

ISE100 closed 2q09 at 36,949, up 43%, as benchmark bond rate came down from 14% levels to below 12% levels while TL appreciated around 9%. The performance of the ISE was notable compared to 10-20% gains in developed equity markets and 20-40% in emerging equity markets. This was translated into an outperformance of MSCI Turkey by 14.7% relative to MSCI EM in 2q09.

In 2q09, the less gloomy data and news on the international front rebuilt the investor optimism. The priority item in the global agenda in the beginning of the quarter was the results of FED's stress-tests for the 19 biggest US banks. The markets took a slight breath after FED's announcement that "most banks" were well capitalized but needed to hold "substantially" more capital than the regulatory requirements in case the recession worsens. FED also said the economic outlook had improved modestly and GDP data exhibited a rise in consumer spending and decline in inventories - two bullish signals. In light of these developments, global stocks pushed higher from their March lows. In the developed markets, while economic trends have improved, debate remained about whether company fundamentals had also improved which resulted in a close watch on earnings releases.

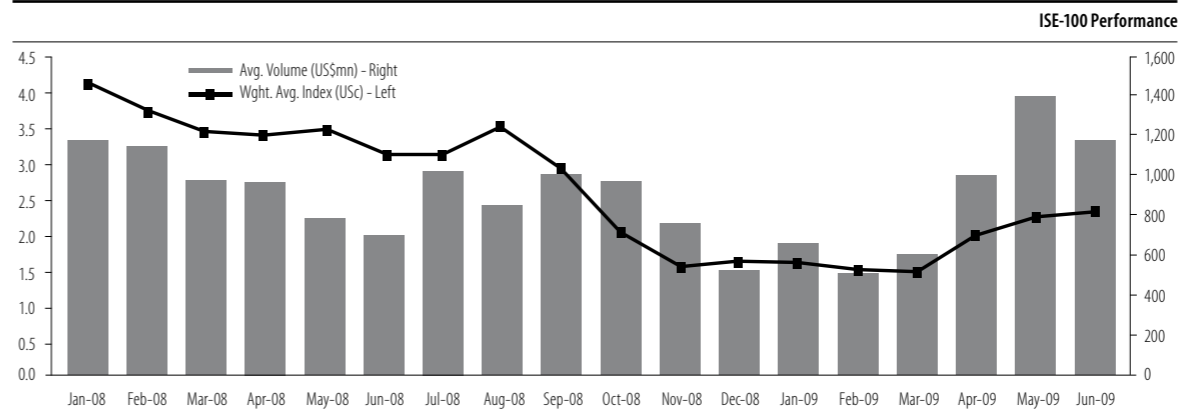
remained sensitive to fiscal discipline. The conflicting news regarding Turkey's preparation for a future "with or without lending" from the IMF lasted through the whole 2q09 as a permanent item in the local agenda but did not curb the performance of the financial markets.

ISE100 closed 2q09 at 36,949, up 43%, as benchmark bond rate came down from 14% levels to below 12% levels while TL appreciated around 9%. The performance of the ISE was notable compared to 10-20% gains in developed equity markets and 20-40% in emerging equity markets. This was translated into an outperformance of MSCI Turkey by 14.7% relative to MSCI EM in 2q09.

Looking to the future, the IMF deal could support Turkey's public sector financing, reducing the potential pressure on benchmark yields and the currency. On the other hand, there is a growing expectation that the Central Bank of Turkey's easing cycle, in response to the gloomy growth outlook after 1q09 growth performance and restrained inflation risk, is coming to an end. The government's attempts to bring the budget discipline back under control will be significant in 3q09, especially in the face of the acceleration in the over-all budget deficit and the associated domestic debt rollover.

Stock Market Performance* (in US\$) in Selected Countries				
	Last 1M	Last 3M	Last 12M	YTD
Brazil	-4.0%	39.2%	-40.5%	55.8%
China	3.6%	33.3%	-10.7%	35.1%
Hungary	4.4%	66.1%	-49.7%	18.2%
India	-2.5%	59.3%	-6.2%	56.7%
Mexico	0.9%	34.6%	-34.7%	15.7%
Poland	3.2%	35.0%	-53.3%	-7.4%
Russia	-14.3%	36.1%	-61.8%	43.5%
<b>Turkey</b>	<b>5.3%</b>	<b>53.2%</b>	<b>-17.2%</b>	<b>33.3%</b>
EM	-1.5%	33.6%	-30.0%	34.3%
EMEA	-3.4%	31.6%	-41.4%	25.4%
Eastern Europe	-10.4%	36.5%	-59.3%	28.4%
Latin America	-2.3%	37.0%	-37.4%	43.2%

\*Based on MSCI's Emerging Markets Indices, as of June 30, 2009



For further information please contact Investor Relations Department.  
Levent Nispetiye Mah. Aytaç Cad. No: 2 Beşiktaş 34340 İstanbul/TURKEY Tel: +90 (212) 318 23 50 Fax: +90 (212) 216 59 02  
www.garantibank.com investorrelations@garanti.com.tr

This report has been prepared by Garanti Bank, Investor Relations Department and is provided for information purpose only. Although the information on which the report is based has been obtained from sources which we believe to be reliable, no representation or warranty is made by Garanti Bank for the accuracy or completeness of the information contained herein. Information contained herein is subject to change without notice. Garanti Bank and/or any person connected with it accepts no liability whatsoever for any direct or consequential loss of any kind arising out of the use of this document or any part of its contents.

DEVELOPMENTS AT GARANTI

In May 2009, Garanti raised a 1-year club term loan of € 600 million comprising of a US Dollar and a Euro tranche from a syndicate of 31 international banks. Garanti was able to attract commitments totaling approximately € 630 million and was the first Turkish bank to successfully raise a full 100% rollover of the maturing transaction over the last year.

Garanti Bank signed a framework agreement with China Eximbank worth US\$ 100 million to support the foreign trade volume between Turkey and China. The agreement, signed in Beijing, aims to increase foreign trade by providing financing alternatives between the two countries.

Garanti launched Istanbul Hedge Fund on May 29 and in the first sale period recorded the highest amount of sale in the Turkish hedge fund market.

Garanti commenced a new and unique credit package with two of the leading gold and diamond manufacturers / distributors in Turkey, Atasay and Asgold Groups. The new package enables the jewellery retailers with access to low cost funding in their purchases from Atasay and Asgold. With this deal, Garanti targets to acquire 1,000 jewellery retailers as new customers and extend US\$ 60 million credit in the first year of the project.

Being a strong promoter of sustainable development, Garanti continued its support to renewable energy projects by providing a long-term facility to the 25 MW Asmakinsan Wind Energy Power Plant Project with € 22.4 million financing. Located in Bandırma, Western Turkey, Asmakinsan WEPP is sponsored by Asmakinsan Group. This is the 14th wind farm project financed by Garanti.

In an effort to acquire new credit card customers, Garanti signed an agreement with Migros, launching a special credit card loyalty program "Money Card" for Migros shoppers. Migros, the largest and the fastest growing retailer in Turkey, has over 1,400 outlets. In its first month of launch, the number of MoneyCard holders has reached 100,000 which is well above expectations.

Garanti initiated the mortgage Videofon service, which is a new-to-the-market application providing consumers the opportunity to reach the Mortgage Experts via video phones installed at real estate agencies for both information and loan application.

Garanti's new product "GoGaranti", launched in June, is the first example in Turkey to integrate LOGO's SME accounting software package with Garanti's on-line banking application. With GoGaranti, users will be able integrate their banking transactions and their accounting registry for increased convenience and efficiency.

Garanti's achievements further recognized in international platforms during the quarter:

- Garanti was rewarded by Adam Smith Magazine for the "Best Practice and Innovation 2009" in category of Working Capital Management with its special solution provided for Mercedes Benz. Through Inventory Finance System, Mercedes Benz Turkey provides an opportunity to its dealers to finance their stocks with unique financing conditions and facilitating collecting and payment processes of both sides. Garanti has become the first and unrivaled bank to win this award in Turkey.
- Garanti Call Center received three Silver medals in the "ContactCenterWorld.com World Awards" where over 1,000 companies competed globally. The categories Garanti was recognized were "Best Contact Center", "Best Outbound Campaign" and "Best Technology Innovation".
- Garanti received the "Payment Quality Award 2008" by Dresdner Bank, for achieving high straight through processing (STP) payment volumes with a rate of 99.6%.
- Garanti Bank was awarded as the "Best Banking Group in Turkey", and Garanti Masters Private Banking as the "Best Private Bank" by World Finance magazine. The winners were determined by 40,000 active subscribers of the magazine, voting and ranking banks in particular categories.
- Garanti Bank is recognized as the "Best Managed Bank in Central and Eastern Europe" per survey conducted by Euromoney, one of the world's leading finance magazines. Garanti has become the first Turkish company to win an award in this category. Garanti also received awards in subcategories such as "Most Transparent Accounts", "Most Accessible Senior Management", "Most Improved", and "Overall Most Convincing and Coherent Strategy" per survey respondents from 101 institutions and market analysts at leading banks and research institutes in the Emerging Europe region.
- Garanti received awards in 5 different categories at Turkey's First IR Awards organized by Acclaro. Garanti was recognized as: "Best Investor Relations Department": #1, "Best Investor Relations by CEO": #1, "Best Investor Relations Officer": #3, "Best Communication of Financial Results": #2, "Best Investor Relations Website": #2.
- Garanti Annual Report 2008 is awarded with the "Silver Vision Award" in the banking sector category for those with revenues between US\$ 1 billion-US\$ 10 billion by a global organization LACP - League of American Communications Professionals - where 3,500 companies from 22 different countries competed for annual report awards.

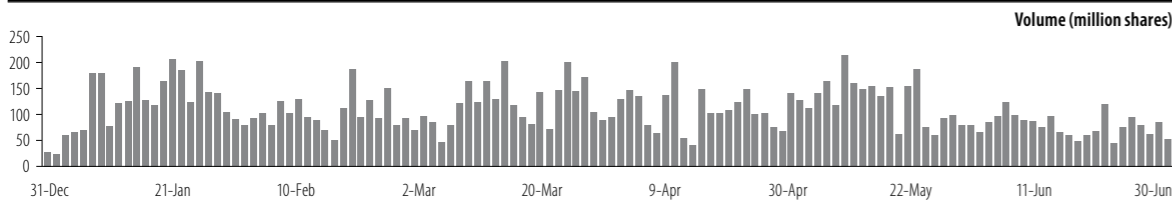
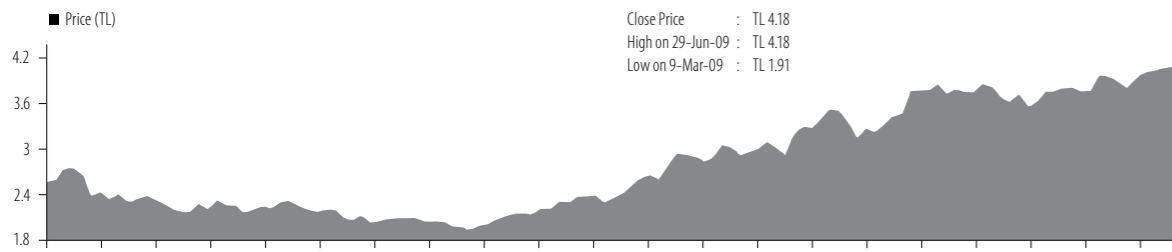
Garanti With Numbers	Dec-08	Mar-09	Jun-09	Garanti Market Shares*	YTD Δ	Jun-09
Branch Network	730	732	738	Total Cash Loans	◆	14.5%
+ Domestic	721	723	729	TL Loans	◆	11.6%
+ Abroad	9	9	9	FC Loans	▲	21.7%
Personnel	16,350	16,378	16,494	Credit Cards - Issuing	▼	20.9%
ATM	2,581	2,587	2,621	Credit Cards - Acquiring	▼	22.2%
POS*	327,005	329,874	342,110	Consumer Loans	◆	11.4%
Total Customers	8,090,713	8,353,873	8,572,114	Total Deposits	▲	12.5%
Internet Customers**	1,214,470	1,260,785	1,269,926	Demand Deposits	▲	14.6%
Phone Banking Customers**	69,378	79,343	77,583	TL Deposits	▲	10.5%
Credit Cards	7,501,809	7,513,965	7,762,777	FC Deposits	▲	16.0%
Debit Cards	4,755,143	5,005,754	5,193,555	Mutual Funds	▲	14.8%

\* Includes shared POS

\*BRSA weekly data - Commercial Banks

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

Garanti Bank Stock Performance in 2Q 2009



www.garantibank.com

StockWatch



INVESTOR RELATIONS

Printed on 100% recycled paper.



DEVELOPMENTS IN TURKISH BANKING SECTOR

Government announced series of new regulations on FX loans and credit cards: The new regulation will allow companies to borrow FX loans of over US\$ 5 million from local banks, and therefore not only facilitate Turkish corporate debt roll-overs, but also keep FX savings within the local banking system. Per new regulation, consumers will no longer be able to utilize FX or FX-indexed loans, neither from local nor foreign banks. Regarding the credit cards, new arrangements on NPL restructurings were announced in an effort to reduce the overall NPL ratio of the system and increase collectability. The new regulation also gives authority to BRSA to set the minimum credit card due amounts to be between 20%-40%.

Central Bank of Turkey announced the new interest rate cap on credit cards and lowered it to 3.49% per month from 3.96% per month effective as of July 1, 2009.

Yapi Kredi and Isbank, signed 1 year dual tranche multi-currency term-loan facilities amounting to approximately US\$ 410 million and US\$ 570 million, respectively at Libor+ 250 bps.

Government approved new "Credit Guarantee Fund" regulation for SMEs to ease funding and NPL pressures. Guarantee will be 65% of the loan issued. Treasury will provide an initial funding of TL 1 billion with a 10x leverage.

In May, Yapı Kredi's Board of Directors resolved to sell a 100% provisioned NPL portfolio in credit cards and individual segment with a cash principal amount of TL 393.9 million to Girişim Varlık Yönetimi A.Ş. in return for TL 26.5 million.

The process of increasing the paid in capital of Isbank from TL 2,756,585,000 to TL 3,079,638,671 has been completed.

The Banking Regulation and Supervision Agency (BRSA) granted Isbank permission to open a representative office in Cairo, Egypt and a branch in Baku, Azerbaijan.

Selected Sector Figures				
(TLmn)	26-Dec-08	27-Mar-09	26-Jun-09	YTD Chg (%)
Total Deposits	445,438	456,119	462,984	3.9%
Bank Deposits	12,045	12,396	14,148	17.5%
Customer Deposits	433,393	443,724	448,836	3.6%
TL Deposits	282,872	284,412	292,746	3.5%
FC Deposits (US\$m)	101,630	97,339	102,700	1.1%
info: Customer Demand Deposits	58,870	60,640	64,291	9.2%
Total Loans	353,119	350,375	352,916	-0.1%
Loans / Deposits	79.3%	76.8%	76.2%	
TL Loans	247,670	241,056	251,909	1.7%
FC Loans (US\$m)	71,349	66,991	66,638	-6.6%
Consumer Loans	81,413	80,759	83,467	2.5%
Housing	37,658	37,375	38,572	2.4%
Vehicle	5,397	4,819	4,674	-13.4%
Personal Finance	33,195	33,449	35,153	5.9%
Other	5,163	5,116	5,068	-1.8%
Credit Cards	33,461	32,623	34,822	4.1%
Gross NPL	12,338	15,080	17,098	38.6%
info: NPL ratio	3.4%	4.1%	4.6%	
info: NPL coverage	80.8%	80.7%	81.1%	
Gross NPL in cons. loans	1,838	2,455	2,933	59.6%
info: NPL ratio	2.2%	3.0%	3.4%	
Gross NPL in credit cards	2,386	2,944	3,412	43.0%
info: NPL ratio	6.7%	8.3%	8.9%	
F/X Position, net (US\$m)	-91	323	367	
on B/S	-4,129	-3,517	-8,319	
off B/S	4,038	3,839	8,686	

Source: BRSA weekly sector data, excluding participation banks

Stock Market Indicators (June 30, 2009)

	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 1M	Last 3M	Last 12M	YTD	Last 1M	Last 3M	Last 12M	YTD
Akbank	6,085	13,920	9,726	13,511	8.4	92.0	34.1	1.3%	-1.4%	58.5%	7.6%	7.7%	54.7%	33.4%	47.8%
Halkbank	2,231	5,172	3,575	4,977	9.2	99.0	35.8	-2.1%	20.8%	3.3%	-0.3%	4.1%	89.6%	-13.1%	36.8%
İş Bankası	4,797	9,738	7,092	9,126	24.8	177.4	77.6	-9.3%	-3.9%	22.4%	-8.6%	-3.7%	50.8%	3.0%	25.5%
Vakıfbank	1,496	3,821	2,419	3,802	6.4	102.8	35.9	3.6%	28.9%	39.2%	44.8%	10.1%	102.3%	17.1%	98.8%
YKB	3,638	6,912	5,278	6,469	6.6	168.2	42.4	-8.5%	-7.0%	11.1%	-21.1%	-2.8%	45.9%	-6.5%	8.4%
<b>GARANTİ</b>	<b>4,446</b>	<b>11,459</b>	<b>7,487</b>	<b>11,459</b>	<b>40.6</b>	<b>490.2</b>	<b>197.0</b>	<b>3.1%</b>	<b>23.5%</b>	<b>40.8%</b>	<b>16.9%</b>	<b>9.6%</b>	<b>93.8%</b>	<b>18.5%</b>	<b>60.5%</b>
Banking Sector	30,745	63,515	46,416	63,515	136.6	1,002.4	461.5	-1.0%	6.5%	27.7%	3.8%	5.1%	67.1%	7.4%	42.5%
ISE-100	74,856	142,299	105,359	142,299	323.6	1,951.8	884.3					6.2%	56.9%	-15.8%	37.3%

Minimum, maximum and average figures are valid for 2009-Average figures are weighted for Mcap and simple for volume-US\$/YTL: CBRT ask

MACRO NOTES

According to the CBT, although downside risks are still more significant, recent signs of recovery in economic activity should not be discarded. Yet because the recovery is limited and inflation dynamics are still improving, further rate cuts are still possible in the coming months, according to the latest inflation report.

As global recession dipped in the first quarter of 2009, expectations that recovery in the world economy would start in the second quarter became pronounced. This optimism led to an upward revision in world GDP growth rates for the incoming quarters and especially for 2010 as well as to a sharp decline in risk perception in financial markets. TL appreciated by 9.4% against US\$ due to rise in Euro/Dollar parity and deceleration in risk averseness. In real terms, TL appreciated by 3.3% against CPI based real foreign exchange rate during the second quarter. On the other hand, yield of benchmark bond fell from 14.1% at the end of 1q09 to 11.9% at the end of 2q09.

Turkish economy contracted by 13.8% on year-on-year basis during the first quarter of 2009, above 12% of market expectations. Increase in stocks and 9.2% decline in private consumption brought overall GDP down. Public investments grew considerably by 25% (YoY) in 1q09, while private investment narrowed by 35.8% during the same period. Accordingly, while foreign demand contributed by 7 points to GDP, domestic demand brought the GDP down by 20.8 points during this period.

The weakening in foreign demand led exports to contract sharply by 37% on a yly basis in the first two months of second quarter, after the 26% decline during the first quarter. Exports declined by 31% in January-May period compared to the same period last year. Besides, contraction in imports deepened further in the same period. Imports, which decreased by 41% in the first quarter, narrowed by 44% in April-May period of this year compared to the same period last year. Accordingly, foreign trade deficit fell by 65% to US\$ 10.4 billion in the first five months of this year. As a consequence of narrowing foreign trade deficit, current account balance improved considerably. During January-May period, current account deficit declined by 79.5% (YoY) to US\$ 4.6 billion. The 12-month cumulative current account deficit dropped to US\$ 23.8 billion as of May from US\$ 41.5 billion as of end of 2008.

Annual CPI inflation decreased from 7.9% in March 2009 to 5.7% at the end of the second quarter of 2009, the lowest level since June 1970. Core inflation rose just by 3.0% (YoY) in June, due to the slack in domestic demand. The highest contribution to overall

CPI was from food prices rising by 9.8% as of June. PPI fell by 1.9% on a year-on-year basis in June 2009, the first negative PPI inflation since February 1976.

The Central Bank of Turkey (CBT) continued to ease monetary policy during the second quarter of 2009 through reducing O/N interest rates by 175 basis points to 8.75% from 10.50% at the end of 1q09. Besides, the CBT cut interest rates by 50 basis points to 8.25% in July. On the other hand, the CBT approved the use of repos up to three-month maturity as needed, in addition to the main one-week repo funding instrument, in order to facilitate the liquidity management of banks and to enhance the transmission of monetary policy.

According to the CBT, although downside risks are still more significant, recent signs of recovery in economic activity should not be discarded. Yet because the recovery is limited and inflation dynamics are still improving, further rate cuts are still possible in the coming months, according to the latest inflation report.

WHAT ANALYSTS' SAY ABOUT GARANTİ

Ata Invest:

"...will be one of the leading beneficiaries of the growth potential in the Turkish banking system."

HSBC:

"...the management's proactive characteristic against changing market condition is a key strength."

BGC Partners:

"...one of the quality names on the ISE with excellent growth prospects and attractive valuation... Garanti management has shown in the last two quarters that they do not only manage the banking operations well, but they are also good at reading the macro outlook and managing the balance sheet accordingly."

J.P. Morgan:

"...strong credit culture, best execution and supportive profitable business mix."

Cheuvreux:

"...offers a highly compelling combination of a good business model with a good management team, strong retail funding base and healthy balance sheet."

Merrill Lynch:

"...lowest NPL among peers... Its sophisticated risk management pays off again."

Citigroup:

"We have strong conviction in Garanti's earnings power and believe that bank has one of the strongest fundamentals in the sector, if not the strongest."

Nomura:

"...has one of the highest earnings sustainability profiles among peers, thanks to strong fee income, consumer exposure and cost flexibility."

Credit Suisse:

"...one of the best performers during the rally."

Standard Ünlü:

"...remains our favored exposure."

EFG:

"...the principal factor behind the above-average ROEs is the quality of the decision makers and the staff. Ahead of peers on key yardsticks."

TEB:

"The Best in Class... Garanti still boasts the best asset quality of the sector..."

YF Securities:

"...remains one of our top pick due to strong fundamentals and earnings momentum."