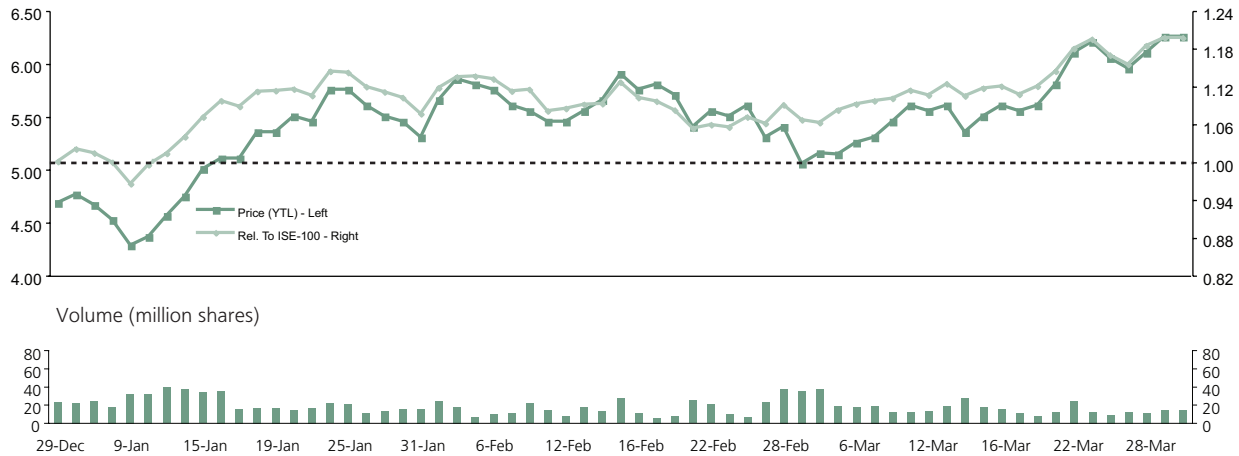


Garanti Bank Stock Performance in 1Q 2007



DEVELOPMENTS AT GARANTI

As the first step of their regional expansion strategy, Garanti and GE Consumer Finance (GECF) decided to merge their operations and follow an aggressive growth strategy in Romania. Currently, Garantibank International (a wholly-owned subsidiary of Garanti in the Netherlands) operates in corporate and commercial banking through its 10 branches in Romania while GECF is active in Romanian auto leasing, mortgage and sales finance through its 3 subsidiaries, Domenia Credit IFN, Ralfi IFN and Motoractive Leasing IFN. Garanti, Doğuş Holding and GE will be the ultimate equal shareholders of the merged company that will operate under a banking license. By the end of 2007, all main banking products, including Bonus Card, will be offered with 35 new branch openings and 118 new ATM installations. The new bank aims to become one of the 10 largest banks in Romania by 2011 reaching an asset size of USD 8 billion and a branch network of 150.

Garanti decided to sell its 80% stake in Garanti Sigorta (non-life) for EUR 365 million and 15% stake in Garanti Emeklilik ve Hayat (private pension & life) for EUR 100 million to Dutch Eureko. The deal also gives Eureko an option to buy additional 35% stake plus one share in Garanti Emeklilik, exercisable after the third year of the deal closing within a period of two years. The transaction, which sets a new benchmark for "insurance business valuations" in Turkey, will create a capital gain of USD 577 million to Garanti upon its expected closing in June 2007. The sale proceeds will be placed in high yielding assets while the bank's fee income generation from insurance sales will continue based on its distribution network agreement with Eureko.

Garanti Bank recorded the largest-ever hybrid capital transaction from Turkey and secured a subordinated fixed rate loan of USD 500 million with 10-year maturity (non-call 5 year). The facility with Political Risk Insurance received a rating of Baa1 by Moody's, which is 5 notches above Turkey's foreign currency debt ceiling, and priced at par to yield 6.95% to investors. The capital, while enhancing the CAR, will be used to fund organic growth and thus improve ROE.

Garanti and Şekerbank signed a strategic partnership agreement in March 2007 regarding the issuance, distribution and marketing of Bonus credit cards to Şekerbank customers. The deal will extend the Bonus card platform, which previously included TEB (BNP Paribas) and Denizbank (Dexia).

Moody's upgraded "the long-term deposit" credit rating of Garantibank International (a subsidiary of Garanti in the Netherlands) from "Baa2" to "A3". The "A3" rating is the highest investment level grade ever achieved by a Turkish owned company. The two notch increase reflects the sustainable growth and diversification strategy of the bank, and its contribution to international trade finance.

Following the Capital magazine's survey in 4Q06, another survey conducted by Platinum-World Business magazine named Garanti among "The Most Admired Companies by Business Leaders" in Turkey. Survey results pointed Garanti as the only financial institution within top-three due to its differentiated corporate culture in training business leaders and its leading-edge human resources strategy.

Garanti Bank was honored with 5 awards in Golden Spider Web competition. Accordingly, garanti.com.tr was named as "The Best Internet Bank" and "The Best Corporate Communication"; paragaranti.com.tr as "The Best Financial Services Site"; and evimgaranti.com as "The Top-rated Professional Services Site". evimgaranti.com also ranked second in "The Best Financial Services" category.

Garanti was recognized by Standard Chartered Bank for its outstanding quality in payment formatting & straight-through rate above 96% and was honored with "USD Clearing Certificate of Achievement-2006" award.

Garanti's first-rate performance was recognized at GE Money's Leadership Summit meeting in Orlando where global subsidiaries of GE Money competed for leadership in diverse categories. Garanti was lauded as the top-performer in "Automated Marketing" category for the "Global Leadership Award"; and "Best New Product Introduction" category for the "Sales & Marketing Awards" with its Flexi Card.

Garanti's syndicated loan of USD 700 million was named by Euroweek magazine as the "Best Turkish Loan" deal of the year 2006. The syndicated loan, with LIBOR +62.5 bps all-in cost and 2 year maturity, had been secured in Nov.06, marking the lowest ever pricing at this maturity among the Turkish banks.

The financing of the acquisition of Tüpraş in 2006, in which Garanti was one of the Mandated Lead Arrangers with a participation of USD 400 million, has been awarded "The European Acquisition Finance Deal of the Year" by Euromoney-Project Finance Magazine. The USD 1.8 billion agreement ranks as the highest acquisition finance facility to date in Turkey.

In January 2007, Garanti participated in the financing of Deriner Dam project as one of the two arrangers and contributed half of the total borrowing of USD 750 million by the Turkish Treasury.

As one of the initial mandated lead arrangers and underwriters, Garanti agreed to contribute USD 625 million to Turkcell's USD 3 billion unsecured syndicated loan. The deal marked the largest unsecured loan facility obtained by a single company in Turkey.

Garanti signed an agreement with Turkcell, the leading GSM operator in Turkey, to become one of the first banks introducing Mobile Signature service to its customers. The new technology enables Garanti customers to reach financial services with mobile signature instead of branch visit for signature.

Garanti became the first and only bank that established Direct Debit System with Petkim, Turkey's state owned leading petrochemical company with an annual turnover of USD 1.5 billion. The system - one of the best practices of financial supply chain management - provides low-cost funding and credit line for post dated purchases to Petkim's 1000 corporate customers, facilitating electronic execution of all financial activities between Petkim and its customers including procurement, payment and reconciliation while eliminating the collection risk of Petkim.

Garanti reinforced its credit card business with a new product, "Fleet Card". The card, a first in Turkey, facilitates the payments of marketing, sales and distribution teams of firms while adding efficiency to companies for the ease of recording the transactions. In addition, Garanti introduced its Environment-Friendly Bonus Card to raise awareness of the global warming danger. The new card uses lower PVC content, recycled papers in written correspondence and enables the card holder to donate its reward Bonus to WWF Turkey.

Garanti with Numbers	Dec-06	Mar-07
Branch Network	487	501
+ Domestic	478	492
+ Abroad	9	9
Personnel	11,181	11,613
ATM	1,464	1,521
POS*	213,603	224,015
Total Customers	6,222,615	6,364,431
Internet Customers**	754,393	799,652
Telephone Banking Customers**	69,225	72,149
ADC's Share in Total Transactions	81.0%	81.2%
Credit Cards	5,625,014	5,701,414
Debit Cards	3,325,976	3,451,246

* Includes shared POS

** Active customers only – Those that login/call at least once per month

Garanti Market Shares*	YTD Δ	Mar-07
Total Cash Loans	↑	13.37%
TL Loans	↑	9.93%
FC Loans	↑	22.65%
Credit Cards - Issuing (monthly)	↓	21.20%
Consumer Loans	↑	12.00%
Total Deposits	↑	10.19%
Demand Deposits	↑	12.92%
TL Deposits	↑	8.00%
FC Deposits	↑	13.70%
Mutual Funds	↑	13.29%
Foreign Trade (monthly)**	↑	16.30%

* Among commercial banks

** Estimate

DEVELOPMENTS IN TURKISH BANKING SECTOR

The main shareholder of TEB, TEB Mali Yatırımlar, signed an agreement with UCB, the residential property-financing arm of BNP Paribas, establishing mortgage consulting and financing company.

The M&A activities in the insurance sector gained pace in 1Q2007, increasing the presence of foreign international players in Turkey. (1) Garanti-Eureko transaction: please see above section. (2) Mapfre (from Spain) signed an agreement

with Çukurova Group for the acquisition of the Group's 80% stake in Genel Sigorta (non-life) for USD 373 million. (3) Doğan Holding decided to sell its 58.2% stake in Ray Sigorta (non-life) to TBIH Financial Services Group (from the Netherlands)

Stock Market Indicators (March 30, 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 6M	Last12M	YTD	Last 1M	Last 6M	Last 12M	YTD
Akbank	13,031	17,702	15,721	16,173	8.5	72.5	24.4	8.5	-2.0%	4.8%	2.1%	0.1%	5.8%	34.5%	1.0%	13.8%
İş Bankası	11,066	15,630	13,312	13,382	22.5	296.9	97.6	44.5	-5.1%	-1.5%	-16.5%	-7.6%	2.4%	26.4%	-17.4%	5.0%
Vakıfbank	5,400	6,953	6,180	5,985	8.5	72.5	27.1	16.2	-4.6%	-14.1%	-4.7%	-8.4%	3.0%	10.1%	-5.7%	4.2%
YKB	4,960	7,659	6,566	6,741	14.1	204.5	63.4	59.1	-8.2%	-4.5%	3.2%	7.8%	-1.0%	22.6%	2.1%	22.5%
GARANTI	6,221	9,510	8,021	9,510	25.0	140.0	70.2	62.6	9.8%	18.0%	24.1%	19.6%	18.5%	51.3%	22.8%	36.0%
Banking Sector	54,573	70,864	64,388	67,207	144.9	611.9	316.5	227.4	-0.7%	-1.9%	-2.1%	-1.4%	7.1%	25.8%	-3.1%	12.1%
ISE-100	129,843	163,503	151,751	160,578	561.5	1,337.7	843.4	845.0					7.9%	28.3%	-1.1%	13.7%

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

for USD 81.5 million. (4) British insurer Aviva signed a memorandum of understanding with Akbank to merge their life and private pension businesses in Turkey. Accordingly, Aksigorta, insurance subsidiary of Akbank and Aviva will have equal stakes in the merged company. (5) Denizbank finalized the acquisition of Global Hayat (life and health) from Global Yatırım Holding for USD 1.9 million.

The long-awaited Mortgage Law, which regulates residential financing system, finally was enacted in March 2007. Accordingly: (1) The legal infrastructure of the secondary market, in which mortgage backed securities and covered bonds will be issued and traded, is founded. There will be no withholding tax on such securities. (2) The existing housing loans can be converted into mortgage loans. (3) Fixed rate is no longer a requirement for mortgage loans. (4) No major tax incentive for mortgage customers. (5) Banks to charge customers early payment penalty of up to 2%.

UniCredit transferred its 50% stake in Koç Financial Services to its subsidiary Bank Austria. The share transfer, part of an internal restructuring of UniCredit, does not entail any impact on YKB as Unicredit is the controlling shareholder of Bank Austria (95%).

Despite the previous statements and efforts, privatization through a block-sale of Halkbank was shelved at the last moment. Instead, the

Privatization High Board decided to privatize 25% of Halkbank through an IPO in 2007. The IPO process is expected to finalize in 1H 2007.

National Bank of Kuwait - one of the potential bidders for Halkbank previously - announced its intention to acquire a medium-sized bank in Turkey.

The acquisition of MNG Bank by Arab Bank of Jordan and Bank Med of Lebanon - controlled by Hariri Family - was finalized and the Bank was renamed as Turklandbank (T-Bank). The new bank plans to open 60 new branches in 3-year period and focus on SME banking.

The sale of Tekfenbank to EFG Eurobank of Greece was approved by the BRSA. EFG's acquisition of 70% of Tekfenbank was announced in 1H 2006.

Standard Bank of South Africa acquired 67% of Dündas Ünlü, a fully licensed securities and brokerage house in Turkey, for around USD 40 million. The name of the company will be changed to Standard Ünlü.

Türkiye Finans, the largest player in Islamic banking, mandated HSBC to probe strategic partnership opportunities. The participation bank dismissed its initially announced IPO plan for 1H 2007.

Selected Sector Figures (YTLmn)

	31-Dec-05	29-Dec-06	30-Mar-07	YTD Chg
Total Deposits	251,869	308,396	318,964	3.4%
Bank Deposits	8,709	11,581	10,394	-10.2%
Customer Deposits	243,160	296,815	308,570	4.0%
TL Deposits	153,995	181,532	189,865	4.6%
FC Deposits (US\$m)	66,203	82,257	86,159	4.7%
info: Customer Demand Deposits	48,857	52,882	49,524	-6.3%
Total Loans	153,101	214,998	225,638	4.9%
Loans / Deposits	60.8%	69.7%	70.7%	
TL Loans	108,101	156,467	164,136	4.9%
FC Loans (US\$m)	33,450	41,791	44,630	6.8%
Consumer Loans	28,618	45,932	48,563	5.7%
Housing	12,405	22,165	23,320	5.2%
Vehicle	6,146	6,405	5,980	-6.6%
Personal Finance	8,874	15,884	17,691	11.4%
Other	1,193	1,478	1,572	6.4%
Credit Cards	17,338	21,642	21,856	1.0%
Gross NPL	7,486	8,127	8,613	6.0%
info: NPL ratio	4.7%	3.6%	3.7%	
info: NPL coverage	88.8%	90.8%	89.4%	
Gross NPL in cons. loans	203	384	510	32.8%
info: NPL ratio	0.7%	0.8%	1.0%	
Gross NPL in credit cards	1,321	1,698	1,762	3.8%
info: NPL ratio	7.1%	7.3%	7.5%	
F/X Position, net (US\$m)	-96	77	184	
on B/S	-1,880	-5,552	-5,467	
off B/S	1,784	5,629	5,651	

Source: BRSA weekly sector data, excluding participation banks

MACRO NOTES

Despite global financial volatility in late February and early March, the nominal appreciation in YTL against USD continued in 1Q 2007 by 1.8%. The Central Bank kept the overnight rate constant at 17.5%, while the benchmark bond rate declined by almost 1.5 points to below 20%.

4Q 2006 GDP growth rate was 5.2%, 1 point above the market expectation while overall 2006 growth rate surpassed expectations by 0.8 points as Turkstat revised the first three quarter realizations. GDP growth rate was 6.1% in 2006. GNP growth was 4.6% in the last quarter of 2006 and 6.0% in 2006. Nominal GDP reached USD 400 billion in 2006, bringing the GDP per capita up to around USD 5,500.

The breakdown of GDP figures indicated that cooling down in economic activity persisted in 4Q 2006 with private consumption and investment expenditures increasing by only 0.1% and 4.4%, respectively. On the production side, the highest growth in 4Q was in the construction sector with 16.1%. The agriculture sector also recorded a significant growth of 9.7%.

The ratio of total external debt of Turkey to GNP increased to 51.6% in 2006 from 46.7% in 2005. Despite the fall in the ratio of public sector external debt to GNP, the rise in private sector debt caused total external debt to increase. The medium and long term external debt of private sector rose by USD 36 billion in 2006. As of end 2006, total medium and long term external debt stock reached USD 164.5 billion and contributes 79.7% of the total external debt stock. Total short term external debt was USD 42 billion, up slightly by a slight rise of USD 0.2 billion from last quarter.

In 1Q 2007, CPI increased by 2.36%, mainly on the back of tobacco price hikes and significant rise in food prices. The rise in tobacco and alcoholic beverage prices was 9.9% in the January-March period, while food prices increased by 6.8%. On the other hand, 14.6% fall in clothing prices due to favorable seasonal factors brought overall inflation down. On the PPI side, the increase was 1.88% in 1Q 2007. The major inflationary items were agriculture (4%) and energy (5.5%) while prices in the manufacturing sector increased by 1.1%.

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

	Last 1M	Last 6M	Last 12M	YTD
Argentina	1.0%	30.6%	27.2%	-2.1%
Brasil	7.8%	29.9%	22.9%	5.8%
Mexico	7.5%	24.9%	37.4%	6.7%
Hungary	1.2%	10.3%	0.5%	-4.9%
Israel	3.1%	13.6%	5.7%	9.4%
Poland	9.3%	23.9%	23.8%	8.3%
Russia	4.2%	13.6%	16.2%	-2.5%
Turkey	4.0%	18.1%	0.5%	11.1%
EM	3.7%	19.4%	17.9%	2.1%
EMEA	5.1%	22.8%	9.5%	3.2%
Eastern Europe	5.4%	17.6%	19.0%	-0.6%
Latin America	7.0%	27.9%	27.9%	6.1%

* Based on MSCI's Emerging Markets Indices, as of Mar. 30, 2007

MARKET RECAP

Equity markets entered the New Year with a selling pressure due to stagflation fears on US economy and rapid decline in commodity prices (crude oil dropped below USD 50). Although ISE-100 followed the global trend and plummeted by 9% in the first ten days (in USD terms), the benchmark index quickly rebounded with strong foreign inflow parallel to the restoring risk appetite all around the world. Turkey enjoyed this positive sentiment in global markets until February-end (beating MSCI-EM index by 12%), as it is considered to be one of the major beneficiaries of declining oil prices. Unchanged FED and BOJ policy rates, positive signs and FED comments on US economic outlook and successful domestic borrowing performance of Turkish Treasury also contributed to the upward movement and outweighed the negative effects of approaching elections, canceled privatizations (electricity distributions and Halkbank) and worse-than-expected January inflation.

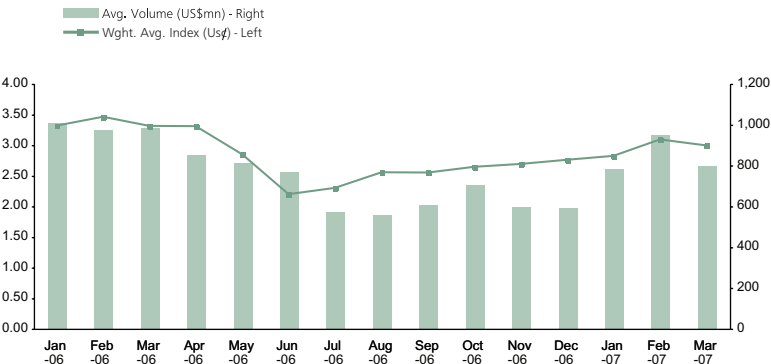
The fluctuations in the financial markets amplified in March. Following the BOJ's 25 bps rate hike and worse-than-expected inflation data in US, risk aversion of foreign investors increased significantly. The rapid revaluation

of Japanese Yen against USD and EUR reversed "carry trades", creating a turmoil in equity markets, especially in emerging ones (Chinese market dropped 10% in one day). The concerns over US housing market and subprime mortgage lenders' financial health also deteriorated the global sentiment. Hence, ISE-100 dropped nearly 10% during the turmoil (until mid-March), underperformed MSCI-EM by 2%.

Global markets bounced back in the second half of March. BOJ and FED's decision to leave policy rates flat, FED's signal for a possible rate cut (for the first time) and encouraging February data on US housing bolstered the risk appetite. However, rising tension between UK and Iran, due to the capture of 15 British soldiers in Persian Gulf, lifted oil prices to USD 70 level from USD 60, reversed once again the bullish sentiment in the last week of the quarter.

Upon the peaceful reconciliation of UK-Iran tension in the first week of April, ISE-100's 2Q 2007 performance will closely depend on (1) Presidential election in May, (2) resolution of Turkey-Iraq tension on terrorist activities in Northern Iraq and, (3) global risk appetite.

ISE-100 Performance



For further information please contact Investor Relations Department.

Levent Nispetiye Mah. Aytar Cad. No:2 Beşiktaş 34340 İstanbul / TURKEY Tel: (90-212) 318 23 50 Fax: (90-212) 216 59 02 Telex: 27635 gati-tr www.garantibank.com

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