JCR Eurasia Rating

JCR-ER, Affiliate of Japan Credit Rating Agency, Ltd.

TURKEY

Corporate Credit Rating

Updated

Banking

Garanti		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB	A-3
	Outlook	Stable	Stable
National	Local Rating	AAA(Trk)	A–1+(Trk)
	Outlook	Stable	Stable
Sponsor Support		1	-
Stand Alone		A	-
Sovereign*	Foreign currency	BB	B
	Local currency	BB	B
	Outlook	Stable	Stable

*Affirmed by Japan Credit Rating Agency, JCR on February 21, 2011

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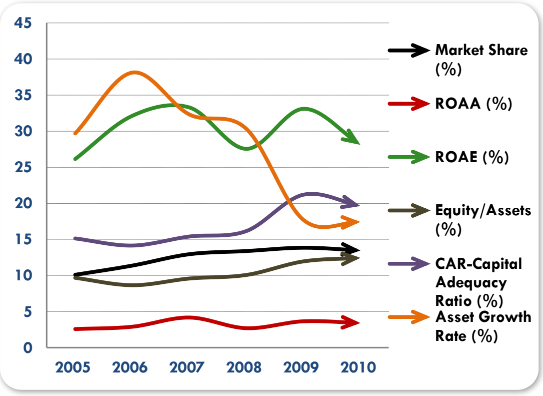

TÜRKİYE GARANTİ BANKASI A.Ş.

Financial Data	2010*	2009*	2008*	2007*	2006*	2005*
Total Assets (USD mn)	89,337	76,780	64,521	61,899	46,770	33,855
Total Assets (TL mn)	135,792	115,608	98,188	75,325	56,914	41,198
Equity (TL mn)	16,916	13,836	9,904	7,228	4,933	3,989
Net Profit (TL mn)	3,449	3,095	1,926	2,435	1,150	698
Market Share (%)	13.48	13.86	13.40	12.96	11.38	10.11
ROAA (%)	3.44	3.68	2.72	4.20	2.92	2.60
ROAE (%)	28.09	33.11	27.54	33.30	32.13	26.14
Equity/Assets (%)	12.46	11.97	10.09	9.60	8.67	9.68
CAR-Capital Adequacy Ratio (%)	19.62	21.20	16.14	15.38	14.12	15.10
Asset Growth Rate (Annual) (%)	17.46	17.74	30.35	32.35	38.15	29.71

*End of year

Overview

Türkiye Garanti Bankası A.Ş. (hereinafter referred to as "Garanti" or the "Bank") is the second largest private bank and the largest lender in Turkey, operating in the fields of corporate, private, commercial, SME, investment and retail banking. Shares of Garanti, with a current free float of 48.63%, have been traded on the Istanbul Stock Exchange (ISE) since 1990. Major shareholders of the Bank, following the recent share transfers, are Banco Bilbao Vizcaya Argentaria S.A (BBVA, 24.89%) with a rating of AA+ assigned by JCR on Sep.29, 2010 on the foreign currency long-term senior debts and Dogus Grubu (DOGUS – the Group, 24.23%).

Garanti, with its widespread distribution network of 863 branches and offices (domestic: 853, foreign: 6, rep office: 4), 16,675 employees, over 3,000 ATMs, one Call Center, internet and mobile banking and nearly 3,000 foreign correspondent banks in 154 countries serving approximately 10mn customers along with its 13 affiliates contributing to diversification of its revenues, is a prominent financial group in Turkey.

The Bank outperformed the Turkish banking sector through its progressive growth trend of a cumulative 327.54% within the last 6-year period compared to the 228.51% of the sector as a whole, accompanied by above-the-sector fundamental profitability ratios through its resilient revenue streams and below-the-sector NPL ratios.

Strengths

- Sound and progressive growth trend cumulatively outperforming the sector in the last 5 years thus inducing improvement in its market share
- Competent internal fund generation capacity
- Sustainable profitability through its resilient revenue streams
- Leading position in a wide range of integrated financial services underpinned by its customer-oriented and innovative structure and through the strength of its efficient franchise and affiliates
- Well capitalized through its above-regulatory-minimum ratios
- Retaining its competitive strength as the market leader in lending
- Sturdiness of the Turkish financial system in general
- Efforts of generating alternative funding sources with longer maturities such as recent bond issues
- Employing managerial reporting foresight and advanced risk measurement technology
- Still low penetration levels of the Turkish financial system
- High level of transparency regarding corporate governance best practices

Constraints

- Possible adverse effects of raised reserve requirements on banks' short term interest margins and growth potential
- Declining trend in NIMs in recent years putting pressure on the profitability level of the Turkish banking sector
- Continuing prevailing sector-wide structural maturity mismatches adversely affecting the liquidity management
- Though in a declining trend and composed of FRNs to a great extent regarding Garanti in particular, still sector-wide high single-party exposure in terms of the government securities portfolio

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