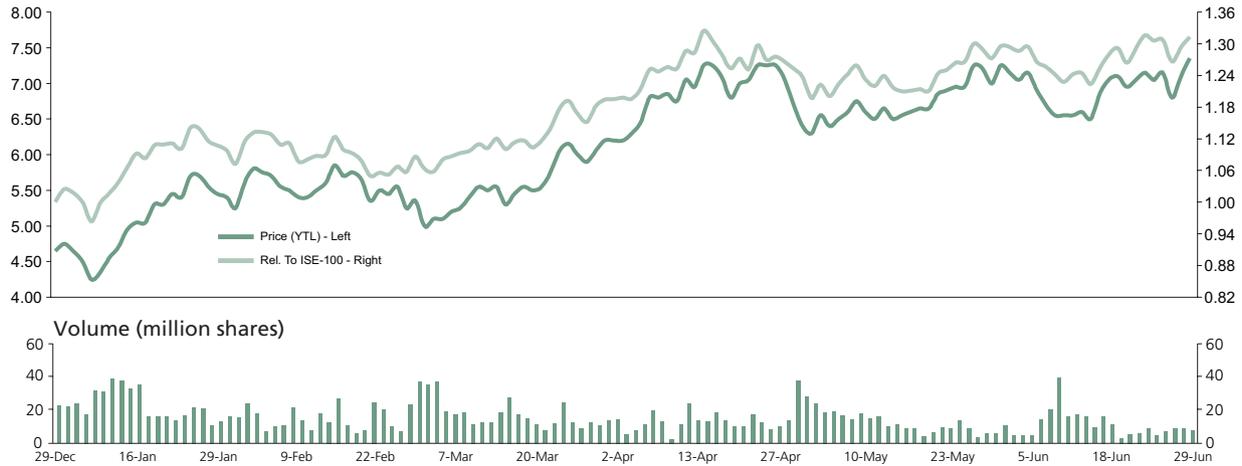


Garanti Bank Stock Performance in 1H 2007



DEVELOPMENTS AT GARANTI

Euromoney honored Garanti with "2007 Award for Excellence - Best Bank in Turkey" for the eighth time and quoted "In the three-way wrestling match between Akbank, Garanti Bank and Isbank, it is Garanti that comes out on top. That's thanks to an impressive set of results in the past year, which has seen it post the best figures of the three for a range of measures including net bank income growth up 47.5% and pre-tax income growth up 39.9%."

Global Finance magazine named Garanti "Best Consumer Internet Bank of Europe". This award was the first a Turkish bank ever received. Garanti was awarded "Best Consumer Internet Bank of Turkey" again in 2007 for the seventh consecutive year since 2000. Garanti also won "Investment Management Services", "Website Design" & "Best Information Security Initiatives" awards in Europe together with "Best Sub-Custodian Bank in Turkey 2007" award.

Garanti's success in achieving high straight through processing payment (STP) volumes during 2006 has once again been rewarded by The Bank of New York Mellon, Deutsche Bank and JPMorgan Chase Bank in 2Q07 accrediting Garanti's straight-through rate above 95%.

Garanti sold its custody services which it provides to foreign institutional investors to Deutsche Bank for an upfront USD115 million payment received on July 5th. Per agreement, foreign institutional investors will continue receiving services from Garanti for the next ten months and the services provided to local investors will continue.

In June, the sale of Garanti Bank's 80% stake in Garanti Sigorta A.S. and 15% stake in Garanti Emeklilik ve Hayat A.S. to Dutch-based Eureko B.V. were finalized upon obtaining all the regulatory approvals. The corresponding shares were transferred to Eureko B.V. following the payment of EUR465 million made to Garanti.

In June, Garanti announced that it has started talks with several institutions in Ukraine to identify and assess regional expansion opportunities.

In June, Garanti secured USD600 million through a DPR securitization transaction. Together with this last transaction, the outstanding securitization portfolio of Garanti has reached an amount of USD3.4 billion.

In May, Garanti secured a EUR600 million club term loan with a maturity of 1 year and an all-in cost of EURIBOR +47.5 bps per-annum replacing the previous EUR600 million syndicated term loan dated May 12th, 2006. The facility differentiates itself by being the first self-arranged and coordinated transaction for Garanti while still representing the lowest pricing ever accomplished by a Turkish bank in this tenor.

In June, Garanti extended the scope of cooperation with China Union Pay by signing a new agreement to issue credit cards. Tourists and businessmen visiting China will be able to use their Bonus credit cards and ATM cards conveniently. Garanti is planning to utilize these cards to make money transfer between Turkey & China.

In May, Garanti - the pioneer of innovations in payment systems - launched Europe's firsts: Bonus Trink Watch & Sticker both equipped with MasterCard® PayPass™ contactless technology. The stickers can be attached to apparatuses such as mobile phones & key chains converting them into PayPass medium. In addition to providing the properties of a regular credit card, the new feature enables consumers to pay for small-value items (under EUR20) with no signature or PIN at over 1,200 merchant locations in Turkey.

Extending the scope in payment systems, Garanti signed agreements with Canakkale & Samsun municipalities where ParaCard (debit cards) & Bonus Trink Card (PayPass cards) will offer their holders the convenience to pay for the public transportation.

Garanti solidified its leading position in project finance with four new deals in May. Garanti as Mandated Lead Arranger contributed with USD100 million in USD600 million facility for acquisition of Mersin Port and USD88 million in USD1.6 billion refinancing facility of Avea. Garanti has provided a EUR50 million long term loan together with Italian Mediobanca to Barbetti Group's Turkish cement subsidiary and has joined syndication with highest

participation of USD33 million to provide a USD266 million loan to Hurriyet Gazetecilik for the acquisition of Trader Media East.

Garanti responded swiftly to the new landscape in housing loans market following the passage of the Mortgage Law in March and the declaration of the index for variable rate mortgages in June. Garanti launched a new array of innovative mortgage products that provide customers with choice and ease of payment. Garanti was the first to introduce variable rate mortgages indexed to the CPI. Another product is the "Flexi-term Mortgage" (fixed payment, variable rate and term), a variable rate mortgage that keeps the installment amount unchanged while extending/shrinking the term of the loan based on interest rate changes. "Falling-rate Mortgage" is another innovative product whose interest rate is revised down annually if the bank's interest rate has decreased during the period, and remains unchanged if rates go up.

Garanti extends its on-going support to SMEs in every occasion: The number of agreements signed with Chambers of Commerce and Chambers of Agriculture have reached 320. The last agreement signed in May with Istanbul Chamber of Commerce added 154 new members to its portfolio.

Garanti continued to expand its client base through an agreement with National Sports Lottery Administration (NSLA) in April. According to the agreement, Garanti became one of the only two banks serving a network of 4,000 Iddaa merchants (National Sports Lottery Administration dealers) with total annual income of YTL2 billion. Having provided direct debit system to 1,100 Iddaa merchants in one month facilitating the cash transfer between the dealers and NSLA, Garanti plans to expand number of customers to 3,000 in 3 months and become the main bank of the merchants.

Garanti expanded its product range in fund management business by launching Gold Mutual Fund in April. The fund - purely investing in gold - is well positioned with its competitive pricing strategy and is expected to attract significant local interest with a historic tradition of gold investments.

Garanti with Numbers	Dec-06	Mar-07	Jun-07
Branch Network	487	501	523
+ Domestic	481	495	517
+ Abroad	6	6	6
Personnel	11,181	11,613	12,151
ATM	1,464	1,521	1,640
POS*	213,603	224,015	239,172
Total Customers	6,222,615	6,364,431	6,443,795
Internet Customers**	754,393	799,652	822,771
Telephone Banking Customers**	69,225	72,149	67,886
ADC's Share in Total Transactions***	83.7%	83.3%	85.1%
Credit Cards	5,625,014	5,701,414	5,806,643
Debit Cards	3,325,976	3,451,246	3,522,008

* Includes shared POS
 ** Active customers only -- Those that login/call at least once per month
 *** Quarterly Average

Garanti Market Shares*	Qtrly Δ	Jun-07
Total Cash Loans	↑	14.22%
TL Loans	↑	10.25%
FC Loans	↑	25.23%
Credit Cards - Issuing (monthly)	↑	22.12%
Consumer Loans	↑	12.28%
Total Deposits	↑	10.31%
Demand Deposits	↑	13.34%
TL Deposits	↓	7.91%
FC Deposits	↑	14.40%
Mutual Funds	↑	13.55%
Foreign Trade (monthly)**	↓	15.70%

* Among commercial banks
 ** Estimate

DEVELOPMENTS IN TURKISH BANKING SECTOR

Turkish banking sector continued to be magnet of foreign interest via portfolio investments with an increased ownership in capital markets together with fresh IPO deals and FDI through M&A activities in 2Q07:

1) In July, National Commercial Bank of Saudi Arabia (NCB) signed an agreement w/ Turkiye Finans to acquire bank's 60% stake for USD1.08 billion indicating total valuation of USD1.8 billion and 5.35x P/BV (1Q07).

2) In June, participation bank Albaraka Turk completed IPO of its 20.57% share. The book was 32x oversubscribed and the valuation of the bank was around USD845 million representing 4.51x P/BV (1Q07).

3) In June, ING Group signed an agreement to acquire 100% of Oyakbank for EUR2 billion. The acquisition implied 3.26x P/BV (1Q07).

4) In May, 29.73% of Is Yatirim (brokerage arm of Isbank)

was offered to public with a 15x demand valuing the brokerage business at around USD269 million representing 1.85x P/BV (1Q07).

5) In May, IPO of state-owned Halkbank - previously topping Government's privatization agenda with a 99.9% block sale plan as the big ticket - attracted strong investor interest: 24.98% of the bank was offered at a valuation of around USD7.5 billion and 2.91x P/BV (1Q07). The book was 8x oversubscribed.

Stock Market Indicators (June 29, 2007)

	Market Capitalizations (US\$m)				Avg. Daily Trading Vol. (US\$m)				Stock Perf. (Rel. to ISE-100)				Stock Perf. (in US\$)			
	Min.	Max.	Avg.	Last	Min.	Max.	Avg.	Last	Last 1M	Last 3M	Last 12M	YTD	Last 1M	Last 3M	Last 12M	YTD
Akbank	13,031	18,853	16,233	16,787	4.7	72.5	22.0	24.5	-1.4%	-9.0%	-6.7%	-9.0%	-0.4%	3.8%	49.1%	18.1%
Isbank	11,066	15,630	13,316	12,995	17.1	296.9	93.4	84.4	0.0%	-13.0%	-15.0%	-19.6%	0.9%	-0.7%	35.8%	4.3%
Vakifbank	5,400	7,353	6,418	6,477	4.3	72.5	24.2	21.4	-6.1%	-2.2%	-12.8%	-10.3%	-5.2%	11.6%	39.3%	16.3%
YKB	4,960	7,906	6,833	7,049	8.2	204.5	58.2	42.6	-2.0%	-8.3%	-7.8%	-1.2%	-1.1%	4.6%	47.3%	28.2%
GARANTI	6,300	11,831	9,335	11,831	14.0	194.1	67.4	41.5	1.4%	9.9%	41.9%	31.3%	2.3%	25.4%	126.8%	70.3%
Banking Sector	54,573	81,531	69,603	80,891	109.4	666.4	313.3	305.9	-0.6%	-3.9%	-3.8%	-5.2%	0.4%	9.7%	53.8%	23.0%
ISE-100	129,843	180,112	160,988	179,315	429.2	1,428.4	816.4	674.4					0.9%	14.1%	59.8%	29.7%

Minimum, maximum and average figures are valid for 2007 -- Average figures are weighted for Mcap and simple for volume

Turkish Bank - an unlisted small size bank with asset size of USD481 million and 17 branches - announced its plans to sell up to 30% of bank's shares. National Bank of Kuwait is rumored to be interested.

Credit Suisse (CS) has expanded its Equities business in Turkey by acquiring Baran Securities, a Turkish brokerage based in Istanbul. CS now holds a broker dealer license on the Istanbul Stock Exchange and began trading under the name of Credit Suisse Istanbul Menkul Değerler A.Ş. on May 5th.

Following the pioneering strategic alliance between Garanti, TEB, Deniz and Sekerbank; other players of the banking sector accelerated their efforts to identify

opportunities to increase their presence in credit cards market. Isbank signed an agreement with Ziraatbank granting the right to issue Isbank Maximum card while Halkbank and Vakifbank disclosed their plans to start talks with different installment card issuer banks.

BRSA announced the work in progress for a regulation to be published soon governing the number of installments in credit card purchases. The new regulation is expected to limit card installments to 12 months for durable products and 6 months for non-durables to limit credit. As may be recalled, BRSA had raised its concerns regarding the high number of credit card installments and the Turkish banks cancelled card installments in food and gas purchases.

growth rate of imports has decelerated since the beginning of 2007 with the monthly average of 16%. Accordingly, 12 month cumulative foreign trade deficit has narrowed to USD53.4 billion as of May from USD53.9 billion in January.

The growth rate of current account deficit decelerated on the back of narrowing foreign trade deficit in 2007. 12 month current account deficit was USD31.0 billion as of May, lower than USD31.9 billion in 2006. Net realized foreign direct investment inflow reached USD9.6 billion in the first five months of 2007, while the announced deals in 2007 indicate that total FDI inflow is likely to surpass USD20 billion in 2007.

In an attempt to increase the level of its international reserves, Central Bank of Turkey (CBT) announced on July 24th that it would increase the amount of its daily FX purchase auctions from USD45 million (USD15 million at the auction+ USD30 million optional) to USD120 million (USD40 million at the auction+USD 80 million optional). In its announcement, CBT underlined the importance of strong international reserves in weathering the impact of possible domestic and international shocks.

In order to mop up the excess YTL liquidity that will be given to the markets as a result of increased FX purchases, CBT has recently started issuing Liquidity Bills whose maturity does not exceed 91 days and that are tradable in the secondary markets. CBT was already conducting reverse repo transactions for withdrawing excess liquidity in the market, which has reached YTL8-12 billion in recent days. Yet, CBT argued that the upsurge in excess liquidity withdrawn via overnight transactions may undermine the efficiency and flexibility of the money market; and therefore it has decided to issue liquidity bills along with current money market instruments.

incursion in Northern Iraq and a leading international broker's issue of full house sell signal reversed ISE 100 back to 44,000 levels. With easing worries on US inflation and rising risk appetite globally, local markets focused on election poll results. Indication of single AKP government together with news on ING Group buying Oyakbank and 32x oversubscribed IPO of Albaraka Turk pushed the index up to 46,000 levels.

Entering the last week of June, worries on subprime lending and negative implication for hedge fund industry in US affected total global sentiment, however with FED keeping interest rates unchanged in July and restored global risk appetite, MSCI EM index touched lifetime peak, ISE100 moved towards 50,000.

As poll results kept forecasting landslide election victory for AKP, PM Erdogan announced their intention to arrive on a compromise candidate for presidency. In addition to expectations on political stability, positive developments on CBT monetary easing to start in 4Q07, privatization of Petkim's 51% with a bid of USD2 billion, acquisition of Türkiye Finans by NCB, FDI to reach another USD20 billion this year with record high CBT FX reserves of USD68.6 billion paved the way to 53,000 equity index.

July 22nd general election preliminary results showed an AKP victory with over 46% of the votes and about 340 seats in the parliament. CHP around 21% - 110 seats and MHP around 14% - 70 seats were the two parties entering parliament with close to 30 independent deputies. The markets celebrated single party government with ISE100 touching 55,000, USD/TRL 1.25, benchmark interest rates 17% c.a. 3Q07 performance will depend once again (1) presidential election, (2) global liquidity and risk appetite, (3) implementation of successful economic policies.

Selected Sector Figures

(YTLmn)	29-Dec-06	30-Mar-07	30-Jun-07	YTD Chg (%)
Total Deposits	308,396	318,964	330,938	7.3%
Bank Deposits	11,581	10,394	9,399	-18.8%
Customer Deposits	296,815	308,570	321,539	8.3%
TL Deposits	181,532	189,865	202,744	11.7%
FC Deposits (US\$m)	82,257	86,159	91,382	11.1%
info: Customer Demand Deposits	52,882	49,524	54,096	2.3%
Total Loans	214,998	225,638	238,646	11.0%
Loans / Deposits	69.7%	70.7%	72.1%	
TL Loans	156,467	164,136	174,937	11.8%
FC Loans (US\$m)	41,791	44,630	49,000	17.3%
Consumer Loans	45,932	48,393	53,766	17.1%
Housing	22,165	23,320	25,503	15.1%
Vehicle	6,405	5,980	5,868	-8.4%
Personal Finance	15,884	17,369	19,981	25.8%
Other	1,478	1,724	2,414	63.3%
Credit Cards	21,642	21,943	24,029	11.0%
Gross NPL	8,127	8,613	8,548	5.2%
info: NPL ratio	3.6%	3.7%	3.5%	
info: NPL coverage	90.8%	89.4%	88.4%	
Gross NPL in cons. loans	384	508	621	61.7%
info: NPL ratio	0.8%	1.0%	1.1%	
Gross NPL in credit cards	1,698	1,764	1,809	6.5%
info: NPL ratio	7.3%	7.4%	7.0%	
F/X Position, net (US\$m)	184	-631	-623	
on B/S	-5,467	-6,775	-7,681	
off B/S	5,651	6,144	7,058	

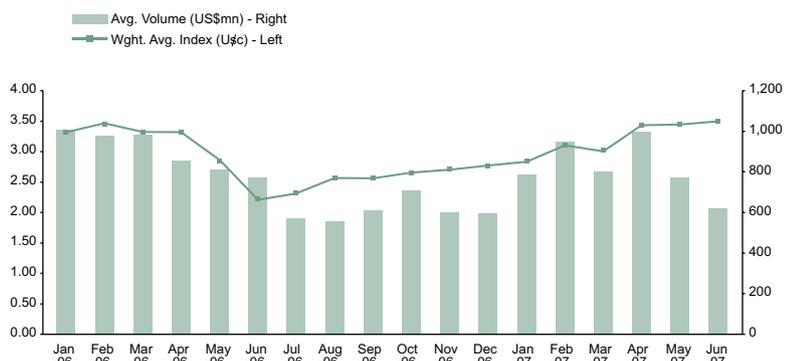
Source: BRSA weekly sector data, excluding participation banks

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

	Last 1M	Last 3M	Last 12M	YTD
Argentina	-4.1%	5.8%	28.9%	3.4%
Brasil	4.2%	22.8%	56.8%	29.6%
Mexico	-0.7%	12.0%	61.8%	18.5%
Hungary	11.5%	25.9%	65.0%	21.9%
Israel	-0.9%	9.3%	32.0%	19.8%
Poland	4.4%	10.2%	52.0%	20.1%
Russia	8.7%	-0.8%	12.9%	-3.8%
Turkey	0.7%	13.2%	59.4%	29.2%
EM	4.4%	14.1%	41.8%	16.1%
EMEA	3.1%	4.1%	27.7%	7.4%
Eastern Europe	7.8%	3.1%	22.1%	1.9%
Latin America	2.6%	18.7%	58.5%	25.3%

* Based on MSCI's Emerging Markets Indices

ISE-100 Performance



MACRO NOTES

In the second quarter of 2007, nominal value of YTL/USD decreased to 1.3 from 1.38 as of end March 07. Accordingly, the real appreciation of YTL against USD continued. While benchmark interest rate declined by 150 bps to 18.3%, Central Bank of Turkey kept the O/N rates on hold at 17.5% in the April-June period.

In the first quarter of 2007, GDP grew by 6.8%, above the average market expectations of 5.8%. Consumption growth has accelerated, while investment expenditures decelerated in 1Q07 compared to 4Q06. Private consumption expenditures rose slightly by 1.6% over 0.1% growth in the 4Q06. Besides, investment growth rate declined from 4.4% to 3% during 1Q07. As foreign trade deficit has narrowed in the 1Q07, the contribution of external demand was high at 4.1 points, indicating the highest involvement of external demand since 4Q01. On the production side, the growth rates of agriculture, industry and construction sectors were 1%, 7.5% and 16.2%, respectively.

In the second quarter of 2007, CPI rose by 1.5%, lower than the rise in the same period in 2006, bringing annual CPI inflation down to 8.6% in June from 10.86% in March. The fall in food prices in May and June by 1.7% and 2.1%, respectively led almost 1 point decline in annual inflation. As of June, annual goods price inflation decreased to 7.6% from 10.5% in March, while the fall in service price inflation was 1 point (to 10.7%) in the second quarter of 2007.

12 month cumulative basis exports and imports reached USD93.9 billion and USD147.3 billion, respectively as of May. The acceleration in exports is evident since October 2006, rising by 24% on a monthly average. Besides, the

MARKET RECAP

2Q07 started with increasing global risk appetite and new record highs at developed markets. Turkey joined the trend at the beginning and ISE100 was up around 10% reaching 48,000 at the end of April, but local agenda with heavy politics outweighed as presidential elections approached.

Right before the general elections in winter 2007, the ruling AKP was able to elect the next president of Turkey by itself for a term of seven years. However, strong resistance from main opposition party CHP and the secular establishment against an AKP related candidate created tension in the political arena. Following AKP's unsuccessful first attempt to select its candidate Gul on Friday April 27th, the political tension transformed into a political crisis with the military's severe warnings over secularism on its website, leading to a 4% plunge in equities on the last day of April. After Constitutional Court's annulment of the first round upon the 2/3rd majority requirement, AKP's call for July 22nd early elections eased part of political tension and ISE100 bottomed around 44,000 while parliament passed constitutional amendment allowing the election of president by popular vote.

Politics never left the scene in 2Q07 and so did FDI and successful IPOs. Beginning of May, USD1.3 billion privatization of Izmir Port was completed. Halkbank IPO attracted huge interest with 8x oversubscription and led to a record high turnover in the ISE at its first day of trading. The finalization of CHP-DSP alliance contributed to the index rising to 46,000.

June started with increased volatility in the markets. Tension at the Iraqi border heightened again. Speculations on Turkish military

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