

2016 Annual Report

GARANTIBANK INTERNATIONAL N.V.



transforming
towards a unique
customer
experience

Contents

WHO WE ARE	1
Key Figures	3
About Us	4
Vision, Mission, Core Values	5
Supervisory Board	6
Message from the Chairman	7
Managing Board	9
Senior Management Team	10
REPORT OF THE MANAGING BOARD	11
Economic Developments	13
Financial Analysis	15
Business Strategy and Developments	16
Outlook 2017	22
CORPORATE GOVERNANCE	23
Report of the Supervisory Board	25
Risk Management	33
FINANCIAL STATEMENTS	43
Index	45
Balance Sheet as at 31 December 2016	47
Profit and Loss Account for the Year 2016	48
Cash Flow Statement for the Year 2016	49
Notes to the 2016 Financial Statements	51
Other Information	81
Independent Auditor's Report	82
CONTACT INFORMATION	87

well-established
européan
roots

WHO WE ARE

We are a mid-sized
European bank
established in Amsterdam,
the Netherlands
in 1990, and
a proud member
of **BBVA Group**.

Key Figures

EUR 1,000	2016	2015	2014	2013	2012
Total assets	4,835,519	5,021,465	4,978,439	4,717,808	4,636,405
Banks (assets)	538,436	651,717	826,674	917,225	920,199
Loans and advances	2,889,555	2,720,638	2,548,911	2,360,497	2,386,381
Banks (liabilities)	768,859	989,260	770,536	737,262	654,056
Funds entrusted	3,348,663	3,247,699	3,330,125	3,303,065	3,360,469
Subordinated liabilities	50,000	80,000	30,000	30,000	30,000
Shareholders' equity (including result after tax)	564,397	546,965	535,835	488,925	430,446
Operating result before tax and value adjustments	49,550	61,309	82,129	91,555	83,108
Result after tax and value adjustments	16,412	11,341	45,761	58,479	54,250

RATIOS

Common Equity Tier 1 ratio %	16.70	16.26	16.70	18.40	18.23
Total Capital ratio %	18.47	19.04	17.45	19.40	19.30
Cost to income ratio %*	47	41	34	29	31
Return on average equity %**	3.00	2.12	9.35	13.59	14.42
Return on average assets %	0.33	0.23	0.94	1.25	1.23

* Cost to income ratio is calculated using total expenses and total income. Value adjustments to tangible fixed assets and value adjustments to receivables are excluded

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

STAFF & NETWORK	2016	2015	2014	2013	2012
Total average number of employees	236	236	229	225	218
Foreign branches and representative offices	4	4	4	4	4

About Us

“GBI IS A MID-SIZED EUROPEAN BANK ESTABLISHED IN AMSTERDAM, THE NETHERLANDS SINCE 1990 AND SERVES TO RETAIL, CORPORATE AND INSTITUTIONAL CLIENTELE.”

GBI is a mid-sized European bank established in Amsterdam, the Netherlands since 1990 and serves to retail, corporate and institutional clientele. We offer financial solutions to our customers and counterparties in the areas of trade and commodity finance, cash management, treasury, and structured finance, while maintaining multi-product relationships with local and global financial institutions around the world. GBI also provides targeted retail banking services in the Netherlands and Germany.

We embrace a personable approach towards our clients and counterparties and claim ownership of their challenges as though they are our own. We provide simple yet customized solutions in a complex regulatory and macro-economic space. Our digital solutions and aspirations aim to sustain and improve a unique customer experience.

GBI is a wholly-owned subsidiary of Türkiye Garanti Bankası A.S. (Garanti) and has presence in Germany, Switzerland and Turkey. Our ultimate parent is Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as GBI is fully consolidated under Garanti and Garanti is fully consolidated under BBVA. GBI operates in compliance with the Dutch and European Union laws and regulations, and is under the supervision of European Central Bank (ECB), De Nederlandsche Bank (DNB) and De Autoriteit Financiële Markten (AFM). As GBI is ultimately consolidated under BBVA, ECB enlists GBI as one of the “Significant Supervised Entities” alongside the other BBVA entities in the Eurozone since September 2015.

Vision Mission

to be the **best bank** in our niche markets.

to **sustain solid value creation** for our clients, employees, shareholders and society by pursuing prudent strategies with **organisational agility** and **operational excellence**, as a **reliable** niche financial services provider.

Core Values

STAKEHOLDER CENTRIC

We respect regulators, auditors, competitors, employees and the community while adding value to our clients, counterparts and shareholders in a responsible manner.

EXCELLENCE

We strive to serve our clients with superior service quality, speed and accuracy through vigorous teamwork.

AGILITY

We are fast moving, flexible and robust, capable of rapid response to unexpected challenges, client needs, events and opportunities.

PROGRESS

We build a dynamic, open minded, innovative and entrepreneurial business culture.

PRUDENCE

We pursue commercial interests with high accountability, utmost care of our clients and strong risk management.

INTEGRITY

Above all, integrity is our non-negotiable behaviour. We always act with integrity, adhere to the highest ethical principles in our conduct of business and never tolerate any behaviour that could endanger this fundamental value.

Supervisory Board

Mr. Gökhan Erün

Chairman as of January 2016

Member of Risk Committee and Remuneration Committee

Executive Vice President, Deputy CEO of Türkiye Garanti Bankası A.Ş. since 2015. Mr. Erün has held various top management positions within Garanti and its subsidiaries since 2004. He is also the Chairman of the Board of Directors at Garanti Fund Management, the Vice Chairman of the Board of Directors at Garanti Factoring and Garanti Leasing and a member of the Board of Directors at Garanti Securities.

Mr. Manuel Galatas Sanchez-Harguindey

Chairman of Audit and Compliance Committee

Member of Risk Committee

Former Member of the Board of Directors of Türkiye Garanti Bankası A.Ş. Mr. Galatas had held various top management positions at international subsidiaries of BBVA and at various subsidiaries of Türkiye Garanti Bankası A.Ş.

Mr. René van der Linden

Chairman of Remuneration Committee

Member of the Supervisory Board of Eureko/Achmea; Advisory role for the International Affairs Province of Limburg; Member of the Dutch Parliament between 1977 and 1998 and Secretary of State of Foreign Affairs between 1986 and 1988; Member of the Benelux Parliament and of the Assembly of the Western European Union; Vice President WEU 1999-2004; Chairman of the European Peoples Party (EPP) in the Council of Europe 1999-2004; President of the Parliamentary Assembly of the Council of Europe 2005-2008; Member of the Senate of the Netherlands 1999-2015; President of the Dutch Senate 2009-2011.

Mr. Willem Cramer

Chairman of Risk Committee

Chairman of the Supervisory Board PC Hooft Groep BV, Chairman of the Supervisory Board Doefonds Fryslan BV, Non-Executive Director DFCU Bank Ltd, Member of the Supervisory Board Koopman Holding BV, Treasurer of the Board of Trustees International Franz Liszt Piano Competition, Member of the Supervisory Board Unicef Nederland, Member Advisory Committee BMKB Ministry of Economic Affairs.

Mr. Bart Meesters

Member of Audit and Compliance Committee

Dutch qualified lawyer and partner at Loeff Claeyss Verbeke/Allen & Overy 1988-2010; Off-Counsel of Allen & Overy and independent lawyer 2010-2015.

Message from the Chairman

Dear Stakeholders,

It is my pleasure to share with you that GarantiBank International N.V. ("GBI") has successfully closed the year 2016, which was a year of challenges at multiple fronts. We have been able to markedly improve our financial performance.

On the macro front, the year under review presented several challenges for the financial markets: the lowest economic growth since 2010 according to IMF's estimations; monetary expansion of the ECB and the negative interest environment in the EU; expectations related to the FED's impending rate hike; China's growth concerns; the Brexit vote in the UK; the American presidential election; geo-political risks in the Middle-East and deterioration of investor perception in Turkey.

More specific to GBI, challenges related to a rigorous transition in order to align GBI's risk appetite and internal processes with those of our ultimate parent BBVA had to be overcome. In effect, our new logo, as you have already seen on the cover page of this report, underlines that GBI is now a proud member of BBVA, a leading global financial institution, which serves 70 million customers in 35 countries.

During a year of such challenges, GBI still delivered on its "unique customer experience" promise. Our clients and counterparties are provided simple solutions while GBI handles the challenges and other complexities. Once again our already proven risk management capabilities yielded added value. As such, the net profit of GBI went up by 45 percent to EUR 16.4 million, in which cross-selling has proven instrumental, and the non-performing loans ratio reduced remarkably from 4.87 percent to 2.13 percent. While achieving such results,



"MORE SPECIFIC TO GBI, CHALLENGES RELATED TO A RIGOROUS TRANSITION IN ORDER TO ALIGN GBI'S RISK APPETITE AND INTERNAL PROCESSES WITH THOSE OF OUR ULTIMATE PARENT BBVA HAD TO BE OVERCOME."

GBI reduced the size of its balance sheet by 3.7 percent to EUR 4.8 billion and levelled the Common Equity Tier 1 (CET1) ratio at 16.70 percent.

I am happy to note that in terms of leverage, capital and liquidity ratios, GBI is quite comfortably positioned within the regulatory boundaries. Our corporate governance framework as well as day-to-day management ensure and prioritize this prerequisite.

Owing to sound risk management governance and practices, GBI's long-term deposit rating, issued by Moody's Investors Service (Moody's), remained the same at A3 level throughout this challenging year. GBI's A3 rating ranks as the third-best long term deposit rating among commercial banks based in the Netherlands rated by Moody's.

In an effort to further strengthen the Managing Board, I am pleased to welcome Mr. Marco Witteveen as Chief Operating Officer (COO) as of 1 June 2016. In this capacity, Mr. Witteveen is responsible for operations, information and communications technology, and information security to lead GBI's quest for operational efficiency and digitalization, an essential component of the BBVA alignment process. Mr Witteveen's vast local and international experience has had an instant and valuable impact on GBI's systems.

Looking ahead, digitalization and operational efficiency, further diversification of the loan book towards European clients, and diversification of the funding base shall be the key themes for 2017.

I sincerely thank all GBI stakeholders for their contribution to the successful 2016 results. As a mid-sized European bank focused on stakeholder-centric transactional banking, GBI will continue to offer simple solutions to its clientele while observing the utmost ethical standards in the years to come.

Amsterdam, 31 January 2017

G. Erün
Chairman of the Supervisory Board

Managing Board



Mr. Erhan Zeyneloğlu

Chief Executive Officer,
since October 2015

Mr. Zeyneloğlu began his career at Garanti Bankasi in Turkey. He joined GBI in 1995. Before his appointment as CEO, Mr. Zeyneloğlu held several managerial positions in various departments, lastly as Executive Director responsible for Structured Finance and Retail Banking.



Ms. Özgen Etker-Simons

Member of the Managing Board,
since October 2015

Ms. Etker-Simons started her career at ABN AMRO. She joined GBI in 1992 and held several managerial positions within the organization. Before her appointment as Member of the Managing Board, she was the Executive Director of Treasury and Private Banking divisions.



Mr. Sertaç Kanan

Chief Credit Officer,
since October 2015

Mr. Kanan started his career at GBI's Istanbul Representative Office in November 1996. In January 1998, Mr. Kanan joined the Trade Finance department in Amsterdam. After holding several managerial positions within the organization, Mr. Kanan was appointed as the Executive Director of Credits division in August 2007.



Mr. Övünç Şişman

Chief Financial & Risk Officer,
since October 2015

After holding several positions in the Risk Management team at Osmanli Bankasi and Garanti Bankasi in Turkey, Dr. Şişman joined GBI in 2003 and started at the Credits division. In 2006, Dr. Sisman became the Manager of Risk Management department. In 2011, he was appointed as the Executive Director of Risk Management, Control & Reporting.



Mr. Marco Witteveen

Chief Operating Officer,
since June 2016

Mr. Witteveen started his professional life in 1985 as a management trainee at ING Bank, London. During his 30 years banking career, Mr. Witteveen held various positions in several Dutch banks, lastly at NIBC Bank as the Managing Director of Technology and Operations.

Senior Management Team

TRADE & COMMODITY FINANCE

Mr. Ali Arolat
Executive Director

STRUCTURED FINANCE

Mr. Osman Barutçu
Executive Director

FINANCIAL INSTITUTIONS & INVESTOR RELATIONS

Mr. Oral Draman
Executive Director

INFORMATION & COMMUNICATION TECHNOLOGY, INFORMATION SECURITY

Mr. Gürbüz Salman
Executive Director

OPERATIONS

Ms. Ecem Demirel
Executive Director

DUSSELDORF BRANCH

Mr. Fahri Birincioğlu
Executive Director

LEGAL & COMPLIANCE

Ms. Manolya Köprülü
Director

HUMAN RESOURCES

Ms. Mijke van Tilburg-van Alfen
Director

INTERNAL AUDIT

Mr. Cenk Taşpınar
Executive Director

transforming
**towards a
unique
customer
experience**

We embrace a
personable
approach towards our
clients and counterparties
and **claim ownership**
of their challenges
as our own. Our
journey into **digital**
transformation
aims adding value to all
our stakeholders.

Economic Developments

“A CAUTIOUS STANCE ON EMERGING MARKETS WILL BE A MORE REALISTIC APPROACH FOR 2017.”

According to the IMF, global economic growth in 2016 is anticipated at 3.1%, the weakest since 2010, mainly driven by slower growth in the EU, U.S., and China. Moreover, the Brexit vote in June and the result of the American presidential election in November added a new dimension of complexity to world economic and geopolitical affairs.

In response to persistent low inflation in the EU and weak global economic activity, the European Central Bank (ECB) pushed the deposit rate further through the negative territory following its meeting in March. The ECB also expanded its monthly asset purchase program and extended it until March 2017, broadening its scope to include corporate bonds with an aim to promoting lending to real economy. However, the Eurozone economy was unable to gain sufficient momentum due to continuing low domestic demand, lingering GDP growth, and Brexit concerns. On the political front, the Eurozone is likely to face turbulent times ahead of the Italian referendum and the upcoming elections in the Netherlands, France, and Germany. The Brexit process, acute migration into Europe, and the refugee crisis are expected to be serious ongoing challenges for the EU during the course of 2017.

The Dutch economy remained in a relatively better shape, especially in the second half of the year, owing to improving economic activity and stronger private consumption. The economy continued to grow, albeit slightly, in the third quarter. Average GDP growth in 2016 is expected to be higher than initially forecast, possibly in the vicinity of 2 percent instead of 1.5 percent.

German economy continued its robust performance and grew 1.5% YoY in the third quarter. Rising real wages, mildly expansionary fiscal policies and favourable financial conditions fuelled private consumption which has been the main contributor of growth. Unemployment rate fell down to 4.1% in November 2016 which was the lowest level since 1981. Subdued world trade and weak recovery of Euro Area brought down export growth but current account surplus remained at high levels.

In the U.S., solid consumption and job growth were countered by weak investments in the first half of the year. However, the American economy gathered momentum in the third quarter and expanded by 2.9 percent. While the U.S. economy is expected to grow at a moderate pace, all eyes will be on the new administration, which will probably mark a major inflection point for the entire global macro environment. The policy and actions of the new administration may cause domestic inflationary pressures, hasten FED rate hikes, and strengthen the U.S. Dollar against all currencies.

There is a potential material downside risk for the global economy in 2017 and ahead. China's economy was on growth track in 2016, in line with the government's target of 6.5 - 7.0 percent. However, propping up activity via renewed liquidity stimulus and pumping funds directly into a shadow banking system could cause serious problems, as aggregate debt ratios have already reached very high levels. Recent debt-to-equity swap reform could increase risk in capital markets by converting

the bad debt into bad equity. In 2017, it could well be more difficult to gear up the economy within the emerging new global context. Although China's biggest challenges come from internal problems, external developments or an unforeseen crisis in Europe could bring those problems to surface quickly.

In Turkey, the repercussions of the failed coup attempt in July have been two fold. On one side, there has been a strong sense of unity among the political parties in condemning the perpetrators of the failed coup attempt and embracing the democratic values. On the other side, rating downgrades, domestic security concerns, weaker-than-expected industrial production figures and downward revision of the growth forecasts for 2016 from 4.5 percent to around 2 percent stigmatised a relatively lower level of investor confidence compared to the beginning of the year. The constitutional referendum on executive presidency, refugee containment arrangements with the EU, diplomatic relations with the EU, its member states, Russian Federation and the U.S., economic growth topics and geo-political developments would be shaping the investor sentiment for Turkey in 2017.

EM macro fundamentals were generally on the recovery path after several years of deterioration. The pickup in commodity prices increased confidence, stimulating economic growth this year for the first time since 2010, with the waning of downward pressures on countries in recession such as Brazil and Russia. However, the U.S. election results carry downside risks for emerging markets, prompting a reassessment of EM macro outlook going forward. While any restrictive trade measures from the U.S. are likely to put pressure on EM growth and lead to capital outflows and currency depreciations, a sharp increase in U.S. rates and stronger fiscal impulse could cause EM countries to suffer from higher debt servicing costs and broader budget deficits. Therefore, a cautious stance on EM will be a more realistic approach for 2017.

Financial Analysis

In 2016, the net result after tax stood at EUR 16.4 million, which is an increase of 45 percent compared to 2015 (EUR 11.3 million). Operating result before tax and value adjustments amounted to EUR 49.5 million, which is 19 percent lower than in 2015 (EUR 61.3 million).

The decrease in operating result before tax and value adjustments is explained by the decrease in total income by EUR 9.3 million, which is mainly attributable to the decrease in net commission by EUR 10.0 million and the increase in operating expenses by EUR 2.4 million.

Net interest income stayed at a level similar to that of 2015, despite a significant decrease in the result on sales of interest-bearing securities. The results of sales of interest-bearing securities in the investment and other securities portfolio amounted to EUR 7.6 million, representing a decrease of EUR 8.3 million compared to 2015.

Net commission income amounted to EUR 24.8 million, which is 29 percent or EUR 10.0 million lower than the 2015 figure. This decrease is mainly attributable to the Bank's trade finance activities (EUR 9.6 million negative), which were parallel to the slowdown in trade-financing markets, corporate finance activities (EUR 0.9 million negative), and also to the conservative credit granting and utilization practices of the Bank.

Result on financial transactions increased from EUR 5.3 million in 2015 to EUR 6.0 million in 2016, an increase of EUR 0.7 million. Securities trading increased by EUR 1.8 million, whereas foreign exchange dealing decreased by EUR 0.9 million and other results on financial transactions decreased by EUR 0.3 million.

Total administrative expenses amounted to EUR 41.5 million which is EUR 2.3 million higher than in 2015. The increase is mostly caused by a first-year contribution to the deposit guarantee fund.

Value adjustments to receivables decreased from EUR 48.5 million in 2015 to EUR 27.6 million in 2016. This is mainly related to increased provisions for loans to companies active in the trading of commodities and basic materials. Such increased provisions are all related to loans that became non-performing before 2016; the Bank has not encountered any new NPL in 2016.

Total tax expenses amounted to EUR 5.5 million, representing an effective tax rate of 25 percent (2015: 22 percent). The increase in the effective tax rate was mainly caused by a reversal of an impairment on the Bank's office premises in 2015. The impairment was non-taxable income.

The size of the balance sheet decreased by 3.7 percent or EUR 186 million, reaching EUR 4.8 billion. This decrease relates to the following assets: interest-bearing securities (EUR 177 million), cash (EUR 80 million) and banks (EUR 113 million); whereas the asset items loans and advances (EUR 169 million), property and equipment (EUR 2 million) and prepayments and accrued income (EUR 13 million) increased.

On the liability side of the balance sheet, the decrease is attributable to the following items: banks (EUR 220 million), subordinated liabilities (EUR 30 million), other liabilities (EUR 4 million) and accruals and deferred income (EUR 50 million); whereas funds entrusted (EUR 101 million) and shareholder's equity (EUR 17 million) increased.

Contingent liabilities grew by EUR 81 million; this is attributable to an increase in irrevocable letters of credit (EUR 111 million) and a decrease in guarantees and other commitments (EUR 30 million).

2016 closed with strong solvency, high liquidity, low leverage, improved asset quality and visibly improved profitability under a cost effective structure.

Business Strategy and Developments

“GBI’S LONG-TERM DEPOSIT RATING, ISSUED BY MOODY’S INVESTORS SERVICE (MOODY’S), REMAINED THE SAME AT A3 LEVEL THROUGHOUT THE CHALLENGING YEAR, REFLECTING OUR SOUND BALANCE SHEET MANAGEMENT PRACTICES.”

GBI is a mid-sized European bank. We offer selected transactional banking products to retail and corporate clients since 1990. Our personable approach, reliability, stability, and sound balance sheet provide comfort and value to our stakeholders.

The year under review had been challenging on two fronts. First and foremost, all our front offices had to deliver on their promises to make sure our clients and counterparties are served in the best possible way during a year of significantly challenging geopolitical and macro-economic climate, while our already proven risk management capabilities had to be tested yet again.

While delivering added value to our clients and counterparties under challenging circumstances, GBI also had to complete its rigorous transition in aligning its risk appetite, policies and procedures with those of BBVA. As a large global financial group with headquarters in Madrid, Spain, BBVA has presence in more than 35 countries, with more than 137 thousand employees serving some 66 million clients globally. It has been GBI's ultimate controlling parent since July 2015.

In 2016, GBI's long-term deposit rating, issued by Moody's Investors Service (Moody's), remained the same at A3 level throughout the challenging year, reflecting our sound balance sheet management practices.

We are proud that GBI's A3 rating ranks as the third-best long term deposit rating assigned by Moody's to commercial banks based in the Netherlands.

CLIENTS AND COUNTERPARTIES

GBI mainly serves retail, corporate, and institutional clientele. We always strive to create an appealing and unique client experience leading to mutual benefit and client loyalty.

We embrace a personable approach towards our clients and counterparties and claim ownership of their challenges as though they are our own. We provide simple yet customized solutions in a complex regulatory and macro-economic space. Our digital solutions and aspirations, very much supported by our parent company, Garanti, and by our ultimate parent BBVA, aim to add value to our clients and counterparties.

Retail Clients

GBI has been positioned as an online savings bank both in the Netherlands and in Germany for more than two decades. We serve more than 85,000 clients in these markets. As a result, about 45 percent of GBI's balance sheet is funded through Euro-denominated savings deposits by our retail clients. Our Dusseldorf branch has been quite instrumental throughout the year as about two-thirds of our aggregate retail deposits has been sourced from Germany.

We offer simple and well-appreciated savings products through digital channels such as display and search-engine networks, affiliate marketing, and local comparison websites. Native speaking and personable call-centers in the Netherlands and Germany, along with our dedicated retail banking teams, deliver a unique customer experience that set GBI apart and enhances client loyalty.

In 2016, ECB's negative interest rate policy defined the macro perspective and had a significant impact on the retail savings offerings of the financial institutions in the Eurozone. In the backdrop of such loose monetary policy, we followed the ECB's lead and cut our savings products' interest rates several times in the Netherlands and Germany throughout the year. GBI has stayed clear from price competition for many years now and such strategy also prevailed during the year under review. While our multiple interest rate reductions amidst the very low interest rate environment have helped lower the cost of our retail funding by 40 percent, we still managed to maintain the balance sheet of our retail funding at desired levels.

We are pleased that our retail clients have praised their unique experience with us, as evidenced by independent local market surveyors in the Netherlands and Germany.

In 2017, we will continue to focus on improving the quality of our Retail Banking services by implementing our digitalization vision without compromising on our personable approach. The targeted completion of the digital straight-through process in the first quarter of 2017, which will align front and back-office, will be instrumental in achieving greater operational efficiency for improved service quality throughout the new year and beyond.

Corporate and Institutional Clients and Counterparties (CICC)

In this segment, we serve and interact with corporations of all sizes as well as with selected financial institutions and investors. Although our retail clientele is based in the Netherlands and Germany, CICC are mostly based in the EU, Switzerland, the United States, and Turkey.

Our relationship-based engagement within this segment is driven by a combination of commercial banking and other transaction banking products. In accordance with the vision set by the Managing Board in the last quarter of 2015, product cross-selling in CICC coverage has gained considerable momentum during 2016. GBI's various product groups have teamed up with each other to deliver the best possible value to its clients and counterparties.

Trade & Commodity Finance

International trade and financing of commodities and merchandise can be quite challenging and complex. Geopolitical events, global supply and demand imbalances, regulatory and jurisdictional variations, commodity and currency price fluctuations, natural disasters, and weather conditions constantly test the sustainability and resilience of global trade and its actors.

Since GBI's inception in 1990, we have served corporations of all sizes, functioning as international merchants and supply chain managers, that physically trade various commodities and corporations that produce, store, import, export, and distribute commodities and other merchandise as part of the global supply chain. Our clients take an active role in the international physical trade of metals, agricultural products, and energy commodities. They are mostly located in the Netherlands, Switzerland, the United Kingdom, the United States, Turkey, and throughout the European Union.

We deliver traditional products to our clients in this segment including documentary credits, collections, and transactional financing products, with or without self-liquidating structures. Yet again in the context of cross-selling and holistic client coverage,

syndications, correspondent banking solutions, hedging products, other commercial banking products such as cash management or alternative products such as *Schuldschein* lending have been coupled with the traditional trade finance offerings to deliver the best value and risk coverage to our clientele with agile and seamless execution. Eventually, our clients experience simple solutions and careful handling while we deal with the challenges and complexities in the background.

During 2016, trade finance flow volumes lagged behind that of last year by 20 percent, partly due to lower aggregate commodity prices and partly due to non-supportive regional geopolitical challenges while *Schuldschein* lending gained momentum.

While we continue supporting and fostering cross-selling in 2017, we will also aim to enhance our geographical coverage of trade flows, as GBI's ultimate parent, BBVA, is an influential actor in various geographies and synergy opportunities are present for further cultivation.

Structured Finance

Under our Structured Finance coverage, we serve a select set of corporate clientele of all sizes with international operations, mostly based in the European Union and Turkey.

Like our trade and commodity finance solutions, our offerings through this window can also be categorized under transaction banking products. These include, but are not limited to, working capital loans, local currency lending, and customized structured products such as limited or without recourse receivables finance, shipping finance for tankers and bulk carriers, Islamic finance and cash management products. In an effort towards cross-selling, all the aforementioned can be combined with

each other, along with documentary credits, collections, correspondent banking payment arrangements, and hedging products, to serve in the best interest of our clients.

While we deliver various services and lending products, we also attract considerable wholesale funding from clients covered in this segment being roughly equivalent to 35 percent of our retail funding, a substantial amount of which is in U.S. dollars.

For all our clients under Structured Finance coverage, our key success factors are clear communication and coordination, personable approach, swift execution, and embracing ownership of our clients' challenges as our own.

We registered about 30 percent growth in average placements to our clientele during the year under review. A considerable portion of such growth has been in financings to clients in the European Union.

Looking ahead to 2017, GBI will sustain its proven strategy in fulfilling client needs. A special focus will be on European Economic Area coverage and on increased penetration, through product variations. On the liability side of the balance sheet and in an effort to maintain diversity and low cost in GBI's funding sources, we will continue originating wholesale deposits from this client segment.

“ON THE CASH MANAGEMENT FRONT, 2016 HAS PROVEN TO BE ANOTHER YEAR OF SUCCESS. COMMISSION INCOME THROUGH THIS PRODUCT OFFERING GREW BY MORE THAN 10 PERCENT.”

Other Clients and Counterparties

GBI has also had successful relationships with other global or regional financial institutions and investors since its inception in 1990.

Our Financial Institutions and Investor Relations (FI&IR) unit oversees GBI's relationships with other financial institutions (FIs) around the globe. The unit has also been active in originating bilateral and structured wholesale funding from other FIs globally, originating and distributing trade-related assets in the primary and secondary markets, and maintaining correspondent banking relations. These efforts support our corporate clients in their need for documentary credits, collections, and cross-border payment products. FI&IR is also responsible for maintaining relations with Moody's Investors Service and coordinating GBI's rating process.

During the year under review, we successfully concluded our annual syndicated borrowing facility. We borrowed the equivalent of 250 million Euros under a dual currency (U.S. dollars and Euros) one-year term loan, which was 35 percent oversubscribed at launch. The facility attracted 22 financial institutions as lenders from North America, the European Union, and Asia. In addition to this annual transaction, we increased our asset origination and distribution activity, especially during the last quarter, while updating our compliance-related infrastructure.

Along with our cooperation with other financial institutions, we have provided investment and hedging solutions to high net-worth individuals

and corporate clients for nearly two decades. GBI pursues a strategy that puts customers first by offering a broad range of financial products and facilitating access to all major global financial markets. Experienced GBI teams provide exclusive advisory and execution services to help our clients meet their financial needs, serve our investors, and provide cross-selling solutions to our corporate clientele.

In 2016, GBI reorganized its investment and hedging services for individuals and corporations. It built two separate customer-centric teams for increased effectiveness and maximum outreach to customers. Individual customers are high net-worth international investors who mainly seek investments in global financial markets. Our corporate customers are mid- to large-sized international firms with hedging needs related to commodities, currencies, or other instruments. During the year under review, our outstanding service quality and unique personable approach resulted in a 20 percent growth in total client assets, very strong new client acquisitions, and more than a 50 percent growth in total income from investment and hedging services. GBI embarked on a new, agile project for a higher level of digitalization and seamless transaction processes. Operational efficiency will increase significantly upon the project's completion in 2017.

In 2017, GBI remains committed serving its investor and corporate clients with highest ethical and regulatory standards. We strive to excel in providing a unique customer experience while creating value for all stakeholders.

“GBI REMAINS COMMITTED SERVING ITS INVESTOR AND CORPORATE CLIENTS WITH HIGHEST ETHICAL AND REGULATORY STANDARDS.”

TREASURY

Our Treasury consists of Asset and Liability Management and Trading functions related to fixed income, rates, and currencies. In this capacity, Trading acts as the central point where client-driven requirements from the front offices are pooled and translated into institutional level.

Asset and Liability Management (ALM) focuses on optimum management of GBI's balance sheet risks with the aim to maximize risk adjusted return on capital. The main responsibilities of ALM include efficient capital allocation and the management of liquidity, interest rate, and exchange rate risks. ALM analyses and reports on these risks and proposes alternative strategies to the Assets and Liabilities Committee (ALCO).

ALM works closely with the Risk Management and Financial Control units to monitor risks quickly and effectively. It applies internal transfer pricing mechanism for efficient resource allocation within the Bank. Our liquidity management strategies ensure a prudent liquidity position in all currencies.

The Bank develops its market activity through the Trading function. The market activity of the Bank is performed under a global approach and it is oriented towards the distribution of financial products to final clients. Teams from Fixed Income, FX Rates, Commodity, and Derivatives desks provide market access for the corporate and individual investor clientele of GBI as well as taking limited positions in the said markets. In that capacity, we reach sizeable transaction volumes through prudent risk management and act as a market-maker in select niche markets.

Treasury supports the front-offices to add value to GBI's various clients by focusing mainly on flow trading business driven by clients' interests. We are happy to report that proactive cooperation with other client-facing units resulted in cross-selling activities and enhanced revenue generation.

“GBI HAS TRANSFORMED ITS RISK APPETITE, POLICIES AND PROCESSES IN ALIGNMENT TO THOSE OF BBVA GROUP.”

BBVA ALIGNMENT PROCESS

Along with clients, cross-selling, and market-driven challenges, 2016 will be coined as a year of rigorous alignment with BBVA Group. From corporate governance to compliance, from ECB reporting to commercial cooperation with BBVA, from country risk policy to credit risk concentration policy, GBI has transformed its risk appetite, policies and processes in alignment to those of BBVA Group.

In this regard, GBI is a self-funded member of BBVA Group with its own clientele and aligned policies.

We reiterate that the ECB has included GBI in its ‘Significant Supervised Entity’ listing in addition to GBI’s integrity risk supervision by DNB.

Regarding our rigorous alignment process during 2016, we sincerely thank all of our employees, whose invaluable contributions with great professionalism delivered results under tight deadlines. This is an achievement that will encourage all of us to move forward with great confidence in the years to come.

Outlook 2017

“CREATING A SOLID VALUE FOR ALL OUR STAKEHOLDERS IN A RESPONSIBLE MANNER WILL BE OUR MAIN AIM IN 2017.”

Considering the complexities of global and regional geopolitical events, GBI’s 2017 projections are based on the global economic environment, in which the European economies are still struggling with low economic growth. A negative interest rate environment is an ongoing challenge to financial institutions. Commodity prices are expected to further improve while risk sentiment towards emerging markets could sustain to be cautious. We will continue our prudent risk management approach to sustain strong solvency, high liquidity, low leverage and to improve our asset quality, while maintaining a cost effective structure.

Diversification of the loan book towards European corporations, broadening our customer portfolio to reduce concentration risks, and digitalization of operational flows and customer services to improve operational effectiveness are our strategic priorities in 2017. By pursuing loan growth through a relationship management approach in liquid markets and international trade flows, we will continue leveraging our expertise in select simple transactional banking products, attracting new customers and exploiting cross-selling opportunities. We aim to increase our volume of commission-generating services.

Our funding strategy is aimed at preserving the retail franchise on one hand while diversifying our wholesale funding base to reduce concentration on the other. An effective cost management is targeted in 2017 while a moderate increase in headcount is expected to support our businesses. Last but not least, the synergy results of the alignment with BBVA Group in 2016 will strengthen the Bank’s position in the marketplace. Creating a solid value for all our stakeholders in a responsible manner will be our main aim in 2017.

Our expertise in low-risk transactional banking segments, a sound governance framework and ambition for generating continuous progress will be our key strengths in pursuing our prudent strategy.

Amsterdam, 31 January 2017

The Managing Board

Mr. S.E. Zeyneloğlu, Chief Executive Officer
Ms. Ö. Etker-Simons
Mr. S. Kanan
Mr. M.Ö. Şişman
Mr. M.J. Witteveen

**three out of five
Supervisory Board
members are
*independent***

The **combined
expertise** of
the members of
the Supervisory Board
enables the Supervisory
Board to carry out
the interests of all
parties involved
in GBI to the
highest degree.

Report of the Supervisory Board

ANNUAL ACCOUNTS

The annual accounts were drawn up by the Managing Board and were audited in accordance with Article 27, paragraph 4 of the Articles of Association by KPMG Accountants N.V. (KPMG), who issued an unqualified opinion dated 31 January 2017. In compliance with the provisions of the Articles of Association of GarantiBank International N.V. (GBI, the Bank), the Supervisory Board has examined the auditor's report and the financial statements of the year 2016. In accordance with Article 29 of the Articles of Association, the Supervisory Board advises and proposes that the Shareholder adopt the 2016 annual accounts at the Annual General Meeting of Shareholders on 22 March 2017. The Supervisory Board also recommends that the Annual General Meeting of Shareholders discharge the members of the Managing Board and the Supervisory Board from their respective management and supervisory positions held during the financial year of 2016.

FINANCIAL STATEMENTS AND PROPOSED DIVIDEND

The Supervisory Board has voted to adopt the Managing Board's proposal to transfer the net profit of 2016, which totals EUR 16.4 million, to the other reserves rather than paying a dividend.

The Supervisory Board was composed of the following members:

NAME	YEAR OF BIRTH	POSITION	MEMBER SINCE	END OF TERM
Mr. G. Erün	1968	Chairman	2016	2020
Mr. M. Galatas Sanchez-Harguindey	1962	Vice Chairman	2012	2020
Mr. R. van der Linden	1943	Member	2012	2020
Mr. B. Meesters	1954	Member	2012	2020
Mr. W. Cramer	1961	Member	2013	2019

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of five members whose combined experience and technical knowledge are suitable for the international and specialized nature of GBI's businesses from commercial, economic, financial and risk management points of view. The full profile of the Supervisory Board can be found in the 'Charter Governing the Supervisory Board', which is published on GBI's websites www.garantibank.eu, www.garantibank.nl and www.garantibank.de.

The Members of the Supervisory Board are elected for a term of four years.

Mr. Meesters was due to resign by rotation in 2016. GBI has benefited greatly from the broad legal experience and knowledge of Mr. Meesters. As a member of the Audit and Compliance Committee, Mr. Meesters has guided the Bank in supervising the activities of the Managing Board with respect to the independence, quality and effectiveness of the internal risk management, control systems, compliance and audit functions of the Bank. Mr. Meesters was reappointed for a new term of four years effective as of 4 January 2016.

The full profile of the Supervisory Board can be found in the 'Charter Governing the Supervisory Board', which is published on GBI's websites www.garantibank.eu, www.garantibank.nl and www.garantibank.de.

COMPOSITION OF THE MANAGING BOARD

The Managing Board is composed of the following members:

NAME	YEAR OF BIRTH	POSITION	MEMBER SINCE
Mr S. E. Zeyneloğlu	1967	Chief Executive Officer	2015
Mr M. P. Padberg (a)	1954	Managing Director	1993
Ms Ö. Etker-Simons	1968	Member	2015
Mr S. Kanan	1970	Chief Credit Officer	2015
Mr Ö. Şişman	1977	Chief Financial & Risk Officer	2015
Mr M. Witteveen (b)	1960	Chief Operations Officer	2016

a) It was decided upon mutual agreement that, after a successful international banking career, Mr. Padberg, who at the time held the Managing Director and member of the Managing Board positions, would resign from his roles on 01 June 2016. Mr. Padberg significantly contributed to the evolution of GBI towards becoming a truly international financial institution, and guided and managed GBI while it successfully grew into a well-established international banking institution.

b) Following the Extraordinary Meeting of the Shareholders held on 31 May 2016, Mr. Witteveen was appointed Chief Operations Officer (COO) following the resignation of Mr. Padberg. Mr. Marco Witteveen started his professional life in 1985 as a management trainee at ING Bank, London. During his 30-year banking career, Mr. Witteveen held various positions in several Dutch banks, lastly at NIBC Bank as the Managing Director of Technology and Operations.

GBI gives equal opportunity and consideration to eligible candidates during the process of appointments to all levels of GBI's management, committees and boards. In 2016, the Supervisory Board was composed of only male members; however, the Managing Board included one female member, Ms. Ozgen Etker-Simons. The Senior Management Team of the bank includes a female Executive Director and several female Directors.

The full profile of the Managing Board can be found in the 'Charter Governing the Managing Board', which is published on GBI's websites www.garantibank.eu, www.garantibank.nl and www.garantibank.de.

SUPERVISORY BOARD MEETINGS

The Supervisory Board met on eight occasions during the reporting period, and a quorum of members of the Supervisory Board was present in all meetings. In the meetings, current business developments and performance of the Bank were discussed, and considerable time was devoted to reviewing the Bank's strategy, current and future economic challenges, intensified supervision, compliance with compounded international and national regulations, different thematic examinations of De Nederlandsche Bank (DNB); correspondence with regulators including the DNB, the Autoriteit Financiële Markten (AFM) and the European Central Bank (ECB); continuous focus on a prudent and proactive credit risk management, the Risk Appetite, and the review and approval of various policies related to the group alignment process with BBVA and preservation of good relations with all our stakeholders. The 2015 annual figures

were assessed in the presence of the Bank's external auditor during the Supervisory Board meeting held on 28 January 2016, as well as all related reports. The budget for 2017 was discussed in detail and ultimately approved during the Supervisory Board meeting held on 24 November 2016. The CFRO attended all meetings and presented financial and risk management issues. The CCO presented credit risk-related topics at every meeting. The COO presented the new IT strategy, and the Supervisory Board discussed the new digital vision of the Bank. The Corporate Secretary and the Director of Legal and Compliance presented legal- and compliance-related subjects at every meeting. During the year, the Chairman of the Supervisory Board maintained close contact with the CEO and visited the Bank several times, in addition to attending regular meetings of the Supervisory Board.

SUPERVISORY BOARD SUBCOMMITTEE MEETINGS

While retaining overall responsibility, The Supervisory Board assigns certain tasks to three permanent committees, which are listed below and further outlined in the Supervisory Board Charter:

- Audit and Compliance Committee
- Risk Committee
- Remuneration Committee

Audit and Compliance Committee

Members: Mr. M. Galatas (Chairman) and Mr. B. Meesters

In 2016, the Audit and Compliance Committee of the Supervisory Board (ACSB) met three times. The Audit and Compliance Committee assists the Supervisory Board in supervising the activities of the Managing Board with respect to: (a) the quality and effectiveness of the internal risk management and controls systems of the Bank, including supervision of the enforcement of relevant laws and regulations and operation of the Codes of Conduct, Whistle-blower regulations and corporate governance framework; (b) overseeing the quality and efficiency of the financial reporting processes; (c) submitting proposals for the selection, appointment, re-election and replacement of the external auditor; (d) ensuring that the internal audit and compliance functions are able to discharge their responsibilities in an independent manner; (e) internal audit and compliance activities, findings, reports; and acting as the ultimate reporting authority for the internal audit and compliance departments; (f) ensuring that follow-up is given to the recommendations of the internal and external auditors, and that deficiencies identified are remedied within the appropriate time frames.

During the course of the year, the Bank organized an Audit Tender for the selection and appointment of an external auditor for 2017, 2018 and 2019. Several reputable external audit firms were invited to take part in the tender process. The Managing Board's proposal for the selection of the external auditor, assessment, recommendations and external audit proposals were presented to the ACSB for review and assessment on 25 August 2016. The Audit and Compliance Committee advised the Supervisory Board of its recommendation

“THE BANK TOOK SEVERAL MEASURES TO FURTHER STRENGTHEN AND IMPROVE GBI'S COMPLIANCE FRAMEWORK BY AN EXPANSION OF HUMAN RESOURCES AND STRENGTHENING OF THREE LINES OF DEFENSE CONTROLS, INCLUDING RELATED PROCESSES AND PROCEDURES, CULTURE AND AWARENESS OF NON-FINANCIAL AND INTEGRITY RISKS.”

during the Supervisory Board meeting held on 28 September 2016, at which time the Supervisory Board concurred with the recommendation and approved the appointment of KPMG as the external auditor for the years 2017, 2018 and 2019. Said appointment was approved and adopted during the Extra Ordinary Meeting of Shareholders held on 28 September 2016.

GBI underwent several industry-wide thematic examinations by DNB in 2016. The Managing Board considers compliance with all laws, regulations, codes and regulatory recommendations to be of utmost priority. These reports and related findings and recommendations were therefore discussed in detail during the Audit and Compliance Committee meetings and Supervisory Board meetings. The Bank took several measures to further strengthen and improve GBI's compliance framework by an expansion of human resources and strengthening of three lines of defense controls, including related processes and procedures, culture and awareness of non-financial and integrity risks. The Supervisory Board is provided follow-up reports and closely monitors progress made with respect to GBI's commitment to meet regulatory recommendations.

Risk Committee

Members: Mr. W. Cramer (Chairman), Mr. G. Erün and Mr. M. Galatas

The Risk Committee of the Supervisory Board met four times in 2016. The Risk Committee assists the Supervisory Board with its

responsibilities related to supervising the activities of the Managing Board with respect to the review and assessment, as appropriate, of risk management policies, practices and processes through the establishment and maintenance of an effective risk management framework, including the corporate risk policies for each risk type. It also advises the Supervisory Board in regards to the adoption of said policies, and analyses and assesses the control and management policies of the Bank's different risks and information and internal control systems, including the Risk Governance Framework, ICAAP, ILAAP, the Risk Appetite Statement of the Bank. The Committee manages an agenda on all material risk areas that require the Supervisory Board approval concerning proposals and recommendations, upon an initiative by the Managing Board or the Supervisory Board.

The Risk Committee monitors and periodically assesses the effectiveness of GBI's risk governance. In this capacity, the Risk Committee reviewed the Risk Appetite Statement and various Management Policies, such as the Credit Policy, Market Risk Policy, Liquidity Risk Policy, Interest Rate Risk Policy, Country Risk Policy, Investment Policy, Group Concentration Risk Policy and Risk Governance Framework, and submitted its recommendations to the Supervisory Board for approval.

The Risk Committee also discusses DNB and ECB reports, such as the SREP letter, and ensures that the findings are addressed adequately, as well as reviews and approves the Bank's Pillar III Disclosures before publication.

Remuneration Committee

Members: Mr. R. van der Linden (Chairman) and Mr. G. Erün

The Remuneration Committee of the Supervisory Board met three times in 2016. The role of the Remuneration Committee is to assist the Supervisory Board in supervising the activities of the Managing Board with respect to: (a) the design, implementation and approval of a long-term remuneration policy that is in line with the Bank's strategy, risk appetite, objectives and values, taking into account the long-term interests of the Bank, the relevant international context and wider social acceptance; (b) the terms and conditions of employment and remuneration of the members of the Managing Board, overseeing performance targets to be set by members of the Managing Board and the Managing Board as a whole; (c) the design, approval and evaluation of the remuneration policy for Identified Staff and senior management. During its meetings, the Remuneration Committee considered various personnel issues such as turnover, new recruits and promotions, personnel budget and remuneration packages of the Managing Board, the variable remuneration for Identified Staff and the total amount of fixed salaries for 2016 and total amount of variable remuneration to be distributed within the Bank. Proposed remuneration packages including fixed and variable components, training budget, pension plans and promotions were reviewed and approved. The Remuneration Policy was also reviewed and proposed to the Supervisory Board for various updates.

DUTCH BANKING CODE

In September 2009, the Dutch Banking Association (NVB) published the Banking Code (Code Banken). The Banking Code took effect on 1 January 2010, laying out the principles of corporate governance, risk management, audit and remuneration for Dutch banks. Following the first Banking Code of 2010, the Committee on the Structure of Dutch Banks (the 'Wijffels Committee') published a report that paid great attention to the stability of the industry and the importance of competition and diversity in Dutch banking, calling upon banks to take additional steps to set out the role they want to play in society as a social charter. In response to this request, the NVB introduced a package called "Future-oriented Banking" consisting of the Social Charter, an updated Banking Code and the rules of conduct associated with the Banker's Oath. The updated Banking Code, which came into effect on 1 January, 2015, applies to all activities performed in or directed towards the Netherlands by banks established in the Netherlands and licensed by DNB.

The principles in the 'old' Code that have been incorporated in the current legislation and regulation are not repeated in the new Banking Code. In the event of overlap or contradiction with applicable legislation or regulatory requirements, the former shall prevail over the Banking Code.

GBI applies the principles of the Banking Code by embedding the assumptions of the Social Charter of the NVB in its Code of Conduct.

"ALL EMPLOYEES MUST COMPLY WITH THE FORMAL LAWS AND REGULATIONS AND SELF-REGULATION THAT APPLY WITHIN GBI."

All employees must comply with the formal laws and regulations and self-regulation that apply within GBI. The Managing Board and Supervisory Board are responsible for ensuring as such with due regard for each other's duties and powers.

Governance

Effective corporate governance in accordance with high international standards is fundamental to the existence of GBI. The Supervisory Board will ensure a responsible, value-driven management and control of the Bank through strong corporate governance, which has five key elements:

- good relations with all stakeholders
- effective cooperation between the Managing Board and the Supervisory Board
- a sound remuneration policy for all staff
- a transparent reporting system
- sound and ethical operations in accordance with the mission, strategy and objectives of the Bank.

The Charter Governing the Supervisory Board contains all the 'Supervisory Board principles' of the Dutch Banking Code. The content of this charter is taken from the Articles of Association, the Dutch Corporate Governance Code, the Dutch Civil Code, Capital Requirements Directive and the respective EU regulations and the Dutch Banking Code. The charter concerns the roles and responsibilities of the Supervisory Board, the supervision of the activities of the Managing Board, and the composition and structure of the Supervisory Board, such as (re)appointment, rotation plans, retirement, meeting schedules, adoption of

resolutions, conflicts of interest, and permanent education. The charter describes the different committees of the board, the co-operation with the Managing Board and also includes a Supervisory Board profile. In addition, personal details of each board member are described. GBI meets the requirement that the Supervisory Board be composed in such a way that it is able to perform its tasks properly, and that the competence, experience and independence requirements of the members are met.

The governance of the Managing Board is in compliance with the 'Executive Board Principles' of the Dutch Banking Code.

Moral and Ethical Conduct Declaration

The members of the Managing Board have signed the moral and ethical conduct declaration. By this declaration, the members agree to perform their duties as bankers with integrity and care, and that they will give importance to the customers' interests. The moral and ethical conduct declaration is published on GBI's website www.garantibank.eu. Also, as per the decision of the Ministry of Finance, all personnel of GBI, the Supervisory Board members and Managing Board members have taken the Banker's Oath.

Permanent Education

GBI organizes a yearly permanent education program for the members of the Managing Board and the Supervisory Board, as required by the Banking Code. Each year, a subject is touched upon in the form of a workshop. In November 2016, a workshop was held on IFRS and IFRS9. The workshop enhanced the awareness of

“THE BANK’S RISK POLICY IS CHARACTERIZED BY A COMPREHENSIVE APPROACH, IS TRANSPARENT AND HAS BOTH A SHORT AND LONG TERM FOCUS, TAKING INTO ACCOUNT REPUTATIONAL AND NON-FINANCIAL RISK.”

leadership roles both at an individual level as well as collectively in supervising and managing the Bank’s conversion towards IFRS and IFRS9 in 2018. The objective of this workshop was to develop a clear understanding of the transition process of the Bank vis-a-vis the changing accounting rules and their impact on the financial industry in general and on GBI in particular. The workshop was held by a leading advisory firm whose partners and consultants are experienced in this subject.

Risk Management

As a financial institution, GBI is exposed to a variety of risks. To ensure measured risk taking, GBI has integrated risk management in its daily activities and strategic planning. The Risk Management Department assists the Bank with the formulation of its risk appetite, risk strategy and policies, and provides an overview, supervision and support function with regards to risk-related issues.

Risk management is a constant topic in the meetings of the Supervisory Board and in the meetings of the Supervisory Board’s Risk Committee. The risk appetite of the Bank is discussed yearly and approved by the Supervisory Board. The Supervisory Board supervises the risk policy applied by the Managing Board, and as part of its supervision, discusses the Bank’s risk profile and assesses at a strategic level whether capital allocation and liquidity position of the Bank and its operations are in line with the approved risk appetite. In the performance of this supervisory role, the Supervisory Board will be advised by its Risk Committee. GBI’s Managing Board has also established a Risk Management Committee,

which supervises all risk management activities of the Bank. The Committee includes several members of the Managing Board. For each decision, a quorum is required.

The ‘Risk management principles’ of the Dutch Banking Code are adequately met and the Bank’s risk policy is characterized by a comprehensive approach, is transparent and has both a short and long term focus, taking into account reputational and non-financial risk. Detailed disclosures on the risk management practices of the Bank can be found in the Report on Capital Adequacy and Risk Management, which is published on GBI’s website www.garantibank.eu.

Product Approval Process

The Product Approval Process (PAP) has been documented in a procedure approved by the Managing Board. The PAP covers the entire process, starting from the first ideas for a new product until the moment the product is introduced. Products, services or statements that will go through the PAP shall not be introduced to the market or distributed to various channels without prior careful examination of the risks for the Bank as well as the client, and without the approval of the New Product Development Committee (NPDC). This committee, which consists of related Managing Board members and Executive Directors, is the ultimate body to approve or disapprove the introduction of a new product or service.

Audit

GBI meets all ‘Audit principles’ as mentioned in the Dutch Banking Code. An independent

Audit function directly reports to the Audit & Compliance Committee of the Supervisory Board. The Director of Internal Audit is always present in the meetings of the Audit and Compliance Committee of the Supervisory Board. Also, the external auditor takes part in the Audit and Compliance Committee meetings. A tri-partite meeting with DNB and the external auditor was held on 10 October 2016.

Remuneration

GBI has implemented a meticulous, restrained and long-term remuneration policy in line with its strategy and risk appetite. The policy focuses on ensuring a sound and effective risk management through:

- a stringent governance structure for setting goals and communicating these goals to the employees
- including both financial and non-financial goals in performance and result assessments
- making fixed salaries the main remuneration component

The policy reflects GBI’s objectives for good corporate governance and meets the requirements as laid out in DNB’s Guidelines on Controlled Remuneration Policy and the Dutch Banking Code, except for one item which has been neutralized by applying the proportionality principle. GBI will not meet the bonus share part of the guidelines, because employees and management of GBI are not rewarded with shares as GBI is not a listed company, and the additional administration requirements are not comparable to the aggregate amount and level of variable remuneration distributed by the Bank. Once a year, the Remuneration Committee monitors compliance with the remuneration policy. The Remuneration Committee submits any policy adjustments for review to the Supervisory

Board and for adoption to the Annual General Meeting of Shareholders. A description of the composition, duties and authority of the Remuneration Committee is defined in the remuneration policy and the Charter of the Supervisory Board.

In 2016, none of the Managing Board members received an annual remuneration of more than EUR 1 million. The annual paid out amount of variable remuneration to natural persons amounts to EUR 2,498,817 over 2016, which includes the deferred payments of the previous performance years.

The Supervisory Board would like to thank the members of the Managing Board and all staff for their hard work and commitment to the Bank.

Amsterdam, 31 January 2017

The Supervisory Board

Mr. G. Erün, Chairman
Mr. M.P. Galatas Sanchez-Harguindey, Vice Chairman
Mr. P.R.H.M. van der Linden
Mr. B.J.M.A. Meesters
Mr. W.F.C. Cramer

Risk Management

“GBI HAS FOLLOWED A CLEAR AND PROACTIVE RISK MANAGEMENT STRATEGY IN THIS TIGHTENING REGULATORY ENVIRONMENT AND APPLIED VARIOUS CHANGES TO ITS RISK MANAGEMENT STRUCTURE IN AN EFFORT TO FURTHER ALIGN WITH BBVA.”

While the European Banking Authority (EBA) continues its efforts to ensure that regulatory and supervisory rules are implemented equally across all Member States, the ECB's Single Supervisory Mechanism (SSM) has further streamlined the incentive to achieve Supervisory Convergence. Within the SSM framework, the ECB has begun directly supervising significant credit institutions at their highest level of consolidation since November 2014. Following the increase of BBVA's stake in Türkiye Garanti Bankası A.Ş., GBI's shareholder, GBI also qualified as a significant supervised entity and came under the prudential supervision of the ECB.

GBI has followed a clear and proactive risk management strategy in this tightening regulatory environment and applied various changes to its risk management structure in an effort to further align with BBVA.

GBI has preserved its prudent approach to capital and liquidity management in 2016. Common Equity Tier 1 (CET1) has slightly increased to 16.70 percent from 16.26 percent in 2015. The total capital ratio has decreased to 18.47 percent from 19.04 percent in 2015 because of the early repayment of Tier 2 capital. Both ratios are comfortably above the minimum required levels. On the liquidity side, the Bank has continued to operate with a significant liquidity buffer, evidenced by a high LCR of 341 percent. The liquidity buffer is composed of placements to Central Banks and investments in high quality liquid assets. The well-balanced maturity profile and high level of stable funding, together with diversified funding base, allow GBI to ensure safe banking operations.

OVERVIEW ON GOVERNANCE AROUND RISK

GBI has established a governance structure based on the segregation of duties to facilitate sound, controlled business operations. Risk management is structured at various levels within the organization. These are composed of committees at the Supervisory Board and Bank levels, in the form of dedicated departments with specific mandates for risk management and control.

The Supervisory Board bears the overall responsibility for approving the risk appetite of GBI. The Risk Committee of the Supervisory Board (RCSB) advises the Supervisory Board on the Bank's risk appetite and ensures that effective risk management is conducted accordingly. The Audit and Compliance Committee of the Supervisory Board (ACSB) is the ultimate authority in independent audit functions, compliance-related risks, and the statutory financial reporting process.

The Managing Board (MB) of GBI functions as a collegial body, as referred to in Section 2:129 of the Dutch Civil Code. The MB is responsible for the management, general affairs, and business connected with GBI. The expansion of the MB in 2015 was a step toward strengthening GBI's risk culture and governance. The MB develops strategies, policies, and procedures to establish effective risk management and ensure that the Bank is in line with the approved risk appetite.

The Risk Management Committee (RMC) is responsible at the Bank level for coordinating and monitoring risk management activities, reporting directly to the RCSB. Other committees at the Bank level manage specific key banking risks: the Credit Committee for credit risk; the Asset and Liability Committee (ALCO) for market, interest rate, and liquidity risks; and the Compliance Committee for compliance risks. The New Product Development Committee is responsible for the assessment and introduction of new products and services.

The Credit Division has a separate risk control function, independent of commercial activities, making certain the proper functioning of the Bank's credit processes.

The Risk Management Department (RMD) of GBI has an independent risk monitoring function, also independent of commercial activities. The RMD develops and implements risk policies, procedures, methodologies, and risk management infrastructures. Risks in relation to the limits established by the Bank are continuously measured and comprehensively reported to the appropriate committees.

The Internal Control Unit (ICU), under the RMD, is involved in monitoring and reporting operational risks and establishing preventive control processes.

The Legal and Compliance Department (LCD) is also an independent body, reporting directly to the ACSB as well as to the Managing Board and Compliance Committee. The Legal function advises on relevant legal issues, while the Compliance function translates compliance-related rules, laws, and regulations into internal compliance obligations and policies.

The Information Security Department (ISD) is responsible for identifying risks in the information technology systems and processes at GBI, as well as ensuring that technology-related threats to business continuity are identified and mitigated. The Identity Access Control (IAC) Department manages access to information and applications scattered across internal and external application systems.

The Internal Audit Department (IAD) monitors the governance frameworks around all risks through regular audits, and provides reports to the Managing Board and the ACSB.

RISK APPETITE

GBI's Risk Appetite Framework (RAF) consists of three layers. The first layer is the Principles of Risk Appetite, which identifies relevant governance bodies and defines risk metrics around the Bank's risk appetite. The second layer is the Risk Appetite Statement (RAS), which determines the risks (and their level) that the Bank is prepared to assume in order to achieve its business objectives. The final layer is the Limit Framework, which supports the risk appetite and ensures that core metrics defined under risk appetite, are met at all times according to risk type. GBI's core metrics consist of several risk indicators for solvency, liquidity and recurrent income.

In determining risk appetite, the Supervisory Board seeks a balanced combination of risk and return while paying close attention to the interests of all stakeholders. As such, it reviews it on an annual basis at minimum.

- GBI's solvency has always remained at an above-adequate level owing to its committed shareholders and risk-averse strategies. The Bank aims to hold a strong capital base with a high Tier 1 component.

“THE BANK’S RISK LIMITS ARE CONTINUOUSLY MONITORED THROUGH CONTROL FUNCTIONS, WHILE THE CORE METRICS ARE MONITORED BY THE SUPERVISORY BOARD AT EACH MEETING.”

- The Bank pays specific attention to ensure sufficient liquidity and thus safe banking operations and sound financial conditions in both normal and stressed financial environments, while retaining a stable and diversified liquidity profile.
- In terms of financial performance, the Bank targets a return on equity level that is stable in the long-term and satisfies the stakeholders, including the shareholders, while maintaining core competencies and a strategic position in key markets.
- GBI is strongly committed to act with integrity and adhere to the highest ethical principles in its business conduct. The Bank avoids all sort of transactions and activities, which might lead to an insufficient compliance with internal policies or external regulations and, which may generate reputational risk in the eyes of all stakeholders, including regulators, shareholders, clients and society.

The core metrics are supported by additional metrics under the Limit Framework, which sets limits on specific risk types by means of introducing credit, market, structural interest rate, structural FX, liquidity, operational and reputational risk indicators.

The RAF was created to support the Bank’s core values and strategic objectives. Accordingly, GBI dedicates sufficient resources to ensure full compliance with all requirements as well as to establish and maintain a strong risk culture throughout the organization. Evaluation, monitoring and reporting is an important element of GBI’s RAF, which allows the Bank to ensure the compliance with the Risk Appetite

set by the Supervisory Board. The Bank’s risk limits are continuously monitored through control functions, while the core metrics are monitored by the Supervisory Board at each meeting.

MARKET RISK

Governance

GBI assumes limited market risks in trading activities by taking positions in debt securities, foreign exchange, commodities, and derivatives. The Bank has historically been conservative in running its trading book. The Bank enters into derivative transactions by client orders or for the purpose of hedging its foreign exchange and interest rate risks. The main strategy is to keep end-of-day trading positions at low levels within the predefined limits.

The Managing Board bears the overall responsibility for market risks and implements rules around market risk management. The Managing Board delegates its responsibilities to ALCO for the purpose of monitoring market risks. It reviews and sets limits on products and desk levels based on the Bank’s risk appetite.

GBI’s Treasury actively manages market risk within these limits. The Middle Office (first line) and the ICU (second line) were established as independent control bodies. They monitor and follow up all trading transactions and positions on an ongoing basis, as per the limits on notional position, stop-loss, and Value at Risk (VaR) as set by ALCO. Single transaction and price tolerance limits were also established to minimize operational risks. The RMD monitors market risk through regulatory and economic capital models and reports to ALCO and RCSB.

“GBI IS MAINLY INVOLVED IN LOW DEFAULT PORTFOLIOS SUCH AS SOVEREIGNS, BANKS, NON-BANK FINANCIAL INSTITUTIONS, LARGE CORPORATIONS, AND TRADE FINANCE ACTIVITIES.”

Approach

For regulatory capital purposes, the Bank uses the Standardized Measurement Approach for market risk. For economic capital purposes, GBI uses value at risk (VaR) methodology as a risk measure. VaR quantifies the maximum loss that could occur in one day due to changes in risk factors (such as interest rates, foreign exchange rates, equity prices, and so on.) with a confidence level of 99 percent. VaR is supplemented by stress tests to determine the effects of potentially extreme market developments on the value of market-sensitive exposures. Stress tests have the additional advantage of providing out-of-model analyses of the trading book. Hypothetical or historical scenarios are chosen and applied to the Bank’s position regularly. These scenarios are reviewed periodically by the RMD and updated when necessary.

CREDIT RISK

Governance

The Credit Committee of GBI is responsible for the control of all credit and concentration risks arising from the banking and trading books in line with the Bank’s risk appetite. The Wholesale Credit Risk Policy establishes the Bank’s decision-making process in granting credit limits, setting rules and guidelines for exposures that give rise to credit risk. These rules are underpinned by a set of general principles that apply to all credit risk situations, as well as by specific principles applicable to certain countries, industrial sectors, and types of obligors and transactions.

GBI is mainly involved in low default portfolios such as sovereigns, banks, non-bank financial institutions, large corporations, and trade finance activities. The primary element of the credit approval process is a detailed credit risk assessment of every exposure associated with an obligor. This assessment considers the creditworthiness of the obligor, collateral, and risks related to the specific type of credit facility or exposure. The Credit Division performs credit assessments for all exposures by making use of independent analysis and by taking into account the feedback from all related units.

In view of the internal ratings and credit assessment analyses of the obligors, the Credit Committee assigns the credit exposure limit. All obligors have individual credit limits based on their creditworthiness. Groups of connected obligors are subject to regulatory ‘group exposure’ limits, as well as internal Group Concentration Policy, to effectively manage the concentration risk of the Bank. Furthermore, as per the Country Limit Policy, limits are in place that cap the maximum exposure to specific countries, to ensure that related risks do not threaten the asset quality or solvency of the Bank. Finally, the Sector Limit Policy is designed to minimize contagion risks.

Approach

Being a Foundation Internal Ratings-Based (F-IRB) Bank for purposes of calculating the required regulatory capital, GBI uses a series of credit-risk measurement models. The Bank has dedicated internal rating models for all asset classes that evaluate the creditworthiness of each obligor. The rating models are integrated into the credit granting and monitoring

“GBI MAKES USE OF INTERNAL ECONOMIC CAPITAL MODELS IN ORDER TO ASSESS THE ADEQUACY OF REGULATORY CAPITAL”

processes. These models are reviewed internally and validated by an independent third party annually. The granular 22-grade rating scale is calibrated on probability of default based upon a statistical analysis of historical defaults. It is used for all internal ratings and thus enables the Bank to make comparisons between obligors in different asset classes.

In addition to capturing quantitative and qualitative factors related to obligors, the internal rating models also take into account all elements of country risk, such as transfer and convertibility risk, at various levels. Firstly, the inherent risk of the countries in which GBI operates is taken into account through the calibration of the rating models. Secondly, systemic risk factors are evaluated by using separate country factors within the rating models. Finally, the rating of the obligor is capped according to the rating of the sovereign of the obligor's country.

As part of its Internal Capital Adequacy Assessment Process (ICAAP), GBI makes use of internal economic capital models in order to assess the adequacy of regulatory capital, calculated using internal ratings, as well as to determine the additional capital requirements for concentration risk.

The economic capital model quantifies concentration risk based on concentrations in single name obligors, countries, and industries. To ensure a robust credit risk management approach, the Bank also applies stress tests. This enables the assessment of the adequacy of the current capital buffer under severe conditions. The Capital Planning process within the ICAAP also incorporates a stress scenario in addition to the baseline scenario to

project the development of capital adequacy over the medium term. All modeling and risk drivers of credit risk management are reviewed periodically and refined if necessary, subject to changes in the economic environment and business structure of the Bank.

In terms of capital management, Risk-Based Performance Measurement is an important element in evaluating the risk and the capital allocated to each business unit. Return on Risk Adjusted Capital (RORAC), calculated according to internal credit ratings, is used as a uniform measure for monitoring the economic value added based on the pre-set risk appetite. RORAC figures are monitored on a regular basis in order to optimize capital allocation.

INTEREST RATE RISK ON THE BANKING BOOK (IRRBB)

Governance

Interest rate risk is defined as the risk of loss in earnings or in the economic value of banking book items as a consequence of movements in interest rates. ALCO manages the interest rate risk in line with the policies and risk appetite set by the Supervisory Board. GBI's asset and liability structure creates a limited interest rate mismatch. However, business units are prevented from running structural interest mismatch positions by the use of a well-defined internal transfer pricing (ITP) process. Hence, all structural interest rate risks are managed centrally by the GBI Asset and Liability Management Department in line with internal policies.

Approach

GBI uses duration, gap, and sensitivity

“THE MAIN OBJECTIVE OF GBI'S LIQUIDITY AND FUNDING RISK POLICY IS TO MAINTAIN SUFFICIENT LIQUIDITY TO ENSURE SAFE BANKING OPERATIONS, A STABLE LONG-TERM LIQUIDITY PROFILE, AND A SOUND FINANCIAL CONDITION, BOTH IN NORMAL AND STRESSED FINANCIAL ENVIRONMENTS.”

analyses for the quantification of interest rate risk. Sensitivity analyses are based on both economic value and earnings perspectives. Interest sensitivity is measured by applying standard parallel yield curve shifts, a historical simulation approach, and user-defined yield curve twist scenarios. The outcomes of these analyses are discussed at ALCO and used effectively within decision making processes for hedging and pricing. GBI has a low duration gap, which limits the Bank's sensitivity to interest rate shocks. The net change in the economic value of equity under a regulatory interest rate shock scenario is closely monitored, and lies considerably below the regulatory maximum of 20 percent.

LIQUIDITY RISK

Governance

The main objective of GBI's liquidity and funding risk policy is to maintain sufficient liquidity to ensure safe banking operations, a stable long-term liquidity profile, and a sound financial condition, both in normal and stressed financial environments. The liquidity and funding risk policy is approved by the Supervisory Board, and aims to mitigate GBI's on- and off-balance sheet risks that are associated with liquidity mismatches, while complying with the related regulatory framework. The policy describes the governance of liquidity risk at GBI, and provides high level principles for day-to-day and long-term liquidity management.

GBI carries out an extensive Internal Liquidity Adequacy Assessment Process (ILAAP), where

all qualitative and quantitative aspects of liquidity risk management at the Bank are monitored using established limits and early warning indicators. The ILAAP framework details the liquidity risk appetite and funding strategy and is continuously reviewed. The funding strategy is also reviewed annually through the budget process with the establishment of the funding plan. The Supervisory Board monitors whether the Bank remains in line with the strategy and plan.

At the bank level, ALCO monitors liquidity risk, implements the appropriate policies as defined by the Supervisory Board, makes pricing decisions through the Internal Transfer Pricing (ITP) process, and directs the Bank's overall liquidity strategy. In case of a liquidity squeeze or an emergency situation, GBI has a detailed contingency funding plan, as part of its Recovery Plan, enabling the Bank to govern crisis management.

ALCO has delegated day-to-day liquidity management to the GBI Asset and Liability Management (ALM) Department, the division responsible for managing the overall liquidity risk position of the Bank. It also manages intraday liquidity as per the principles of intraday liquidity management established in the ILAAP Framework. The ALM manages all cash flows along with expected changes in business-related funding requirements. A related operations unit, independent from the front office, performs the role of collateral management and executes the settlements of all transactions.

“COMPLIANCE WITH REGULATORY REQUIREMENTS RELATED TO LIQUIDITY RISK IS AN INTEGRAL PART OF LIQUIDITY RISK MANAGEMENT AT GBI.”

The RMD performs liquidity risk assessment and analyses, develops required methodologies, and conducts regular stress tests to ensure the Bank is operating with sufficient liquidity. The RMD also reports comprehensively on liquidity risk directly to ALCO and the Supervisory Board.

Approach

GBI aims for a well-diversified funding mix in terms of instrument types, fund providers, geographic markets, and currencies. In general, retail funding is the primary funding source, enabling the Bank to have a positive liquidity gap even when the wholesale funding market dries up. Non-financial corporations, with which the Bank has established long-lasting relationships through its various financial services offerings, constitute the major part of the wholesale funding. Behavioral analyses of retail deposits held at the Bank show low mortality ratios, even during times of stress in local and global markets, indicating the resilience of this funding base. Similarly, deposits by non-financial counterparties exhibit a high proportion of wholesale funds which are held at the Bank over long periods of time, contributing to the stability of the Bank's unsecured funding.

The Bank's funding from other financial institutions includes money market borrowings and transactional and structured instruments on bilateral or syndicated bases. These funding sources leverage the Bank's trade finance franchise and transaction flow reciprocity. The Bank also makes use of secured funding from time to time in order to increase the diversity of resources.

GBI aims primarily for a stable funding profile and conducts business activities that are characterized by short-term lending. This strategy enables the quick accumulation of a liquidity buffer in stressed financial environments, and the equally efficient build-up of short-term assets once the stress has passed.

Compliance with regulatory requirements related to liquidity risk is an integral part of liquidity risk management at GBI. As such, the Bank ensures that it is in line with all regulations in place in its jurisdiction, and compliance with future regulations is part of its ongoing strategy and planning. In this context, the Bank monitors and reports the DNB Liquidity Stress Test as per the Supervisory Regulation on Liquidity (Regeling liquiditeit Wft), as well as the liquidity ratios in accordance with Liquidity Coverage Ratio (LCR) guidelines, and the Net Stable Funding Ratio (NSFR) as per the Capital Requirement Regulation (CRR). Hence, GBI actively manages the level and composition of its High Quality Liquid Asset (HQLA) buffer, which is composed of various types of assets including cash held at central banks and creditworthy financial counterparties, as well as freely available central bank-eligible or investment grade-marketable securities.

Furthermore, GBI frequently monitors liquidity risk through various analyses including loan-to-deposit ratios, contractual maturity gap analyses, and stress tests that are designed according to a variety of scenarios. These allow the Bank to assess the impacts of diverse shocks on its liquidity position. Shock factors are based on bank- or market-specific liquidity squeezes. Shocks are applied to all on- and off-balance

sheet items, including derivatives, to estimate cash flows under different stress scenarios. By using regulatory and internally developed stress tests, the Bank aims to hold a sufficient liquidity buffer in order to meet any sudden liquidity needs in times of stress.

OPERATIONAL RISK

Governance

The Bank has embedded the Three Lines of Defense model in its day-to-day activities. The first lines of defense are business lines and operational units. Risk and control functions including the compliance function act as the second line and are responsible for developing compliance policies, overseeing, monitoring and challenging first line's execution. The second line of defense is also responsible for facilitating, advising and supporting first lines. Finally, the Internal Audit Department (IAD) acts as the third line of defense. IAD provides management with objective assurance on the overall adequacy of the design and effectiveness of controls in first line and second line.

The operational risk strategy of GBI is founded on the principles that Senior Management, besides the Managing and Supervisory Boards, is actively involved in risk management, and that the risk management system is independent, sound, and implemented with integrity.

The Risk Committee of the Supervisory Board (RCSB), together with the Audit and Compliance Committee of the Supervisory Board (ACSB), establish and periodically review the Operational Risk Management framework.

The Risk Management Committee (RMC) coordinates the risk management activities of GBI and ensures that a strong operational risk management culture exists throughout the organization.

The ICU, LCD, IAC, and ISD use daily routine internal control mechanisms which are the foundation of the second line of defense. They monitor and report operational risks and establish preventive control measures where necessary. Internal controls are typically embedded in the Bank's day-to-day business and are designed to make certain, to the extent possible, that daily operational activities are effective; that information is reliable, timely, and complete; and that the Bank is compliant with applicable laws and regulations. Findings are presented to the related committees periodically.

Approach

GBI uses policies and procedures to set rules and event management to collect data on items that are not in compliance with these rules.

The Bank's internal control framework consists of daily controls performed by business lines and control functions. These make sure that the activities of the Bank are in compliance with internal policies and that corrections are done in a timely manner on a consolidated basis.

GBI uses a Risk and Control Matrix to identify the process risks that occur in the daily course of business and to assess the effectiveness of the control points that mitigate these risks. It is based on the self-assessment of individual departments and aims to control the operational risks inherent in all key processes of the Bank. Identified risk levels and process control points are then reported to the RMC.

The implementation of an Information Security Management System in accordance with internationally recognized standards (ISO 27001) is a key objective that demonstrates our commitment to Information Security. This involves the systematic examination of the Bank's information security risks; the

“INTEGRITY IS A CORE VALUE OF GBI, AND IS EMBEDDED IN THE BANK’S ORGANIZATION AND IMPLEMENTED THROUGH A NUMBER OF POLICIES AND PROCEDURES.”

identification of threats and vulnerabilities to our information assets and assessment of the associated risk exposures; the implementation of a comprehensive suite of security controls to reduce or mitigate information security risks; information security awareness training for all employees; the establishment of information security and information technology policies to manage potential exposures; a robust management process to ensure controls continue to meet the Bank’s information security needs and; lastly, centralizing, standardizing, and automated identity management services that reduce risk and cost while improving operational efficiency.

Pursuant to Section 10 of the Decree on Prudential Rules for Financial Undertakings (Besluit prudentiële regels Wft) banks must ensure systematic analysis of integrity risks. Integrity risks are defined as the “threat to the reputation of, or the current or future threat to the capital or the results of a financial institution due to insufficient compliance with the rules that are in force under or pursuant to the law.”

GBI is aware of the integrity risks that are possible and common in the banking industry in general and moreover in its core activities; international trade finance, correspondent banking and retail banking. Integrity is a core value of GBI, and is embedded in the Bank’s organization and implemented through a number of policies and procedures.

GBI uses Systematic Integrity Risk Analysis (SIRA) to evaluate integrity risks with respect to characteristics of the Bank’s products, services, customers, and geographical locations. SIRA also provides an overview of

the main compliance risk management controls applied within the Bank. All first line of defense functions perform self-assessments to identify and measure integrity-related risk scenarios inherent in GBI’s products, services, customers, and geographical locations.

GBI uses the Basic Indicator Approach to determine the regulatory capital requirements arising from operational risk.

REPUTATIONAL, STRATEGIC AND OTHER RISKS

GBI is committed to safeguarding its reputation as a reliable, professional, and trustworthy provider of financial services in the eyes of all stakeholders, including regulators, shareholders, clients, and society. The Bank avoids activities, which might lead to insufficient compliance with internal policies or external regulations and, which may generate reputational risk in the eyes of all stakeholders, including regulators, shareholders, clients and society.

GBI assumes low strategic risk to achieve its business goals in changing market conditions. Strategic risk is taken into account in the capital planning process to determine potential increases in capital or liquidity requirements based on the business and funding models of the Bank.

GBI has limited or no exposure to residual, pension, settlement, underwriting, and securitization risks.

“GBI IS WELL POSITIONED FOR THE FULL PHASE-IN IMPLEMENTATION OF CRR, THANKS TO THE KEY FEATURES OF ITS BUSINESS MODEL.”

KEY REGULATORY RATIOS

The Capital Requirements Regulation and Directive (CRR/CRD) IV has been in place since 1 January 2014, and will be phased in completely by 2019. As per the CRR/CRD IV, the Common Equity Tier 1 (CET1) requirement of 2 percent has been increased to 4.5 percent as of 2014, and will be increased to 7 percent (including the 2.5 percent capital conservation buffer) by the year 2019. Hence, the minimum total capital ratio requirement of 8 percent will also be increased to 10.5 percent by the same date. A countercyclical buffer between 0 and 2.5 percent will also be introduced on top of these required minimums to achieve the broader macro-prudential goal of protecting the banking industry from periods of excess aggregate credit growth. Lastly, the definition of eligible instruments for capital treatment is changed to increase capacity to absorb loss.

GBI is well positioned for the full phase-in implementation of CRR, thanks to the key features of its business model; low leverage, a high quality capital base, and sound liquidity management. The impact of the changes in the definition of capital, as well as the minimum capital requirements, is limited for GBI since the Bank has a high common equity component and no hybrid capital products.

The capital ratios are already comfortably above the CRR minimum and the fully phased-in capital conservation buffer of 2.5 percent in the CRD IV, at 16.70 percent of CET 1 and 18.47 percent Total Capital Ratio.

Short-term and long-term liquidity standards, such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), respectively, were introduced by CRR to protect the financial industry from potential liquidity shocks. GBI’s LCR, at 341 percent, is comfortably above the regulatory minimum of 100 percent.

Although a regulatory minimum has not yet been established in the EU for the NSFR, GBI’s level is well above the Basel III proposal of 100 percent. The Bank maintains a high liquidity buffer and, given its stable funding base, the Bank expects to continue meeting both liquidity requirements.

In addition to the changes in the minimum required solvency, a non-risk based measure, namely the Leverage Ratio, has been established to limit excessive leverages in the financial industry.

A regulatory minimum Leverage Ratio has not yet been set in the EU, but GBI’s level of 10.66 percent is well above the Basel III proposal of 3 percent.

More information on the risk management practices at GBI and the risk profile of the Bank can be found in the ‘Report on Capital Adequacy and Risk Management’, published on GBI’s website www.garantibank.eu.

**our A3 rating
ranks as the
third-best
in the Netherlands**

**Our financial
strength**
is driven by very
strong capitalization,
low leverage,
sound liquidity and
solid asset quality.

Index

Balance sheet as at 31 December 2016	47	Profit and loss account	
Profit and loss account for the year 2016	48	20 Interest income	63
Cash flow statement for the year 2016	49	21 Interest expense	64
Notes to the 2016 financial statements		22 Commission income	64
1 Overview of GarantiBank International N.V.	51	23 Commission expense	64
2 Significant accounting policies	51	24 Net commission	64
Balance sheet: Assets		25 Result on financial transactions	64
3 Cash	57	26 Segmentation of income	65
4 Banks	57	27 Administrative expenses	65
5 Loans and advances	57	28 Depreciation	66
6 Interest-bearing securities	58	29 Value adjustments to tangible fixed assets	66
7 Shares	59	30 Value adjustments to receivables	66
8 Property and equipment	59	31 Tax on result on ordinary activities	67
9 Intangible assets	60	Further disclosures	
10 Other assets	60	32 Asset encumbrance	68
11 Prepayments and accrued income	60	33 Risk management	69
Balance sheet: Liabilities		33.1 Credit risk	69
12 Banks	60	33.1.a Breakdown by geographical regions	69
13 Funds entrusted	61	33.1.b Breakdown by collateral	70
14 Other liabilities	61	33.1.c Breakdown by sector and industry	71
15 Accruals and deferred income	61	33.1.d Non-performing loans and NPL ratio	71
16 Provisions	61	33.1.e Derivatives	72
17 Subordinated liabilities	62	33.2 Market risk	74
18 Shareholders' equity	62	33.2.a Currency risk	74
Off-balance sheet information	63	33.2.b Interest rate risk	75
19 Off-balance sheet liabilities		33.3 Liquidity risk	76
		33.4 Capital adequacy	77
		34 Fair value of financial instruments	77
		35 Country-by-country reporting	79
		36 Group related balances	79
		36.1 Outstanding balances	80
		37 Remuneration of Managing Board Directors and Supervisory Board Directors	80
		38 Profit appropriation	80
		39 Subsequent events	80

Balance Sheet as at 31 December 2016 (before profit appropriation)

		2016		2015	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
ASSETS					
Cash	3		441,985		521,524
Banks	4		538,436		651,717
Loans and advances	5		2,889,555		2,720,638
Interest-bearing securities	6		811,076		988,344
Shares	7		4,621		4,477
Property and equipment	8		22,956		20,654*
Intangible assets	9		4,593		4,965*
Other assets	10		8,268		8,014
Prepayments and accrued income	11		114,029		101,132
TOTAL ASSETS			4,835,519		5,021,465
LIABILITIES					
Banks	12		768,859		989,260
Funds entrusted	13		3,348,663		3,247,699
Other liabilities	14		17,818		21,841
Accruals and deferred income	15		84,956		135,209
Provisions	16		826		491
			4,221,122		4,394,500
Subordinated liabilities	17		50,000		80,000
Paid-in and called-up capital		136,836		136,836	
Revaluation reserves		1,958		938	
Other reserves		409,191		397,850	
Net profit		16,412		11,341	
Shareholders' equity	18		564,397		546,965
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			4,835,519		5,021,465
OFF-BALANCE SHEET LIABILITIES	19		398,761		317,575

* Adjusted for reasons of comparison

Profit and Loss Account for the Year 2016

		2016		2015	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Interest income	20	189,346		174,402	
Interest expense	21	126,164		111,168	
NET INTEREST			63,182		63,234
Commission income	22	27,280		36,659	
Commission expense	23	2,478		1,840	
NET COMMISSION	24		24,802		34,819
Result on financial transactions	25		6,030		5,285
TOTAL INCOME			94,014		103,338
Staff costs		27,067		27,625	
Other administrative expenses		14,454		11,639	
Administrative expenses	27		41,521		39,264
Depreciation	28		2,943		2,765
Value adjustments to tangible fixed assets	29		-		(1,766)
Value adjustments to receivables	30		27,627		48,515
TOTAL EXPENSES			72,091		88,778
OPERATING RESULT BEFORE TAX			21,923		14,560
Tax on result on ordinary activities	31		5,511		3,219
NET RESULT AFTER TAX			16,412		11,341

Cash Flow Statement for the Year 2016

	2016	2015*
	EUR 1,000	EUR 1,000
NET CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net profit	16,412	11,341
Adjustments for depreciation	2,943	2,765
Adjustments for value adjustments to tangible fixed assets	-	(1,766)
Adjustments for value adjustments to receivables	27,991	48,626
Adjustments for exchange rate differences on investment portfolio	(1,731)	(8,117)
Adjustments for amortization of premiums and discounts on investment portfolio	168	160
Adjustment for amortization of revaluation reserve tangible fixed assets	(27)	(4)
Adjustments for provisions relating to deferred tax	(9)	(101)
Net cash flow from operating profit	45,747	52,904
Changes in:		
Due from banks, excluding due from banks on demand and value adjustments to receivables	34,120	61,434
Loans and advances, excluding value adjustments to receivables	(196,908)	(220,353)
Other securities portfolio	165,132	(102,068)
Shares	-	(4,477)
Other assets	(254)	(3,624)
Prepayments and accrued income	(12,897)	(17,184)
Due to banks, excluding due to banks on demand	(195,632)	177,327
Funds entrusted	100,964	(82,426)
Other liabilities	(4,028)	(70,216)
Accruals and deferred income	(50,253)	(84,015)
	(114,009)	(292,698)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in:		
• Property and equipment	(2,350)	-
• Intangible assets	(1,127)	(413)
Divestments in:		
• Property and equipment	-	44
• Investment portfolio due to sales, excluding value adjustments to receivables	13,555	6,823
	10,078	6,454
NET CASH FLOW FROM FINANCING ACTIVITIES		
Subordinated liabilities	(30,000)	50,000
NET CASH FLOW	(133,931)	(236,244)

* Adjusted for reasons of comparison

	2016	2015
	EUR 1,000	EUR 1,000
Cash and cash equivalents as at 1 January	596,023	832,267
Cash and cash equivalents as at 31 December	462,092	596,023
NET CASH FLOW	(133,931)	(236,244)

SPECIFICATION OF CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER

	2016	2015
	EUR 1,000	EUR 1,000
Cash	441,985	521,524
Due to/from banks on demand	20,107	74,499
	462,092	596,023

Notes to the 2016 Financial Statements

1 OVERVIEW OF GARANTIBANK INTERNATIONAL N.V.

General

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

GBI is mainly active in international trade finance and corporate lending, as well as in retail banking.

Basis of presentation

The financial statements are compiled in conformity with the provisions governing the financial statements as included in Part 9, Book 2 of the Netherlands Civil Code, as well as the Guidelines of the Council for Annual Reporting (Raad voor de Jaarverslaggeving - RJ), including the specific guidelines for Banks included in RJ 600 and the formats prescribed for the balance sheet and profit and loss account of banks under the Financial Statements Formats Decree.

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

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Principles for consolidation

Subsidiaries, i.e. all companies and other entities (including special purpose entities) in respect of which GBI has the power to determine the financial and operating policies, whether directly or indirectly, are consolidated. This is the case if more than half of the voting rights may be exercised, or if GBI has control

in any other manner. Subsidiaries are fully consolidated from the date on which control is transferred to GBI.

They are de-consolidated from the date control ceases.

For the year 2016, there were no subsidiaries that met the above-mentioned requirements for consolidation.

2 SIGNIFICANT ACCOUNTING POLICIES

General

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

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and when all risks relating to an asset or a liability are transferred to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic

benefits are not probable and/or cannot be measured with sufficient reliability.

The revenue and expenses are allocated to the period to which they relate. Revenues are recognized when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

The financial statements are presented in euros, the Bank's functional currency. All financial information in euros has been rounded to the nearest thousand.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Translation gains and losses are recorded in the profit and loss account as 'Result on financial transactions'.

Transactions denominated in foreign currency are translated into the functional currency at the exchange rate applying on the transaction date. The resulting exchange rate gains and losses are accounted for as 'Result on financial transactions' in the profit and loss account.

Financial instruments

Financial instruments include investments in loans and other financing commitments, shares and bonds, other receivables, cash items and other payables. These financial statements contain the following financial instruments: loans and advances to banks/customers, interest-bearing securities, financial instruments held for trading (financial assets and liabilities), equity instruments, receivables, payables, other financial liabilities and derivatives.

Financial instruments are initially recognized at fair value. The basis for subsequent measurement of the various types of financial instruments is included in the following paragraphs.

Loans and advances to banks/customers

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

Results from the sale of loans and advances to banks/customers are recorded in the profit and loss account as 'Result on financial transactions'.

Investment, trading and other securities portfolio

The Investment portfolio included in the financial statement captions 'Interest-bearing securities' and 'Shares' comprise all investments, which are intended to be held on a permanent basis or to maturity.

The Trading portfolio included in the financial statement captions 'Interest-bearing securities' and 'Shares' consists of investments which are intended to be used to gain transaction results on a short-term basis.

The Other securities portfolio included in the financial statement captions 'Interest-bearing securities' and 'Shares' comprises all investments which are neither intended to be held on a permanent basis or to maturity, nor intended to be used to gain transaction results on a short-term basis.

Interest-bearing securities belonging to the Investment portfolio are measured at amortized cost. The difference between redemption value and acquisition price is deferred and is amortized over the remaining life of the relevant securities.

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

Interest-bearing securities belonging to the Other securities portfolio are measured at amortized cost. The difference between redemption value and acquisition price is deferred and is amortized over the remaining life of the relevant securities.

Shares belonging to the Other securities portfolio refer to investments in equity instruments, which are not listed and are measured at cost price. Realised valuation changes and impairment losses are processed into profit and loss account.

Derivatives

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

Foreign exchange contracts

For derivative contracts concluded to mitigate currency risk GBI applies cost price hedge accounting as defined in the Dutch Accounting Standard RJ 290. Whenever GBI determined that the hedge relations are effective, derivative instruments used to hedge the

Bank's own currency positions are recognized in accordance with the accounting principles applicable to these positions, i.e. derivatives are measured at spot rate. The forward points on currency swaps are amortized to the profit and loss account on a linear basis over the duration of the currency derivative and included under 'Interest income/interest expense'. The ineffective portion of the cost price hedge accounting relationships is recorded in the profit and loss account as 'Result on financial transactions' using the lower of cost or fair value when valuing the derivative.

Currency contracts that are not subject to hedge accounting are recorded at fair value as at balance sheet date. The resulting price and valuation differences are recorded in the profit and loss account as 'Result on financial transactions'.

Interest rate contracts

For derivative contracts concluded to mitigate interest rate risk GBI applies cost price hedge accounting as defined in the Dutch Accounting Standard RJ 290. Whenever GBI determined that the hedge relations are effective, derivative instruments used to hedge the Bank's own interest rate exposure are recorded at cost and the accrued interest on these instruments are recognized under 'Interest income' and/or 'Interest expense'. The ineffective portion of the cost price hedge accounting relationships is recorded in the profit and loss account as 'Result on financial transactions' using the lower of cost or fair value when valuing the derivative.

Interest rate contracts that are not subject to hedge accounting are recorded at fair value as at balance sheet date. The resulting price and valuation differences are recorded in the profit and loss account as 'Result on financial transactions'.

Other contracts

Other derivatives are recorded at fair value as at balance sheet date. The resulting price and valuation differences are recorded in the profit and loss account as 'Result on financial transactions'.

Impairment of financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loans and advances to banks/customers, investment securities and other securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated

as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances to banks/customers, investment securities or other securities. Interest on the impaired asset continues to be recognised, unless the collection of the interest is doubtful.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

FINANCIAL FIXED ASSETS

Property and equipment

The accounting principles for tangible fixed assets are as follows:

Land and buildings

Premises are recorded at fair value. Changes in fair value are accounted for in the revaluation reserve, taking into account deferred tax liabilities. The fair value is determined periodically by an independent external party.

If the fair value is lower than the cost price, the difference is taken to the profit and loss account under the item value adjustments to tangible fixed assets. Properties not in use and land are not depreciated.

Depreciation periods applied are as follows:

- Properties: 50 years.
- Improvement of properties: 50 years.

Other fixed assets

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

Depreciation periods applied are as follows:

- Renovation of properties: 10 to 15 years.
- Furniture and equipment: 5 to 10 years.
- Intangibles: 2 to 10 years.

Intangibles include development costs, which are capitalised insofar as incurred in respect of potentially profitable projects and are stated at cost. These costs mainly comprise the cost of direct labour; upon completion of the development phase, the capitalised costs are written down over their expected useful life. Depreciation takes place on a straight-line basis.

DISPOSAL OF FIXED ASSETS

Fixed assets available for sale are stated at the lower of their carrying amount and net realisable value.

PROVISIONS

General

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

Deferred tax

Deferred tax is recorded using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets are accounted for only if it is probable that they will be realized.

INCOME

All income items are attributed to the period in which they arise or in which the service was provided.

Interest income and interest expenses are recognized in the period to which they relate. Accrued interest on derivative instruments used to hedge GBI's own positions, is recognized in 'Interest income' and/or 'Interest expense'. Commission income and commission expense are recognized in the period to which they relate.

Interest and commission income from impaired financial assets are not stated as income if the collection of the interest and commission is doubtful.

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

OPERATING EXPENSES

Expenses are allocated to the period in which they arise.

CORPORATE INCOME TAX

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

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

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

CASH FLOW STATEMENT

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

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

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

DETERMINATION OF FAIR VALUE

A number of accounting policies and disclosures in the financial statements require the determination of fair value for financial assets and liabilities. 'Fair value' is the price

that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. For measurement and disclosure purposes, fair value is determined on the basis of the following methods.

Financial assets

When available, the Bank measures the fair value of a financial asset using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same and discounted cash flow models. Valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

Derivatives

The fair value of derivatives are obtained from active markets or determined on the basis of generally accepted valuation models such as discounted cash flow calculations or option pricing models, unless there is an observable market price. Valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

	2016	2015
	EUR 1,000	EUR 1,000
3 CASH	441,985	521,524
This item includes all legal tender, as well as demand deposits held at the central banks in countries in which GBI's Head Office and its branch are located.		
4 BANKS	538,436	651,717
This item comprises all loans and advances to banks falling under regulatory supervision and insofar as not embodied in the form of debt securities. This item also includes money market placements to financial institutions that have been pledged as collateral (see note 32). Furthermore, this item includes drawings under letters of credit, for which all relevant documents have been presented, shipments have been made and payment obligation is therefore certain. There are no provisions related to this item.		
5 LOANS AND ADVANCES	2,889,555	2,720,638
These include all loans and advances, excluding those to banks and those embodied in debt securities. This item also includes drawings under letters of credit, for which all relevant documents have been presented, shipments have been made and payment obligation is therefore certain. This amount is shown net of provisions amounting to EUR 44.6 million (2015: EUR 77.8 million). The changes in the provisions were as follows:		
Position as at 1 January	77,836	61,229
Additions	29,368	50,860
Write-offs	(61,983)	(39,099)
Releases	(1,377)	(2,234)
Exchange rate differences	790	7,080
Position as at 31 December	44,634	77,836

	2016	2015
	EUR 1,000	EUR 1,000
6 INTEREST-BEARING SECURITIES	811,076	988,344
Included under this item are debt securities with a fixed or floating interest rate.		
The breakdown by issuer is as follows:		
• Issued by public bodies and national governments	198,029	281,186
• Issued by others	613,047	707,158
	811,076	988,344
Of the interest-bearing securities held as at 31 December 2016, EUR 0.0 million will mature in 2017, EUR 9.5 million is unlisted (31 December 2015: EUR 9.2 million) and EUR 12.7 million has been issued by a group company (31 December 2015: EUR 12.4 million). This item includes interest-bearing securities that have been pledged as collateral (see note 32). The breakdown by portfolio is as follows:		
• Investment portfolio	59,684	71,820
• Other securities portfolio	751,392	916,524
	811,076	988,344
The changes of the interest-bearing securities in the Investment portfolio are as follows:		
Balance sheet value as at 1 January	71,820	70,686
Purchases	-	-
Sales	(13,555)	(6,823)
Redemptions	-	-
Amortized premiums and discounts	(168)	(160)
Exchange rate differences	1,587	8,117
Balance sheet value as at 31 December	59,684	71,820
As at December 2016, the purchase price of the Investment portfolio was EUR 2.5 million above the redemption value (31 December 2015: EUR 2.5 million above). As at 31 December 2016, the market value of the Investment portfolio was EUR 2.3 million below the redemption value (31 December 2015: EUR 3.6 million below).		

	2016 EUR 1,000	2015 EUR 1,000
The changes of the interest-bearing securities in the Other securities portfolio are as follows:		
Balance sheet value as at 1 January	916,524	814,456
Purchases	273,476	779,895
Sales	(426,548)	(716,543)
Redemptions	(16,201)	(36,033)
Amortized premiums and discounts	(2,326)	(3,774)
Exchange rate differences	6,467	78,523
Balance sheet value as at 31 December	751,392	916,524

As at 31 December 2016, the purchase price of the other securities portfolio was EUR 16.9 million above the redemption value (31 December 2015: EUR 27.3 million above).

As at 31 December 2016, the market value of the other securities portfolio was EUR 1.3 million above the redemption value (31 December 2015: EUR 8.6 million below).

7 SHARES

This item consists of investments in equity instruments which are not listed and which are included in the Other securities portfolio.

4,621	4,477
-------	-------

8 PROPERTY AND EQUIPMENT

22,956	20,654**
--------	----------

The changes in this balance sheet item are as follows:

	Land and buildings	Other fixed assets	Total
Balance sheet value as at 1 January 2016	18,938	1,716	20,654
Investments	194	2,156	2,350
Revaluations*	1,396	-	1,396
Depreciation	(478)	(966)	(1,444)
Balance sheet value as at 31 December 2016	20,050	2,906	22,956
Accumulated depreciation	6,373	3,680	10,053

* The building where the Bank's Head Office is located was appraised in December 2016.
** Starting 2016, Intangible assets are shown as a separate balance sheet item. Accordingly, the 2015 amount of Property and equipment has been adjusted for reasons of comparison.

	2016 EUR 1,000	2015 EUR 1,000
9 INTANGIBLE ASSETS	4,593	4,965
The changes in this balance sheet item are as follows:		
Balance sheet value as at 1 January 2016	4,965	
Investments	1,127	
Depreciation	(1,499)	
Balance sheet value at 31 December 2016	4,593	
Accumulated depreciation	4,441	
10 OTHER ASSETS	8,268	8,014

This item includes those amounts, which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet asset item. This concerns, for example, balances of payment transactions still to be settled.

As at 31 December 2016, it primarily consists of a receivable of EUR 4.3 million (31 December 2015: EUR 4.3 million) with regard to the Deposit Guarantee Scheme for the bankrupted DSB Bank. This receivable is recorded at its estimated fair value. As at 31 December 2016, this item also includes the current tax position amounting to EUR 3.9 million receivable (31 December 2015: EUR 3.5 million receivable).

11 PREPAYMENTS AND ACCRUED INCOME

114,029	101,132
---------	---------

As at 31 December 2016, this item includes prepaid expenses, as well as accrued income, such as accrued interest and commission amounting to EUR 47.3 million (31 December 2015: EUR 32.5 million). It also includes the valuation of derivative contracts amounting to EUR 70.2 million (31 December 2015: EUR 69.2 million). See notes 33.1.e and 34 for more information on derivatives.

12 BANKS

768,859	989,260
---------	---------

This includes the non-subordinated amounts owed to banks insofar as not embodied in debt certificates. As at 31 December 2016, this includes a syndicated loan amounting to EUR 256.9 million (31 December 2015: EUR 234.9 million), a secured borrowing amounting to EUR 154.1 million (31 December 2015: EUR 149.3 million) and repurchase agreements amounting to EUR 129.1 million (31 December 2015: EUR 258.2 million) (see note 32).

	2016	2015
	EUR 1,000	EUR 1,000
13 FUNDS ENTRUSTED	3,348,663	3,247,699
Included under this item are all non-subordinated debts, insofar as these are not amounts owed to banks or embodied in debt certificates.		
This item can be specified as follows:		
• Savings accounts	2,534,643	2,410,235
• Other funds entrusted	814,020	837,464
	3,348,663	3,247,699

As at 31 December 2016, the funds entrusted with a remaining maturity of more than one year amounted to EUR 405.3 million (31 December 2015: EUR 381.8 million) with an average interest rate of 1.54 percent (31 December 2015: 2.06 percent).

14 OTHER LIABILITIES	17,818	21,841
-----------------------------	---------------	--------

This item includes those amounts, which are not of an accrued or deferred nature or which cannot be classified under any other balance sheet liability item.

15 ACCRUALS AND DEFERRED INCOME	84,956	135,209
--	---------------	---------

As at 31 December 2016, this item includes prepayments received in respect of profits attributable to subsequent periods and amounts still to be paid, such as accrued interest amounting to EUR 18.5 million (31 December 2015: EUR 22.6 million). It also includes valuation of derivative contracts amounting to EUR 57.8 million (31 December 2015: EUR 104.3 million). See notes 33.1.e and 34 for more information on derivatives.

16 PROVISIONS	826	491
----------------------	------------	-----

The changes in this item were as follows:

	DEFERRED TAX LIABILITIES FOR BUILDINGS	PENDING LEGAL ISSUES	TOTAL
Balance as at 1 January 2016	491	-	491
Releases	(9)	-	(9)
Additions	349	-	349
To/from current tax position	(5)	-	(5)
Balance as at 31 December 2016	826	-	826
Balance as at 1 January 2015	567	100	667
Releases	(443)	(100)	(543)
Additions	372	-	372
To/from current tax position	(5)	-	(5)
Balance as at 31 December 2015	491	-	491

Please see note 31 for further details.

	2016	2015
	EUR 1,000	EUR 1,000
17 SUBORDINATED LIABILITIES	50,000	80,000

As at 31 December 2016, this item contains a subordinated loan of EUR 50.0 million received from GBI's shareholder Türkiye Garanti Bankası A.Ş. The subordinated loan is subordinate to the other current and future liabilities of GBI. It was granted in 2015 with an original maturity of 10 years and has a yearly interest rate of 4.55 percent. In October 2016, a subordinated loan of EUR 30 million has been repaid to Türkiye Garanti Bankası A.Ş.

In 2016, the interest expense in respect of the subordinated loans amounted to EUR 3.8 million (2015: EUR 2.3 million).

18 SHAREHOLDERS' EQUITY	564,397	546,965
Paid-in and called-up capital	136,836	136,836

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

Revaluation reserves	1,958	938
Position as at 1 January	938	1,149
Reversal of impairment on building	-	(1,324)
Revaluation building	1,047	1,117
Amortization to profit and loss account	(27)	(4)
Position as at 31 December	1,958	938

Other reserves	409,191	397,850
Position as at 1 January	397,850	352,089
Appropriation profit previous year	11,341	45,761
Position as at 31 December	409,191	397,850

	2016	2015
	EUR 1,000	EUR 1,000
Net profit	16,412	11,341
The changes in this item were as follows:		
Position as at 1 January	11,341	45,761
Profit appropriation	(11,341)	(45,761)
Result after tax	16,412	11,341
Position as at 31 December	16,412	11,341

19 OFF-BALANCE SHEET LIABILITIES

This includes all liabilities arising from transactions in which GBI has guaranteed the commitments of third parties.

The off-balance sheet liabilities can be broken down into liabilities in respect of:

• Guarantees	49,869	77,279
• Irrevocable letters of credit	206,280	95,405
• Other commitments	142,612	144,891
	398,761	317,575

20 INTEREST INCOME

This includes income arising from the lending of funds and related transactions and the interest-related result of derivatives as well as commissions and other income, which have an interest characteristic.

This item comprises interest and similar income from:

• Banks	8,872	11,407
• Loans and advances	144,084	113,800
• Debt securities including fixed-income securities	36,390	49,195
	189,346	174,402

Interest income from debt securities includes positive results on sales from the Investment and Other securities portfolio of EUR 7.6 million (2015: EUR 15.8 million).

21 INTEREST EXPENSE

This item includes the costs arising from the borrowing of funds and the interest-related result of derivatives as well as other charges, which have an interest characteristic.

22 COMMISSION INCOME

This amount comprises the income from fees received in respect of banking services supplied to third parties insofar as these do not have an interest characteristic. This relates primarily to trade finance activities.

23 COMMISSION EXPENSE

This concerns the expenses paid in respect of fees for banking services supplied by third parties insofar as these do not have the characteristics of interest.

24 NET COMMISSION

Net commission comprises:

• Trade finance	10,720	20,297
• Corporate finance	8,600	9,478
• Payment and investment services	4,156	4,108
• Brokerage and private banking services	2,279	2,214
• Other	(953)	(1,278)
	24,802	34,819

25 RESULT ON FINANCIAL TRANSACTIONS

This item covers unrealized and realized profits and losses belonging to the Trading portfolio and currency differences and price/rate differences arising from dealing in other financial instruments. The impact of ineffectiveness of hedging derivatives is EUR 1 thousand (2015: EUR 23 thousand).

This item comprises:

• Securities trading	718	(1,070)
• Foreign exchange dealing	3,483	4,422
• Forfaiting	154	(17)
• Other	1,675	1,950
	6,030	5,285

2016	2015
EUR 1,000	EUR 1,000

126,164 111,168

27,280 36,659

2,478 1,840

24,802 34,819

10,720 20,297

8,600 9,478

4,156 4,108

2,279 2,214

(953) (1,278)

24,802 34,819

6,030 5,285

	2016	2015
	EUR 1,000	EUR 1,000
26 SEGMENTATION OF INCOME	222,656	216,346
The total of interest income, income from participating interests, commission income and result on financial transactions can be broken down into the following geographical areas based on customer domicile:		
• The Netherlands	22,842	18,187
• Turkey	134,408	112,658
• Great Britain	11,474	13,695
• Switzerland	4,172	8,336
• Germany	2,832	4,184
• Rest of Europe	26,856	29,247
• CIS countries	4,429	7,472
• Rest of the world	15,643	22,567
	222,656	216,346

27 ADMINISTRATIVE EXPENSES

	41,521	39,264
This includes:		
• Staff costs	27,067	27,625
• Other administrative expenses	14,454	11,639
	41,521	39,264

The staff costs comprise:

• Wages and salaries	21,456	22,248
• Pension costs	2,401	2,372
• Other social costs	2,160	2,177
• Other staff costs	1,050	828
	27,067	27,625

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

The nature and substance of the plans are decisive for their treatment in the financial statements. Contributions to the pension schemes are charged directly to the profit and loss account in the year to which they relate. A pension provision needs to be included in the balance sheet for pension premiums payable and possible additional obligations to the pension plan or employees outstanding as per the balance sheet date. As of the end of 2016, no premiums payable and possible additional obligations were outstanding.

The average number of full-time equivalent employees was 236 (2015: 236), which can be split as follows:

Netherlands	200	199
Other	36	37
	236	236

Other administrative expenses include expenses related to services provided by KPMG Accountants N.V. (external auditor of GBI) and other members of the international KPMG network.

The breakdown, in which these expenses have been allocated to the relevant period, is as follows

	2016			2015		
	KPMG ACCOUNTANTS N.V.	OTHER KPMG NETWORK	TOTAL KPMG NETWORK	KPMG ACCOUNTANTS N.V.	OTHER KPMG NETWORK	TOTAL KPMG NETWORK
Audit of the financial statements	197	29	226	224	29	253
Audit-related services	210	35	245	171	-	171
Fiscal advice	-	-	-	-	-	-
Other non-audit expenses	-	-	-	-	-	-
	407	64	471	395	29	424

	2016	2015
	EUR 1,000	EUR 1,000
28 DEPRECIATION	2,943	2,765

For a breakdown of this item, please see the overview of changes in property and equipment (note 8) and intangible assets (note 9).

29 VALUE ADJUSTMENTS TO TANGIBLE FIXED ASSETS

	-	(1,766)
--	---	---------

For 2015 this item related to the reversal of the impairment on the Bank's office premises recorded in 2012.

30 VALUE ADJUSTMENTS TO RECEIVABLES

	27,627	48,515
--	---------------	--------

This item relates to provisions for loans and advances to customers and can be broken down as follows:

• Additions	29,368	50,860
• Releases	(1,377)	(2,234)
• Repayments after write-off	(364)	(111)
	27,627	48,515

31 TAX ON RESULT ON ORDINARY ACTIVITIES

The corporate income tax has been calculated using the nominal tax rate of 25 percent over the Dutch taxable income and the local applicable tax rate for taxable income in Germany (30 percent). The overall effective tax rate in 2016 was 25.2 percent (2015: 22.1 percent).

	2016 EUR 1,000	2015 EUR 1,000
	5,511	3,219
Dutch tax rate	25.0%	25.0%
Effect of deviating tax rates in foreign jurisdictions	0.2%	0.2%
Effect of non-taxable income (reversal of impairment on building)	0.0%	(3.1%)
Effective tax rate on operating income	25.2%	22.1%

The 2016 taxes amounted to EUR 5,511 thousand (2015: EUR 3,219 thousand).

The deferred tax liabilities relate to tax liabilities that will arise in the future resulting from the difference between the book value of specific assets and their valuation for tax purposes.

The deferred tax liabilities fully relate to buildings and amounted to EUR 826 thousand (2015: EUR 491 thousand) (see also note 16).

FURTHER DISCLOSURES**32 ASSET ENCUMBRANCE**

The following tables give an overview of the Bank's encumbered assets and the related financial liabilities. Encumbered assets are assets which are not freely available because they have been pledged or are subject to an arrangement to secure, collateralise or credit enhance a transaction.

	CARRYING AMOUNT OF ENCUMBERED ASSETS		FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF NON-ENCUMBERED ASSETS		FAIR VALUE OF NON ENCUMBERED ASSETS	
	of which ECB eligible		of which ECB eligible		of which ECB eligible		of which ECB eligible	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
As at 31 December 2016								
Banks	42,301	0	n/a	n/a	496,135	0	n/a	n/a
Loans and advances	263,524	0	n/a	n/a	2,626,031	0	n/a	n/a
Interest-bearing securities	161,705	79,106	154,006	80,182	649,371	291,543	636,201	295,510
Total	467,530	79,106	154,006	80,182	3,771,537	291,543	636,201	295,510
As at 31 December 2015								
Banks	138,410	0	n/a	n/a	513,307	0	n/a	n/a
Loans and advances	140,416	0	n/a	n/a	2,580,222	0	n/a	n/a
Interest-bearing securities	300,343	171,179	290,416	168,987	688,001	197,947	663,537	192,451
Total	579,169	171,179	290,416	168,987	3,781,530	197,947	663,537	192,451

These encumbered assets have been pledged as collateral for the following financial liabilities:

	Carrying amount of financial liabilities
	EUR 1,000
As at 31 December 2016	
Banks	283,757
Derivatives	19,805
Total	303,562
As at 31 December 2015	
Banks	407,455
Derivatives	30,408
Total	437,863

33 RISK MANAGEMENT

33.1 Credit risk

Credit risk encompasses all forms of exposures where counterparties may default on their obligations to GBI in relation to lending, hedging, settlement and other financial activities. Concentrations of credit risks, including country and industry risks, indicate the relative sensitivity of GBI's performance to developments affecting a particular geographical region or industry.

33.1.a Breakdown by geographical regions

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

	CASH	BANKS	LOANS AND ADVANCES	INTEREST- BEARING SECURITIES	OFF-BALANCE LIABILITIES
As at 31 December 2016:					
• The Netherlands	428,527	40,446	413,405	124,273	30,623
• Turkey	-	306,919	1,078,678	348,946	37,169
• Great Britain	-	13,137	283,359	31,294	63,763
• Switzerland	-	142	238,021	9,953	66,799
• Germany	13,458	55,650	188,012	19,785	14,183
• Rest of Europe	-	10,296	482,868	183,075	31,386
• CIS countries	-	1,053	7,050	51,737	8,041
• Rest of the world	-	110,793	242,796	42,013	146,797
	441,985	538,436	2,934,189	811,076	398,761
Provisions	-	-	(44,634)	-	-
	441,985	538,436	2,889,555	811,076	398,761

	CASH	BANKS	LOANS AND ADVANCES	INTEREST- BEARING SECURITIES	OFF-BALANCE LIABILITIES
As at 31 December 2015*:					
• The Netherlands	507,596	60,635	229,713	132,023	12,987
• Turkey	-	400,681	1,050,580	441,414	50,234
• Great Britain	-	30,282	280,707	20,967	75,502
• Switzerland	-	81	247,217	9,944	27,969
• Germany	13,928	104,165	100,543	30,116	-
• Rest of Europe	-	26,987	520,854	178,649	83,012
• CIS countries	-	9,458	88,279	128,282	1,386
• Rest of the world	-	19,428	280,581	46,949	66,485
	521,524	651,717	2,798,474	988,344	317,575
Provisions	-	-	(77,836)	-	-
	521,524	651,717	2,720,638	988,344	317,575

* Due to the more granular breakdown of geographical regions in 2016, the 2015 geographical breakdown has been adjusted for reasons of comparison.

33.1.b Breakdown by collateral

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

	2016 EUR 1,000	2015 EUR 1,000
Bank guarantees	369,375	331,583
Securities and cash	72,715	89,968
Other and unsecured*	2,492,099	2,376,923
	2,934,189	2,798,474
Provisions	(44,634)	(77,836)
	2,889,555	2,720,638

* Other collateral consists of co-debtorship, pledge on goods and receivables, mortgages, etc.

The collateral value of securities is based on the fair value. The value of other collateral (bank guarantees, cash) is based on the notional value.

33.1.c Breakdown by sector and industry

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

	2016	2015
	EUR 1,000	EUR 1,000
Agriculture	150,639	127,579
Basic materials	355,684	423,580
Chemicals	232,094	190,679
Construction	209,104	112,409
Consumer products	249,838	145,989
Financial services	612,138	738,934
Food, beverages & tobacco	146,310	119,469
Leisure and tourism	13,536	17,220
Oil & gas	311,906	255,471
Private individuals	6,707	10,788
Retail	97,039	47,743
Services	10,672	3,996
Telecom	23,909	24,137
Transport & logistics	405,022	420,754
Utilities	37,015	10,876
Other	72,576	148,850
	2,934,189	2,798,474
Provisions	(44,634)	(77,836)
	2,889,555	2,720,638

33.1.d Non-performing loans and NPL ratio

A loan is recognized as non-performing if there is objective evidence of impairment. This evidence could arise from, but is not limited to, the following events:

- It is probable that the borrower will enter bankruptcy or other financial reorganization.
- The debtor has payment defaults against third parties; customers, banks, employees, etc.
- The debtor has been in arrears for at least 90 days with regard to repayment of principal and/or interest.
- Observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.
- A breach of contract, such as a default or delinquency in interest or principal payments
- Significant financial difficulty of the issuer or obligor.
- The disappearance of an active market for that financial asset because of financial difficulties.

The NPL ratio is calculated as follows:

	2016	2015
	EUR 1,000	EUR 1,000
Loans and advances	2,889,555	2,720,638
Provisions	44,634	77,836
Gross loans	2,934,189	2,798,474
Non-performing loans	62,583	136,348
NPL ratio	2.13%	4.87%
Loan loss coverage ratio	71.32%	57.09%

33.1.e Derivatives

Derivatives are financial instruments taking the form of contracts whose value depends on one or more underlying assets, reference prices or indices. Examples of derivatives are forward exchange contracts, swaps, options and forward rate agreements. Transactions in derivatives are contracted by GBI to hedge interest rate risks and foreign exchange risks on GBI's own positions and to hedge positions following from derivatives transactions with clients. GBI applies cost price hedge accounting for its hedging derivatives. For the hedge relationships that were ineffective the negative impact was recognized in the profit and loss account under Result on financial transactions (see note 25).

Derivatives transactions with professional market participants are subject to the Credit Support Annex (CSA) of the International Swaps and Derivatives Association (ISDA) derivatives agreements. Therefore the Bank could be in a position to provide or require additional collateral as a result of fluctuations in the market value of derivatives. The amount of collateral provided under these agreements is disclosed under note 32 (Asset encumbrance).

During 2015 and 2016 the maximum monthly net increase in collateral provided, resulting from the fluctuations in the market value of (hedging) derivatives, amounted to EUR 132.2 million.

For derivatives transactions with clients the Bank is not obliged to provide collateral, but it is entitled to receive collateral from clients, hence there is no potential liquidity risk for the Bank.

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

The market risk arises from movements in variables determining the value of derivatives, such as interest rates and quoted prices. The positive replacement value is the loss that would arise if counterparty was to default. However this exposure is to a large extent mitigated by the fact that collateral was received based on the CSA of the ISDA derivatives agreements and other collateral agreements entered into with other clients. In calculating the positive replacement value shown in the following table, netting agreements have been conservatively taken into consideration and netting is performed only if both the counterparties and the critical terms of the derivatives are identical.

		NOTIONAL AMOUNTS <= 1 YEAR	NOTIONAL AMOUNTS >1<= 5 YEARS	NOTIONAL AMOUNTS >5 YEARS	TOTAL	POSITIVE REPLACEMENT VALUE
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
As at 31 December 2016:						
Interest rate contracts						
OTC	Swaps	293,895	331,816	173,701	799,412	313
Currency contracts						
OTC	Swaps	1,459,073	61,958	-	1,521,031	47,748
	Forwards	203,979	-	-	203,979	3,700
	Options	447,997	-	-	447,997	17,182
Other contracts						
OTC	Forwards	66,321	-	-	66,321	930
	Options	8,343	-	-	8,343	26
		2,479,608	393,774	173,701	3,047,083	69,899

As at 31 December 2015:

Interest rate contracts						
OTC	Swaps	-	606,228	100,000	706,228	139
Currency contracts						
OTC	Swaps	3,748,831	67,852	-	3,816,683	38,950
	Forwards	145,166	2,956	-	148,122	1,268
	Options	309,809	26,581	-	336,390	8,591
Other contracts						
OTC	Forwards*	182,008	-	-	182,008	17,556
	Options	1,488	7,348	-	8,836	3,705
		4,387,302	710,965	100,000	5,198,267	70,209

* The 2016 notional amounts of Other OTC Forwards include both buy and sell contracts. In previous years only the buy contracts were included. Accordingly, the 2015 notional amounts of Other OTC forward contracts have been adjusted.

In the capital adequacy calculations according to the Capital Requirements Directive of the European Union, the Bank applies the Current Exposure Method to determine the unweighted credit equivalent of the derivatives by taking a percentage of the relevant notional amounts, depending on the nature and original term of the contract, in addition to the positive replacement values per transaction. The analysis below shows the resulting credit equivalent, which is then weighted for the counterparty risk (mainly banks).

The figures include the impact of collateral on risk exposure and capital adequacy.

	As at 31 December 2016		As at 31 December 2015	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
	UNWEIGHTED*	WEIGHTED**	UNWEIGHTED*	WEIGHTED**
Interest rate contracts	4,578	2,545	4,670	1,324
OTC currency contracts	92,838	32,095	95,717	18,368
Other contracts	5,435	2,667	32,858	22,660
	102,851	37,307	133,245	42,352

* Exposure value before deduction of collateral

** Risk weighted exposure value after deduction of collateral

33.2 Market risk

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

33.2.a Currency risk

The total equivalent of on-balance assets in foreign currencies is EUR 2,391 million, while the total equivalent of on-balance liabilities in foreign currencies is EUR 1,565 million. The currency position is reduced through derivative instruments.

CURRENCY	As at 31 December 2016				As at 31 December 2015			
	GROSS LONG POSITION	GROSS SHORT POSITION	NET LONG POSITION	NET SHORT POSITION	GROSS LONG POSITION	GROSS SHORT POSITION	NET LONG POSITION	NET SHORT POSITION
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
USD	2,436,773	2,436,347	426	-	3,837,957	3,837,812	145	-
TRY	725,413	725,232	181	-	1,012,894	1,013,340	-	446
GBP	167,074	167,113	-	39	96,812	96,825	-	13
JPY	23,291	23,332	-	41	813	807	6	-
RON	20,235	20,152	83	-	7,987	7,989	-	2
ZAR	18,034	17,941	93	-	21,910	21,906	4	-
CHF	9,995	9,993	2	-	74,160	74,177	-	17
CAD	3,496	3,513	-	17	5,118	5,139	-	21
RUB	1,015	1,034	-	19	1,012	1,040	-	28
AUD	891	928	-	37	1,365	1,392	-	27
NOK	53	52	1	-	48,414	48,417	-	3
SEK	29	-	29	-	1,056	1,099	-	43
Other	928	865	63	-	5,676	5,578	98	-

33.2.b Interest rate risk

The following table provides a maturity calendar of all interest-bearing financial instruments, including derivatives as of 31 December 2016, which is based on remaining days to maturity for fixed rate instruments and next repricing date for floating rate instruments:

	VARIABLE	<= 3 MONTHS	> 3 MONTHS <= 1 YEAR	> 1 YEAR <= 5 YEARS	> 5 YEARS	TOTAL
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Assets	66,283	2,177,959	1,260,434	792,912	587,392	4,884,980
Liabilities	(425,185)	(1,001,566)	(1,773,913)	(490,986)	(61,006)	(3,752,656)
Derivatives	-	523,163	(191,009)	(165,616)	(178,470)	(11,932)
Net interest position 31 December 2016	(358,902)	1,699,556	(704,488)	136,310	347,916	1,120,392
Net interest position 31 December 2015	(233,426)	1,973,004	(847,034)	(312,857)	467,784	1,047,471

The calculation of the sensitivity analysis as at 31 December 2016 shows that, assuming an unchanged structure of assets, liabilities and off-balance sheet items, an interest increase of one percent, taking into account a parallel movement of the risk-free yield curves, would result in a decrease in the economic value of the Bank's equity amounting to approximately EUR 26,967 thousand (31 December 2015: EUR 31,659 thousand decrease).

33.3 Liquidity risk

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

	ON DEMAND	<= 3 MONTHS	> 3 MONTHS <= 1 YEAR	> 1 YEAR <= 5 YEARS	> 5 YEARS	UNDIS- TRIBUTED	TOTAL
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
ASSETS							
Cash	441,985	-	-	-	-	-	441,985
Banks	45,184	173,636	316,981	2,635	-	-	538,436
Loans and advances (i)	5,042	1,015,387	844,522	974,007	33,024	17,573	2,889,555
Interest-bearing securities	-	-	-	267,968	543,108	-	811,076
Shares	-	-	-	-	-	4,621	4,621
Property and equipment	-	-	-	-	-	22,956	22,956
Intangible assets	-	-	-	-	-	4,593	4,593
Other assets (ii)	3,558	70,877	40,997	(1,989)	5,983	2,871	122,297
Total assets							
31 December 2016	495,769	1,259,900	1,202,500	1,242,621	582,115	52,614	4,853,519
LIABILITIES							
Banks	25,077	106,382	508,147	129,253	-	-	768,859
Funds entrusted (iii)	2,048,817	474,797	419,716	401,711	3,622	-	3,348,663
Savings accounts	1,567,104	202,341	380,178	383,770	1,250	-	2,534,643
Other funds entrusted	481,713	272,456	39,538	17,941	2,372	-	814,020
Other liabilities (iv)	8,355	44,177	37,201	2,989	15	10,037	102,774
Provisions	-	-	-	-	826	-	826
Subordinated liabilities	-	-	-	-	50,000	-	50,000
Shareholders' equity	-	-	-	-	-	564,397	564,397
Total liabilities							
31 December 2016	2,082,249	625,356	965,064	533,953	54,463	574,434	4,853,519
Net liquidity							
31 December 2016	(1,586,480)	634,544	237,436	708,668	527,652	(521,820)	-
Total assets							
31 December 2015 (v)	732,151	1,455,987	1,291,722	830,804	619,404	91,397	5,021,465
Total liabilities							
31 December 2015	2,035,560	729,682	1,072,313	541,605	82,226	560,079	5,021,465
Net liquidity							
31 December 2015 (v)	(1,303,409)	726,305	219,409	289,199	537,178	(468,682)	-

(i) Non performing loans are netted with their provision and shown under Undistributed.

(ii) This item includes the balance sheet captions 'Other assets' and 'Prepayments and accrued income'.

(iii) This includes on demand retail funding which has on average a longer-term characteristic.

(iv) This item includes the balance sheet captions 'Other liabilities' and 'Accruals and deferred income'.

(v) In 2016, the balance sheet item Shares has been reclassified from On demand to Undistributed. Accordingly, the 2015 comparables have been adjusted.

33.4 Capital adequacy

The standards applied for the capital requirements are based on the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) of the European Union. In accordance with the CRR, the Bank is using the Foundation Internal Rating Based (F-IRB) approach to calculate the regulatory capital ratios.

These ratios compare GBI's total capital and Common Equity Tier 1 (CET1) with the required pillar I capital for credit risk (based on the total of risk-weighted assets and off-balance sheet items), the market risk associated with the trading portfolios and the operational risk.

The following table analyzes actual capital in accordance with regulatory requirements in the European Union:

	2016	2015
	EUR 1,000	EUR 1,000
Total Risk Weighted Assets	3,233,326	3,257,144
The required pillar I capital can be broken down as follows:		
Credit risk	245,053	247,020
Market risk	360	48
Operational risk	13,253	13,503
Total required pillar I capital	258,666	260,571
The actual capital can be broken down as follows:		
Common Equity Tier 1 (CET1) capital	539,870	529,472
Additional Tier 1 capital	-	-
Tier 2 capital	57,259	90,708
Total capital	597,129	620,180
CET 1 ratio	16.70%	16.26%
Total capital ratio	18.47%	19.04%

The CET1 ratio and Total capital ratio have been calculated taking into account the reviewed net profit until and including 30 June 2016 in line with the reports submitted to DNB. When including the full audited net profit of 2016 the CET1 ratio is 16.90 percent and the Total capital ratio is 18.67 percent.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

These financial instruments include loans and advances to banks and customers, deposits from banks and customers, obligations under repurchase agreements, loans and advances from banks and other short-term assets and liabilities which are of a contractual nature. The carrying amount of these particular assets and liabilities approximates their fair value, which is mainly due to their short average tenor.

As at 31 December 2016, the fair value of the interest-bearing securities in the Investment portfolio amounts to EUR 55.6 million (31 December 2015: EUR 66.3 million), whereas the book value amounts to EUR 59.7 million (31 December 2015: EUR 71.8 million). As at 31 December 2016 the fair value of the interest-bearing securities in the Other securities portfolio amounts to EUR 740.5 million (31 December 2015: EUR 887.7 million), whereas the book value amounts to EUR 751.4 million (31 December 2015: EUR 916.5 million).

The fair value of the derivatives can be broken down as follows:

	NOTIONAL AMOUNT EUR 1,000	BOOK VALUE EUR 1,000	FAIR VALUE EUR 1,000	HEDGE INEFFECTIVE-NESS (PL IMPACT) EUR 1,000
As at 31 December 2016:				
Hedging derivatives				
Interest rate contracts	799,412	(466)	(6,697)	-
Currency contracts	1,123,077	16,546	16,204	(1)
	1,922,489	16,080	9,507	(1)
Non-hedging derivatives				
Currency contracts	1,493,699	(3,780)	(3,780)	-
Other contracts	83,006	90	90	-
	1,576,705	(3,690)	(3,690)	-
Total derivatives as at 31 December 2016	3,499,194	12,390	5,817	(1)
As at 31 December 2015:				
Hedging derivatives				
Interest rate contracts	706,228	(853)	(5,196)	-
Currency contracts	3,925,982	(34,462)	(31,834)	(23)
	4,632,210	(35,315)	(37,030)	(23)
Non-hedging derivatives				
Currency contracts	763,323	(90)	(92)	-
Other contracts	203,354	260	260	-
	966,677	170	168	-
Total derivatives as at 31 December 2015	5,598,887	(35,145)	(36,862)	(23)

35 COUNTRY-BY-COUNTRY REPORTING

In line with Article 89 of the Capital Requirements Directive (CRD IV), the information on country-by-country reporting is as follows:

As of 31 December 2016

NAME	COUNTRY	LOCATION	TURNOVER	AVERAGE NUMBER OF FTE	RESULT BEFORE TAX	TAX ON RESULT	PUBLIC SUBSIDIES RECEIVED
GarantiBank International N.V., Head Office	Netherlands	Amsterdam	89,962	200	21,120	5,270	-
GarantiBank International N.V., Düsseldorf Branch	Germany	Dusseldorf	4,052	19	803	241	-

As of 31 December 2015

NAME	COUNTRY	LOCATION	TURNOVER	AVERAGE NUMBER OF FTE	RESULT BEFORE TAX	TAX ON RESULT	PUBLIC SUBSIDIES RECEIVED
GarantiBank International N.V., Head Office	Netherlands	Amsterdam	99,524	199	13,960	3,039	-
GarantiBank International N.V., Düsseldorf Branch	Germany	Dusseldorf	3,814	19	600	180	-

Next to the abovementioned countries GBI also has representative offices in Turkey, Ukraine and Switzerland. These offices do not perform any activities themselves. All transactions are recorded by GBI's Head Office or GBI's branch in Germany.

36 GROUP RELATED BALANCES

Group related balances include the balances with the 100 percent shareholder Türkiye Garanti Bankası A.Ş. (GBI's parent company), all its subsidiaries, its controlling shareholder Banco Bilbao Vizcaya Argentaria S.A, its other shareholder Doğu Holding A.Ş. and the members of the Supervisory Board and Managing Board of GBI. During the course of the business, GBI has made placements with, granted loans to and also received deposits from these parties at commercial terms.

36.1 Outstanding balances

GBI has the following outstanding group related balances:

	As at 31 December 2016			As at 31 December 2015		
	PARENT COMPANY EUR 1,000	OTHER EUR 1,000	TOTAL EUR 1,000	PARENT COMPANY EUR 1,000	OTHER EUR 1,000	TOTAL EUR 1,000
Assets						
Banks	7,794	12	7,806	8,682	5,694	14,376
Loans and advances	-	99,885	99,885	-	103,278	103,278
Interest-bearing securities	12,694	-	12,694	12,362	-	12,362
	20,488	99,897	120,385	21,044	108,972	130,016
Liabilities						
Banks	9,316	1,180	10,496	10,095	8	10,103
Funds entrusted	-	9,702	9,702	-	6,011	6,011
Subordinated liabilities	50,000	-	50,000	80,000	-	80,000
	59,316	10,882	70,198	90,095	6,019	96,114

37 REMUNERATION OF MANAGING BOARD DIRECTORS AND SUPERVISORY BOARD DIRECTORS

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

The remuneration proposal for the members of the Managing Board will be submitted to the Annual General Shareholders' Meeting for adoption, on 16 February 2017. The objective of the remuneration policy is to attract, motivate and retain a qualified Managing Board with an international mind-set and background.

The remuneration of current and former members of the Managing Board amounted to EUR 2,760,011 in 2016 (2015: EUR 3,456,188).

The remuneration of current and former members of the Supervisory Board amounted to EUR 212,208 in 2016 (2015: EUR 179,137).

38 PROFIT APPROPRIATION

In the Annual General Shareholders' Meeting, it will be proposed to add the net result of 2016 (EUR 16,412,000) to the other reserves.

39 SUBSEQUENT EVENTS

There have been no significant events between the end of the year 2016 and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.

Amsterdam, 31 January 2017

The Managing Board

Mr. S.E. Zeyneloğlu, Chief Executive Officer
Ms. Ö. Etker-Simons
Mr. S. Kanan
Mr. M.Ö. Şişman
Mr. M. Witteveen

The Supervisory Board

Mr. G. Erün, Chairman
Mr. M.P. Galatas Sanchez-Harguindey, Vice Chairman
Mr. P.R.H.M. van der Linden
Mr. B.J.M.A. Meesters
Mr. W.F.C. Cramer

Other Information

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

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

Article 31

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

Independent auditor's report

The independent auditor's report is set forth on the following pages.



Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of GarantiBank International N.V.

Report on the accompanying financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of GarantiBank International N.V. as at 31 December 2016, and of its result for the year 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2016 of GarantiBank International N.V., based in Amsterdam. The financial statements comprise:

- 1 the balance sheet as at 31 December 2016;
- 2 the profit and loss account for 2016; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

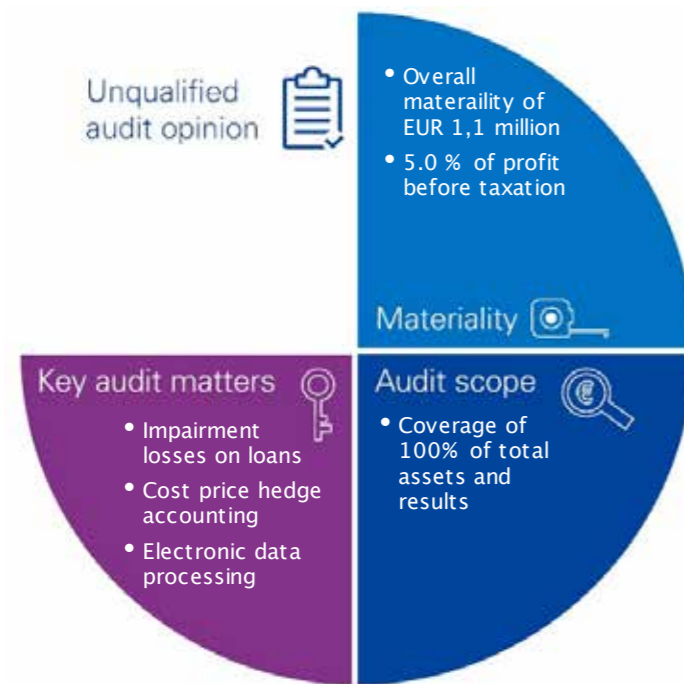
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of GarantiBank International N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Audit approach

Summary



Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 1.1 million (2015: EUR 3.3 million). The materiality is determined with reference to profit before taxation (5.0%). We consider profit before taxation as the most appropriate benchmark as given the nature and business of the Bank. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 55,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation uncertainty with respect to impairment losses on loans and advances

Description

Certain aspects of the accounting for loan loss impairments require significant judgment, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, the value of collateral and the assessment of the recoverable amount. The use of different estimates and assumptions and changes of the economic conditions could result in different impairments for loan losses over time, as disclosed in the Accounting policies (note2).

Our response

Our audit approach included both the testing of controls as well as substantive audit procedures. Our audit procedures included, among others, a comprehensive testing of the Bank's credit risk management and credit risk monitoring procedures including the internal controls related to the timely recognition and measurement of impairments for loan losses, including loans that have been renegotiated and/or forborne. We examined a selection of individual loan exposures in detail, and challenged management's assessment of the recoverable amount. We applied professional judgment in selecting the loan exposures for our detailed inspection with an emphasis on exposures that pose an increased uncertainty for recovery in the current market circumstances. In this selection we considered the geographical diversity of the loan portfolio. We paid special attention to loans granted to clients and facilities from clients in the shipping business and oil & gas sector due to the developments in these sectors. Our examination of specific loan files included exposures that were placed under the Bank's close monitoring procedures. We also tested the appropriateness of the assumptions and data used by the Bank to measure loan loss impairments. We challenged those assumptions amongst others with the use of secondary market pricing and appraisal reports.

Our observation

Overall our assessment is that the assumptions used and related estimates resulted in neutral valuation of loans and advances after deduction of loan loss impairments in the context of the financial statements as a whole. We concur with the loan disclosures in the financial statements included in note 5.

Cost price hedge accounting

Description

The Bank primarily uses interest rate swaps and foreign exchange swaps and forwards to hedge its own interest rate risk exposure and currency positions. The Bank furthermore enters into derivative transactions with clients that it hedges with other banks in the financial markets. Given the substantial derivatives positions and the complexity of the accounting requirements for cost price hedge accounting we assessed the application of hedge accounting as a key audit matter. The Bank uses cost price hedge accounting for all derivatives held for hedging purposes. The cost price of interest rate swaps is generally close to nil, which results in recording the accrued interest and the collateral on the balance sheet as described and disclosed in note 32.

Our response

We have inspected the hedge documentation provided by the Bank supporting the hedge accounting. Furthermore we have audited the Bank's monthly effectiveness testing including the critical terms testing such as nominal value, duration and foreign exchange rates.

Our observation

We have determined that the Bank has adequately assessed and recorded the effectiveness and ineffectiveness of the hedge relationships in the financial statements, in accordance

Cost price hedge accounting

with the accounting policies of the Bank as at 31 December 2016.

Reliability and continuity of the electronic data processing

Description

The Bank is dependent on its IT-infrastructure for the continuity of its operations. The Bank makes investments in its IT systems and -processes as it is continuously improving the efficiency and effectiveness of the IT-infrastructure and the reliability and continuity of the electronic data processing.



Our response

We have assessed the reliability and continuity of the electronic data processing, as far as necessary within the scope of our audit. For that purpose we included IT-auditors in our audit team. Our procedures included the assessment of developments in the IT-domain and testing of the relevant internal controls with respect to relevant IT-systems and -processes. We have also assessed the increasing initiatives and processes of the Bank to fight cybercrime.



Our observation

We have no material findings as part of our audit of the financial statements in respect of the reliability and continuity of the electronic data processing of the Bank.



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the managing board's report;
- the supervisory board's report;
- the message from the chairman;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code;

Based on the below procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Netherlands Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code and other Information pursuant to Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Engagement

We were engaged by the Managing Board as auditor of GarantiBank International N.V. in 1991 and have operated as statutory auditor since then.

Description of the responsibilities for the financial statements

Responsibilities of the Managing Board and Supervisory Board for the financial statements

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) https://www.nba.nl/Documents/Tools%20Vaktechniek/Standapassages/Standapassag_e_nieuwe_controletekst_oob_variant_%20Engels.docx

Amstelveen, 31 January 2017

KPMG Accountants N.V.

M.L.M. Kesselaer RA

Head Office

Keizersgracht 569-575
1017 DR Amsterdam
The Netherlands
Telephone: + 31 20 553 9700
Facsimile : + 31 20 624 2466
SWIFT: UGBINL2A
www.garantibank.eu
info@garantibank.eu

DUSSELDORF BRANCH

Tersteegenstrasse 28 - Etage 5
40474 Düsseldorf, Germany
Telephone: + 49 211 86 222 301
Facsimile : + 49 211 86 222 350
Swift: UGBIDEDD
www.garantibank.de
info@garantibank.de

REPRESENTATIVE OFFICES

Turkey Representative Office

Mr. Berat İçinsel
Representative & Executive Director
Eski Büyükdere Cad. No: 9
Iz Plaza Giz, Kat: 18
Maslak 34398 Şişli, İstanbul, Turkey
Telephone: + 90 212 366 43 01
Facsimile : + 90 212 366 43 20
IstanbulRepOffice@garantibank.eu

Switzerland Representative Office

Ms. Şirin Yüce Giess
Representative
Rue De-Candolle 12
1205 Geneva, Switzerland
Telephone: + 41 22 310 25 25
Facsimile : + 41 22 310 25 26
GenevaRepOffice@garantibank.eu



AMSTERDAM | DUSSELDORF | GENEVA | ISTANBUL