.1 - Premiums (Net of Reinsurer Share)	17	5.161	1.345
1.1.1 - Gross Premiums (+)	17	5.161	1.345
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17	(2.812)	161
1.2.1 - Unearned Premiums Reserve (-)	17	(3.048)	161
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		236	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transfered from Non-Technical Part		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income (+)		-	-
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
B- Non-Life Technical Expense (-)		**(20.261)**	**(26.338)**
1- Total Claims (Net of Reinsurer Share)		(511)	(25.000)
1.1- Claims Paid (Net of Reinsurer Share)	17	-	(25.000)
1.1.1 - Gross Claims Paid (-)	17	-	(25.000)
1.1.2 - Reinsurance Share of Claims Paid (+)		-	-
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	(511)	(1.020)
1.2.1 - Outstanding Claims Reserve (-)	17	(1.553)	(1.020)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		1.042	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
4- Operating Expenses (-)	32	(19.750)	(318)
C- Non Life Technical Net Profit (A-B)		**(17.912)**	**(24.832)**
D- Life Technical Income		**166.292.028**	**143.059.261**
1- Earned Premiums (Net of Reinsurer Share)	17	147.688.000	134.770.961
1.1 - Premiums (Net of Reinsurer Share)	17	152.628.102	140.631.010
1.1.1 - Gross Premiums (+)	17	240.484.536	234.158.626
1.1.2 - Ceded Premiums to Reinsurers (-)	10, 17	(87.856.434)	(93.527.616)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17	(4.940.102)	(5.860.049)
1.2.1 - Unearned Premiums Reserve (-)		(7.306.634)	(18.946.345)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10	2.366.532	13.086.296
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		18.509.945	8.197.585
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		94.083	90.715

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

	Note	Audited Current Period (01/01/2011 - 31/12/2011)	Audited Prior Period (01/01/2010 - 31/12/2010)
E- Life Technical Expense		**(84.337.666)**	**(65.532.897)**
1- Total Claims (Net of Reinsurer Share)	17	(35.354.429)	(24.918.766)
1.1- Claims Paid (Net of Reinsurer Share)	17	(31.134.971)	(22.874.898)
1.1.1- Gross Claims Paid (-)	17	(46.668.779)	(40.663.780)
1.1.2- Reinsurance Share of Claims Paid (+)	10, 17	15.533.808	17.788.882
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	(4.219.458)	(2.043.868)
1.2.1- Outstanding Claims Reserve (-)	17	(3.657.882)	(1.167.063)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	10, 17	(561.576)	(876.805)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(24.410)	(48.274)
2.1- Bonus and Discount Reserve (-)		(24.410)	(48.274)
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(9.577.986)	(3.037.891)
3.1- Life Mathematical Reserves		(9.577.986)	(3.037.891)
3.2- Reinsurance Share of Life Mathematical Reserves		-	-
4- Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
4.1- Technical Reserves for Investments with Risks on Policyholders (-)		-	-
4.2- Reinsurance Share of Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(1.042.837)	(1.291.413)
6- Operating Expenses (-)	32	(28.500.640)	(33.497.392)
7- Investment Expenses (-)		-	-
8- Unrealized Losses from Investments (-)		-	-
9- Investment Income Transferred to Non Technical Divisions (-)		(9.837.364)	(2.739.161)
F- Life Technical Profit/ (Loss) (D – E)		**81.954.362**	**77.526.364**
G-Private Pension Technical Income	**25**	**85.589.184**	**67.553.745**
1- Fund Management Fee		40.097.813	29.648.300
2- Management Fee Deduction		20.893.405	16.565.412
3- Initial Contribution Fee		24.597.889	21.324.159
4- Management Fee In Case of Temporary Suspension		-	-
5- Witholding Tax		-	-
6- Increase in Market Value of Capital Commitment Advances		77	-
7- Other Technical Income		-	15.874
H- Private Pension Technical Expenses		**(58.059.051)**	**(35.933.616)**
1- Fund Management Expenses (-)		(7.532.750)	(4.757.727)
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)	32	(43.508.381)	(25.704.157)
4- Other Technical Expenses (-)		(7.017.920)	(5.471.732)
I- Private Pension Technical Profit/(Loss) (G – H)		**27.530.133**	**31.620.129**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

	Note	Audited Current Period (01/01/2011 - 31/12/2011)	Audited Prior Period (01/01/2010 - 31/12/2010)
C- Non Life Technical Net Profit (A-B)		**(17.912)**	**(24.832)**
F- Life Technical Net Profit (D – E)		**81.954.362**	**77.526.364**
I- Private Pension Technical Net Profit (G – H)		**27.530.133**	**31.620.129**
J- General Technical Net Profit (C+F+I)		**109.466.583**	**109.121.661**
K- Investment Income		**53.223.911**	**31.173.027**
1- Income from Financial Investments		30.160.469	22.478.039
2- Income from Sales of Financial Investments		1.092.857	3.133.773
3- Revaluation of Financial Investments		4.233.138	2.264.836
4- Foreign Exchange Gains		7.900.083	-
5- Dividend Income from Participations		-	-
6- Income from Affiliated Companies		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives		-	557.218
9- Other Investments		-	-
10- Investment Income transfered from Life Technical Part		9.837.364	2.739.161
L- Investment Expenses (-)		**(18.189.916)**	**(13.873.446)**
1- Investment Management Expenses (Including Interest) (-)		(51.658)	(49.487)
2- Valuation Allowance of Investments (-)		-	-
3- Losses on Sales of Investments (-)		(991.385)	(6.769.931)
4- Investment Income Transfered to Life Technical Part (-)		-	-
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)		(9.216.465)	(353.049)
7- Depreciation Expenses (-)	6, 8	(7.907.455)	(6.537.138)
8- Other Investment Expenses (-)		(22.953)	(163.841)
M- Other Income and Expenses (+/-)		**(2.756.465)**	**(655.560)**
1- Provisions Account (+/-)	47	(257.560)	(321.190)
2- Discount Account (+/-)	47	(595.247)	(339.542)
3- Speciality Insurances Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)		373.048	508.610
6- Deferred Tax Liability Accounts (+/-)	21, 35	-	-
7- Other Income and Revenues		174.925	270.103
8- Other Expense and Losses (-)	47	(2.451.631)	(773.541)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		**112.606.527**	**100.040.679**
1- Profit /(Loss) Before Tax		141.744.113	125.765.682
2- Corporate Tax Liability Provision (-)	35	(29.137.586)	(25.725.003)
3- Net Profit (Loss)		112.606.527	100.040.679
4- Inflation Adjustment Account		-	-

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY

Audited | TL

PRIOR PERIOD	Capital	Equity Shares Owned by Company (-)	Revaluation of Financial Assets	Inflation Adjustment of Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
I - Closing Balance of Prior Period (01/01/2010)	50.000.000	-	402.380	3.084.445	-	5.018.735	-	95.928.600	75.176.155	-	229.610.315
A- Capital increase	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets	-	-	(53.499)	-	-	-	-	-	-	-	(53.499)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	100.040.679	-	100.040.679
I- Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	3.758.809	-	71.417.346	(75.176.155)	-	-
II - Closing Balance at 31/12/2010 (I+A+B+C+D+E+F+G+H+I+J)	50.000.000	-	348.881	3.084.445	-	8.777.544	-	167.345.946	100.040.679	-	329.597.495

Audited | TL

CURRENT PERIOD	Capital	Equity Shares Owned by Company (-)	Revaluation of Financial Assets	Inflation Adjustment of Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
I - Closing balance Balance of Prior Period (01/01/2011)	50.000.000	-	348.881	3.084.445	-	8.777.544	-	167.345.946	100.040.679	-	329.597.495
A- Capital increase	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets	-	-	(74.495)	-	-	-	-	-	-	-	(74.495)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	112.606.527	-	112.606.527
I- Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	1.222.456	-	98.818.223	(100.040.679)		-
II - Closing Balance at 31/12/2011 (I+A+B+C+D+E+F+G+H+I+J)	50.000.000	-	274.386	3.084.445	-	10.000.000	-	266.164.169	112.606.527	-	442.129.527

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
CASH FLOW STATEMENT

	Note	Audited Current Period (01/01/2011 - 31/12/2011)	Audited Current Period (01/01/2010 - 31/12/2010)
A. Cash flows from the operatıng activities			
1. Cash inflows from the insurance operations		174.153.819	157.854.526
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the private pension operations		85.589.184	67.553.745
4. Cash outflows due to the insurance operations (-)		(80.484.374)	(71.959.841)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the private pension operations (-)		(58.558.711)	(36.791.884)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		**120.699.918**	**116.656.546**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(29.422.695)	(20.895.362)
10. Other cash inflows		10.983.019	9.929.126
11. Other cash outflows (-)		(10.562.713)	(11.621.464)
12. Net cash generated from the operating activities		**91.697.529**	**94.068.846**
B. Cash flows from the investing activities			
1. Sale of tangible assets		4.200	19.864
2. Purchase of tangible assets (-)	6	(2.122.293)	(379.903)
3. Acquisition of financial assets (-)		(1.186.276)	(6.559.439)
4. Sale of financial assets		16.069.301	1.764.224
5. Interest received		33.331.119	27.497.920
6. Dividends received		-	-
7. Other cash inflows		17.737.447	2.730.782
8. Other cash outflows (-)		(9.482.537)	(7.481.396)
9. Net cash generated from the investing activities		**54.350.961**	**17.592.052**
C. Cash flows from the financing activities			**-**
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	21.779
3. Payments of financial leases (-)		-	-
4. Dividends paid (-)		-	-
5. Other cash inflows		-	-
6. Other cash outflows (-)		(570.396)	-
7. Cash generated from the financing activities		**(570.396)**	**21.779**
D. Effects of exchange rate differences on cash and cash equivalents		**(1.258.700)**	**(156.785)**
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**144.219.394**	**111.525.892**
F. Cash and cash equivalents at the beginning of the period	**14**	**352.924.161**	**241.398.269**
G. Cash and cash equivalents at the end of the period (E+F)	**14**	**497.143.555**	**352.924.161**

The accompanying notes form an integral part of these financial statements.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
STATEMENT OF PROFIT DISTRIBUTION

	Note	Current Period (01/01-31/12/2011)(*)	Prior Period (01/01-31/12/2010)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD (**)		141.744.113	125.765.682
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(29.137.586)	(25.725.003)
1.2.1. Corporate Tax (Income Tax)		(29.137.586)	(25.725.003)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)		**112.606.527**	**100.040.679**
1.3. PREVIOUS YEARS' LOSSES (-)			-
1.4. FIRST LEGAL RESERVE			(1.222.456)
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)			-
"B NET PROFIT FOR THE PERIOD AVAILABLE FOR DISTRIBUTION		**112.606.527**	**98.818.223**
[(A - (1.3 + 1.4 + 1.5)]"			-
1.6. FIRST DIVIDENDS TO SHAREHOLDERS (-)			-
1.6.1. To Common Shareholders (***)			-
1.6.2. To Preferred Shareholders			-
1.6.3 To Owners of Participating Redeemed Shares			-
1.6.4 To Owners of Profit-sharing Securities			-
1.6.5 To Owners of Profit and Loss Sharing Securities			-
1.7. DIVIDENDS TO PERSONNEL (-) (***)			-
1.8. DIVIDENDS TO FOUNDERS (-)			-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)			-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-) (***)			-
1.10.1. To Common Shareholders			-
1.10.2. To Preferred Shareholders			-
1.10.3. To Owners of Participating Redeemed Shares			-
1.10.4. To Owners of Profit-sharing Securities			-
1.10.5. To Owners of Profit And Loss Sharing Securities			-
1.11. SECOND LEGAL RESERVE (-)			-
1.12. STATUTORY RESERVES (-)			(98.818.223)
1.13. EXTRAORDINARY RESERVES			-
1.14 OTHER RESERVES			-
1.15 SPECIAL FUNDS			-
II. DISTRIBUTION FROM RESERVES			**-**
2.1. DISTRIBUTED RESERVES			-
2.2. SECOND LEGAL RESERVE (-)			-
2.3. DIVIDENDS TO SHAREHOLDERS (-)			-
2.3.1. To common Shareholders			-
2.3.2 To Preferred Shareholders			-
2.3.3. To Owners of Participating Redeemed Shares			-
2.3.4 To Owners of Profit-sharing Securities			-
2.3.5 To Owners of Profit And Loss Sharing Securities			-
2.4. DIVIDENDS TO EMPLOYEES (-)			-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)			-
III. PROFIT PER SHARE			**0,020**
3.1. TO COMMON SHAREHOLDERS			1,976
3.2. TO COMMON SHAREHOLDERS (%)			-
3.3. TO PREFERRED SHAREHOLDERS			-
3.4. TO PREFERRED SHAREHOLDERS (%)			-
IV. DIVIDENDS PER SHARE			**-**
4.1. TO COMMON SHAREHOLDERS			-
4.2. TO COMMON SHAREHOLDERS (%)			-
4.3. TO PREFERRED SHAREHOLDERS			-
4.4. TO PREFERRED SHAREHOLDERS (%)			

(*) Since 2011 profit distribution proposal has not been approved by the General Assembly, only net profit available for distribution is presented in the profit distribution table.

The accompanying notes form an integral part of these financial statements.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1 General Information

1.1 Parent Company and the Ultimate Owner of the Company

As at 31 December 2011, the shareholder having direct or indirect control over the shares of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") is Türkiye Garanti Bankası AŞ ("Garantibank") by %84,91 of the outstanding shares of the Company. Other shareholder having direct or indirect control over the shares of the Company is Eureko BV by 15,00% shares of the outstanding shares.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company, an 'Incorporated Company' in accordance with the regulations of Turkish Commercial Code ("TTK"), was registered in Turkey in 1992. As at balance sheet date, the registered address of the Company is Mete Cad. No:30 Taksim/İstanbul.

1.3 Main Operations of the Company

The Company was established on 24 July 1992 with an initial share capital of TL 10.000. The initial name of the Company was "AGF Garanti Hayat Sigorta Anonim Sirketi", first changed on 18 May 1999 as "Garanti Hayat Sigorta Anonim Şirketi".

On 14 November 2002, the Company applied for conversion from life insurance company to private pension company in accordance with the 2nd clause of 1st Temporary Article of Law No.4632 on Private Pension Savings and Investment System issued in 7 April 2001 dated 4632 numbered Official Gazette. The conversion was approved by T.C. Başbakanlık Hazine Müsteşarlığı ("the Turkish Treasury") on 18 December 2002 and the title of the Company was first changed as "Garanti Emeklilik Anonim Şirketi" as published in 15 January 2003 dated Official Gazette then changed as "Garanti Emeklilik ve Hayat Anonim Şirketi" as published in 25 March 2003 dated Official Gazette.

The commercial operations of the Company were defined as issuing private pension contracts and life insurance policies. The Company has also started to issue policies under personal accident branch in accordance with its Articles of Association since 1 July 2006.

As per the resolution of the Board of Directors, the Company has established 6 pension investment funds on 28 June 2003 after taking the approval of Capital Markets Board of Turkey. The investment portfolios of these funds are managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to these funds amounted to TL 2.150.000 during their establishment.

As per the resolution of the Board of Directors, the Company has established 1 pension investment fund on 25 January 2004 after taking the approval of Capital Markets Board of Turkey. The investment portfolio of the fund is managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to the fund amounted to TL 10.000 during its establishment.

As per the resolution of the Board of Directors, the Company has established 3 pension investment funds for groups on 26 January 2005 after taking the approval of Capital Markets Board of Turkey. The investment portfolio of these funds are managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to these funds amounted to TL 150.000 during their establishment.

As per the resolution of the Board of Directors, the Company has established 1 pension investment fund on 27 April 2005 after taking the approval of Capital Markets Board of Turkey. The investment portfolio of the fund is managed by Deniz Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to the fund amounted to TL 10.000 during its establishment.

As per the resolution of the Board of Directors, the Company has established 1 pension investment fund on 25 September 2008 after taking the approval of Capital Markets Board of Turkey. The investment portfolio of the fund is managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to the fund amounted to TL 100.000 during its establishment.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

As per the resolution of the Board of Directors, the Company has established 3 pension investment funds for groups on 6 October 2010 after taking the approval of Capital Markets Board of Turkey. The investment portfolio of these funds are managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties. The Company provided share capital advance to these funds amounted to TL 150.000 during their establishment.

"Garanti Emeklilik ve Hayat A.Ş. Emanet-Likit Emeklilik Yatırım Fund" has been converted to "Garanti Emeklilik ve Hayat A.Ş. Gruplara Yönelik Hisse Senedi Emeklilik Yatırım" according to the 30 June 2011 dated approval of Capital Markets Board of Turkey. The investment portfolio of the fund is managed by Garanti Portföy Yönetimi A.Ş. in accordance with the agreement signed between parties.

As at 31 December 2011, the Company has sixteen pension investment funds in total (As at 31 December 2010: Fifteen pension investment funds in total).

1.4 Details of the Company's operations and nature of field activities

As at 31 December 2011, the Company issues policies in life and personal accident insurance branches and contracts in private pension business by conducting its operations in accordance with the Insurance Law No.5684 (the "Insurance Law") issued in 14 June 2007 dated and 26552 numbered Official Gazette and Private Pension Savings and Investment System Law No.4632 (the "Private Pension Law") issued in 7 April 2001 dated 4632 numbered Official Gazette and other communiqués and regulations in force issued by the Turkish Treasury based on the Insurance Law and the Private Pension Law.

1.5 Average number of the Company's personnel based on their categories

The average number of the personnel during the year in consideration of their categories is as follows:

	2011	2010
Key management personnel	20	20
Other personnel	696	619
Total	**716**	**639**

1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2011, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 4.186.565 (31 December 2010: TL 3.707.859).

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Known and exactly distinguishable operating expenses are directly recorded under life, non-life or private pension segments in accordance with the 4 January 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Chart of Account" issued by the Republic of Turkey Prime Ministry Undersecretariat of the Treasury. The allocation of non-distinguishable technical operating expenses are determined in accordance with the 9 August 2010 dated and 2010/9 numbered "Communiqué Related to Changes in the Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Chart of Account" valid since 1 January 2011 and issued by the Undersecretariat of the Treasury. Accordingly, other non-distinguishable expenses, which are not exactly distinguished, are distributed between insurance segments and private pension segment in accordance with the average number of pension contracts and policies issued within last 3 years. The portion of insurance segments is distributed between life and non-life branches in accordance with the average of 3 ratios calculated by dividing "number of the policies produced within the last three years", "gross premiums written within the last three years", and "number of the claims reported within the last three years" to the "total number of the policies", "total gross written premiums", and the "total number of the claims reported", respectively.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section.

Income from the assets invested against mathematical and profit sharing provisions is recorded under technical section, remaining income is transferred to the non-technical section.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise only the financial information of the Company. As further detailed in Note 2.2, the Company has not prepared consolidated financial statements as at and for the year ended 31 December 2011.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

Trade name of the Company	:	Garanti Emeklilik ve Hayat Anonim Şirketi
Registered address of the head office	:	Mete Cad. No:30 Taksim/İstanbul
The web page of the Company	:	www.garantiemeklilik.com.tr

There is no change in the aforementioned information subsequent to the balance sheet date.

1.10 Subsequent events

Explanations related to subsequent events are disclosed in Note 46 – Subsequent events.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Private Pension Companies" as promulgated by the Turkish Treasury based on Article 18 of the Insurance Law and Article 11 of the Private Pension Law.

In Article 4 of the related communiqué; it is stated that procedures and principles related to accounting of insurance contracts, subsidiaries, associates and joint ventures and presentation of unconsolidated and consolidated financial statements together with their explanatory notes which will be announced to the public will be determined by the further communiqués of the Turkish Treasury.

Although the 4th standard of the Turkish Accounting Standards Board ("TASB") for the 'Insurance contracts' became effective on 25 March 2006 for the accounting periods that begin on or after 31 December 2005, it is stated that TFRS 4 will not be implemented at this stage since the second phase of the International Accounting Standards Board project about the insurance contracts has not been completed yet. In this context, "Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") is published in the 7 August 2007 dated Official Gazette, numbered 26606 and became effective on 1 January 2008. Subsequent to the publication of the Communiqué on Technical Reserves, some other circulars and sector announcements which contain explanations and regulations related to application of the Communiqué on Technical Reserves are published. Accounting policies applied for the insurance contracts based on these communiqué, circulars and other sector announcements are summarized on its own caption in the following sections.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements" Note disclosed in the accompanying financial statements as of the reporting date.

"Circular Related to the Presentation of Financial Statements", issued by the Turkish Treasury in the 18 April 2008 dated and 26851 numbered Official Gazette, regulates the content of the financial statements to make them comparable with the financial statements of previous periods and the other companies.

2.1.2 Other accounting policies appropriate for the understanding of the financial statements

Preparation of Financial Statements in Hyperinflationary Periods

With respect to the 4 April 2005 dated and 19387 numbered declaration of the Turkish Treasury, the Company restated its financial statements as at 31 December 2004 and prepared opening balances of the financial statements of 2005 in accordance with the "Restatement of Financial Statements in Hyperinflationary Periods" of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated 15 November 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Turkish Treasury.

2.1.2 Other accounting policies appropriate for the understanding of the financial statements

Other accounting policies

Information regarding to other accounting polices is explained above in the section of Note 2.1.1 – Information about the principles and the special accounting policies used in the preparation of the financial statements and each on its own caption in following sections of this report.

2.1.3 Functional and presentation currency

The accompanying financial statements are presented in TL, which is the Company's functional currency.

2.1.4 Rounding level of the amounts presented in the financial statements

Financial information presented in TL, has been rounded to the nearest TL values.

2.1.5 Valuation method(s) used in the presentation of financial statements

The accompanying financial statements are prepared on the historical cost basis, except for the financial assets at fair value through profit or loss, available-for-sale financial assets and financial investments with risks on saving life policyholders classified as available-for-sale financial assets which are measured at their fair values unless reliable measures are available.

2.1.6 Accounting policies, changes in accounting estimates and errors

Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements are set out below.

a. New and revised standards affecting presentation and disclosure only

None.

b. New and revised standards affecting the reported financial performance and / or financial position

None.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

c. Standards and Interpretations that are effective in 2011 with no impact on the 2011 financial statements

IAS 24 Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company is not government-related entities.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements.

Amendments to IAS 32 Classification of Rights Issues

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Company has not issued instruments of this nature.

Amendments to IFRS 3 Business Combinations

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure')

Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Company's consolidated financial statements.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Company has not entered into any transactions of this nature.

Improvements to IFRSs issued in 2010

Except for the amendments to IFRS 3 and IAS 1 described above, the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

d. The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Taxes – Recovery of Underlying Assets
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statement
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Company management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Key requirements of IFRS 9 are described as follows:

• IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

• The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognized in prior years regarding the Company's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

2.2 Consolidation

The Company has no subsidiaries and affiliates as of balance sheet date.

2.3 Segment reporting

One section is a distinguishable part related to Company's main operations or an economic environment where the Company's risks and benefits arising from it's main operations can be distinguished (geographical segment). Since Turkey is the main geoghraphical area that Company operates, segment reporting presented in Note 5 is related to the operations of Company not to the geographical areas.

2.4 Reserves in Foreign Currencies

For the purpose of the financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements. In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date. Gains and losses arising from exchange rate transactions are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit and loss in the period in which they are incurred.

2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

There are no pledges, mortgages and other encumbrances on tangible fixed assets.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation for the tangible assets purchased before 1 January 2004 is calculated in accordance with double declining depreciation method at their historical cost. Depreciation for the tangible fixed assets purchased after 1 January 2004 is calculated in accordance with straight-line depreciation method at their historical costs.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Furniture and fixture	3-10	10-33
Other tangible assets (including leasehold improvements)	5-20	5-20
Tangible assets acquired through finance leasing	4	25

2.6 Investment Properties

As at balance sheet date, the Company does not have any investment property.

2.7 Intangible assets

The Company's intangible assets consist of software. Intangible assets are recorded at cost in compliance with the TAS 38 – Intangible Assets.

The intangible assets are amortized at historical cost based on straight line amortization method by a range of 10% to 50%.

2.8 Financial assets

Classification and measurement

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial assets are classified in four categories; financial assets held for trading, available-for-sale financial assets, held to maturity investments, and loans and receivables.

Effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets held for trading purpose are measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables those are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

Held to maturity investments are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables.

Held-to-maturity investments are measured at amortized cost using effective interest method less impairment losses, if any.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Available-for-sale financial assets are the financial assets other than assets held for trading purposes, held-to-maturity investments and loans and receivables.

Investments other than held-to-maturity debt securities and held for trading securities are classified as available-for-sale, and are measured at fair value. Available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Securities are recognized at the date of settlement.

Specific instruments

Loans to the policyholders are the securitized loans that are used by the policyholders with the security of their saving life insurance policies that have made premium payments throughout the period that is determined by the technical bases related to certified tariffs of saving life policies (this period is 3 years according to general conditions of life insurance). As at 31 December 2011, total amount of loans to the policyholders amounts to TL 246.684 (31 December 2010: TL 369.585).

Financial investments with risks on saving life policyholders are the financial assets invested against the savings of the life policyholders. Financial investments with risks on saving life policyholders could be classified as financial assets held for trading purpose, available for sale financial assets or held to maturity investments by considering the benefits of the policyholders and measured in accordance with the principles as explained above.

When such investments are classified as available-for-sale financial assets, 5% of the difference between the fair values and amortized costs, calculated by using effective interest method, of the financial assets is recorded under equity and the remaining 95% belonging to policyholders is recorded as 'insurance technical provisions – life mathematical provisions'. As at 31 December 2011, 95% of the difference between fair values and amortized costs of those assets backing liabilities amounted to TL 2.956.721 (31 December 2010: TL 4.049.879) is recorded in life mathematical provisions.

Receivables from private pension operations consist of 'capital advances given to pension investment funds', 'receivable from pension investment funds for fund management fees', 'entrance fee receivable from participants' and 'receivables from clearing house on behalf of the participants'. 'Receivable from pension investment funds for fund management fee' are the fees charged to the pension investment funds against for the administration of related pension investment funds which consist of fees which are not collected in the same day. Capital advances given to pension investments funds during their establishment are recorded under 'capital advances given to pension investment funds'. 'Receivables from the clearing house on behalf of the participants' is the receivable from clearing house on fund basis against the collections of the participants. Same amount is also recorded as payables to participants for the funds sold against their collections under the 'payables arising from private pension business'.

Derecognition

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2.9 Impairment on assets

Impairment on financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

Receivables from main operations are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Impairment on tangible and intangible assets

On each balance sheet date, the Company evaluates whether there is an indication of impairment of fixed assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – Impairment of Assets and if the recoverable amount is less then the carrying value of the related asset, a provision for impairment loss is made.

Discount and provision expenses of the period are disclosed in Note 47 – Others.

2.10 Derivative financial instruments

As at balance sheet date, the Company does not hold any derivative financial instruments.

2.11 Offsetting of financial assets

Financial assets and liabilities are set off and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses arising from a group of transactions resulting from the Company's similar activities like trading transactions.

2.12 Cash and cash equivalents

Cash and cash equivalent, which is a base for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2.13 Capital

As at 31 December 2011, the shareholder having direct or indirect control over the Company is Garantibank which has 84,91% of the outstanding shares of the Company. Other shareholder having direct or indirect control over the Company is Eureko by 15,00% shares of the outstanding shares.

As at 31 December 2011 and 2010, the share capital and ownership structure of the Company are as follows:

	31 December 2011		31 December 2010	
	Nominal Value of the Shares (TL)	**Percentage (%)**	**Nominal Value of the Shares (TL)**	**Percentage (%)**
Türkiye Garanti Bankası A.Ş.	42.456.190	84,91	42.456.190	84,91
Eureko BV	7.500.000	15,00	7.500.000	15,00
Other	43.810	0,09	43.810	0,09
Paid-in Capital	**50.000.000**	**100,00**	**50.000.000**	**100,00**

Sources of the capital increases during the year

None.

Privileges on common shares representing share capital

None.

Registered capital system in the Company

None.

Repurchased own shares by the Company

None.

2.14 Insurance and investment contracts – classification

An insurance contract is a contract under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account caption "written premiums".

Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

Saving life products and private pension contracts of the Company are classified as investments contracts in accordance with the above definition. In saving life products, all the premiums received from policyholders are recognized as revenue within the framework of current regulations, portion of the premiums that is transferred to savings on behalf of the policyholders are charged to the profit or loss by recognizing a liability under life mathematical provisions. In private pension contracts, collected contributions of participants is recognized as a liability under "payables to participants", the same amount is recorded as a receivable under "receivables from clearing house on behalf of the participants" account.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2.15 Insurance contracts and investment contracts with discretionary participation feature

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits.

(i) that are likely to comprise a significant portion of the total contractual benefits,
(ii) whose amount or timing is contractually at the discretion of the Issuer; and
(iii) that are contractually based on:
- (1) the performance of a specified pool of contracts or a specified type of contract;
- (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
- (3) the profit or loss of the Company, Fund or other entity that issues the contract.

As at balance sheet date, the Company does not have any insurance or investment contracts with DPF.

2.16 Investment contracts without DPF

In the context of the saving life products, if the investment return, obtained from the savings of the policyholders which is invested by the Company, results a lower yield rate than the technical interest rate, the Company compensates the difference; if investment return results higher yield than the guaranteed technical interest rate, the difference is distributed to the policyholders as profit sharing bonus. Due to contractual and competitive constraints in practice, the Company has classified these contracts as investment contracts without DPF.

For such products, investment income obtained from assets backing liabilities is recorded within income statement or equity in accordance with the accounting policies mentioned above; and whole contract is presented as a liability under life mathematical provisions.

2.17 Liabilities

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities of the Company are measured at their discounted values. A financial liability is derecognized when it is extinguished.

Payables from private pension business consist of payables to participants, participants' temporary accounts, and payables to private pension agencies. The payables to participants is the account in which the contribution of participants that transferred to investments on behalf of private pension contract owners and income from these investments are recorded. The temporary account of participants includes the contributions of participants that have not yet been transferred to the investment. This account also includes the entrance fee deducted portion of the participants' fund amounts, obtained from the fund share sales occur in the case of system leaves. This account consists of the amounts of participants that will be transferred to other private pension companies or participants' own accounts. This account means Company's liabilities to private pension agencies in return of their services.

2.18 Income taxes

Corporate tax

Statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As at of balance sheet date, the Company does not have any deductible tax losses.

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

Deferred taxes

In accordance with TAS 12 – Income taxes, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm’s length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2.19 Employee benefits

Employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2011 is TL 2.805,04 (31 December 2010: TL 2.623,23).

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – Employee Benefits. The major actuarial assumptions used in the calculation of the total liability as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Discount Rate	5,00%	5,10%
Expected Rate of Salary/Limit Increase	4,76%	4,66%

Other benefits

The Company has provided for undiscounted short-term employee benefits earned during the period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

Provision

A provision is made for an existing obligation resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the footnotes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset.

2.20 Revenue recognition

Written premiums

Written premiums represent premiums on policies written during the year net of taxes, premiums of the cancelled policies which were produced in prior years and premium ceded to reinsurance companies.

Commission income and expense

As further disclosed in Note 2.24, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferred commission income and deferred commission expense in the financial statements.

Commissions to intermediaries accrued during period for the production of private pension contracts are expensed in the related accounting period and are recognized under the pension business technical expense as operational expense.

Furthermore, in life and unemployement branches, income accrual for the profit commissions is calculated over the earnings of reinsurers. Profit commissions should be related to the rates determined by the existing contracts. Profit commissions depend on the Company's past performance and are not directly relevant to the production of the policies. Therefore, they are calculated as at period ends and recognized in the statement of income without subjecting to any deferral.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Interest income and expense

Interest income and expense are recognized in the statement of income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Trading income/expense

Trading income/expense includes gains and losses arising from disposals of financial assets held for trading purpose and available-for-sale financial assets. Trading income and trading expenses are recognized as “Income from disposal of financial assets” and “Loss from disposal of financial assets” in the accompanying financial statements.

Dividends

Dividend income is recognized when the Company’s right to receive payment is ascertained.

Income from private pension operations

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Company and the portfolio managers in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as “Fund management income” under technical income and portion of the portfolio manager is recognized as “Fund management expense” under technical expenses.

Management fee is levied on contributions of the participants up to 8% and recognized as income.

Entrance fees are received by the Company from participants during entry into the system and for the opening of a new private pension account. Entrance fees charged to the participants could not be higher than minimum wage that is valid on the date of the contract. In Practice and SME plans, a portion of entrance fees are collected in advance or by 12 instalments and a portion of it is deferred on the condition that it does not exceed 5 years. In Prestige, Select and Garanti e-pension plans, entry fee is not taken during the entry but deferred to exit. In case where the participants leave the Company before 5 years, staying period, the deferred portion of the entry fee is charged as penalty. Hence, deferred portions of entry fees are accepted as contingent assets and are not recognized in the financial statements.

The difference in value of the pension investment fund shares, obtained due to capital advance on the date of establishment, to the date of selling of those shares to the participants is recorded in the income statement as “increase in value of capital allowances given as advances”.

2.21 Leasing transactions

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease.

As at balance sheet date, the Company does not have any leasing transaction.

2.22 Dividend distribution

In the Ordinary General Meeting held on 25 April 2011, it has been resolved to transfer the net profit for the year 2010 amounted to TL 100.040.679 to reserves instead of distributing as dividend.

2.23 Reserve for unearned premiums

According to the Communiqué on Technical Reserves the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the balance sheet date for all short- term insurance policies.

In the case of personal accident insurance, annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period.

According to the 2009/9 Numbered Circular Related to Application of Technical Reserves issued on 27 March 2009 reserve for unearned premiums is calculated by taking into account that all polices become active at 12:00 at noon and end at 12:00 at noon.

2.24 Reserve for unexpired risks

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future claims and compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (reserve for outstanding claims, net + claims paid, net – reserve for outstanding claims carried forward, net) to earned premiums (written premiums, net + reserve for unearned premiums, net – reserve for unearned premiums carried forward, net). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

If the estimated claim premium ratio exceeds 95% in future periods for the estimated claim premium ratio of insurance branches, the amount calculated multiplying ratio exceeding 95% by net unearned premiums reserve is called net provision for unexpired risk reserve, and the amount calculated multiplying ratio exceeding 95% by gross unearned premiums reserve is called gross provision for unexpired risk reserve.As at 31 December 2011 and 31 December 2010, related test have not resulted any deficiency in the premiums of the Company.

2.25 Outstanding claims reserve

Outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Claims incurred before the accounting periods but reported subsequently to those dates are accepted as incurred but not reported claims ("IBNR"). Except the life branch, the difference between the accrued and defined provision for outstanding claims and the amount determined by Undersecretariat of Treasury by using actuarial chain ladder method is the incurred but not reported outstanding claim amount. In calculation principle process determined by Undersecretariat of Treasury, the collateral amount for the related branch are taken into consideration for incurred but not reported policy amounts for outstanding claims provision, related to the life branch. According to the calculation of incurred but not reported claims related to life branch, the weighted average rate, calculated by dividing the previous years incurred but not reported claims to prior year yearly average policy amount, is taken into consideration and the current year incurred but not reported claims is calculated by multiplying the calculated weighted average rate and current year yearly weighted average gurantee amount. The amounts are calculated over gross amounts. The net amounts are calculated depending on the Company's prevailing related reinsurance agreements. Different calculation method is used for the test of incurred but not reported policy amounts. In the calculation, period-end figures are carried at gross amounts, covering the last 12 months period.

Claims incurred before the accounting periods but reported subsequently to those dates are accepted as incurred but not reported claims. Last five or more than five years' weighted average calculated by dividing total amount of incurred but not reported claims after deducting salvage and subrogation related to these files to premium production of the related years is considered in the calculation of IBNR. As of the current balance sheet date, IBNR is calculated by multiplying weighted average IBNR ratio by the premium production of last 12 months before balance sheet date. For the non-life branches, the amounts calculated both using the testing and actuarial chain ladder method are compared and the higher amount is reflected as incurred but not reported outstanding claims in the financial statements. In this context, Company has TL 4.397.572 incurred but not reported, net outstanding claims reserve in the financial statements as of 31 December 2011 (31 December 2010: TL 3.032.945).

According to the Technical Provisions Regulations, in order to measure the adequacy of outstanding claims reserve related to new branches and adequacy of number of claims determined by actuaries, companies have to prepare outstanding claims reserve adequacy table based on gross amounts in a format designated by the Undersecretariat of Treasury at the end of each fiscal year. Related to the outstanding claims adequacy test done at the year ends, there is no additional provision required as of 31 December 2011 (31 December 2010: None).

2.26 Mathematical provisions

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts. Mathematical provisions are composed of actuarial mathematical provisions and profit sharing provisions.

Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method). In life insurance where saving plan premiums are also generated, actuarial mathematical provisions consist of total saving plan portions of premiums.

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit sharing tariffs, obtained from the financial assets backing liabilities of the Company against the policyholders and other beneficiaries for the contracts which the Company is liable to give profit sharing.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

The valuation method used in calculation of the profit to be shared for saving life contracts is the same with the valuation basis of portfolio on which assets on which the Company invests the provisions allocated due to liabilities against the beneficiaries are included in the framework of basis defined in the Note 2.8 above.

2.27 Equalization reserves

In accordance with the 9th article of the "Communiqué Related to Changes in the Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" issued in 28 July 2010 dated 27655 numbered Official Gazette, the companies have to reserve equalization provision for loans and earthquake guarantees provided in all branches to equalize the possible fluctuations and to cover catastrophic risks including additional guarantees.

Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and loan net premiums of each year. Amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium. In the non-proportional reinsurance agreements including more than one branch, the amount of premium carried forward per each credit and earthquake branches is calculated with respect to its portion in the total premium amount unless another calculation method is determined by the Company. Allocation of provisions should be continued until it is reached the 150% of the highest amount of net premium written in the last five years. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount transferred to the equity can be taken as reserve, used for capital increase or payment of indemnities. In life insurance providing death benefit, the Company will be using its own statistical data in the calculation of balancing provision. The Companies which do not have data to make the necessary calculations will take the 11% of the death net premium as the earthquake premium and reserve the 12% of this amount. In the case of an earthquake or a loss in the loan branch and related financial year, provisions reserved for loan or earthquake guarantees can be used in the payment of indemnities. If claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves.

According to Circular No:2012/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account. On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR.

Equalization provisions are presented under "other technical reserves" within long-term liabilities in the accompanying financial statements.

2.28 Related parties

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

2.29 Earnings per share

In respect of TAS 33, "Earnings Per Share" standard, companies whose stocks are not traded in the stock market, do not have to disclose earnings per share. Since the Company's shares are not traded in the stock market, earnings per share are not disclosed in the accompanying financial statements.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2.30 Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the Notes when material.

2.31 Comparative Information and Restatement of Prior Period Financial Statements

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. Some classifications have been made for the prior year financial statements, in order to be appropriate with the current year financial statement presentation but there is not any significant classification requires a description.

3 Critical accounting estimates and judgments in applying accounting policies

The Notes given in this section are provided to addition/supplement the commentary on the management of insurance risk Note 4.1 – Management of insurance risk and Note 4.2 – Financial risk management.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following Notes:

Note 4.1 – Management of insurance risk
Note 4.2 – Financial risk management
Note 6 – Tangible assets
Note 8 – Intangible assets
Note 10 – Reinsurance assets/liabilities
Note 11 – Financial assets
Note 12 – Loans and receivables
Note 14 – Cash and cash equivalents
Note 17 – Insurance liabilities and reinsurance assets
Note 17 – Deferred acquisition costs
Note 18 – Investment contract liabilities
Note 18 – Receivables from private pension operations
Note 21 – Deferred income taxes
Note 23 – Provisions for other liabilities and charges

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4 Management of insurance and financial risk

4.1 Management of insurance risk

Pricing policies

The pricing policies and principles of the Company are as follows:

i) While determining risk premiums, the amount of expected losses are considered and premium limits are determined accordingly.
ii) During the study of pricing activities as a part of developing a new product, working of relevant units together within the Company is maintained by considering the needs of the customers and competition in the market.
iii) It is aimed to achieve profitability in product basis and providing continuity.
iv) Results of the pricing studies are compared with the prices of the competitors and international pricing cases.

When the distribution of the products in accordance with the premiums written for each product within last one year is analysed it is observed that premiums written for long term life and saving products have decreased, on the other hand, premiums written for one year term life products have increased. The Company management is in the opinion that this development in the production structure of the Company results positive effect on the profitability ratios. Pricing of the products by considering high profitability has protective effect on the future performance of the Company.

CSO-58, SM-53, CSO-80 and CSO-2001 mortality tables are used in the determination of the prices of life insurance products.

Insurance risk accepted by the Company in accordance with their total amounts and the quantity of the policies are presented in the below table. The Company management believes that the distribution of the insurance risk in terms of their total amounts and quantities are satisfactory.

	31 December 2011		31 December 2010	
	Insurance risk (TL	Unit	Insurance risk (TL)	Unit
Death	24.353.017.382	3.013.098	22.399.262.305	3.244.866
Disability due to accident	16.952.717.885	2.794.591	15.495.329.477	2.997.297
Disability due to illness	1.639.542.909	579.212	1.368.562.625	545.306
Critical illness	1.366.644.899	67.965	1.212.014.158	81.556
Treatment costs due to accident	1.408.249.277	778.425	851.756.611	509.596
Involuntary unemployment	489.208.797	526.774	476.953.406	517.319
Death due to accident	300.225.339	13.193	142.796.894	3.291
Unemployment/Daily hospital benefit	92.319.942	372.438	102.395.973	371.752
Permanenet disability benefit	91.090.000	9.109	-	-
Unemployment/Temporary disability benefit	14.881.750	48.788	5.607.250	22.367

The Company gives importance to the diversification of the insurance risk.

Risk evaluation policies

The Company uses leader reinsurer's medical risk evaluation tools in its risk assessment processes. Each year check-up limits are reviewed and revised in accordance with the historical statistics. Besides, the Company also performs 'Medical' risk evaluation through the Company's medical doctor, 'Moral' risk evaluation through its risk evaluation and selling staff, and 'Financial' risk assessment for private applications and the credit life insurances developed against bank loans.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Medical risk assessment

Medical risk assessment is the first step of risk assessment process. In order to learn and evaluate the health positions of the customers, they are requested to do check-up test in accordance with the conditions determined based on the amount of insured risk. Within this context, first evaluation is performed by the Company's medical doctor through medical assessment. Applicants carrying medical risk factors are rejected in accordance with the terms of agreement with reinsurers.

Moral risk assessment

In the second step of the risk assessment process, information about the customers' gender, living conditions, residence and the occupational information is obtained. During this process, sales force of the Company is expected to support related units of the Company for suspicious circumstances of the customers which are re-assessed.

Financial risk assessment

In the third step of the risk assessment process, requirement for customers' request for the amount of life insurance limits and their annual income or the amount of the loans requested from the banks being equal to each other is analysed. Since 90% of the Company's portfolio consists of bank products, total amount of insured risk is expected to match with the total amount of banks' credit risks. Evaluation of the credit risks of the customers by the banks as a part of their credit facilities is an important step for the Company's financial risk assessment process.

Operational risk management

The network between the Company's information system and T. Garanti Bankası A.Ş.'s information system, main distribution channel of the Company, has been established which provides all applications and all policy processes to be followed by the Company through its system. Within the claim payment process of the Company, all documents are followed by the electronic archiving system by keeping the original ones.

Reinsurance policies

The Company cedes risk based life insurance policies (death and other additional insured risks) through the reinsurance of the risks. Since technical profitability of risk based life insurance policies is high, maximum retention amount determined based on actuarial calculations is held by the Company in its conservation and the amount exceeding maximum retention amount is ceded to reinsurance companies through surplus treaties. On the other hand, the Company keeps less risk in its conservation for uncertain risks (such as critical illness).

In the case of life loss, disability resulted by accident, for employees to remain unemployed in private sector, hospitalization of self employed; quota share reinsurance treaty with reinsurance share ratio of 100% is contracted for the unemployment insurance which provides income guarantee in each insurance year.

Moreover, each year the Company signs excess of loss reinsurance contracts to protect its conservation for catastrophic damages such as earthquake, flood, major public transportation accidents, major natural disasters or terrorist attacks.

Reinsurance companies

The Company works with reinsurance companies in order to afford reinsurance assurance related to other collateral guarantee given under the life insurance and non life insurance branches for preservation of financial structure and allocation of profesional risk considering the existing and varying product structure. In this context, Company's job acceptance capacity and elasticity are increased with the reinsurance agreements in 2011 and it is provided that the risk is spreaded to different reinsurers by working with different reinsurance companies. Serving to customers with different product structures is intended by working with varying reinsurers. Additionaly, the Company gets opportunity to follow the developments in insurance sector closely.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

The decisive criteria for the relationship with reinsurers are as follows:

i) Financial strength,
ii) Long-term business relationship approach,
iii) Competitive prices,
iv) Capacity provided for facultative and un-proportional (catastrophic) reinsurance contracts,
v) Opportunities and information provided in risk assessment process, product development, trainings, information about new developments in the sector and etc.

Performance of the reinsurance companies in treaty agreements is evaluated for each year by considering the payment performance of the reinsurers for the claims paid and other due payables to the Company. Performance of the reinsurance companies in facultative agreements is evaluated by considering capacity provided to the Company, speed in operational reinsurance transactions, and technical and market information provided to the Company. In case where the performance of the reinsurer is not assessed as adequate, the Company decides on to engage with alternative reinsurance companies.

As a result of stable and consistent pricing and risk acceptance policies, risk assessment policies and conditions agreed with the treaty reinsurers enable the Company to insure the risk in higher amounts than the market averages.

Münchener Rückversicherungs AG ("Munich Re"), located in Munich, is the leader reinsurance firm of the Company for life insurance policies. Milli Reasürans T.A.Ş. ("Milli Re") is the second reinsurance firm in terms of its reinsurance share. The third big reinsurance firm is Mapfre Re, Compania de Reaseguros, SA, ("Mapfre Re") located in Madrid. And, fourth reinsurance firm is French based company SCOR VIE.

In unemployment insurance, the Company has engaged quota share reinsurance treaties with 100% reinsurance share ratio with BNP Paribas Cardif Hayat Sigorta A.Ş. ("Cardif") starting from second quarter of 2008 and Lighthouse General Insurance Company Limited ("Lighthouse") starting from the second half of 2009.

Recent ratings of these companies given by international institutions are as follows:

	Standard & Poors			AM Best		
Reinsurer	**Rating**	**Outlook**	**Date**	**Rating**	**Outlook**	**Date**
Munich Re	AA-	Stable	5 April 2011	A+	Stable	11 October 2010
Milli Re	trAA	-	4 August 2011	B++	Stable	20 September 2011
Scor Global Re	A	Pozitive	27 April 2011	A	Stable	26 April 2011
Mapfre Re	AA (*)	Negative	15 October 2011	A+	Negative	14 December 2011
Mapfre Re	AA(*)	Negatif	15 Ekim 2011	A+	Negatif	14 Aralık 2011

(*) The rating of Mapfre Re is updated to A Negative on 17 January 2012 report.

The Company's ratings, provide information about the tracking the financial structure of companies, allow monitoring the sustainability of long term business relationship, and the minimum capital determination is done related to the communiques on financial structure and capital adequacy of insurance, reinsurance and pension fund companies.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4.2 Financial risk management

Introduction and overview

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

• credit risk
• liquidity risk
• market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Credit risk

Credit risk is basically defined as the possibility that a counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The main financial statement balances that the Company has credit risk exposure is as follows:

• cash at banks
• other cash and cash equivalents
• available for sale financial assets
• financial assets held for trading
• investments with risks on policyholders
• premium receivables from policyholders
• receivables from intermediaries (agencies)
• receivables from private pension operations; receivables from pension investment funds and participants
• receivables from reinsurance companies related to claims paid and commissions accrued
• reinsurance shares of insurance liabilities
• due from related parties
• other receivables

Financial assets subject to credit risk of the company mainly consist of eurobonds issued by the Republic of Turkey Government and private sector bills; time and demand deposits held in banks and financial institutions of Turkey. These receivables are not to be considered as having high credit risk.

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholders. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Net carrying value of the assets that is exposed to credit risk is shown in the table below:

	31 December 2011	31 December 2010
Receivables from main operations (Note 12)	2.414.708.552	1.894.755.656
Cash and cash equivalents (Note 14)	500.187.457	354.616.351
Financial assets and financial investments with risks on policyholders (Note 11)	56.264.640	79.937.572
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	8.408.950	8.970.526
Due from related parties (Note 12)	3.712.017	2.887.203
Other receivables	47.036	68.437
Total	**2.983.328.652**	**2.341.235.745**

As at 31 December 2011 and 2010, the aging of the receivables from main operations is as follows:

	31 December 2011		31 December 2010	
	Gross amount	Provision	Gross amount	Provision
Not past due	2.398.661.901	-	1.886.858.018	-
Past due 0-30 days	5.311.113	-	2.886.827	-
Past due 31-60 days	1.832.045	-	681.115	-
Past due 61-180 days (*)	2.791.527	(217.361)	802.940	(122.694)
Past due 181-365 days	1.732.927	(21.541)	1.280.154	(137.487)
More than one year	4.617.941	-	2.506.783	-
Total	**2.414.947.454**	**(238.902)**	**1.895.015.837**	**(260.181)**

(*) Provision for the impairment of entrance fees which could not be collected yet and other receivables related to the pension operations amounted to TL 217.361 (31 December 2010: TL 122.694) , presented as netted off from receivables from private pension operations in the accompanying financial statements.

The Company cancels any life premiums that are accrued but not collected within a certain period of time, and deducts them from the premium income and from the receivables from insurance activities.

The Company books provision for the portion of entry fee receivables which is accrued during the entry and will be collected in maximum 12 instalments. This portion consists of accumulated participant amount of the participants and amount that can not be offsett.

The movement of the provision for receivables from private pension operations and insurance operations are is as follows:

	1 January – 31 December 2011	1 January– 31 December 2010
Provision for receivables from insurance and private pension operations at the beginning of the year	(260.181)	(282.966)
Collections during the year	137.225	-
Provision (provided) / released during the year	(115.946)	22.785
Provision for receivables from insurance and private pension operations at the end of the year	**(238.902)**	**(260.181)**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

Management of the Liquidity Risk

The Company considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

The following table provides an analysis of assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayments:

31 December 2011	Net Book Value	Unallocated	No Maturity	Up to1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	500.187.457	-	3.749.389	104.547.670	285.969.813	105.920.585	-	-
Financial assets and financial investments with risks on policyholders	56.264.640	263.221	-	25.062.915	1.059	-	-	30.937.445
Receivables from main operations	2.414.708.552	2.345.409.580	-	15.431.138	17.652.361	20.177.919	16.024.410	13.144
Due from related parties	3.712.017	-	-	3.712.017	-	-	-	-
Other receivables	42.867	-	-	42.867	-	-	-	-
Prepaid expenses and income accruals	33.554.896	-	-	5.489.719	9.282.682	10.502.607	8.279.888	-
Other current assets	36.339	-	-	-	36.339	-	-	-
Deferred tax asset	573.446	573.446	-	-	-	-	-	-
Deposits and guarantees given	4.169	-	-	-	-	-	-	4.169
Tangible assets	3.160.627	3.160.627	-	-	-	-	-	-
Intangible assets	11.483.196	11.483.196	-	-	-	-	-	-
Total assets	**3.023.728.206**	**2.360.890.070**	**3.749.389**	**154.286.326**	**312.942.254**	**136.601.111**	**24.304.298**	**30.954.758**
Financial liabilities	-	-	-	-	-	-	-	-
Payables arising from main operations	2.373.430.489	2.345.002.059	-	3.736.190	12.652.651	8.805.417	3.234.172	-
Due to related parties	5.270.211	-	-	5.270.211	-	-	-	-
Other liabilities	900.152	-	-	900.152	-	-	-	-
Insurance technical provisions (*)	117.490.705	59.890.279	-	9.529.303	16.287.331	18.181.033	13.602.759	-
Investment contract liabilities (**)	41.995.869	-	-	-	-	-	-	41.995.869
Provisions for taxes and other similar obligations	14.846.850	-	-	14.846.850	-	-	-	-
Provisions for other risks	2.091.809	-	-	-	-	-	1.941.188	150.621
Other liabilities and provisions	25.572.594	-	-	5.700.865	6.567.942	7.513.570	5.790.217	-
Equity	442.129.527	442.129.527	-	-	-	-	-	-
Total liabilities	**3.023.728.206**	**2.847.021.865**	**-**	**39.983.571**	**35.507.924**	**34.500.020**	**24.568.336**	**42.146.490**

(*) Outstanding claims reserve is presented within unallocated column in the table above.
(**) Investment contracts including savings and profit sharing provisions for saving life products are presented in more than 1 year column in the table above.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

31 December 2010	Net Book Value	Unallocated	No Maturity	Up to1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	354.616.351	-	435.638	218.684.712	135.496.001	-	-	-
Financial assets and financial investments with risks on policyholders	79.937.572	263.221	-	684.228	-	-	16.430.861	62.559.262
Receivables from main operations	1.894.755.656	1.834.630.332	-	16.996.433	22.780.198	13.266.173	7.082.520	-
Due from related parties	2.887.203	-	-	2.887.203	-	-	-	-
Other receivables	64.268	-	-	64.268	-	-	-	-
Prepaid expenses and income accruals	31.174.613	-	-	241.192	1.747.183	5.682.737	23.503.501	-
Other current assets	41.427	-	-	-	41.427	-	-	-
Deferred tax asset	181.774	181.774	-	-	-	-	-	-
Deposits and guarantees given	4.169	-	-	-	-	-	-	4.169
Tangible assets	2.187.211	2.187.211	-	-	-	-	-	-
Intangible assets	9.792.522	9.792.522	-	-	-	-	-	-
Totl assets	**2.375.642.766**	**1.847.055.060**	**435.638**	**239.558.036**	**160.064.809**	**18.948.910**	**47.016.882**	**62.563.431**
Financial liabilities	570.396	-	-	570.396	-	-	-	-
Payables arising from main operations	1.861.359.138	1.833.976.616	-	4.662.968	13.719.078	3.442.940	5.557.536	-
Due to related parties	2.594.839	-	-	2.594.839	-	-	-	-
Other liabilities	2.279.761	-	-	2.279.761	-	-	-	-
Insurance technical provisions (*)	102.864.341	50.206.829	-	418.831	3.029.973	9.747.600	39.461.108	-
Investment contract liabilities (**)	37.907.275	-	-	-	-	-	-	37.907.275
Provisions for taxes and other similar obligations	12.762.000	-	-	12.762.000	-	-	-	-
Provisions for other risks	1.812.970	-	-	-	-	-	1.635.467	177.503
Other liabilities and provisions	23.894.551	-	-	1.175.048	1.283.001	4.189.288	17.247.214	-
Equity	329.597.495	329.597.495	-	-	-	-	-	-
Total liabilities	**2.375.642.766**	**2.213.780.940**	**-**	**24.463.843**	**18.032.052**	**17.379.828**	**63.901.325**	**38.084.778**

(*) Outstanding claims reserve is presented within unallocated column in the table above.
(**) Investment contracts including savings and profit sharing provisions for saving life products are presented in more than 1 year column in the table above.

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Currency risk

The Company is exposed to currency risk through its transactions denominated in foreign currencies.

Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. Monetary assets and liabilities denominated in foreign currencies are measured at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the statement of income as foreign exchange gains or losses.

The Company's exposure to foreign currency risk is as follows:

31 December 2011	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	13.607.568	4.642	-	13.612.210
Financial assets and financial investments with risks on policyholders	24.715.155	6.222.290	-	30.937.445
Receivables from main operations	1.471.817	130.150	1.693	1.603.660
Total foreign currency denominated assets	**39.794.540**	**6.357.082**	**1.693**	**46.153.315**
Payables arising from main operations	(55.476)	(23.797)	(385)	(79.658)
Insurance technical provisions	(2.252.512)	(611.360)	(11.626)	(2.875.498)
Investment contract liabilities	(36.262.503)	(5.733.366)	-	(41.995.869)
Total foreign currency denominated liabilities	**(38.570.491)**	**(6.368.523)**	**(12.011)**	**(44.951.025)**
Balance sheet position	**1.224.049**	**(11.441)**	**(10.318)**	**1.202.290**

31 December 2010	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	6.255.058	7	-	6.255.065
Financial assets and financial investments with risks on policyholders	29.282.414	5.471.884	-	34.754.298
Receivables from main operations	2.924.996	88.174	6.180	3.019.350
Total foreign currency denominated assets	**38.462.468**	**5.560.065**	**6.180**	**44.028.713**
Payables arising from main operations	(54.928)	(28.654)	(1.050)	(84.632)
Insurance technical provisions	(2.163.284)	(558.898)	(19.600)	(2.741.782)
Investment contract liabilities	(32.710.520)	(5.196.755)	-	(37.907.275)
Total foreign currency denominated liabilities	**(34.928.732)**	**(5.784.307)**	**(20.650)**	**(40.733.689)**
Balance sheet position	**3.533.736**	**(224.242)**	**(14.470)**	**3.295.024**

TL equivalents of the related monetary amounts denominated in foreign currencies are presented in the table above.

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured as TL at the purchasing exchange rates announced by the Central Bank of Turkey ruling at 31 December 2011. Only life mathematical provisions and loans to the policyholders are measured at effective selling rates announced by the Central Bank of Turkey as disclosed on the face of policies.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Foreign exchange rates used for the translation of foreign currency denominated monetary assets and liabilities as at balance sheet date are as follows:

31 December 2011	US Dollar	Euro
Foreign currency rate used in translation of balance sheet items	1,8889	2,4438
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	1,9008	2,4593

31 December 2010	US Dollar	Euro
Foreign currency rate used in translation of balance sheet items	1,5460	2,0491
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	1,5558	2,0621

Exposure to currency risk

A 10 percent devaluation of the TL against the following currencies as at 31 December 2011 and 31 December 2010 would have increased or decreased 12 month period of equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent revaluation of the TL against the following currencies, the effect will be in opposite direction.

	31 December 2011		31 December 2010	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
US Dollar	93.009	122.405	317.278	353.374
Euro	(6.046)	(1.144)	27.564	22.424
Others	(1.032)	(1.032)	(1.447)	(1.447)
Total, net	**85.931**	**120.229**	**288.267**	**329.503**

(*)Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

Exposure to interest rate risk

The principle risk to trading portfolios are exposed is the risk of fluctuations in the fair values of financial instruments because of a change in market interest rate. The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands.

As at balance sheet date; the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed below:

	31 December 2011	31 December 2010
Fixed income financial assets		
Financial assets with fixed interest rates:		
Banks (time deposit) (Not 14)	489.471.023	343.778.497
Financial investments with risks on policyholders – Available for sale financial assets – eurobonds (Note 11)	30.937.445	34.754.298
Financial assets held for trading purpose – government bonds (Note 11)	1.059	44.235.825
Financial assets held for trading purpose – private sector bills (Note 11)	25.054.880	-
Loans to the policyholders (Note 12)	246.684	369.585
Financial assets with variable interest rates:	-	
Non-fixed income financial assets:		
Financial assets held for trading purpose – investment funds (Note 11)	8.035	684.228
Financial liabilities:	None	None.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Interest rate sensitivity of financial instruments

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income as at and for the year ended 31 December 2011 and 31 December 2010 of the floating rate non-trading financial assets and financial liabilities held at 31 December 2011 and 31 December 2010. Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at 31 December 2011 and 31 December 2010 for the effects of the assumed changes in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The table below demonstrating the effect of changes in interest rates on statement of income and equity excludes tax effects on related loss or income.

31 December 2011	**Statement of income**		**Equity(*)**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial assets held for trading purpose	(16.176)	16.334	(16.176)	16.334
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(50.859)	55.308
Total, net	**(16.176)**	**16.334**	**(67.035)**	**71.642**

31 December 2010	**Statement of income**		**Equity(*)**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial assets held for trading purpose	(534.615)	546.629	(534.615)	546.629
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(56.151)	60.964
Total, net	**(534.615)**	**546.629**	**(590.766)**	**607.593**

(*) Equity effect also includes 100 base point (bp) effect of increase and decrease in interest rates on profit or loss.

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. The Company has classified its financial assets as whether held for trading purpose or available for sale and measured its financial assets at their fair values at the end of the year.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

Classification relevant to fair value information

TFRS 7 – Financial instruments: Disclosures requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible. Fair value of financial assets and liabilities shown in the financial statements at fair value are presented below:

	31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Available for sale financial assets (Note 11) (*)	-	-	-	(*)
Financial assets held for trading (Note 11)	25.063.974	-	-	25.063.974
Financial investments with risks on policyholders classified as available for sale (Note 11)	30.937.445	-	-	30.937.445
Total financial assets	**56.001.419**	**-**	**-**	**56.001.419**

(*)The Company's has equity instruments that are classified as available-for-sale investments that do not have quoted prices in an active market and whose fair values cannot be reliably measured are stated at cost.

	31 December 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Available for sale financial assets (Note 11) (*)	(*)	-	-	(*)
Financial assets held for trading (Note 11)	44.920.053	-	-	44.920.053
Financial investments with risks on policyholders classified as available for sale (Note 11)	34.754.298	-	-	34.754.298
Total financial assets	**79.674.351**			**79.674.351**

(*)The Company's has equity instruments that are classified as available-for-sale investments that do not have quoted prices in an active market and whose fair values cannot be reliably measured are stated at cost.

Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Undersecretariat of Treasury;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk assumed.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

In accordance with the "Circular Regarding the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Private Pension Companies" issued by the Undersecretariat of Treasury on 19 January 2008 dated and 26761 numbered Official Gazette, the Company measured its minimum capital requirement as at 31 December 2011 as TL 77.014.076. As at 31 December 2011, the Company's total equity in its statutory financial statements amounted to TL 445.663.570 which is above the minimum capital requirement amount.

Gains and losses from financial instruments

Financial gains and losses recognized in the statement of income	**31 December 2011**	**31 December 2010**
Interest income from bank deposits	39.024.204	26.351.760
Interest income/(expense) from financial assets	3.238.069	5.314.375
Income from investment funds	184.119	44.000
Gains from trading of debt securities	1.092.857	3.703.598
Income from Turkish Derivatives Exchange transactions	929.464	2.739.699
Income from derivative transactions	-	557,218
Foreign exchange gains (***) (****)	62.636.916	659.962
Financial gains (*)	**107.105.629**	**39.370.612**
Foreign exchange losses (****)	(54.425.603)	(353.049)
Losses from trading of debt securities	(991.385)	(1.749.650)
Losses from Turkish Derivatives Exchange transactions	(5.438)	(5.102.151)
Others	(69.172)	(131.458)
Financial losses (**)	**(55.491.598)**	**(7.336.308)**
Financial gains and losses recognized in the statement of income. net	**51.614.031**	**32.034.304**

(*) Total financial gains also include life investment income.
(**) Total financial losses do not include amortisation expenses.
(***) Includes the foreign exchange income and losses shown under life branch investment income.
(****) System improvement in foreign exchange gains and losses account causes different presentation of foreign exchange gains and losses in the current and previous years.

Financial gains and losses recognized in equity	**31 December 2011**	**31 December 2010**
Interest income from financial assets	342.983	436.102
Deferred tax effect	(68.597)	(87.221)
Financial gains and losses recognized in equity, net	**274.386**	**348.881**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

5 Segment reporting

Segment reporting is presented based on the Company's operations and geographical segments. The Company's main segment reporting is based on the Company's operations.

The related assets and liabilities by branches and operation results are prepared according to the accounting interpretations explained under" Summary of Significant Accounting Policies".

Geographical segment reporting

The main geographical segment the Company operating in, is Turkey, so the Company does not disclose geographical segment reporting.

Operating segments

31 December 2011	Life	Non-Life	Private Pension	Unallocated	Total
Continuing operations					
Technical income	166.292.028	2.349	85.589.184	-	251.883.561
Technical expense	(84.337.666)	(20.261)	(58.059.051)	-	(142.416.978)
Other gains and losses, total	-	-	-	32.277.530	32.277.530
Technical net profit from ongoing operations	**81.954.362**	**(17.912)**	**27.530.133**	**32.277.530**	**141.744.113**
Profit before taxes	**81.954.362**	**(17.912)**	**27.530.133**	**32.277.530**	**141.744.113**
Income tax expense	-	-	-	(29.137.586)	(29.137.586)
Profit for the period (loss)	**81.954.362**	**(17.912)**	**27.530.133**	**3.139.944**	**112.606.527**
Other segment information					
Depreciation expense (Note 6)					**1.148.877**
Amortisation expense (Note 8)					**6.758.578**
31 December 2011					
Segment assets	111.680.105	10	2.354.879.389	557.168.702	**3.023.728.206**
Total segment assets	**111.680.105**	**10**	**2.354.879.389**	**557.168.702**	**3.023.728.206**
Segment liabilities	184.307.312	3.048	2.348.606.703	490.811.143	**3.023.728.206**
Total segment liabilities	**184.307.312**	**3.048**	**2.348.606.703**	**490.811.143**	**3.023.728.206**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

31 December 2010	Life	Non-Life	Private Pension	Unallocated	Total
Continuing operations					
Technical income	143.059.261	1.506	67.553.745	-	**210.614.512**
Technical expense	(65.532.897)	(26.338)	(35.933.616)	-	**(101.492.851)**
Other gains and losses, total	-	-	-	16.644.021	**16.644.021**
Technical net profit from ongoing operations	**77.526.364**	**(24.832)**	**31.620.129**	**16.644.021**	**125.765.682**
Profit before taxes	**77.526.364**	**(24.832)**	**31.620.129**	**16.644.021**	**125.765.682**
Income tax expense				(25.725.003)	**(25.725.003)**
Profit for the period	**77.526.364**	**(24.832)**	**31.620.129**	**(9.080.982)**	**100.040.679**
Other segment information					
Depreciation expense (Note 6)				1.154.312	**1.154.312**
Amortisation expense (Note 8)				5.382.826	**5.382.826**
31 December 2010					
Segment assets	118.638.221	14	1.842.126.242	414.878.289	2.375.642.766
Total segment assets	**118.638.221**	**14**	**1.842.126.242**	**414.878.289**	**2.375.642.766**
Segment liabilities	166.039.481	1.278	1.836.089.995	373.512.012	2.375.642.766
Total segment liabilities	**166.039.481**	**1.278**	**1.836.089.995**	**373.512.012**	**2.375.642.766**

6 Tangible assets

Movement in tangible assets in the period from 1 January to 31 December 2011 is presented below:

	1 December 2011	Additions	Disposals	31 December 2011
Cost:				
Furniture and fixtures	6.199.419	1.992.632	(157.717)	8.034.334
Other tangible assets (including leasehold improvements)	1.768.718	129.661	-	1.898.379
Tangible assets acquired through finance leasing	168.464	-	-	168.464
	8.136.601	**2.122.293**	**(157.717)**	**10.101.177**
Accumulated depreciation:				
Furniture and fixtures	(4.203.562)	(1.054.954)	157.717	(5.100.799)
Other tangible assets (including leasehold improvements)	(1.577.363)	(93.923)		(1.671.286)
Tangible assets acquired through finance leasing	(168.465)			(168.465)
	(5.949.390)	**(1.148.877)**	**157.717**	**(6.940.550)**
Net book value	**2.187.211**			**3.160.627**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Movement in tangible assets in the period from 1 January to 31 December 2010 is presented below:

	1 December 2010	Additions	Disposals	31 December 2010
Cost:				
Furniture and fixtures	6.258.337	379.903	(438.821)	6.199.419
Other tangible assets (including leasehold improvements)	1.768.718	-	-	1.768.718
Tangible assets acquired through finance leasing	168.464	-	-	168.464
	8.195.519	**379.903**	**(438.821)**	**8.136.601**
Accumulated depreciation:				
Furniture and fixtures	(3.620.170)	(1.020.213)	436.821	(4.203.562)
Other tangible assets (including leasehold improvements)	(1.478.361)	(99.002)	-	(1.577.363)
Tangible assets acquired through finance leasing	(133.368)	(35.097)	-	(168.465)
	(5.231.899)	**(1.154.312)**	**436.821**	**(5.949.390)**
Net book value	**2.963.620**			**2.187.211**

There is not any change in depreciation method in the current period.

There are no finance lease re-payments during the current and the prior year.

7 Investment properties

None.

8 Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2011 is presented below:

	1 January 2011	Additions	Disposals	31 December 2011
Cost:				
Rights	-	334.371	-	334.371
Other intangible assets(*)	29.740.581	8.114.881	-	37.855.462
Accumulated amortisation:	**29.740.581**	**8.449.252**	**-**	**38.189.833**
Rights				
Other intangible assets(*)	-	(192.263)	-	(192.263)
	(19.948.059)	(6.566.315)	-	(26.514.374)
	(19.948.059)	**(6.758.578)**	**-**	**(26.706.637)**
Net book value	**9.792.522**			**11.483.196**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Movement in intangible assets in the period from 1 January to 31 December 2010 is presented below:

	1 December 2010	Additions	Disposals	31 December 2010
Cost:				
Other intangible assets(*)	23.151.670	6.588.911	-	29.740.581
	23.151.670	**6.588.911**	**-**	**29.740.581**
Accumulated amortisation:				
Other intangible assets(*)	(14.565.233)	(5.382.826)	-	(19.948.059)
	(14.565.233)	**(5.382.826)**	**-**	**(19.948.059)**
Net book value	**8.586.437**			**9.792.522**

(*) Other intangible assets consist fo computer softwares

9 Investments in associates

None.

10 Reinsurance assets/(liabilities)

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

Reinsurance assets	31 December 2011	31 December 2010
Reinsurance share of unearned premiums reserve (Note 17)	48.389.681	46.023.149
Reinsurance share of outstanding claims reserve (Note 17)	8.408.950	8.970.526
Receivables from reinsurers (Note 12)	706.018	1.515.929
Total	**57.504.649**	**56.509.604**

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	31 December 2011	31 December 2010
Deferred commission income (Deferred income) (Note 19)	24.044.819	22.890.687
Payables to the reinsurers related to premiums ceded (Note 19)	10.353.936	12.410.611
Total	**34.398.755**	**35.301.298**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	1 January– 31 December 2011	1 January– 31 December 2010
Ceded premiums to reinsurers during the period (Note 17)	(87.856.434)	(93.527.616)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(46.023.149)	(32.936.852)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	48.389.681	46.023.149
Ceded premiums to reinsurers (Note 17)	(85.489.902)	(80.441.319)
Reinsurance share of claims paid, during the period (Note 17)	15.533.808	17.788.882
Reinsurance share of outstanding claims reserve, at the beginning of the period (Note 17)	(8.970.526)	(9.847.331)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	8.408.950	8.970.526
Reinsurance share of claims incurred (Note 17)	**14.972.232**	**16.912.077**
Commission income accrued from reinsurers during period	60.254.280	63.681.114
Deferred commission income, at the beginning of the period (Note 19)	22.890.687	15.930.946
Deferred commission income, at the end of the period (Note 19)	(24.044.819)	(22.890.687)
Commission income earned from reinsurers	**59.100.148**	**56.721.373**
Total, net	**(11.417.522)**	**(6.807.869)**

11 Financial assets

As at 31 December 2011 and 2010, the Company's financial asset portfolio are detailed as follows:

Financial assets and financial investments with risk on policyholders	**31 December 2011**	**31 December 2010**
Available for sale financial assets	263.221	263.221
Financial assets held for trading purpose	25.063.974	44.920.053
Financial investments with risks on saving life policyholders classified as available for sale	30.937.445	34.754.298
Total	**56.264.640**	**79.937.572**

As at 31 December 2011 and 31 December 2010, the Company's financial assets held for trading are detailed as follows:

		31 December 2011	
	Cost	**Fair value**	**Carrying value**
Debt instruments:			
Government Bonds – TL	1.047	1.059	1.059
	1.047	**1.059**	**1.059**
Other non-fixed income financial assets:			
Private sector bills (*)	23.446.954	25.054.880	25.054.880
Investment funds	8.007	8.035	8.035
	23.454.961	**25.062.915**	**25.062.915**
Total financial assets held for trading purpose	**23.456.008**	**25.063.974**	**25.062.915**

(*) Private sector bills is composed of T. Garanti Bankası A.Ş. privavate sector bills.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	31 December 2010		
	Cost	Fair value	Carrying value
Debt instruments:			
Government bonds – TL	43.431.350	44.235.825	44.235.825
	43.431.350	**44.235.825**	**44.235.825**
Equity shares and other non-fixed income financial assets:	684.228	684.228	684.228
Investment funds	**684.228**	**684.228**	**684.228**
Total financial assets held for trading purpose	**44.115.578**	**44.920.053**	**44.920.053**

As at 31 December 2011 and 31 December 2010, the Company's available for sale financial assets in its own portfolio are detailed as follows:

	31 December 2011		
	Cost	Fair value	Carrying value
Equity shares and other non-fixed income financial assets:			
Equity shares (*)	263.221	263.221	263.221
Total financial assets held for trading	**263.221**	**263.221**	**263.221**

	31 December 2011		
	Cost	Fair value	Carrying value
Equity shares and other non-fixed income financial assets:			
Equity shares (*)	263.221	263.221	263.221
Total financial assets held for trading	**263.221**	**263.221**	**263.221**

(*) The market value of financial assets held for trading which could not be reliably estimated, are presented with their cost value.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

As at 31 December 2011 and 31 December 2010, the Company's financial investments with risks on saving life policyholders ("FIRSLP") are detailed as follows:

	31 December 2011		
	Cost	**Fair value**	**Carrying value**
Debt instruments:			
Eurobonds issued by The Republic of Turkey Government	28.192.842	30.937.445	30.937.445
Total available for sale financial assets	**28.192.842**	**30.937.445**	**30.937.445**
Total financial investments with risks on saving life policyholders	**28.192.842**	**30.937.445**	**30.937.445**

	31 December 2011		
	Cost	**Fair value**	**Carrying value**
Debt instruments:			
Eurobonds issued by The Republic of Turkey Government	31.509.468	34.754.298	34.754.298
Total available for sale financial assets	**31.509.468**	**34.754.298**	**34.754.298**
Total financial investments with risks on saving life policyholders	**31.509.468**	**34.754.298**	**34.754.298**

All debt instruments presented above are traded in active markets.

There is no debt security issued during the period or issued before and paid during the period by the Company.

Value increases in financial assets for the last 3 years:

Year	**Change in value increase/(decrease)**	**Total increase/ (decrease) in value**
2011	(74.495)	274.386
2010	(53.499)	348.881
2009	399.705	402.380

Value increases show the differences between the financial assets' carrying value and the cost value at the end of the period.

Financial assets issued by related parties of the Company:

As at 31 December 2011, the Company does not have investment funds (31 December 2010: None), classified as financial assets held for trading purpose.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Financial assets blocked in favor of the Undersecretariat of Treasury as a guarantee for the insurance activities are as follows:

	31 December 2011		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders – debt securities	28.192.842	30.937.445	30.937.445
Total	**28.192.842**	**30.937.445**	**30.937.445**

	31 December 2010		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders – debt securities	31.509.468	34.754.298	34.754.298
Total	**31.509.468**	**34.754.298**	**34.754.298**

12 Loan and receivables

	31 December 2011	31 December 2010
Receivables from main operations (Note 4.2)	2.414.708.552	1.894.755.656
Due from related parties (Note 4.2), (Note 45)	3.712.017	2.887.203
Other receivables (Note 4.2)	42.867	64.268
Non-current receivables	4.169	4.169
Total	**2.418.467.605**	**1.897.711.296**
Short-term receivables	2.418.463.436	1.897.707.127
Mid-term and long-term receivables	4.169	4.169
Total	**2.418.467.605**	**1.897.711.296**

As at 31 December 2011 and 31 December 2010, receivables from main operations are detailed as follows:

	31 December 2011	31 December 2010
Receivables from policyholders	58.898.002	51.144.608
Receivables from reinsurance companies (Note 10)	706.018	1.515.929
Provisions for doubtful receivables from policyholders (Note 4.2)	(21.541)	(137.487)
Total receivables from insurance operations, net	**59.582.479**	**52.523.050**
Loans to the policyholders (Note 4.2)	246.684	369.585
Receivables from private pension operations (Note 18)	2.355.096.750	1.841.985.715
Provision for receivables from private pension operations (Note 4.2), (Note 18)	(217.361)	(122.694)
Receivables from main operations	**2.414.708.552**	**1.894.755.656**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Provision for both overdue receivables and receivables not due yet

a) Receivables under legal or administrative follow up (due): None (31 December 2010: None).

b) Provision for premium receivables (due): TL 21.541 (31 December 2010: TL 137.487).

c) Provision for impairment of receivables from entrance fees: TL 217.361 (31 December 2010: TL 122.694)

The related party transactions of the Company are presented in Note 45 in detail.

The receivables and payables denominated in foreign currencies and detailed analyses of foreign currency balances are presented in Note 4.2.

13 Derivative financial instruments

The Company does not have any derivative financial instruments as of 31 December 2011 and 31 December 2010.

14 Cash and cash equivalents

As at 31 December 2011 and 31 December 2010, cash and cash equivalents are as follows:

	31 December 2011		31 December 2010	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	48	168	168	419
Bank deposits	493.220.364	344.213.967	344.213.967	236.431.118
Other cash and cash equivalents	6.967.045	10.402.216	10.402.216	6.045.512
Cash and cash equivalents in the balance sheet	**500.187.457**	**354.616.351**	**354.616.351**	**242.477.049**
Interest accruals on bank deposits	(3.043.902)	(1.692.190)	(1.692.190)	(1.078.780)
Total	**497.143.555**	**352.924.161**	**352.924.161**	**241.398.269**
Blocked amount	(94.090.996)	(64.794.507)	(64.794.507)	(44.672.200)

As at 31 December 2011 and 31 December 2010, cash and cash equivalents are as follows:

	31 December 2011	31 December 2010
Foreign currency denominated bank deposits		
- time deposits	13.607.565	6.254.395
- demand deposits	4.645	670
Bank deposits in Turkish Lira		
- time deposits	475.863.458	337.524.102
- demand deposits	3.744.696	434.800
Cash at banks	**493.220.364**	**344.213.967**

As at 31 December 2011, cash collateral kept at banks in favour of the Undersecretariat of Treasury against insurance operations amounted to TL 94.090.996 (31 December 2010: TL 64.794.507).

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Company's time deposits in T. Garanti Bankası A.Ş. is stated in note 45.

As at 31 December 2011 and 2010, the intrest rate interval as follows:

	31 December 2011 Interest rate(%)	31 December 2010 Interest rate(%)
TL	8%-13%	6%-9,15%
Foreign Currency	4%	0,50%-%3%

As at 31 December 2011 and 2010, other cash and cash equivalents are further analyzed as follows:

	31 December 2011	31 December 2010
Receivables from credit card collections	6.967.045	7.192.836
Turkish Derivatives Exchange Collateral	-	3.209.380
Other cash and cash equivalents (Note 45)	**6.967.045**	**10.402.216**

15 Equity

Paid in capital

As at 31 December 2011 and 2010, the authorized nominal share capital of the Company is TL 50.000.000 and the share capital of the Company consists of 5.000.000.000 issued shares with TL 0,01 nominal value each.

There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any equity shares issued which will be subject to sale in accordance with forward transactions and contracts.

The shareholder having direct or indirect control over the shares of the Company is Garanti Bankası Group, having 84,91% of the outstanding shares. Another party which have significant influence over the operations of the Company is Netherland basis company Achmea BV (with its old title Eureko BV) ("Achmea") having 15,00% of outstanding shares.

A call option and a put option agreements were also signed between Garanti Bankası and Achmea respecting the Company's outstanding shares on 21 June 2007.

Call option: Achmea has the right to purchase 35% plus one shares of the Company's outstanding shares by a price determined in the agreement, if put option is not exercised. Achmea is not obliged to buy these shares; however Garanti Bankası is responsible for selling the shares in the case of Eureko's request of purchase. Call option can be exercised by Achmea starting from 21 June 2010 till the end of 21 June 2012.

Put option: Achmea has the right to sell all the shares which Achmea has at the exercise date by a price determined between parties in the agreement, if call option is not exercised. Achmea is not obliged to sell these shares, however Garanti Bankası is responsible for buying the shares in the case of Achmea's request of selling. Put option can be exercised by Achmea starting from 21 June 2010 till the end of 21 June 2012.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

	1 January - 31 December 2011	1 January - 31 December 2010
Legal reserves at the beginning of the period	**8.777.544**	**5.018.735**
Distribution of profit for the year	1.222.456	3.758.809
Legal reserves at the end of the period	**10.000.000**	**8.777.544**

Extraordinary Reserves

	1 January - 31 December 2011	1 January - 31 December 2010
Extraordinary reserves at the beginning of the period	**167.345.946**	**95.928.600**
Distribution of profit for the year	98.818.223	71.417.346
Extraordinary reserves at the end of the period	**266.164.169**	**167.345.946**

Revaluation of financial assets

The period income and expenses accrued directly under eqity as of balance sheet date is presented below:

	31 December 2011	31 December 2010
Interest income from financial assets	342.983	436.102
Deferred tax effect	(68.597)	(87.221)
Fair value reserves at the end of the period	**274.386**	**348.881**

16 Other reserves and equity component of DPF

As at 31 December 2011, there is not any other reserves presented under equity except for the fair value reserves of available-for-sale financial assets which is presented as "revaluation of financial assets" in the accompanying financial statements. Movement of fair value reserves of available-for-sale financial assets and their related tax effects are presented in Note 15.

The Company recognizes its liability to the policyholders due to the saving life products, classified as investment contracts, under life mathematical provisions. The Company recognizes its own portion for the unrealized gains and losses, recognized due to change in the fair values of available for sale financial assets backing long term investment contracts under equity within 'revaluation of financial assets'.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

17 Insurance contract liabilities and reinsurance assets

As at 31 December 2011 and 31 December 2010, provisions for technical reserves of the Company are disclosed as follows:

	31 December 2011	31 December 2010
Unearned premiums reserve, gross	105.990.107	98.680.661
Unearned premiums reserve, ceded (Note 10)	(48.389.681)	(46.023.149)
Unearned premiums reserve, net	**57.600.426**	**52.657.512**
Outstanding claims reserve, gross	25.178.700	21.520.307
Outstanding claims reserve, ceded (Note 10)	(8.408.950)	(8.970.526)
Outstanding claims reserve, net	**16.769.750**	**12.549.781**
Provision for bonus and discounts to the policyholders, net	**80.563**	**56.153**
Life mathematical reserve (shot term and long term)	**81.501.792**	**73.016.964**
Equalization reserve, net	**3.534.043**	**2.491.206**
Total insurance technical reserves, net	**159.486.574**	**140.771.616**
Short-term	86.152.169	71.463.315
Medium and long-term	73.334.405	69.308.301
Total insurance technical provisions, net	**159.486.574**	**140.771.616**

As at 31 December 2011 and 2010, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums reserve	**1 January - 31 December 2011**		
	Gross	**Reinsurer share**	**Net**
Unearned premiums reserve at the beginning of the period	98.680.661	(46.023.149)	52.657.512
Premiums written during the period	240.489.697	(87.856.434)	152.633.263
Premiums earned during the period	(233.180.251)	85.489.902	(147.690.349)
Unearned premiums reserve at the end of the period	**105.990.107**	**(48.389.681)**	**57.600.426**

Unearned premiums reserve	**1 January - 31 December 2011**		
	Gross	**Reinsurer share**	**Net**
Unearned premiums reserve at the beginning of the period	79.734.476	(32.936.852)	46.797.624
Premiums written during the period	234.159.971	(93.527.616)	140.632.355
Premiums earned during the period	(215.213.786)	80.441.319	(134.772.467)
Unearned premiums reserve at the end of the period	**98.680.661**	**46.023.149**	**52.657.512**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	1 January – 31 December 2011	1 January – 31 December 2010
Equalization reserve at the beginning of the period	2.491.206	1.199.793
Increases during the period	1.042.837	1.291.413
Equalization reserve at the end of the period	**3.534.043**	**2.491.206**

Uutstanding claims reserve	**1 January – 31 December 2011**		
	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	**21.520.307**	**(8.970.526)**	**12.549.781**
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	50.327.172	(14.972.232)	35.354.940
Claims paid during the period	(46.668.779)	15.533.808	(31.134.971)
Outstanding claims reserve at the end of the period	**25.178.700**	**(8.408.950)**	**16.769.750**

Uutstanding claims reserve	**1 January – 31 December 2011**		
	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	20.352.224	(9.847.331)	10.504.893
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	41.856.863	(16.912.077)	24.944.786
Claims paid during the period	(40.688.780)	(17.788.882)	(22.899.898)
Outstanding claims reserve at the end of the period	**21.520.307**	**(8.970.526)**	**12.549.781**

Claim development tables

The basic assumption used in the estimation of provisions for outstanding claims is the Company's past experience on claim developments. The Company's management uses the judgment to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims reserve is not known with certainty at the balance sheet date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent period financial statements.

Development of insurance liabilities enables to measure the performance of the Company in estimation of its ultimate claim losses. The numbers presented on the top of the below tables show the changes in estimations of the Company for the claims in subsequent years after accident years. The numbers presented on the below of the below tables give the reconciliation of total liabilities with outstanding claims reserve presented in the accompanying financial statements.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	31 December 2011						
Accident year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
Accident year	11.544.198	14.477.124	16.846.172	31.658.405	36.322.806	52.675.134	163.523.839
1 year later	11.424.830	14.908.660	17.804.120	31.642.019	33.288.475	-	109.068.104
2 years later	11.509.051	14.518.055	16.195.665	31.022.327	-	-	73.245.098
3 years later	11.530.147	14.405.006	16.932.830	-	-	-	42.867.983
4 years later	11.480.905	14.891.936	-	-	-	-	26.372.841
5 years later	11.716.935	-	-	-	-	-	11.716.935
Current estimate of cumulative claims	11.716.935	14.891.936	16.932.830	31.022.327	33.288.475	52.675.134	160.527.637
Cumulative payments up to date	(11.341.329)	(14.246.402)	(16.195.564)	(29.172.482)	(29.571.793)	(34.821.367)	(135.348.937)
Liability recognized in balance sheet	375.606	645.534	737.266	1.849.845	3.716.682	17.853.767	25.178.700
Total outstanding claims reserve, gross in the financial statements							**25.178.700**

	31 December 2011						
Accident year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
Accident year	9.994.808	13.933.763	16.209.890	16.045.111	18.896.391	34.264.720	109.344.682
1 year later	9.906.691	14.285.669	17.014.440	17.137.663	19.543.791	-	77.888.254
2 years later	9.973.187	13.900.724	15.421.318	16.387.884	-	-	55.683.113
3 years later	9.990.982	13.793.058	16.073.061	-	-	-	39.857.101
4 years later	9.931.802	14.255.576	-	-	-	-	24.187.378
5 years later	10.158.886	-	-	-	-	-	10.158.886
Current estimate of cumulative claims	10.158.886	14.255.576	16.073.061	16.387.884	19.543.791	34.264.720	110.683.918
Cumulative payments up to date	(9.795.016)	(13.646.370)	(15.435.727)	(15.487.183)	(16.530.176)	(23.019.696)	(93.914.168)
Liability recognized in balance sheet	363.870	609.206	637.334	900.701	3.013.615	11.245.024	16.769.750
Total outstanding claims reserve, net in the financial statements							**16.769.750**

	31 December 2010						
Accident year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Accident year	4.323.665	11.544.198	14.477.124	16.846.172	31.658.405	36.323.849	115.173.413
1 year later	4.293.833	11.424.830	14.908.660	17.804.120	31.642.019	-	80.073.462
2 years later	4.319.655	11.509.051	14.518.055	16.195.665	-	-	46.542.426
3 years later	4.315.405	11.530.147	14.405.006	-	-	-	30.250.558
4 years later	4.315.405	11.480.905	-	-	-	-	15.796.310
5 years later	4.439.226	-	-	-	-	-	4.439.226
Current estimate of cumulative claims	4.439.226	11.480.905	14.405.006	16.195.665	31.642.019	36.323.849	114.486.670
Cumulative payments up to date	(4.286.241)	(11.277.381)	(14.051.721)	(15.513.324)	(27.949.617)	(19.888.079)	(92.966.363)
Liability recognized in balance sheet	152.985	203.524	353.285	682.341	3.692.402	16.435.770	21.520.307
Total outstanding claims reserve, gross in the financial statements							**21.520.307**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	31 December 2010						
Accident year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Accident year	4.211.522	9.994.808	13.933.763	16.209.890	16.045.111	18.896.391	79.291.484
1 year later	4.172.785	9.906.691	14.285.669	17.014.440	17.137.663	-	62.517.248
2 years later	4.200.411	9.973.187	13.900.724	15.421.318	-	-	43.495.640
3 years later	4.196.161	9.990.982	13.793.058	-	-	-	27.980.201
4 years later	4.196.161	9.931.802	-	-	-	-	14.127.963
5 years later	4.314.662	-	-	-	-	-	4.314.662
Current estimate of cumulative claims	4.314.662	9.931.802	13.793.058	15.421.318	17.137.663	18.896.391	79.494.894
Cumulative payments up to date	(4.166.995)	(9.732.129)	(13.453.142)	(14.775.107)	(14.400.555)	(10.417.185)	(66.945.113)
Liability recognized in balance sheet	147.667	199.673	339.916	646.211	2.737.108	8.479.206	12.549.781
Provisions before 2004							
Total outstanding claims reserve, net in the financial statements							**12.549.781**

Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

	31 December 2011		31 December 2010	
	Should be placed (**)	Placed (*)	Should be placed (**)	Placed (*)
Life:				
Bank deposits		93.813.869		64.539.135
Financial assets (*)		30.368.512		35.050.427
Total	**104.035.365**	**124.182.381**	**91.963.403**	**99.589.562**
Non-life:				
Bank deposits		277.127		255.372
Total	**166.702**	**277.127**	**166.668**	**255.372**
Total	**104.202.067**	**124.459.508**	**92.130.071**	**99.844.934**

(*) As at 31 December 2011 and 31 December 2010, government bonds and treasury bills are measured at daily official prices announced by the Central Bank of Turkey; if these prices are not available, they are measured with stock exchange values; investment fund participation certificates are measured using the daily prices in accordance with the 6th Article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies".

(**) According to 7th article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

	1 January - 31 December 2011		1 January - 31 December 2010	
	Number of policyholders	Life mathematical reserve	Number of policyholders	Life mathematical reserve
Beginning of the year	3.244.866	73.016.964	2.908.543	69.846.879
Additions during the year	3.534.388	20.781.616	3.825.660	10.518.220
Disposals during the year	(3.766.148)	(12.296.788)	(3.489.337)	(7.348.135)
Current	**3.013.106**	**81.501.792**	**3.244.866**	**73.016.964**

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

	31 December 2011			31 December 2010		
	Number of contracts	Gross premium	Net premium	Number of contracts	Gross premium	Net premium
Individual	51.296	2.738.550	2.738.550	91.072	2.687.438	2.687.438
Group	3.483.092	237.745.986	237.745.986	3.734.588	231.471.188	231.471.188
Total	**3.534.388**	**240.484.536**	**240.484.536**	**3.825.660**	**234.158.626**	**234.158.626**

Distribution of number of contracts, gross and net premiums and mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

	31 December 2011				31 December 2010			
	Number of contracts	Gross premium	Net premium	Mathematical reserve	Number of contracts	Gross premium	Net premium	Mathematical reserve
Individual	105.075	424.702	424.702	(5.141.592)	70.078	1.129.308	1.129.308	(3.887.170)
Group	3.661.073	80.287.169	80.287.169	(7.155.196)	3.419.259	65.436.504	65.436.504	(3.460.965)
Total	**3.766.148**	**80.711.871**	**80.711.871**	**(12.296.788)**	**3.489.337**	**66.565.812**	**66.565.812**	**(7.348.135)**

Deferred commission expenses

The Company defers commissions paid to the intermediaries for the production of the policies and other expenses for the one year term life products and for annually renewed long term life products under prepaid expenses. As at 31 December 2011, deferred commission and other expenses amount to TL 12.723.604 TL and TL 20.685.458 (31 December 2010: TL 11.402.064 and TL 19.589.238), respectively. Prepaid expenses amount to TL 33.554.896 (31 December 2010, TL 31.174.613) consist of deferred commission expenses amount to TL 33.409.062 (31 December 2010: TL 30.991.302) and other prepaid expenses amounting to TL 145.834 (31 December 2010: TL 183.311).

The movement of deferred commission expenses as of 31 December 2011 and 31 December 2010 is as follows.

	1 January- 31 December 2011	1 January - 31 December 2010
Deferred commission expenses at the beginning of the period	11.402.064	9.380.150
Commissions accrued during the period	46.479.300	45.179.474
Paid commissions during the period	(45.157.760)	(43.157.560)
Deferred commission expenses at the end of the period	**12.723.604**	**11.402.064**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

18 Investment contract liabilities

The movements of life mathematical reserve for saving life policies as at 31 December 2011 and 31 December 2010 are as follows:

Life mathematical provision for saving life policies	**1 January-31 December 2011**	**1 January-31 December 2010**
Investment contract liabilities at the beginning of the period (Life-mathematical reserve)	37.907.275	38.015.026
Effect of foreign exchange differences	7.019.513	383.420
Written premiums during the period (saving life policies)	1.620.924	1.895.098
Disposals during the period (leaving policyholders)	(6.226.435)	(5.178.315)
Profit shares	2.767.750	2.335.934
Policyholders' portion of unrealized gains and losses due to changes in the fair values of investments with risks on policy holders, classified as available for sale financial assets (95%) (Note 30)	(1.093.158)	456.112
Investment contract liabilities at the end of the period	**41.995.869**	**37.907.275**

Profit share distribution rates to life policyholders during the period 31 December 2011 and 31 December 2010:

	31 December 2011	**31 December 2010**
USD:	7,13%	7,31%
EUR:	6,26%	5,94%

Pension operations

The details of receivables and liabilities from pension operations as at 31 December 2011 and 31 December 2010 are presented below:

	31 December 2011	**31 December 2010**
Receivables from clearing house on behalf of the participants	2.345.409.580	1.834.630.332
Receivables from participants (entrance fee)	9.687.170	7.355.383
Receivables from pension operations (Note 12)	**2.355.096.750**	**1.841.985.715**
Provision for the impairment of receivables from participants (Note 4.2), (Note 12)	(217.361)	(122.694)
Receivables from pension operations. net	**2.354.879.389**	**1.841.863.021**

	31 December 2011	**31 December 2010**
Payables to participants	2.345.409.580	1.834.480.332
Participants temporary account	2.399.133	684.369
Payables to custodian	1.229	9.411
Payables to Emeklilik Gözetim Merkezi	-	30.062
Other liabilities (Note 47)	796.761	885.821
Payables due to pension operations (Note 19)	**2.348.606.703**	**1.836.089.995**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

As at 31 December 2011 and 31 December 2010 pension investment funds founded by the Company and their unit prices are as follows:

	31 December 2011 Unit prices	31 December 2010 Unit prices
Likit Kamu Emeklilik Yatırım Fonu	0,028946	0,027091
Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,037744	0,036509
Gelir Amaçlı Kamu Dış Borçlanma Araçları (Eurobond) Emeklilik Yatırım Fonu	0,026661	0,022217
Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	0,039741	0,051557
Esnek Emeklilik Yatırım Fonu	0,030493	0,032743
Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu	0,019896	0,015280
Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,019490	0,018914
Gelir Amaçlı Kamu Borçlanma Araçları (Döviz) Emeklilik Yatırım Fonu	0,016412	0,014990
Gruplara Yönelik Esnek Emeklilik Yatırım Fonu	0,022632	0,023761
Gruplara Yönelik Gelir Amaçlı Karma Borçlanma Araçları Emeklilik Yatırım Fonu	0,017780	0,014921
Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,022250	0,021292
Esnek Alternatif Emeklilik Yatırım Fonu	0,012195	0,011485
Gelir Amaçlı Devlet İç Borçlanma Araçları Emeklilik Yatırım Fonu	0,010178	-
Hisse Senedi Emeklilik Yatırım Fonu	0,007541	-
Esnek (TL) Emeklilik Yatırım Fonu	0,009118	-
Gruplara Yönelik Hisse Senedi Emeklilik Yatırım Fonu	0,007973	-

Number and amount of participation certificate in the portfolio and in circulation is such as follows as of 31 December 2011 and 31 December 2010:

	31 December 2011			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Likit Kamu Emeklilik Yatırım Fonu	9.221.612.189	266.931.964	15.778.387.811	456.726.650
Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	31.297.531.911	1.181.292.084	8.702.468.089	328.465.410
Gelir Amaçlı Kamu Dış Borçlanma Araçları (Eurobond) Emeklilik Yatırım Fonu	1.546.306.737	41.226.692	8.453.693.263	225.387.238
Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	2.478.009.408	98.477.363	7.521.990.592	298.927.760
Esnek Emeklilik Yatırım Fonu	10.002.889.902	305.021.055	14.997.110.098	457.311.276
Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu	1.458.127.034	29.010.839	8.541.872.966	169.948.777
Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	1.285.643.767	25.056.915	8.714.356.233	169.840.891
Gelir Amaçlı Kamu Borçlanma Araçları (Döviz) Emeklilik Yatırım Fonu	1.060.130.684	17.398.547	8.939.869.316	146.718.458
Gruplara Yönelik Esnek Emeklilik Yatırım Fonu	2.765.610.482	62.591.101	7.234.389.518	163.728.193
Gruplara Yönelik Gelir Amaçlı Karma Borçlanma Araçları Emeklilik Yatırım Fonu	465.571.656	8.277.742	9.534.428.344	169.519.646
Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	6.911.920.617	153.788.815	3.088.079.383	68.709.132
Esnek Alternatif Emeklilik Yatırım Fonu	1.873.327.690	22.844.560	8.126.672.310	99.101.858
Gelir Amaçlı Devlet İç Borçlanma Araçları Emeklilik Yatırım Fonu	5.188.151.818	52.803.940	19.811.848.182	201.640.908
Hisse Senedi Emeklilik Yatırım Fonu	3.818.603.889	28.796.502	6.181.396.111	46.614.571
Esnek (TL) Emeklilik Yatırım Fonu	5.585.139.039	50.926.095	19.414.860.961	177.027.473
Gruplara Yönelik Hisse Senedi Emeklilik Yatırım Fonu	121.083.719	965.366	9.878.916.281	78.761.756
Total		**2.345.409.580**		**3.258.429.997**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	31 December 2010			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Likit Kamu Emeklilik Yatırım Fonu	8.483.635.437	229.831.366	16.516.364.563	447.444.832
Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	29.048.507.853	1.060.538.397	10.951.492.147	399.828.027
Gelir Amaçlı Kamu Dış Borçlanma Araçları (Eurobond) Emeklilik Yatırım Fonu	939.167.681	20.865.593	9.060.832.319	201.304.512
Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	1.303.618.656	67.210.238	8.696.381.344	448.359.333
Esnek Emeklilik Yatırım Fonu	9.822.733.405	321.625.396	177.266.595	5.804.240
Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu	352.170.746	5.381.285	9.647.829.254	147.418.831
Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	1.313.732.021	24.847.968	8.686.267.979	164.292.073
Gelir Amaçlı Kamu Borçlanma Araçları (Döviz) Emeklilik Yatırım Fonu	646.026.850	9.684.255	9.353.973.150	140.216.058
Gruplara Yönelik Esnek Emeklilik Yatırım Fonu	1.087.958.997	25.850.550	8.912.041.003	211.759.006
Gruplara Yönelik Gelir Amaçlı Karma Borçlanma Araçları Emeklilik Yatırım Fonu	195.099.676	2.911.111	9.804.900.324	146.298.918
Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	2.747.943.318	58.509.021	7.252.056.682	154.410.791
Esnek Alternatif Emeklilik Yatırım Fonu	629.097.288	7.225.152	9.370.902.712	107.624.818
Total		**1.834.480.332**		**2.574.761.439**

Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

	1 January – 31 December 2011			
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	113.073	41.929	399.370	1.535.260.906
Group	35.184	26.537	168.582	523.103.864
Total	**148.257**	**68.466**	**567.952**	**2.058.364.770**

	1 January – 31 December 2010			
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	89.433	40.195	327.757	1.115.709.372
Group	43.962	29.405	159.935	386.061.986
Total	**133.395**	**69.600**	**487.692**	**1.501.771.358**

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

	31 December 2011			31 December 2010		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	113.073	159.136.277	155.397.430	89.433	119.478.306	116.553.374
Group	35.184	45.070.330	44.698.475	43.962	43.214.497	42.834.795
Total	**148.257**	**204.206.607**	**200.095.905**	**133.395**	**162.692.803**	**159.388.169**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the period

		31 December 2011			31 December 2010	
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	1.956	45.973.377	45.903.233	990	20.835.636	20.810.399
Group	1.625	11.564.641	11.548.923	8.824	18.786.608	18.780.254
Total	**3.581**	**57.538.018**	**57.452.156**	**9.814**	**39.622.244**	**39.590.653**

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio during the period

None.

Distribution of individual and group participants which were transferred to other insurance companies in terms of their numbers and gross and net contributions

	31 December 2011			31 December 2010		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	41.929	185.569.392	184.419.882	40.195	145.584.822	144.737.023
Group	26.537	74.848.578	74.569.998	29.405	62.387.168	62.137.572
Total	**68.466**	**260.417.970**	**258.989.880**	**69.600**	**207.971.990**	**206.874.595**

19 Trade and other payables and deferred income

	31 December 2011	31 December 2010
Payables arising from main operations	2.373.430.489	1.861.359.138
Deferred income and expense accruals(1)	25.572.594	23.894.551
Taxes and other liabilities and provisions	14.846.850	12.762.000
Due to related parties	5.270.211	2.594.839
Financial liabilities (Not 20), (Not 45)	-	570.396
Other various payables (2)	900.152	2.279.761
Total	**2.420.020.296**	**1.903.460.685**
Short term liabilities	2.420.020.296	1.903.460.685
Mid term and long term liabilities	-	-
Total	**2.420.020.296**	**1.903.460.685**

(1): Other payables are comprised of payables to third party service providers as at 31 December 2011.
(2): Deferred income and expense accruals amount TL 25.572.594 (31 December 2010: TL 23.894.551) consist of deferred commission income amount to TL 24.044.819 (31 December 2010: 22.890.687 TL) and expense accruals amount to TL 1.527.775 (31 December 2010: TL 1.003.864).

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Payables from main operations of the Company as at 31 December 2011 and 31 December 2010 are detailed below:

	31 December 2011	31 December 2010
Payables to reinsurers (Note 10)	10.353.936	12.410.611
Payables to agencies	14.384.413	12.796.544
Payables to policyholders	85.437	21.930
Total payables due to insurance operations	**24.823.786**	**25.229.085**
Payables s due to pension operations (Not 18)	2.348.606.703	1.836.089.995
Payables from other main operations	-	40.058
Payables from main operations	**2.373.430.489**	**1.861.359.138**

Corporate tax provision and prepaid taxes are disclosed below:

	31 December 2011	31 December 2010
Corporate tax provision	29.137.586	25.725.003
Prepaid taxes during the period	(20.940.799)	(17.243.107)
Corporate tax payable, net	**8.196.787**	**8.481.896**

Total amount of investment incentives which will be benefited in current and forthcoming periods.

None.

20 Financial liabilities

As at 31 December 2011, the Company does not have financial liability (As at 31 December 2010 Company’s financial liabilities consist of short term tax loans amounting TL 570.396) (Note 45).

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21 Deferred taxes

As at 31 December 2011 and 31 December 2010, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 December 2011	31 December 2010
	Deferred Tax Assets / (Liabilities)	Deferred Tax Assets / (Liabilities)
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(905.873)	(777.972)
Equalization provision	706.809	498.241
Provision for employment termination benefits and unused vacation pay liability	368.238	313.614
Provision for personnel bonus	190.924	182.477
Discount on receivables and payables	(129.399)	(152.387)
Provisions for lawsuits	50.124	48.980
Provision for impairment in receivables from insurance operations	4.308	27.497
Provision for impairment in receivables from participants	43.472	24.538
Provision for bonus and discounts to policyholders	16.113	11.231
Other insurance technical provisions	228.730	5.555
Deferred tax asset/(liability), net	**573.446**	**181.774**

Movement of the deferred tax assets / (liabilities) during the periods ending 31 December 2011 and 31 December 2010 is presented below:

	1 January-31 December 2011	1 January-31 December 2010
Beginning balance, January 1	(181.774)	295.637
Recognized in the income statement	(373.048)	(508.610)
Recognized in the equity	(18.624)	31.199
Closing balance as of end of the period	**(573.446)**	**(181.774)**

22 Retirement benefit obligations

None.

23 Provisions for other liabilities and charges

As at 31 December 2011 and 2010; the details of the provisions for other risks are as follows:

	31 December 2011	31 December 2010
Provision for unused vacation pay liability	1.690.570	1.390.567
Provisions for lawsuits	250.618	244.900
Provisions for costs	**1.941.188**	**1.635.467**
Provision for employment termination benefits	**150.621**	**177.503**
Total provisions for other risks	**2.091.809**	**1.812.970**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Movement of provision for employment termination benefits during the period is presented below:

	1 January– 31 December 2011	1 January– 31 December 2010
Provision for employment termination benefits at the beginning of the period	177.503	156.635
Interest cost	8.272	9.267
Service cost	520.940	573.400
Payments during the period	(556.094)	(561.799)
Provision for employment termination benefits at the end of the period	**150.621**	**177.503**

24 Net insurance premium revenue

Net insurance premium revenue for life and non-life branches. is presented in detailed in the accompanying statement of income.

25 Fee revenues

Fee revenues consist of fees received from pension investment funds, pension participants and expenses charged to the life policyholders.

	1 January – 31 December 2011	1 January – 31 December 2011
Fund management fee	40.097.813	29.648.300
Management fee deduction	20.893.405	16.565.412
Initial contribution fee	24.597.889	21.324.159
Increase in market value of capital commitment advances	77	-
Other technical income	-	15.874
Total pension technical income	**85.589.184**	**67.553.745**

The details of fees from pension investment funds and pension participants are presented in the accompanying statement of income. As at and for the year ended 31 December 2011, fees charged to saving life policyholders amounts to TL 94.200 (31 December 2010: TL 101.936)

26 Investment income

Presented in Note 4.2 – Financial risk management.

27 Net realized gains on financial assets

Presented in Note 4.2 – Financial risk management.

28 Net fair value gains on assets at fair value through profit or loss

Presented in Note 4.2 – Financial risk management.

29 Insurance rights and claims

The Company has no branch based subrogation income or expense for the period between 1 January – 31 December 2011 (1 January – 31 December 2010: None).

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

30 Investment contract benefits

As at and for the year ended 31 December 2011 and 31 December 2010, the details of changes in life mathematical provisions recognized in the statement of income and equity from investment contracts are as follows:

	1 January–31 December 2011	1 January–31 December 2010
Change in life mathematical provisions for investment contracts recognized in the statement of income	5.181.752	(2.696.351)
Changes in shares of policy holders in unrealized gain or loss from available for sale financial asset in which the liabilities arising from investment contract benefits are invested (Note 18)	(1.093.158)	456.112
Change in life mathematical provisions for investment contracts	**4.088.594**	**(107.751)**

31 Other mandatory expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 below.

32 Expenses by nature

For the year ended 31 December 2011 and 31 December 2010, the details of operating expenses are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Commission expenses	(59.273.417)	(53.402.776)
Commissions to intermediaries accrued during period	*(61.691.177)*	*(59.563.712)*
Change in deferred commission expenses	*1.321.540*	*2.021.928*
Deferred commission expenses	*1.096.220*	*4.139.008*
Employee benefit expenses (Note 33)	(42.500.174)	(37.494.484)
Commission income from reinsurers	59.100.148	56.721.373
Commission income from reinsurers accrued during period	*60.254.280*	*63.681.114*
Change in deferred commission income	*(1.154.132)*	*(6.959.741)*
Advertisement and public related expenses	(6.093.496)	(5.337.384)
Office expenses	(9.972.127)	(6.379.589)
Information technology expenses	(4.118.424)	(4.358.777)
Taxes and duties expenses	(1.917.860)	(2.543.287)
Other expenses	(7.253.421)	(6.406.943)
Total	**(72.028.771)**	**(59.201.867)**

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

33 Employee benefit expenses

For the year ended 31 December 2011 and 31 December 2010, the details of employee benefit expense are as follows:

	1 January – 31 December 2011	**1 January – 31 December 2010**
Wages and salaries	(21.467.803)	(19.015.498)
Employer's share in social security premiums	(4.207.284)	(3.631.383)
Employment termination benefits and unused vacation expenses	(739.509)	(680.092)
Bonus, premium and commissions	(8.953.317)	(7.936.321)
Other benefits	(7.132.261)	(6.231.190)
Total (Note 32)	**(42.500.174)**	**(37.494.484)**

34 Financial costs

There are not any finance costs classified either on production costs or tangible assets.

35 Income tax expense

Income tax expense in the accompanying financial statements is as follows:

	1 January – 31 December 2011	**1 January – 31 December 2010**
Provision for corporate tax expense:	**(29.137.586)**	**(25.725.003)**
Provision for corporate tax expense:	(29.137.586)	(25.725.003)
Deferred taxes:	**373.048**	**508.610**
Total income tax expense presented in the statement of income	**(28.764.538)**	**(25.216.393)**

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 December 2011 and 31 December 2010 is as follows:

	1 January – 31 December 2011	**1 January – 31 December 2010**
Profit before taxes	141.371.065	125.257.072
Taxes on income per statutory tax rate: 20%	(28.274.213)	(25.051.414)
Non-deductable expenses	(524.921)	(773.541)
Others	34.596	608.562
Total income tax expense presented in the statement of income	**(28.764.538)**	**(25.216.393)**

36 Net foreign exchange gains / losses

Net foreign exchange gains/losses are presented in Note 4.2 – Financial Risk Management.

37 Earnings per share

According to IAS 33 "Earnings per Share", earnings per share of unquoted Companies do not disclose earnings per share. As for the Company is not listed, earnings per share is not calculated in the accompanying financial statements.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

38 Dividends per share

Net profit of the Company for the year ended 31 December 2011 amount to TL 100.040.679. In the General Meeting held on 25 April 2011, it has been resolved to transfer the net profit for the year 2010 to reserves instead of distributing as dividend (31 December 2010: Net profit of the Company for the year ended 31 December 2009 amounted to TL75.176.155. In the General Meeting held on 5 April 2010, it has been resolved to transfer the net profit for the year 2009 to reserves instead of distributing as dividend).

39 Cash generated from operations

The cash flows from operating activities is presented in the accompanying statement of cash flows.

40 Convertible bond

None.

41 Redeemable preference shares

None.

42 Contingencies

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Company are provided either under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As at 31 December 2011, the probable liability amount that will arise in the situation that all the cases that Company is defendant results against the Company is TL 2.380.252 (31 December 2010: TL 1.598.567) in gross. The Company has recorded provision of TL 3.319.765 (31 December 2010: TL 2.252.349) for such lawsuits and execution proceedings including interests and other expenses in the financial statements.

43 Commitments

The details of the guarantees that are given by the Company for the operations in life and non-life branches are presented in Note 17. The future aggregate minimum lease payments under operating leases for properties rented for use of head office and regional offices and motor vehicles rented for sales and marketing departments are as follows:

	31 December 2011	31 December 2010
Less than 1 year	1.579.129	1.342.401
More than 1 year less than 5 years	881.774	157.127
More than 5 years	-	-
Total of minimum rent payments	**2.460.903**	**1.499.528**

44 Business mergers

None.

45 Related party transactions

T. Garanti Bankası A.Ş. and Achmea which have 99,91% in total of outstanding shares of the Company and the groups having direct control over those companies and the affiliates and associates of those groups are defined as related party to the Company.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

The related party balances as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Garanti Bankası T.A.Ş. – receivables from credit card collections	6.967.045	7.192.836
Garanti Portföy Yönetimi A.Ş. - Turkish Derivatives Exchange collaterals	-	3.209.380
Other cash and cash equivalents (Note 14)	**6.967.045**	**10.402.216**
Garanti Bankası T.A.Ş. – bank deposits	350.270.034	278.983.990
Cash at banks	**350.270.034**	**278.983.990**
Garanti Bankası T.A.Ş. – private sector bonds	25.054.880	-
Financial assets held for trading (Note 11)	**25.054.880**	**-**
Garanti Bankası T.A.Ş.	24.212	-
Garanti Portföy Yönetimi A.Ş.- premium receivables	3.661	12.926
Doğuş Otomotiv Servis A.Ş.	2.252	-
Eureko Sigorta A.Ş.	574	-
Garanti Factoring A.Ş.	10.886	-
Others	16.030	-
Receivables from main operations	**57.615**	**12.926**
Garanti Hizmet Yönetimi A.Ş. – fund management	3.712.017	2.884.573
Receivables from shareholders	-	2.630
Other receivables from related parties (Note 12)	**3.712.017**	**2.887.203**
Garanti Bankası T.A.Ş. – tax loans	-	570.396
Other financial liabilities (Note 19), (Note 20)	**-**	**570.396**
Garanti Bankası T.A.Ş. – commission payables	14.240.569	12.793.291
Others	-	20.962
Payable from main operations	**14.240.569**	**12.814.253**
Garanti Bankası T.A.Ş.– payables due to local usage	20.301	55.304
Eureko Sigorta A.Ş. – payables due to local usage and insurance policy premiums	27.206	45.223
Garanti Hizmeti Yönetimi A.Ş. – portfolio management	64.801	84.795
Payables to shareholders	**112.308**	**185.322**
Garanti Bankası T.A.Ş. – provision for outstanding claims	47.520	87.436
Doğuş Holding A.Ş.	190.080	38.895
Doğuş Otomotiv Servis ve Ticaret A.Ş.	-	155.580
Doğuş Holding Çalışanları Dövize Endeksli Grup Sigorta	-	15.994
Volkswagen Doğuş Tüketici Finansmanı A.Ş.	-	106
Provision for outstanding claims	**237.600**	**298.011**
Garanti Portföy Yönetimi A.Ş. – management of private pension funds	5.078.177	1.084.159
Garanti Bilişim Teknolojisi ve Ticaret T.A.Ş. – software and service expenses	13.666	952.740
Garanti Filo Yönetim Hizmetleri A.Ş. – automobile rent expense	-	74.518
Antur Turizm A.Ş. – travel expenses	34.815	34.594
Doğuş Yayın Grubu A.Ş.	-	112.019
Others	744	3.265
Payables to other related parties	**5.127.402**	**2.261.295**

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

No guarantees have been taken for the receivables from related parties.

There are no doubtful receivables and payables from shareholders, subsidiaries and joint ventures. There are no liabilities like guarantee, commitment and loan on behalf of shareholders, subsidiaries and associates.

The transactions with related parties during the year ended 31 December 2011 and 31 December 2010 are as follows:

	1 January– 31 December 2011	1 January– 31 December 2010
Garanti Bankası T.A.Ş.	1.878.236	2.184.791
Doğuş Holding A.Ş.	54.282	330.678
Doğuş Oto Pazarlama ve Tic A.Ş.	93.516	83.440
Doğuş Otomotiv Servis A.Ş.	94.262	76.135
Eureko Sigorta A.Ş.	50.384	55.988
Garanti Yatırım Menkul Kıymetler A.Ş.	68.975	55.483
Others	271.255	226.179
Written premiums	**2.510.910**	**3.012.694**
Garanti Bankası T.A.Ş.– interest income from deposits	33.464.708	28.364.668
Investment income	**33.464.708**	**28.364.668**
Garanti Bankası T.A.Ş.	29.456	105.536
Garanti Portföy Yönetim A.Ş.	42.696	105.435
Investment expense	**72.152**	**210.971**
Garanti Bankası T.A.Ş.– commissions paid	60.652.266	58.963.052
Garanti Bankası T.A.Ş.– rent, tax and other expenses	2.738.503	3.736.744
Garanti Bilişim Teknoloji ve Tic. T.A.Ş. – information technology expenses	9.535.937	4.429.717
Antur Turizm A.Ş. – tourism expenses	1.949.487	1.652.265
Garanti Portföy Yönetimi A.Ş.	-	779.169
Garanti Yatırım Menkul Kıymetler A.Ş. – rent expenses	99.191	106.402
Garanti Filo Yönetim Hizmetleri A.Ş.– car rental expenses	1.081.872	872.255
Eureko Sigorta A.Ş. – health and automobile insurance premiums	947.527	908.633
Leaspen A.Ş. – car rental expenses	-	23.227
Garanti Teknolojinet İletişim Hizm. ve Tic. A.Ş. – information technology expenses	-	164.740
Doğuş Yayın Grubu A.Ş. – advertisement expenses	217.865	165.467
Others	106.467	30.812
Operating expenses	**77.329.115**	**71.832.483**

46 Subsequent events

None.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to the Financial Statements as of 31 December 2011
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

47 Others

Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with "other" in the accompanying financial statements

They are presented in the related notes above.

Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets

	31 December 2011	31 December 2010
Takasbank –customer care commission payables	535.292	766.341
Capital Market Board-Additional registration fee payables	101.524	115.471
Telecommunication services received	63.917	14.042
Policy and contract consignment payables	56.596	-
Software and hardware payables	-	707.326
Payables to advertisement companies	-	170.322
Payables to tourism companies	-	30.000
Other payables	142.823	480.865
Total	**900.152**	**2.284.367**

Subrogation recorded in the off-balance sheet accounts

None.

Real rights on immovable and their values

None.

Explanatory note for the amounts and nature of previous years' income and losses

None.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to the Financial Statements as of 31 December 2011

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

As at and for the year ended 31 December 2011 and 2010, details of discount and provision expenses are as follows:

	1 January – 31 December 2011	1 January – 31 December 2010
Provision for unused vacation pay liability (Note 23)	(300.003)	(265.007)
Provision (expense) / release for receivables from main operations (Note 4.2)	115.946	22.785
Provision for lawsuits (Note 23)	(5.718)	(58.100)
Provision for employment termination benefits (Note 23)	26.882	(20.868)
Provision for entrance fee receivables (Note 4.2)	(94.667)	-
Total provision expenses	**(257.560)**	**(321.190)**

	1 January – 31 December 2011	1 January – 31 December 2010
Non deductable expenses related to life insurance policy holders (*)	2.183.017	505.065
Non deductible expenses related to pension fund receivable early severance (**)	147.962	78.823
Special communication taxes	95.290	155.379
Donations and grants	12.480	21.340
Other	12.882	12.934
Total other expenses	**2.451.631**	**773.541**

(*) The non deductable expenses related to the life branch policies are the return premium transactions of life insurance policies accrued in prior periods.
(**) The non deductable expenses related to the pension fund policies are the repayment transactions arising from operatinal errors occured in the process of private pension system.

Summary of Five-year Financial Information

Financial Indicators	2007		2008		2009		2010		2011	
	(TL thousands)	(USD thousands)	(TL thousands)	(USD thousands)	(TL thousands)	(USD thousands)	(TL thousands)	(USD thousands)	(TL thousands)	(USD thousands)
Individual Pension System Fund Size	572,527	491,566	897,774	593,648	1,326,196	880,784	1,834,480	1,186,598	2,345,410	1,241,680
Technical Reserves	101,150	86,846	123,510	81,670	128,357	85,247	140,772	91,056	159,487	84,434
Paid-in Capital	50,000	42,930	50,000	33,062	50,000	33,207	50,000	32.342	53.084	28,103
Shareholders' Equity	89.759	77,066	154,034	101,854	229,610	152,494	329,597	213,193	442,130	234,067
Total Assets	776,077	666,332	1,204,529	796,488	1,741,036	1,156,297	2,375,643	1,536,638	3,023,728	1,600,788
Life Insurance Premium Production (net)	104,091	89,372	108,670	71,857	116,682	77,494	140,632	90,965	152,628	80,803
Technical Income and Expense Balance	40,778	35,012	49,762	32,905	74,063	49,188	109,122	70.583	109,467	57,953
Non-operating Income and Expense Balance	9,065	7,783	30,517	20,179	19,836	13,174	16,644	10,766	32,278	17,088
Profit/Loss Before Tax	50,012	42,940	80,279	53,084	93,899	62,362	125,766	81,349	141,744	75,041

Foreign Exchange Rates	(MBDA)	
31.12.2007	USD 1	TL 1.1647
31.12.2008	USD 1	TL 1.5123
31.12.2009	USD 1	TL 1.5057
31.12.2010	USD 1	TL 1.5460
31.12.2011	USD 1	TL 1.8889

Contact Information

ISTANBUL REGIONAL OFFICE 1, EUROPE
Address: Rumeli Cad. No: 48 K: 4 Nişantaşı/Istanbul
Telephone: +90 212 219 40 91-219 40 92-219 40 93-296 62 43
Fax: +90 212 241 59 17

ISTANBUL REGIONAL OFFICES 2-3, EUROPE
Address: Rumeli Cad. No: 48 K: 5 Nişantaşı/Istanbul
Telephone: +90 212 219 40 90-291 49 24-225 96 91
Fax: +90 212 219 40 94

ISTANBUL REGIONAL OFFICE 4, EUROPE
Address: Yalçın Koreş Cad. No: 38 K: 3 Güneşli/Istanbul
Telephone: +90 212 410 11 87
Fax: +90 212 655 13 83

ISTANBUL REGIONAL OFFICES 5-6, EUROPE
Address: Yalçın Koreş Cad. No: 38 K: 3 Güneşli/Istanbul
Telephone: +90 212 410 10 60
Fax: +90 212 655 13 83

ISTANBUL REGIONAL OFFICES 1-2, ANATOLIA
Address: Şehit Mehmet Fatih Öngül Sok.
Odak Plaza No: 5 Kat: 7 Kozyatağı/Istanbul
Telephone: +90 216 445 76 49-445 78 82-445 76 96-445 76 40-445 77 55-445 78 11
Fax: +90 216 445 51 49

ISTANBUL REGIONAL OFFICE 3, ANATOLIA
Address: E5 Karayolu Üzeri Şehit Mehmet Fatih Öngün Sok. No: 8 Yılmaz Kayalar İş Merkezi 34472 Kozyatağı/Istanbul
Telephone: +90 216 579 90 85-579 90 83-579 90 84-579 90 88
Fax: +90 216 410 39 89

EASTERN ANATOLIAN REGIONAL OFFICE
Address: Rumeli Cad. No: 48 K: 4 Nişantaşı/Istanbul
Telephone: +90 212 219 40 91-219 40 92-219 40 93-296 62 43
Fax: +90 212 241 59 17

MARMARA REGIONAL OFFICE
Address: Karaman Mh. Izmiryolu Cd. Nilpark Avm
No: 90 Kat: 6 Nilüfer/Bursa
Telephone: +90 224 247 97 36-0224 247 88 62
Fax: +90 224 247 65 94

WESTERN ANATOLIAN REGIONAL OFFICE
Address: Karaman Mh. Izmiryolu Cd. Nilpark Avm
No: 90 Kat: 6 Nilüfer/Bursa
Telephone: +90 224 247 97 36-0224 247 88 62
Fax: +90 224 247 65 94

ANKARA 1 REGIONAL OFFICE
Address: Atatürk Bulvarı No: 86 K: 8 06440 Kızılay/Ankara
Telephone: +90 312 419 8503-0 312 419 37 10
Fax: +90 312 425 99 09

ANKARA 2 REGIONAL OFFICE
Address: Atatürk Bulvarı No: 12 K:2 06250 Ulus/Ankara
Telephone: +90 312 310 01 03-310 85 26-310 71 37-311 64 76-311 24 59-309 84 97-309 23 59-309 49 57-324 25 96
Fax: +90 312 310 01 03

IZMIR REGIONAL OFFICE
Address: Fevzi Paşa Bulvarı No: 1 Kat: 2 Konak/Izmir
Telephone: +90 232 441 50 22 (pbx)-441 50 23-441 23 88-441 30 88
Fax: +90 232 441 58 30

AEGEAN AND SOUTHERN AEGEAN REGIONAL OFFICE
Address: Fevzi Paşa Bulvarı No: 1 Kat: 2 Konak/Izmir
Telephone: +90 232 441 50 22 (pbx)-441 50 23-441 23 88-441 30 88
Fax: +90 232 441 58 30

MEDITERRANEAN REGIONAL OFFICE
Address: Sinan Mh. 1257 Sk. Antalya 2000 İş Merkezi
K: 10 No: 71 Antalya
Telephone: +90 242 249 75 32-249 75 30-249 75 31-249 75 33-249 75 34-249 75 35-249 75 36
Fax: +90 242 312 56 07

ÇUKUROVA REGIONAL OFFICE
Address: Abidinpaşa Cad. No: 17 Seyhan/Adana
Telephone: +90 322 355 10 90
Fax: +90 322 352 66 26

NORTHERN ANATOLIAN REGIONAL OFFICE
Address: Atatürk Bulvarı No: 12 K: 2 06250 Ulus/Ankara
Telephone: +90 312 310 01 03-310 85 26-310 71 37-311 64 76-311 24 59-309 84 97-309 23 59-309 49 57-324 25 96
Fax: +90 312 425 99 09

SOUTHEAST ANATOLIAN REGIONAL OFFICE
Address: Mücahitler Mah. Gazi Muhtar Paşa Blv.
No: 48 27090 Gaziantep
Telephone: +90 342 211 20 87
Fax: +90 342 324 6648

CENTRAL ANATOLIAN REGIONAL OFFICE
Address: Sanayi Mah. Osman Kavuncu Bulvarı
No: 54 Kayseri
Telephone: +90 352 207 28 00