

# StockWatch

**3Q 2012**  
INVESTOR RELATIONS



## ABOUT GARANTI STOCK 'GARAN'

**With a free float ratio of ~50%,  
Garanti shares constituted  
25% of the foreign transactions  
in the ISE and represented ~45%  
of the foreign transactions  
among all listed banks.**

**US\$ 17.6 Billion**

Market Capitalization constitutes 8% of the ISE-100\*

**US\$ 8.8 Billion**

Highest floating market capitalization in the ISE\*

**US\$ 145 Million**

Average daily turnover in 9M 2012,  
representing 15% of the ISE-100

**US\$ 21.1 Billion**

Total 9M 2012 foreign transactions in GARAN  
The most traded stock by foreigners

**~13%**

Highest weight of shares in the ISE-100

Note: Currency conversion is based on US\$/TL CBRT ask rate

\*As of September 28, 2012 day-end

## DID YOU KNOW?

The number of **Garanti Mobile Banking** customers increased by 141% since the beginning of 2012. During 1Q, the usual trend of 10% monthly increase drastically changed into the current figure with the release of mobile applications in 2Q. Applications are providing the customers with simplicity and convenience. Market shares increased to 36.63% (from 31.8%) in number

of customers; to 45.23% (from 41.79%) in financial transactions; and to 49.32% in mobile payments. (Resource: The Bank Association of Turkey Quarterly Statistics)

**Garanti e-Trader** mobile application is now on Android following iPhone, iPad and Blackberry.

Garanti became the very first bank to launch **Windows 8 application**, globally.

In 3Q12, Erhan Adali was appointed as the new Garanti Executive Vice President in charge of Loans.

## GARANTI AND THE COMMUNITY

Reaching out to 61 cities and a total of 30,000 SMEs since it started 10 years ago, the **83<sup>rd</sup> Garanti Anatolian Meeting** was held in a small city, Burdur. These meetings are designed to be informative and inspirational for SMEs in exploration of the target City's full economic potential.

With the cooperation of Boğaziçi University Lifelong Learning Center, Garanti carries out a free training program called "**Women Entrepreneur Executive School**" in 3 major cities. The program aims to provide women entrepreneurs with the scope of business sustainability through designed courses of institutionalization and innovation.

Organized by "Istanbul Culture and Arts Foundation" and sponsored by Garanti for nearly two decades, the "**International Istanbul Jazz Festival**" has once again converted Istanbul into a city of jazz with 50+ concerts of 300+ local and foreign musicians. Garanti supports the spread of jazz in Turkey with its "**Garanti Jazz Green**" brand.

## AWARDS & RECOGNITIONS

Garanti Technology won the "**Bronze**" award at the **Stevie International Business Awards** in the "Best Customer Service Department of the Year" category.

Garanti received "**Straight Through Processing-STP**" awards from **Commerzbank** and **Citibank** for achieving high straight through processing volumes in 2011.

At the **MediaCat Felis 2012 Awards**, Garanti received the "**First Prize**" and "**Award of Merit**" in four categories: "Best Use of Local Media"; "Best Use of Cinema"; "Best Use of Outdoor (OOH)"; "Best Use of Ambient Media".

**Webby Awards** selected Garanti Bank as an "**Honoree**" in the "Banking/Bill Paying" category.

Garanti was honored with "**The Best/Effective Usage of Mobile Media**" award at **Grand Interactive Awards (GIA) 2012**.

Garanti Bank online branch was honored with "**Best Internet Bank of Turkey**"; "**Best Integrated Consumer Bank Site**" and "**Best Online Deposit, Credit and Investment Product Offerings**" awards by **Global Finance**.

Garanti Interactive Annual Report received "**Silver**" prize at the **Stevie International Business Awards** in the Interactive Annual Report category and also with "**Honors**" award in the same category in **ARC Awards** held by **MerComm**.

Garanti Annual Report received a "**Bronze**" prize from **Stevie International Business Awards** in the "Best Annual Report" category.

Garanti Profile, the semi-annual newsletter communicating Garanti facts and performance, won its first award at its first publishing in the **Stevie International Business Awards** and received "**Bronze**" prize in the "Best Newsletter" category.

Garanti Bank Romania won the "**Best Bank**" award in the "Most Dynamic Systemic Growth Of Assets And Own Funds" category by **Finmedia Media Group**.

## WHAT ANALYSTS SAY ABOUT GARANTI?

**Citi:** ...is the industry benchmark on revenue and cost efficiency and along with its high free funds base, commands one of the highest ROAs in the system.

**EFG:** ...has responded to global uncertainties and a challenging funding market in Turkey with a relatively more risk-averse strategy in 1H12. This has paved the way for lower lending growth, yet strong asset quality and higher-than average ROE, despite regulatory challenges on fee income.

**Deutsche:** ...offers one of the strongest ROE generations in its peer group. ...Along with its capital strength, this allows flexibility in implementing revenue-focused organic growth strategies. With a proven track record on its proactive management approach, due to one of the strongest asset-quality records, effective asset and liability management and risk-management systems. ...should remain comparatively resilient to the deceleration in cautious monetary policies in 2012.

**TEB:** ...benefits from an advanced technology infrastructure that facilitates CRM and efficient deployment of capital. ...has an advanced level of sales culture and performance-based compensation and is the leading and most innovative bank in many consumer products such as credit cards and mortgages. ...has a best-in-class management with a strong track record of correctly reading and appropriately positioning to macroeconomic and sectoral trends.

## DEVELOPMENTS IN TURKISH BANKING SECTOR

Turkish banks raised a total amount of US\$ 8.3 billion\* equivalent international funding in 3Q12. From which, US\$ 5.0 billion equivalent amount was secured as syndicated loan; US\$ 109 million equivalent amount was received from multilateral development banks; US\$ 2.1 billion from Eurobond issuances, US\$ 649 million in securitizations and US\$ 453 million in Islamic financing.

In 3Q12, Turkish banking sector issued TL 7.5 billion worth of TL-denominated corporate bonds with different maturities (6+ months).

CBRT continued to utilize reserve requirement (RR) tool to manage liquidity:

- TL RR that can be kept in FX was raised gradually to 60% from 50%. In addition, TL RR that can be kept in Gold was also raised to 30% from 25% of the total TL RRs.
- CBRT introduced Reserve Option Coefficients (ROCs) effective as of Jun'2012 in order to narrow the cost differential of maintaining TL reserve requirement in TL or in FX. With the new practice, the amount of FX reserves that can be kept for TL reserves is determined by using coefficient multipliers (ROCs) assigned for each tranche. During the quarter, CBRT gradually increased ROCs and at the same time introduced new coefficients for additional tranches. As of the end of 3<sup>rd</sup> quarter, for each TL RR held in FX, the bank will have to forego an average of 1.52x US dollar or Euro equivalent (if the FX option is fully utilized). For each TL RR held in Gold, bank will have to forego 1.25x the gold bullion equivalent (if option is fully utilized).

Total effect of revisions since June 2012, if fully utilized, is expected to Central Bank FX reserves by US\$ 20.8 billion.

% of TL RR that can be held in FX	ROCs			
	As of Sep	Aug	Jul	Jun
up to 40%	1.3x	1.1x	1.0x	1.0x
additional 5% (40%-45%)	1.6x	1.4x	1.4x	1.4x
additional 5% (45%-50%)	1.9x	1.7x	1.7x	-
additional 5% (50%-55%)	2.1x	1.9x	1.9x	-
additional 5% (55%-60%)	2.2x	2.0x	-	-
<b>Weighted avg. coefficient for FX (if fully utilized)</b>	<b>1.52x</b>	<b>1.32x</b>	<b>1.18x</b>	<b>1.04x</b>
% of TL RR that can be held in Gold up to 20%	1.0x	1.0x	1.0x	1.0x
additional 5% (20%-25%)	1.5x	1.5x	1.5x	-
additional 5% (25%-30%)	2.0x	2.0x	-	-
<b>Weighted avg. coefficient for Gold (if fully utilized)</b>	<b>1.25x</b>	<b>1.25x</b>	<b>1.10x</b>	<b>1.00x</b>

\*Calculation based on publicly-traded banks

BRSA introduced new amendments on provisioning regulations for Banks. In this regard, effective as of September 21, 2012:

- General provisioning for loans granted before 2006 will be brought up to current general provisioning levels. Banks will book a minimum 40% of additional general provisioning until December 31, 2012, a min. of 60% until December 31, 2013, a min. of 80% until December 31, 2014 and 100% until December 31, 2015.
- BRSA has authority to apply higher general and specific provisioning rates for loans by taking into consideration their sector and country risks.
- If a borrower's cash loan is classified under NPL, borrower's non-cash loans or receivables from derivative financial instruments will be also treated as NPL and bank is required to set aside specific provisioning.
- BRSA eased provisioning and restructuring requirements for loans that are granted to companies and individuals who operate or have financial activities in Syria.

The CBRT left the interest rate and overdue interest rate caps on credit cards unchanged at 2.34% and 2.84% per month, respectively.

Vakifbank announced that Directorate General of Foundations' 58.5% stake in the bank will be transferred to the Turkish Treasury at an undetermined price. There will not be a cash payment; instead of a cash payment; the Treasury will set up securities fund that will be controlled by the Foundation.

Since the determination of new advisors for Halkbank's potential privatization in September, the privatization process has gained pace and Halkbank applied CMB on October 12, 2012 for the privatization of 20.8% of Halkbank shares owned by Privatization Administration through secondary public offering (SPO) with a green-shoe option of additional 3.1% within a year. Currently, PA controls 75% stake in Halkbank.

Finansbank formed a joint venture partnership with Cigna, global health service and insurance company, by selling its 51% stake in life insurance and pension unit, Finans Emeklilik for EUR 85 million. Finansbank will continue to have remaining 49% in the insurance company.

Transfer of 99.85% of Denizbank shares, owned by Dexia, to Sberbank has been completed as of September 28, following the obtainment of the approvals from legal authorities, including BRSA.

### Selected Sector Figures (TL Million)

	30.12.11	29.06.12	28.09.12	YTD Δ
<b>Total Deposits</b>	<b>691,403</b>	<b>718,949</b>	<b>735,771</b>	<b>6.4%</b>
Bank Deposits	35,132	43,398	43,633	24.2%
Customer Deposits	656,271	675,551	692,138	5.5%
TL Deposits	436,055	444,358	464,664	6.6%
FC Deposits (US\$m)	117,443	128,958	127,944	8.9%
info: Customer Demand Deposits	110,046	113,927	117,562	6.8%
<b>Total Loans</b>	<b>650,965</b>	<b>699,617</b>	<b>715,672</b>	<b>9.9%</b>
TL Loans	452,918	502,751	517,714	14.3%
FC Loans (US\$ mn)	105,591	109,770	111,371	5.5%
Consumer Loans	162,949	172,977	178,289	9.4%
Housing	69,622	72,898	75,113	7.9%
Auto	6,950	7,093	7,227	4.0%
General Purpose Loans*	86,379	92,985	95,947	11.1%
Credit Cards	56,719	65,743	70,493	24.3%
Loans / Deposits	99.2%	103.6%	103.4%	
<b>Gross NPL</b>	<b>17,504</b>	<b>18,737</b>	<b>21,402</b>	<b>22.3%</b>
info: NPL ratio	2.6%	2.6%	2.9%	
info: NPL coverage	82.2%	81.2%	74.7%	
Gross NPL in cons. loans	3,173	3,569	3,998	26.0%
info: NPL ratio	1.9%	2.0%	2.2%	
Gross NPL in credit cards	3,449	3,609	4,016	16.4%
info: NPL ratio	5.7%	5.2%	5.4%	
<b>FX Position, net (US\$ mn)</b>	<b>296</b>	<b>81</b>	<b>1,381</b>	
on B/S	-17,886	-30,559	-20,585	
off B/S	18,181	30,640	21,964	

Source: BRSA weekly sector data, excluding participation banks  
\* Including other and overdraft loans

## MACRO NOTES

**Economic growth continued to slow down with further rebalancing in 2Q12:** Turkish economy grew by 2.9% in 2Q12, pointing out a further deceleration compared to 8.5% and 3.3% growth rates attained in 2011 and 1Q12, respectively. Rebalancing in the economy continued also in 2Q with higher contribution of foreign demand. The weakness in domestic demand sustained in 2Q as growth in private consumption fell for the first time since 3Q09 along with a sharp contraction in private investments compared to the same quarter of last year.

According to early indicators, economic growth might have slowed down further in 3Q12 with the continuation of rebalancing. Domestic sales in different sectors had mixed signals; seasonally adjusted auto sales rose in 3Q, q-o-q, while average white goods sales in July-August period fell on the same basis. On the other hand, there was a slight fall in capacity utilization ratio in 3Q and industrial production contracted first time in Aug'12 since Nov'09. In addition, sentiment indices continued to fall during 3Q, signaling for a further slowdown in domestic demand. On the foreign side, exports (excluding gold) resumed its upward trend in September after falling in July-August period, according to Turkish Export Agency (TEA). All in all, GDP growth is estimated to be 2.3% in 3Q12, however, continuing concerns and uncertainties regarding

Eurozone economies remain as the main downside risk for the Turkish economy.

### C/A deficit falls, thanks to weak domestic demand or export diversification, or both?

The 12-month rolling current account (C/A) deficit fell below to US\$ 60 billion as of Aug'12. The sluggish domestic demand and fall in imports had positive impacts on C/A balance. At the same time, diversification in export markets continued to bolster C/A in 3Q. As of Aug'12, on a 12-month cumulative basis, the share of EU-25 in total export fell below 37% while share of emerging markets reached nearly 60%. In addition, gold exports continued to give an additional rise to exports in 3Q'12.

### Actions taken to prevent deterioration in budget deficit:

While deceleration in growth rate helps to reduce C/A deficit, it continued to impact tax revenues negatively during July-September period. In addition, the rise in non-interest expenditures due to the increase in public wage payments paved the way for a higher budget deficit in the period. To prevent deterioration in budget, the Government introduced hikes in special consumption tax rates and made price adjustments in some items as of September. Yet, the year-end budget

deficit to GDP is expected to be over 2%, which is above the pre-stated target (1.5%).

### CBRT was more focused on the financial stability despite the rise in inflation...

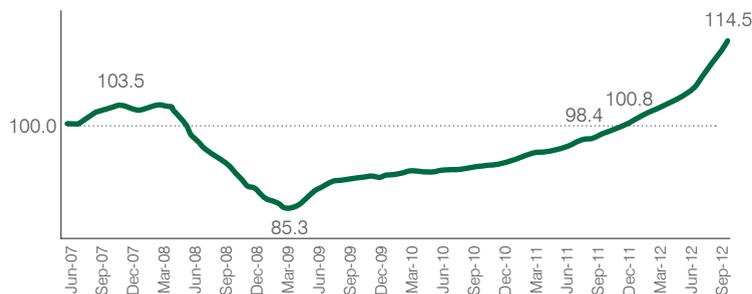
Although annual inflation reached 9.2% in Sep'12 and the latest tax hikes pressure prices, the CBRT highlighted that the fall in inflation will become more evident during the last quarter of the year. In its last meeting, while the policy rate (one week repo rate of 5.75%) was kept constant, CBRT recently reduced its effective funding rate to 5.8%. Also, Monetary Policy Committee narrowed the interest rate corridor through lowering the upper band by 150 bps to 10%. On the other hand, the Committee continued to use RRR and reserve option coefficient (ROC) mechanism actively as an alternative tool to prevent volatility in TL liquidity and increase the FX reserves. These measures support the financial stability according to the Bank. Both tools may be used for monetary policy flexibility in the forthcoming period, if deemed necessary.

After having appreciated by 4% and 1% against the currency basket in two consecutive quarters, TL appreciated again 2% in 3Q'12. Benchmark bond yields, on a monthly average basis, was down to 7.6% in 3Q from 9.1% in 2Q.

## REAL-ESTATE SECTOR ANALYSIS IN TURKEY

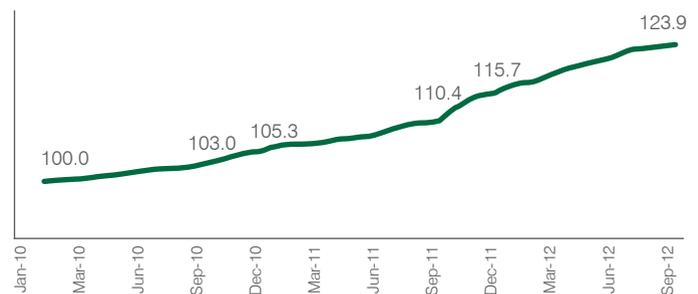
**REIDIN Turkey Composite Residential Property Price Index:** Sponsored by Garanti, the index reflects an increase of 2.38% m-o-m and 16.40% y-o-y in residential sales prices in Sep'12. Index series are calculated monthly, for sales and rent covering 7 major cities, including Istanbul, Izmir, Ankara, Adana, Antalya, Bursa and Kocaeli.

### Residential Property Price Index-Change in residential sales prices



**REIDIN.com-GYODER New Home Price Index:** Sponsored by Garanti, the index shows an increase of 0.32% m-o-m and 12.23% y-o-y in Sep'12. Taking Jan'10 as the base period, REIDIN.com-GYODER New Home Price Index is calculated on 62 housing projects and with a monthly average number of 22,500 properties presented by 24 developers.

### New Home Price Index



## DEVELOPMENTS AT GARANTI

Garanti successfully completed two separate tranches of **Eurobond issuance**, in total amount of US\$ 1.35 billion, with 5-year and 10-year maturities. This represents the largest issuance at the lowest coupon rate in Turkish banking sector, while the 10-year tranche with a nominal value of US\$ 750million, continued to be the longest tenure Eurobond issued by a Turkish bank. The issuance of US\$ 750 million 10-year fixed rate notes has a maturity date of September 13<sup>th</sup> 2022 and a coupon rate of 5.25%, which have been priced to yield 5.375% to investors, and US\$ 600 million 5-year fixed rate notes has a maturity date of September 13<sup>th</sup> 2017 and a coupon rate of 4.00%, which have been priced to yield 4.175% to investors.

- Garanti secured US\$ 400 million, 14-year securitized loan agreement with the U.S. Government's Development Finance Institution, the Overseas Private Investment Corporation. This has become the longest maturity **DPR future flow securitization** in Turkey. The loan will be utilized to support SMEs and women entrepreneurs.
- Garanti signed a guarantee agreement with the European Investment Fund (EIF) for an amount up to EUR 75 million under the Micro-Credit Window of the Competitiveness and Innovation Framework Programme (CIP) in order to provide additional finance for Turkish businesses.
- Garanti signed a US\$ 50 million framework agreement with Korea Eximbank. The amount will be utilized for the financing of Garanti clients' imports from Korea.

Garanti continues its new product offerings to meet changing customer needs. The total number of products reached 526 in 3Q2012.

- **Gold Time Deposit Account** is designed for customers who want to earn interest by investing in gold.
- The pilot phase of admitting scrap gold at the branches is augmented gradually. Currently, appx. 100 branches all around Turkey are assigned as **Garanti Gold Tuesdays** branches. Customers with scrap gold are provided with net value of their gold by gold experts and the equivalent amount is transferred to their gold deposit accounts or granted as collateral for **Gold Secured Loan**.
- For the first time in Turkey, customers can use coupons via POS machines at the time of the purchase. Bonubon has put an end to the era of "keeping coupon codes to get discounts" Bonubon enables the amount of the coupon to be transferred to the customer's **Bonubon** moneybox for the next purchase when the coupons are not redeemed.
- Garanti introduced one of the most innovative and interesting products; **Takas Kart (Barter Card)** that enables the automation of cash flow between dairy industries, milk cooperatives, and milk producers through merging the means of exchange with technology on a plastic card. Card owners, with trade union membership, are able to sell their products such as wheat, flour or milk in tons, sacks

or liters from POS terminals, and in return buy the products they need such as fertilizer, gasoil or veterinary medicine in kilos, liters or packs that are all parametrically set and cross priced by unions.

- **Corporate Internet Banking** site is renewed. It now offers a customizable home page where all banking transactions are managed through shorter menu steps, related contact details and calendar options.
- **Garanti Mobile Internet Banking** offers new concepts such as Spending/Earning and Assets/Liabilities on iPhone and Android. iPhone and Android apps reached 203 thousand and 130 thousand downloads respectively.
- **Garanti Internet Branch** market shares are; 25% in number of customers; 29% in financial transactions; 52% in online payments. (Source: The Bank Association of Turkey Quarterly Statistics)
- **E-Commerce Package** is launched to provide support to SMEs move their businesses online by constructing their own e-commerce sites. With this new package, SME's financial needs are met by e-commerce credit loan and products such as property insurance, Easy Card/Corporate Card and Virtual POS are provided.
- Garanti rolled out **Direct Debit Discount**, a brand new on-line cash management product. The new service allows corporates to discount their direct debit receivables in order to meet financial needs and act as a balance sheet and working capital management tool.

## SELECTED CREDIT CARD FIGURES IN TURKEY

**1.81** up from 1.62 in 2011 YE  
# of plastic cards per person

**1.2%** vs. Garanti's 1.5%  
Payment Systems Commissions/ Payment Systems Volume\*

**22%** up from 19.5% 2011 in YE  
Credit cards' share in retail loans

### Top 5 Categories in credit card spending

	Sep-11	Sep-12
Supermarket and shopping malls	13.8%	13.6%
Gas stations	12.8%	11.7%
Household gadgets, PCs etc.	8.0%	8.5%
Apparel and accessories	7.1%	7.3%
Food	5.6%	6.5%

### Per card spending



Source: Interbank Card Center, Turkish Statistical Institute, Banking Regulation and Supervision Agency (BRSA)  
Note: Official population is based on 2011 announced figure of 74.7 million.

\* Garanti Payment Systems analysis based on BRSA financials of market players as of 2Q12

## GARANTI FINANCIAL HIGHLIGHTS

### Garanti Market Shares\*

	Sep-12	YTD Δ
Total Performing Loans	13.0%	▼
TL Loans	11.0%	▼
FC Loans	18.5%	▼
Credit Cards - Issuing (Cumulative)	18.0%	▼
Credit Cards - Acquiring (Cumulative)	19.1%	▼
Consumer Loans**	13.0%	▲
Total Customer Deposits	12.5%	▼
TL Customer Deposits	11.2%	▲
FC Customer Deposits	15.1%	▼
Customer Demand Deposits	14.2%	▼
Mutual Funds	15.3%	▲

\*BRSA weekly data - Commercial Banks

\*\*Consumer loans including consumer credit cards

### Garanti with Numbers

	Dec-11	Jun-12	Sep-12
Branch Network	918	926	932
+ Domestic	907	915	921
+ Abroad	11	11	11
Personnel	16,775	17,249	17,309
ATM	3,268	3,388	3,441
POS*	458,851	498,264	513,289
Total Customers	10,701,803	11,178,715	11,482,991
Internet Customers**	2,068,184	2,200,825	2,276,481
Mobile Banking Customers**	148,070	245,351	347,175
Credit Cards	8,544,466	9,052,311	9,101,998
Debit Cards	6,507,784	6,706,847	6,777,720

\* Includes shared POS

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

**In the first nine months of 2012, Garanti reached consolidated total assets of US\$ 97.7 Billion and consolidated net profit of US\$ 1.5 Billion**

### SELECTED FINANCIALS\*

**Total Assets**  
**US\$ 97.7 Billion**

**Performing Loans**  
**US\$ 54.7 Billion**

**Total Deposits**  
**US\$ 56.3 Billion**

**Shareholders' Equity**  
**US\$ 11.6 Billion**

**Ordinary Banking Income**  
**US\$ 3.3 Billion**

**Net Income**  
**US\$ 1.5 Billion**

### SELECTED FINANCIAL RATIOS\*

**Return on Average Assets**  
**2.1%**

**Return on Average Equity**  
**18.0%**

**Capital Adequacy Ratio**  
**16.4%**

**Non-Performing Loans Ratio**  
**2.3%**

\* Figures are based on BRSA consolidated financials as of September 30, 2012  
Note: Exchange rate used for currency conversation is based on Garanti Bank's September 30, 2012 dated financials

## MARKET RECAP

It has been five years since the crisis began in 3Q07 when the world was hit by what Alan Greenspan, former Chairman of the Fed, described as a "once-in-a-century credit tsunami". It not only flattened the economic activity, producing the most severe worldwide economic contraction since the Great Depression, but it also seemed to sweep away confidence in the ability of central bankers to successfully manage the economy. The crisis brought down banks, changed the way finance is regulated, raised deep questions about the efficacy of markets, resulted Europe to suffer a series of sovereign rating downgrades and threatened the existence of the Euro. As of 3Q12, the Fed's open-ended QE3, as well as the prospect of additional QE by the BoE and BoJ, additional ECB LTROs and bond purchases via the ECB's OMT (Outright Monetary Transactions) program, were all welcomed developments.

Equity markets needed only signals of a coordinated solution to spark a rally. Most major indices are up double digits so far this year. Taking a cue from the monetary easing playbook, global stock markets rallied in 3Q, with the S&P 500 notching a 5.8% gain, while

European markets were up 8.4%. While DM indices were reaching new post-Lehman highs, MSCI EM and EMEA were up by 7-8 % trying to make up for their poor performance in 2Q. Moreover, EM-dedicated funds have seen continuous inflows for the longest period since mid-2011. EM equity markets' performance proved to be closely correlated to global risk appetite and capital flows.

During this time, the further rebalancing Turkish economy and the Central Bank of Republic of Turkey (CBRT)'s unorthodox and highly dynamic monetary policy were producing successful results. CBRT continued the "measured" narrowing of the short-term interest rate corridor accompanied by increases in the "reserve option coefficients" (ROCs). CBRT used the ROCs actively for the first time at its September 18th meeting in the aftermath of the expansionary decisions of the world's major central banks. With moderating domestic demand and rising exports despite global headwinds, conditions will be supportive for the inflation and current account balance outlook, even with the Ministry of Finance's announced series of tax hikes for better prospects on fiscal performance and external rebalancing.

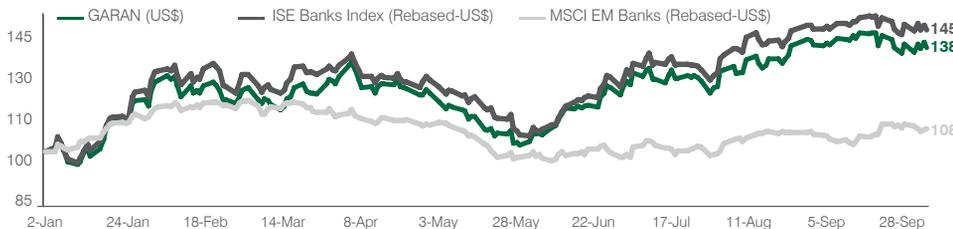
The additional unique domestic theme of Turkey during 3Q12 was a possible sovereign rating upgrade to "investment grade" based on the improvement in Turkey's fiscal metrics. Rising expectations supported by strong macro fundamentals resulted in a continuous decoupling outperformance of both Turkish debt and Turkish equities year-to-date. In 3Q12, Turkish equity market sustained its performance parallel to emerging peers as MSCI Turkey increased by 8% outperforming both MSCI EM and MSCI EMEA by 1%. As ISE100 approached towards 70,000 record high levels, it translated into MSCI Turkey's year-to-date outperformance of 24% and 22% respectively versus MSCI EM and MSCI EMEA.

Looking ahead, global issues that are of particular importance will be the US economic outlook against the backdrop of the so-called fiscal cliff, the future of Euro area crisis and China's economic adjustment from 'quantity' to 'quality' of growth. The US recovery will be negatively impacted by policy risks in the run-up to the elections in November. QE3 could be insufficient to significantly boost equity markets. While the Fed's ultimate aim is stable pricing and full employment, near-term feedback from equity markets could prove disappointing. Although QE3 is open-ended, the currently announced pace and program of purchases is much smaller than previous QE programs. On the other hand, in the Euro area, crisis will persist, with prolonged economic weakness -especially in periphery countries- and further periods of intense financial market stress.

### Garanti Bank Stock Performance in 9M 2012



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



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

	YTD	QoQ
Brazil	-6%	4%
China	5%	4%
Hungary	20%	10%
India	24%	15%
Mexico	21%	6%
Poland	18%	8%
Russia	7%	9%
<b>Turkey</b>	<b>36%</b>	<b>8%</b>
EM	9%	7%
EMEA	12%	8%
EM Banks	8%	6%
Eastern Europe	9%	9%
Latin America	2%	4%

\* Based on MSCI's Emerging Markets Indices, as of September 28, 2012

For further information please contact Garanti Investor Relations.

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