


 **About Garanti Stock 'GARAN'**

With a free float ratio of **49%**, Garanti shares constituted **23%** of the **foreign transactions** in the ISE and represented almost **half** of the foreign transactions among all listed banks.

**US\$ 19.3 Billion**

Market Capitalization constitutes  
8% of the ISE-100 as of end of 1Q 2011

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**US\$ 9.4 Billion**

Highest floating market  
capitalization in the ISE  
as of end of 1Q 2011

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**US\$ 204 Million**

Average daily turnover in 1Q 2011,  
representing 11% of the ISE-100

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**US\$ 9.1 Billion**

Total 1Q 2011 foreign transactions  
in GARAN -- The most traded  
stock by foreigners

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**~14%**

Weight of Garanti shares  
in the ISE-100

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**StockWatch**

**1Q 2011**

 **Garanti**

INVESTOR RELATIONS

In the first quarter of 2011,  

**Garanti reached consolidated total assets of US\$ 89.8 billion and consolidated net profit of US\$ 597 million.**

**Selected Financials\***

**US\$ 89.8 Billion**  
 Total Assets

**US\$ 49.6 Billion**  
 Performing Loans

**US\$ 53.2 Billion**  
 Total Deposits

**US\$ 10.7 Billion**  
 Shareholders' Equity

**US\$ 1.3 Billion**  
 Ordinary Banking Income

**US\$ 597 Million**  
 Net Income

**Selected Financial Ratios\***

**2.7%**  
 Return on Average Assets

**22.4%**  
 Return on Average Equity

**16.9%**  
 Capital Adequacy Ratio

**2.4%**  
 Non-Performing Loans Ratio

\* Based on BRSAs Consolidated Financials  
 Note: Ordinary Banking Income including collections.  
 US\$/TL=1.53 as of March 31, 2011

<b>Garanti Market Shares*</b>	<b>YTD Δ</b>	<b>Mar-11</b>
Total Performing Loans	▲	13.8%
TL Loans	▲	11.2%
FC Loans	▼	20.0%
Credit Cards - Issuing	▼	19.4%
Credit Cards - Acquiring	▼	20.5%
Consumer Loans**	▲	12.9%
Total Customer Deposits	▲	12.2%
TL Customer Deposits	▼	9.9%
FC Customer Deposits	▲	17.7%
Customer Demand Deposits	▲	14.6%
Mutual Funds	▼	15.3%

\*BRSAs weekly data - Commercial Banks

\*\*Consumer loans including consumer credit cards

<b>Garanti With Numbers</b>	<b>Dec-10</b>	<b>Mar-11</b>
Branch Network	863	884
+ Domestic	853	874
+ Abroad	10	10
Personnel	16,675	16,718
ATM	3,003	3,048
POS*	405,154	423,185
Total Customers	9,774,724	9,974,705
Internet Customers**	1,669,703	1,789,509
Telephone Banking Customers**	1,402,058	1,510,111
Credit Cards	8,004,359	8,089,360
Debit Cards	6,174,141	6,362,954

\* Includes shared POS

\*\* Active customers only -- min. 1 login or call per quarter



## Did you know?

Introduced in 4Q 2010, as part of **efficiency improvement project** 'Central Call Handling for Branches' routes daily more than 25,000 incoming branch calls directly to Call Center and nearly 25% of these are resolved without routing back to the branch. In this way, overall response rate and full-time equivalent efficiency increased by 20% and 50%, respectively.

Garanti Bank sustainably handles **25% of Turkey's foreign currency outgoing payment orders.**

In order to demonstrate its ongoing commitment to the environment and the development of corporate responsibility across all its business activities, Garanti Bank launched its first **Sustainability Review** as a supporting document to its Annual Report.

Garanti Factoring, leader in domestic factoring transactions in Turkey, is also **#1 in import factor** on the back of its innovative international supplier finance products and its broad importing customer network.

Garanti launched the **web-based 2010 Interactive Annual Report** (<http://rapor.garanti.com.tr/en>) using advanced communication techniques and tools. The report provides its users information in a personalized, fully functional, and user-friendly environment with instant access. Among many other features; 2010 web-based annual report enables its users to watch **CEO's video address**, to create their own report, download financials and make comparative analysis. ■



## Garanti and the Community

Garanti Bank is organizing the **Garanti Anatolian Talks** since 2002, in partnership with Dünya Turkish Newspaper and the Chambers of Commerce and Industry of the cities in that the talks take place. In 1Q 2011, the talks were held in 2 cities. The theme mainly focuses on changes in the world economy and international markets, on ways to support local businesses and on potential business ventures in order to find regional solutions for local industrialists and managers.

**"Elim Sende" Project:** The project's objective is to support preschool education and to provide proper physical environment and ideal kindergarten conditions for children who attend kindergarten classes at elementary schools. With "Elim Sende" Project, it is planned to renovate 30 kindergartens between the years 2010 - 2012 with the cooperation of Garanti Bank HR Internal Communications unit, "Gönüllü Yoncalar" (Volunteer Clovers Corporate Social Responsibility Club) and the Ministry

of National Education; and with the scientific support of Boğaziçi University. In the first phase; 11 kindergartens in 7 large cities were renovated by 200 Garanti Bank employees. In 1Q 2011, 10 more kindergartens in 8 cities were renovated. Until the end of 2012, 20 more kindergartens are to be renovated. With the aim of supporting children's physical and psychological development, "Elim Sende" Project is the very first large-scale CSR project that is run by the employees. ■



## Awards & Recognitions

Garanti Bank is recognized as the **'Best Bank in Turkey'** among the Best Emerging Market Banks in CEE survey conducted by Global Finance. Criteria for awarding is based on growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products.

Garanti Asset Management is granted the **'Respecting People Award'** by Kariyer.net, the HR website with Turkey's largest human resources database.

Garanti Securities is named the **'Best Investment Bank in Turkey'** by Global Finance for the fifth consecutive year. ■



## What analysts say about Garanti

- **Morgan Stanley:** Garanti is highly levered to a consumer recovery through its existing businesses. We forecast rapid asset quality improvement for Garanti
- **Unicredit:** ...has a leading position in retail lending and strong fee generation power with a competitive revenue base, and we think is better positioned in the current banking environment.

- **Deutsche:** Strong earnings likely on increase in top line. ... we think that synergies of the acquisition BBVA & Garanti are likely to be seen further out.
- **Cheuvreux:** ... will emerge from this period as one of the winners by capitalizing on its franchise and balance sheet.
- **Citi:** We like Garanti on similarly strong P&L fundamentals and see a more resilient earnings outlook

through the structural NIM adjustment cycle...

- **EFG:** ... likely to maintain the tightest cost control in the system in 2011...
- **TEB:** Garanti is very well cushioned for 2011 in terms of managing its EPS.
- **Eczacıbaşı:** Strength of asset mix and lower adjusted leverage are the main positives for Garanti, in the forthcoming years.



## Developments at Garanti

**B**BVA completed its acquisition of Garanti stakes from Doğuş and GE on March 22, 2011 and under the equal partnership agreement 4 new board members representing BBVA are appointed.

In January 2011, Garanti Bank issued TL 1 billion corporate bond with a maturity of 1 year through public offering. 45% of the bond is allocated to retail investors and rest to the institutional investors.

Garanti continues to be a lead arranger in the financing of infrastructure, energy projects and privatization.

- Acting as the MLA and the Facility Agent, Garanti participated in the financing of a mixed-use real estate projects in İstanbul which is sponsored by Çiftçiler Holding, by providing 50% of the US\$ 400 million facility. The project will be one of the biggest mixed-use projects in İstanbul consisting of both commercial and residential areas.
- Garanti also participated in the US\$ 1.35 billion second-lien facility arranged for Turk Telekom's controlling shareholder Oger Telekom. The facility qualifies as the largest second-lien facility structured in the Turkish market.
- Garanti provided 25% of the US\$ 700 million facilities for Artvin and Aslancık HEPP projects with a total installed capacity of 452 MW.
- Garanti also committed a total of US\$ 163 million long term facility for KCETAŞ HEPP privatization, Findik HEPP and Soma 2 WEPP projects with a total installed capacity of 95 MW.

Garanti entered into new strategic relationship with Bank of America Merrill Lynch (BAML) to deliver a significant value to multinational clients by centralizing and simplifying their payments, cash management and cross border banking services as well as combining the real local know-how and international reach. Initiated by the central treasury

offices outside of Turkey and through BAML's internet branch 'Cash Pro', multinational company payments will be executed from their Garanti accounts automatically and all the status reports as well as account statements will be fed to central treasury simultaneously.

As part of its continuous efforts of bringing payment systems and finance together, Garanti started to provide its customers a new cash management service in February 2011. Garanti customers can now make their Social Security premium payments with their Garanti credit cards through Garanti Internet Branch or Alo Garanti where they can utilize the convenience and the state-of-the-art technology.

With the help of server virtualization technology, Garanti Technology consolidated Garanti Bank and its financial subsidiaries' 745 physical servers into 39 physical servers. Also, through its Green IT technology, energy consumption is reduced by 96% contributing to cost savings and less carbon emissions.

A new product named 'Garanti Payment' is launched as a premier in Turkey with the aim to cover the payment risk in commercial transactions and to ensure a convenient environment for trading parties. Also the receivables are guaranteed and sellers can discount payment before the due date.

With the implementation of One-Stop-Shop application, car buyers, whether they are a current or a potential customer of Garanti, can apply for a car loan at a car dealer. Depending on the customers' application assessment, the loan can be granted without having to come to a branch for submission of documents, signatures or collateralization. All operations and document follow-up is handled by the dealers and Abacus, and thus One-Stop-Shop provides a great convenience for customers.

First launched in 1Q10, the e-trader application is further developed to provide access through Blackberry and iPads, in addition to PCs and iPhone versions. With the application, the

customers can keep track of the stock and TurkDex markets and perform trading transactions.

First introduced in 2Q 2009 via online branches, Western Union transactions now can be performed through all Garanti branches as well as Garanti ATMs.

Garanti participated in Asian Development Bank's Trade Finance Program as a Confirming Bank. This participation will enable Garanti to increase its support for market diversity of its exporter clients.

In January 2011, Garanti Securities completed the Initial Public Offering (IPO) of the retail store chain 'Bizim Toptan'. 40% of 'Bizim Toptan' shares started floating in the İstanbul Stock Exchange (ISE). The allocation of the shares was 20% domestic and 80% international. A domestic syndicate under the leadership of Garanti Securities is established with 19 consortium members.

The number of funds under management increased to 46 with the inclusion of 3 new funds of Garanti Pension, 1 Principal Protected Fund of Garanti Bank, and 4 other funds. The AUM in Principal Protected and Income Guaranteed Funds reached to TL 437 million with 15% market share as of 1Q 2011. ■



## Developments in Turkish Banking Sector

Turkish banks received a total amount of US\$ 3.1 billion\* equivalent international borrowing in 1Q 2011. From which, the total of US\$ 2.6 billion equivalent amount was secured as syndicated loan while the total of US\$ 0.5 billion equivalent amount was received from multilateral development banks.

In 1Q 2011, Turkish banking sector issued over TL 3 billion worth of TL-denominated corporate bonds with different maturities changing from 6 to 24 months and US\$ 1 billion worth of Eurobond with maturities of 5 years and 7 years.

In 1Q 2011, CBRT, once again, took action on the reserve requirement ratio (RRR) in order to implement monetary tightening through RRR rather than using policy rates. While keeping FX liabilities constant at 11%, CBRT raised RRR for TL liabilities in different maturities approximately from 7.4% to 13.4% on average.

In 1Q 2011, the CBRT reduced its policy rate by 25bps (1-week repo rate) to 6.25% while keeping O/N borrowing rates stable at 1.50% and lending rates at 9%.

The CBRT announced the second quarter 2011 interest rate cap and overdue interest rate on credit cards and lowered them by 14 bps to 2.12% and 2.62% per month, respectively. In 1Q 2011, Sekerbank and Garanti sold their NPL portfolios of TL 144 million and TL 200 million, respectively.

The legal merger of TEB and Fortis Bank is completed. TEB Holding A.Ş., jointly owned by BNP Paribas and Colakoglu, owns 55% of the bank. ■

\* Calculation based on publicly-traded banks

Selected Sector Figures (TL Million)	31-Dec-10	31-Mar-11	YTD Chg (%)
<b>Total Deposits</b>	<b>610,888</b>	<b>621,035</b>	<b>1.7%</b>
Bank Deposits	27,271	27,046	-0.8%
Customer Deposits	583,616	593,988	1.8%
TL Deposits	411,187	414,624	0.8%
FC Deposits (US\$ Million)	112,624	117,251	4.1%
info: Customer Demand Deposits	91,439	88,268	-3.5%
<b>Total Loans</b>	<b>501,019</b>	<b>528,973</b>	<b>5.6%</b>
TL Loans	357,299	372,760	4.3%
FC Loans (US\$ Million)	93,929	102,318	8.9%
Consumer Loans	125,327	134,968	7.7%
Housing	57,480	61,336	6.7%
Auto	5,367	5,608	4.5%
General Purpose & Other Loans	62,479	68,023	8.9%
Credit Cards	44,263	44,098	-0.4%
Loans / Deposits	85.8%	89.1%	
<b>Gross NPL</b>	<b>18,697</b>	<b>18,060</b>	<b>-3.4%</b>
info: NPL ratio	3.6%	3.3%	
info: NPL coverage	85.7%	86.1%	
Gross NPL in cons. loans	3,590	3,368	-6.2%
info: NPL ratio	2.8%	2.4%	
Gross NPL in credit cards	3,743	3,715	-0.7%
info: NPL ratio	7.8%	7.8%	
<b>F/X Position, net (US\$ Million)</b>	<b>18</b>	<b>942</b>	
on B/S	-14,877	-18,978	
off B/S	14,896	19,921	

Source: BRSA weekly sector data, excluding participation banks



## Selected Credit Card Figures in Turkey

# 1.56

Up from 1.51 in 4Q 2010

**Undisputable # of plastic cards per person Leader**

# 1.2%\*

vs. Garanti's 1.6%

**Payment Systems Commissions/ Payment Systems Volume**

# 19%

Down from 20% in 4Q 2010

**Credit cards' share in retail loans**

### Top 5 Categories in credit card spending

	Mar-11	Mar-10
Supermarket and shopping malls	15.0%	15.6%
Gas stations	12.4%	13.1%
Household gadgets, Pcs, etc	7.7%	8.1%
Apparel and accessories	7.4%	7.6%
Telecommunication	6.8%	7.9%

### Per card spending (TL, Mar'11, Annualized)

Credit card	Garanti	6,092	Debit card	Garanti	295
	Sector	5,324		Sector	134

Source: Interbank Card Center, Turkish Statistical Institute, Banking Regulation and Supervision Agency.

Note: Latest available population of 73.7 million (December 2010) is used in calculations.

\*Peer average as of 2010 YE.



## Macro Notes

GDP grew by 9.2% in 4Q 2010 above the 7.2% expectations. For the whole year, there was a 8.9% growth in the Turkish economy. Also, seasonally adjusted GDP in the 4Q 2010 accelerated to 3.6% from 1.2% in the previous quarter. The sharp rise in the growth in 4Q 2010, stemmed from domestic demand which had a contribution of 15.4% to the growth rate, while foreign demand lowered the growth rate by 5.6%. Private investment in 4Q 2010 increased by 49.5% while there was a 9% rise in private consumption. At the sectoral level, as agriculture sector growth was 1.6% throughout 2010, there was a sharp rise in 4Q 2010 by 5%. Also, on a seasonally adjusted basis, growth in industry and services sectors accelerated in the 4Q 2010 since they were above the pre crises level whereas the construction sector growth rate was below the pre crises level despite the 17.5% growth rate as of 4Q 2010.

The leading indicators for the 1Q 2011 point out a continued rise in consumption; such as automotive, white goods and electricity. Thus, in the 1Q 2011, growth rate is estimated to have stayed at high levels.

Industrial production increased by 13.9% in February 2011 with a deceleration compared to January 2011. After a record high level in January 2011, calendar and seasonal adjusted industrial production index fell slightly in February 2011 due to base effect.

In February 2011 there was a deceleration in consumption goods' production while production in investment, intermediate and energy goods continued to accelerate.

The divergence between domestic and foreign demand continued, with a restricted recovery in the recent months. In February 2011 exports increased by 22.2% and reached to US\$ 10.1 billion while imports increased by 48.7% compared to February 2010 and reached US\$ 17.5 billion. During the same month, foreign trade deficit reached US\$ 7.4 billion. There was a recovery in the exports to EU countries in recent months while unrest in North Africa and Middle East countries is a negative risk for Turkey's total exports.

With the sharp rise in imports, current account deficit widened to US\$ 51.4 billion on a 12 month cumulative basis as of Jan'11.

Consumer prices rose by 0.42% on a m-o-m basis in March below the 0.8% expectations and annual inflation fell from 4.16% to 4.0%. Also, producer prices rose by 1.22% in line with the expectations. Thus, annual inflation fell from 10.8% to 10.1%. In March, the fall in the food prices lowered the total inflation while there was a rise in the transportation prices due to rise in oil prices. Unprocessed food price inflation fell from 3.2% to 1.2% in March on a y-o-y basis.

During March, TL appreciated by 0.5% against US\$ while there was a 2% appreciation in Euro and 0.9% appreciation in currency basket, against TL. In the same month, in real terms, depreciation of TL was 1% against the currency basket.

At the end of the 1Q 2011, Euro/Dollar parity increased to 1.39 from 1.32 at the end of 2010 while TL depreciated by 1.3% against US\$ and 3.3% against Euro during that period,. Also, in real terms, TL depreciated by 6.3% against the currency basket on CPI basis in the first quarter compared to the end of 2010. In addition, benchmark bond yields fluctuated between 6.86% and 9.07% during the 1Q 2011 and ended the quarter at 8.97%.

The Monetary Policy Committee decided to keep one-week repo rate (the policy rate) at 6.25% in March 2011 while TL RRR have been increased for demand and short-term deposits/participation funds and other liabilities. The CBRT highlighted that implementing the monetary tightening through reserve requirements, rather than using the policy rates, would be more effective under current conditions. Besides, monetary policy committee meeting notes explained that reserve requirement is only one of the tools for containing credit growth and domestic demand that additional macro prudential measures to be taken by other related institutions remain important. ■



## Real-Estate Sector Analysis in Turkey

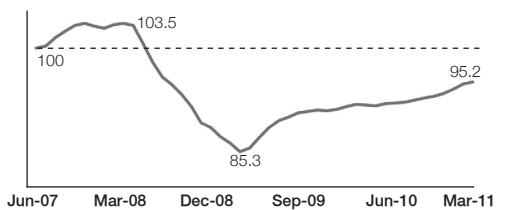
Sponsored by Garanti, the 'REIDIN.com Turkey Composite Residential Property Price Index' points out 0.3% MoM increase in March 2011 and 3.5% YoY increase in residential sales prices, however still well-below pre-crisis levels. Index series are calculated monthly for sales and rent covering 7 major cities, including Istanbul, Izmir, Ankara, Adana, Antalya, Bursa and Kocaeli.

According to Turkish Statistical Institute, construction permits reached its 20-year record high level of over 823,000 in 2010.

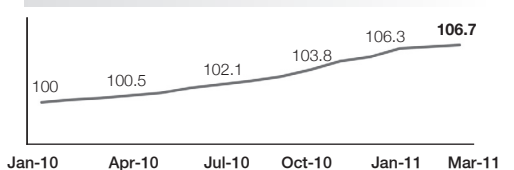
**REIDIN.com-GYODER New Home Price Index:** Sponsored by Garanti, REIDIN.com-GYODER New Home Price Index shows the increase of 0.19% MoM and 6.17% YoY. Taking January 2010 as the base period, REIDIN.com-GYODER New Home Price Index is calculated on 45 projects and with a monthly average number of 15,000 properties presented by 19 developers.

Source: REIDIN

**REIDIN.com Turkey Composite Residential Property Price Index**  
Change in residential sales prices



**REIDIN.com-GYODER New Home Price Index**





## Market Recap

Global political unrest, natural disasters and a significant shift in expectations towards tighter global monetary policy have characterized the beginning of the year. Emerging market equities made a rather poor start to the year both absolutely and by comparison with developed markets. The main obstacle was concern about inflation, which caused liquidity flows into emerging market equities to plunge. However, the resilience of emerging markets during the sudden challenges of 1Q has been impressive. The strong rebound of the markets towards the end of the quarter was supported by a series of positive fundamentals – the recovery of the global economy, ongoing liquidity provision by the Federal Reserve, solid earnings momentum, still attractive valuations and a low cost of capital. The narrowing differential late last year between 2011 GDP growth expectations for emerging markets and developed economies could have played an important role in the underperformance of EM equities for several months from last October. This growth differential has now begun to reverse again as GDP forecast for EM growth in 2011 has remained very stable and robust at just over 6%, while that for developed economies has begun to ease again. MSCI EMs gained 2% in 1Q 2011, although this was still one of the worst quarters since the financial crisis of

2008. The underperformance of Emerging Markets versus Developed Markets started early in the quarter, but was reversing rapidly by quarter-end. In terms of relative performance, the early months of 2011 have represented a major contrarian trade in individual markets. Best performers, from Eastern Europe with the exceptions of Russia and Korea underperformed in 2010, while worst performers, including Turkey, all outperformed last year. MSCI Turkey underperformed both MSCI EM and MSCI EMEA by 7% and 10%, respectively in 1Q 2011. EM underperformance intensified early in 2011 (in part due to the turbulence in the Middle-East, which reminded investors that there is political risk in emerging markets), while MSCI World (developed markets) was up by 4.8%. Since mid-February, emerging markets have outperformed developed markets sufficiently that their earlier underperformance has been almost reversed.

Within emerging markets, Turkey has been central to many of these global developments given its geographical location, its active central bank and its status as a key importer of commodities. Indeed, decreasing inflows into Turkey and higher oil prices might point at a direction where economic growth could suffer and imbalances could widen.

### Stock Market Performance\* in Selected Countries (in US\$)

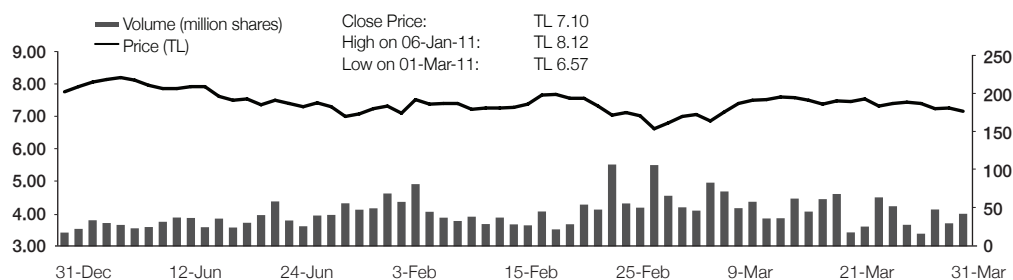
	Y-o-Y	2010	1Q 11
Brazil	6%	4%	2%
China	7%	2%	3%
Hungary	-5%	-11%	20%
India	8%	19%	-5%
Mexico	18%	26%	0%
Poland	16%	13%	7%
Russia	28%	17%	16%
<b>Turkey</b>	<b>8%</b>	<b>18%</b>	<b>-5%</b>
EM	16%	16%	2%
EMEA	19%	21%	5%
EM Banks	16%	17%	2%
Eastern Europe	23%	14%	15%
Latin America	11%	12%	0%

\* Based on MSCI's Emerging Markets Indices, as of March 31, 2011

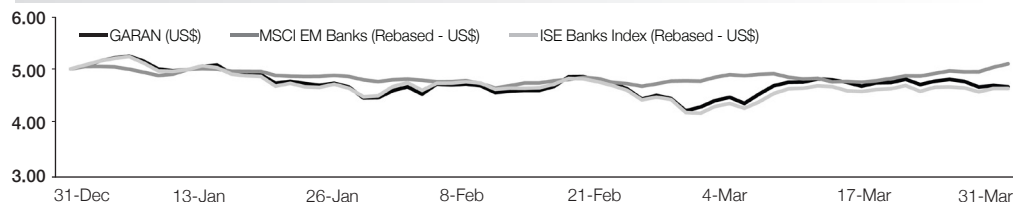
Turkey has come out of the recession with relatively strong growth of 8.9% in 2010. The growth in 2011 is expected to remain above potential, driven largely by continued double-digit growth in private investments. The CBT has shifted its policy strategy from a postmodern approach towards a more orthodox one. The postmodernism framework may have been correct in the post-Quantitative Easing II world; however around 20 central banks are in hiking mode. It is fair to assume that Required Reserve Ratio hikes are very close to an end. Furthermore, so far, there is little evidence of slower growth. Auto sales continue to break new records despite a 15% currency correction – mainly through the imports channel. In addition, retail sales are growing fast. Even when taking into account foreign flows, the current deficit could become hard to finance, especially if investor sentiment becomes more risk averse and portfolio flows to Turkey decrease. Key risks to EM equities in general are a sharp dollar rally (on further possible EU sovereign debt worries); more big gains in oil prices; early Fed hikes and no near-term peak in Chinese inflation.

Looking ahead, investors have started to become overly satisfied about the upswing in global growth and correspondingly worried enough about inflation. Turkey has entered a rather hold period, whereas, there is the possibility of a fiscal adjustment after the June election. ■

### Garanti Bank Stock Performance in 1Q 2011



### Relative Performance to MSCI EM Banks & ISE Banks Index



For further information please contact Garanti Investor Relations.

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