



Dreaming is a serious business...



CONTENTS

Akbank in Brief 01 • Financial Highlights 03 • To Our Shareholders 04 • Board of Directors 06 • Executive Management 08 • Milestones in Akbank's History 11 • Major Accomplishments in 2001 13 • Review of Operations 14 • General 15 • Strong Fundamentals 16 • Financial Performance 20 • Corporate Banking 20 • Retail Banking 23 • Private Banking 28 • International Banking 28 • Treasury 30 • Capital Markets 31 • Support Services 32 • Contribution to the Arts and Cultural Activities 34 • Equity Participations 36 • Financial Statements 37 • Resolutions 92 • Directory

AKBANK IN BRIEF

Established in 1948, Akbank is now the largest private sector bank in Turkey in terms of total assets, loans and deposits. (*) Akbank offers a wide range of consumer, commercial and international trade finance products and services - as well as private banking - to augment its customer base and core business of deposit taking and lending. Investment banking, brokerage, insurance and leasing services are provided through its subsidiaries.

Operating out of its Head Office in Istanbul, Akbank also has 13 regional offices throughout Turkey and a vast local branch network made up of 606 branches. In addition to branch offices as a traditional means of distribution, Akbank currently delivers services from 1,266 ATMs and 73,674 POS terminals and state-of-the-art interactive telephone and Internet banking tools. Akbank has seven international branch offices in Germany (Frankfurt, Hannover, Hamburg, Stuttgart, Essen, Munich and Berlin) and one in Malta. Akbank also has a wholly-owned subsidiary bank in the Netherlands, Akbank International N.V., a 37% stake at Sabancı Bank in London and a 39.99% stake at BNP-AK-Dresdner Bank in Istanbul. The Bank has two representative offices in London and Paris.

As a result of its low funding cost and low operating expenses, while achieving strong asset growth, Akbank has consistently been the most profitable bank in Turkey. At the end of 2001, Akbank posted a pre-tax profit of TL 253 trillion

(approximately US\$ 175 million). Total assets reached TL 17,029 trillion (approximately US\$ 11,772 million), recording a strong 22% growth in real Turkish lira terms.

Fitch raised the local currency long-term rating of Akbank to 'B' from 'B(-)' in October 2001 and to 'B(+)' in February 2002, one notch over the sovereign. Akbank is the first bank in emerging markets to receive a rating over the sovereign. In raising its rating, Fitch evaluated Akbank's key intrinsic strengths as "high transparency, good asset quality, a high level of capital, a stable liability structure, and an experienced management team".

In spite of unfavorable economic conditions in Turkey during 2001, Akbank continued to raise funds from international markets at suitable terms and conditions. By the end of the year, Akbank's total borrowing from international markets had reached US\$ 1,808 million, including US\$ 880 million received in 2001.

Looking toward the future, Akbank aims to increase its market share in both retail and corporate banking and to solidify its position as the leading multi-specialist bank in Turkey in terms of asset size.

Akbank's strategic targets are to create shareholder value through continuous growth and profitability. The Bank's sound fundamentals coupled with its strong franchise and brand name has placed it in a leading market position today.

The key words in Akbank's new strategy are "our customers." This new philosophy revolves around understanding customers and their needs and foreseeing those needs even before the customer has acknowledged them. In other words, to think or even imagine for them. In order to achieve this, Akbank chooses to move away from classical and/or non-creative services and establishes strategic alliances to broaden its service spectrum enabling it to reach places where customers expect Akbank to be and how they expect Akbank to serve them.

Akbank has succeeded in increasing its asset size through retail and corporate banking activities as well as through credits. With access to borrowing facilities at low funding costs, Akbank's inflation adjusted capital adequacy ratio stood at 34.0%, one of the highest in the Turkish banking industry.

Akbank shares are listed on the ISE with a free float of 27.9%. Internationally, its depositary receipts are quoted on the SEAQ International and Portal. As of July 3, 2002, the market capitalization of Akbank was US\$ 2.3 billion, ranking it as the largest company in the ISE.

* Unless otherwise stated all the financial information presented in this Annual Report are derived from the unconsolidated financial statements based on the accounting principles, including inflation accounting, promulgated by the Banking Regulation and Supervision Agency (BRSA).



Akbank chooses to move away from classical and/or non-creative services and establishes strategic alliances to broaden its service spectrum enabling it to reach places where customers expect Akbank to be and how they expect Akbank to serve them.

Akbank's new philosophy rests on the motto: "Our Customers"...

FINANCIAL HIGHLIGHTS

2001 - TL trillion

Total Assets **17,029**

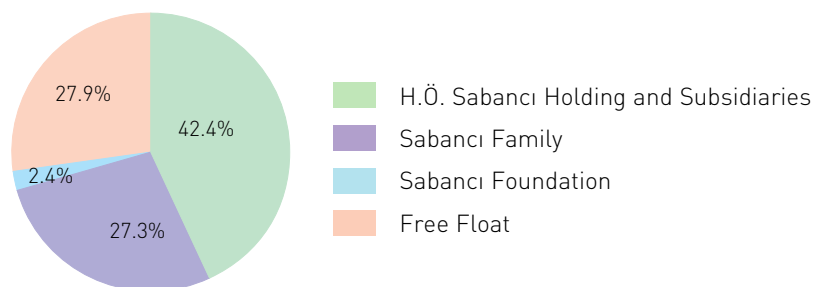
Deposits **11,795**

Loans **4,808**

2,014 Shareholders' Equity

253 Pre-tax Profit

Shareholder Structure



"The shakeout following Turkey's devaluation has finally made clear which banks have sustainable, real banking models and which do not. In this environment the strengths of Akbank are particularly evident." **Euromoney, July 2001**

"Akbank has proved itself head and shoulders above its peers with market share across all sectors showing a healthy increase." **The Banker, September 2001**

TO OUR SHAREHOLDERS

2001 has been a rather difficult year in Turkey's economic history. In spite of all the adversities, we are pleased to report that Akbank maintained its strong growth momentum and continued to be Turkey's most profitable bank.

Akbank achieved a pre-tax profit of TL 253 trillion and total assets increased by 22% in real terms. As the Turkish tax code has not been amended to reflect inflation accounting, Akbank provisioned TL 268 trillion for taxes based on its statutory TL accounts and announced a loss of TL 15 trillion.

Economic problems initially surfaced in November 2000 in the form of a liquidity squeeze. Then came the sharp devaluation of the Turkish lira in February 2001, followed by increasing uncertainties in financial markets, all of which subdued the manufacturing industry. These developments made rehabilitation in the banking industry a requisite and forced the Banking Regulation and Supervision Agency to issue measures directed to restructuring the banking industry and preventing systemic risk. These measures mainly aimed at strengthening banks' capital, implementation of international accounting standards, establishment of risk management systems and finally, encouragement

of mergers and acquisitions. The restructuring process is expected to increase efficiency and eliminate distortions in the sector, accelerating the progress in the Turkish Economy.

The financial statements presented in this Annual Report are prepared in accordance with the BRSA regulations and are inflation adjusted. According to these financial statements, our total loans reached over TL 4,808 trillion and as a result, our loans market share rose from 10% last year to 18% at the end of 2001. Regardless of the high credit volume, the ratio of non-performing loans to total loans remained well below the industry average, at 1.9%. All non-performing loans have been fully provisioned.

Our deposits expanded to TL 11,795 trillion in 2001, increasing our market share from 7% to 11%.

In 2001, the capital adequacy ratio of the Bank was realized at 34.0%, while free capital (calculated by deducting equity participations and fixed assets from shareholders' equity) reached TL 1,489 trillion. This combination has made Akbank the leading private Turkish bank in terms of free capital, and gave Akbank a significant competitive

edge in the banking sector where fresh resources are almost nil.

Akbank's "equity participations and fixed assets to total assets ratio" is only 3% - also an important indicator of the Bank's strategy of solely focusing on banking activities.

Concentrating on customer satisfaction, we have developed new retail banking products and services with the necessary investments undertaken for these new projects. The launch of the new credit card Axxess in November was a success story, increasing our market share to 10%.

As we leave behind such a difficult year, the underlying factors in the favorable developments of our balance sheet may be attributed to the fact that all of our assets are related to banking activities, our highly liquid financial position and our successful risk management.

Akbank was able to sustain its well-regarded position in international markets during the year and was named the first and only bank in an emerging market to receive a rating over the sovereign. Fitch raised the local currency long-term rating of Akbank to 'B' from 'B(-)' in October 2001 and to 'B(+)' in February 2002, one notch over the sovereign.

Akbank maintained its strong growth momentum

Throughout the period of economic difficulty in 2001, Akbank continued to raise funds from international markets at suitable terms and conditions. This was made possible by Akbank's strong financial position and international recognition. During the year, Akbank raised a total of US\$ 880 million in foreign borrowings.

On behalf of the Board, we would like to express our appreciation to all of our shareholders and customers for their continuing confidence. We remain committed to providing increased shareholder value and complete customer satisfaction. At this time, we want to acknowledge the fine work of our personnel whose efforts and dedication have brought about the accomplishments of the past year. Their loyalty and determination remain an integral part of our plans for a successful future.

Sincerely yours,



Erol Sabancı
Chairman



Zafer Kurtul
President and CEO



and continued to be **Turkey's most profitable bank...**

BOARD OF DIRECTORS



Erol Sabancı

Chairman and Managing Director

Mr. Sabancı has served on the Board since 1967, first as a Director until 1969, then as Vice Chairman until March 17, 1998, when he was appointed Chairman. He also serves as Vice Chairman on the Board of Sabancı Holding and as a Director of the Industrial Development Bank of Turkey (TSKB).



Akın Kozanoğlu

Vice Chairman and Executive Director

Mr. Kozanoğlu was appointed to the Board as Executive Director on July 5, 2000, and as Vice Chairman on December 1, 2000. Previously, he was an Executive Vice President responsible for Retail Banking Services and IT Development. Mr. Kozanoğlu also holds the post of President of Sabancı Holding Banking and Insurance Group.



Suzan Sabancı Dinçer

Managing Director

Mrs. Dinçer was appointed to the Board as a Managing Director in 1997. Previously, she held the post of Executive Vice President responsible for Treasury and Fund Management operations at Akbank. Mrs. Dinçer is also a member of the Sabancı Holding Human Resources Committee.



Özen Göksel

Managing Director

Mr. Göksel was appointed to the Board in November 2000 as a Managing Director responsible for credits and internal audit. Mr. Göksel has been with the Bank since 1964. After holding various managerial positions, he was appointed Executive Vice President in 1981. He served on the Board of Directors between 1994 and 2000 as the President of Akbank.



Hamit Belig Belli

Director

Mr. Belli has served on the Board as a Director since 1995. He has been with the Bank since 1955, holding various positions, which include Head of the Board of Internal Auditors, Executive Vice President and President. Mr. Belli is also the Chairman of Turkish Bank.

Strong and committed shareholders, high quality and unwavering management...



Hikmet Bayar
Director



Aydın Günter
Director



Ş. Yaman Törüner
Director



Zafer Kurtul
Director and CEO

Andrew Buxton
Advisor to the Board

Mr. Bayar has served on the Board as a Director since 1996. He previously held various commandship positions in the Turkish Army and has served as Chief of Staff of the Land Forces of the Turkish Army, between 1994 and 1996, before his retirement.

Mr. Günter was appointed to the Board in 1998 after serving in various positions in Sabancı Holding including Executive Vice President responsible for Finance. In 1994, Mr. Günter retired from his position at Sabancı Holding in order to establish his own management consultation company. Prior to his employment with Sabancı Holding, Mr. Günter was a tax auditor at the Ministry of Finance.

Mr. Törüner was appointed to the Board in March 1998. He served as a Member of Parliament between 1995-1999 and a State Minister in 1996. From 1990 to 1994, he held the post of Chairman of the Istanbul Stock Exchange. Mr. Törüner also held other positions within the Central Bank from 1972 to 1990 and became the Governor of the Central Bank in 1995.

Mr. Kurtul joined Akbank in 1998 as an Executive Vice President and was appointed as President in November 2000. Previously he held managerial positions at Citibank, BNP-AK-Dresdner Bank and Societe Generale. He is a graduate of the Faculty of Business Administration at Istanbul University and holds an MBA degree in finance from the University of Wisconsin-Madison. Mr. Kurtul is a CFA charter holder and a member of the Association for Investment Management and Research.

Erkut Ulaş
Head of The Board of Internal Auditors

Mr. Ulaş joined Akbank in 1972 as an assistant internal auditor. He was appointed Head of the Board of Internal Auditors in 1985 and Executive Vice President in 1990. He is a graduate of the Faculty of Economics at Istanbul University.

AUDITORS

Nedim Bozfakioğlu
Yalçın Küçükertunç

EXECUTIVE MANAGEMENT

Successful risk management and

1. Zafer Kurtul President and CEO

2. Hayri Çulhacı Executive Vice President - Strategy and Corporate Communications

Mr. Çulhacı joined Akbank in 1990 as an Executive Vice President. Prior to that, he served in the Ministry of Finance in various posts. He is a graduate of the Faculty of Political Sciences in Economics at Ankara University and holds an MBA degree from Northeastern University.

3. Dr. Balamir Yeni Executive Vice President - Financial Coordination

Mr. Yeni joined Akbank in February 2001 as an Executive Vice President. He is a graduate of the Faculty of Law at Istanbul University and received his MA from the Faculty of Business Administration of the same university and Ph.D. degree from Istanbul Technical University. He served as the independent chief auditor (partner) at KPMG Cevdet Suner Denetim ve Yeminli Mali Müşavirlik A.Ş. from 1986 to 2000. He also serves on the academic staff of Bosphorus University teaching accounting and auditing.

4. Zeki Tuncay Executive Vice President - Human Resources

Mr. Tuncay joined Akbank as an assistant internal auditor in 1980. After serving as the personnel manager, he was appointed Executive Vice President in 1994. He is a graduate of the Academy of Economics and Commercial Sciences in Ankara.

5. M. Fikret Önder Executive Vice President - Private Banking

Mr. Önder joined Akbank as an Executive Vice President in July 2000 and is responsible for Private Banking. Previously, he held managerial positions at different banks abroad. Before joining Akbank, Mr. Önder served at Bank Julius Baer & Co. in London as Senior Portfolio Manager and Vice President responsible for Private Banking. He is a graduate of economics from the University of Bonn.

6. Barbaros Karakışla Executive Vice President - Retail Banking

Mr. Karakışla joined Akbank in January 2001 as an Executive Vice President. Mr. Karakışla held managerial positions in various commercial banks before joining Akbank. In his previous post, he was the Director of the Retail Banking Group at Türk Ekonomi Bankası. He is a graduate of Business Administration from Bosphorus University and holds an MBA degree in Finance from the same university.

7. Ziya Akkurt Executive Vice President - Corporate Banking

Mr. Akkurt joined the Bank in 1996 as the Manager of the Corporate Banking Department and was appointed Executive Vice President in 1997. Before joining Akbank, Mr. Akkurt held managerial positions in various commercial banks including Ottoman Bank and Banque Paribas/Paris. He is a graduate of the Faculty of Business Administration at the Middle East Technical University.

8. Nuri Aksoy Executive Vice President - Credit Analysis and Assessment

Mr. Aksoy has been with the Bank since 1973 and has held various positions including internal auditor and branch manager. He was appointed Executive Vice President in 1996. He is a graduate of the Academy of Economics and Commercial Sciences in Istanbul.

9. Reşit Toygar Executive Vice President - Treasury

Mr. Toygar joined Akbank as a management trainee in 1990. Before being appointed Executive Vice President in 1998, he was the Manager of the Treasury Department. He is a graduate of the Faculty of Economics at Kingston Polytechnic and holds an MS degree in economics from London School of Economics in England.

10. Eyüp Engin Executive Vice President - International Banking

Mr. Engin joined Akbank in 1978 as an assistant internal auditor. Before his appointment as Executive Vice President in 1996, he was the Manager of the Treasury Department. He is a graduate of the Middle East Technical University in Business Administration.

Sevilay Özsoz Executive Vice President - Operations

Mrs. Özsoz joined Akbank as Advisor to CEO in December 2001, and was appointed as Executive Vice President in April 2002. She currently holds both positions. Before joining Akbank, Mrs. Özsoz held various managerial positions at Garanti Bank, largely concentrating in retail banking activities and served at Ottoman Bank as manager of retail banking credits and operations.

11. Engin Akalın Executive Vice President - Support Services

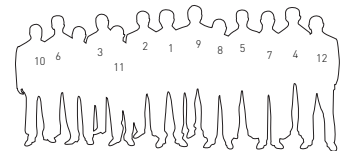
Mr. Akalın joined Akbank as an assistant internal auditor in 1968 and was appointed Executive Vice President in 1990 after holding various managerial positions. He is a graduate of the Faculty of Economics at Istanbul University.

12. İlker Oral Executive Vice President - Payment Systems

Mr. Oral joined Akbank in 1983 as an assistant internal auditor and was appointed Executive Vice President in July 2000 responsible for Card Operations and Customer Services. He is also a member of the Board of Directors at the Interbank Card Center. Mr. Oral is a graduate of the Faculty of Business Administration at Istanbul University and holds an MA degree in production management from the same university.

Ethem Tuncel Executive Vice President - Foreign Branches, Subsidiaries Coordination

Mr. Tuncel joined Akbank in June 2002 as an Executive Vice President. He also serves as a Vice President of Sabancı Holding Banking and Insurance Group since January 2002. He is a graduate of Industrial Engineering from Syracuse University and holds an MBA degree from University of Michigan.



high liquidity lead to favorable results...



Akbank's sound fundamentals coupled with its strong franchise and brand name have placed it in a leading market position today.



Targeting to create value for shareholders
through growth and profitability...

- Akbank was established in January 1948, in Adana.
- Akbank initiated equity participations for the first time during 1950 with investments in the Industrial Development Bank of Turkey (TSKB); other investments followed.
- The Bank's first branch was opened in Istanbul on July 14, 1950, in the Sirkeci district.
- The Head Office was relocated to Istanbul in November 1954.
- Automation of all banking transactions began in 1963.
- The first representative office in Frankfurt, Germany was established in 1964 to transfer the remittances of Turkish 'guest workers'.
- By the end of 1981, all banking transactions were computerized and on-line applications commenced.
- Ak International Ltd. (which later became Sabancı Bank) started operations in London in 1983 as the first Turkish private sector bank established abroad.
- BNP-AK Bank, with Banque Nationale de Paris (holding a 49% share) and Akbank (holding a 51% share), was founded in Istanbul in 1985. In 1988, Dresdner Bank joined as a shareholder.
- Akbank was appointed the sole representative for American Express cards in Turkey in 1996.
- New personal banking hardware such as screen-based telephones and PCs broadened the range of services to customers in 1997.
- In May 1998, Akbank's Representative Office in Frankfurt was converted into a branch.
- Akbank initiated banking services on the Internet in 1999.
- The Akbank representative offices in Hamburg, Essen, Hannover, Stuttgart and Munich were converted into branches in 1999.
- Akbank began marketing American Express investment funds to Turkish investors in 2000 as the sole authorized agent in Turkey.
- Akbank launched the Commercial Internet Branch in June 2000, targeting small to medium-size companies.
- Ak Portföy Yönetimi A.Ş. (Ak Portfolio Management), and the Private Banking Department were established in 2000.
- Akbank opened the Malta branch in 2000.



Akbank was able to sustain its well-regarded position in international markets during 2001 and was named the first and only bank in an emerging market to receive a rating over the sovereign.

Strong financial position

and international recognition...

MAJOR ACHIEVEMENTS IN 2001

March

- Akbank issued securities of US\$ 100 million backed by MasterCard, Visa and American Express credit card receivables. These securities were issued with Bank of America as the sales agent and under the guarantee of MBIA Insurance Company. S&P rated these seven-year securities at "AAA" and Moody's at "Aaa".

April

- With Akbank and ABN AMRO acting as lead managers, Akbank participated in a six-year term US\$ 330 million syndicated facility for the Republic of Turkey for the construction of Deriner Dam and Hydroelectric Power Station. Akbank's share in this credit facility was US\$ 220 million.

Akbank International N.V., a wholly owned subsidiary bank, was established in the Netherlands.

May

- With Akbank Malta Branch and Sabancı Bank as lead managers, Akbank organized a five-year term US\$ 50 million facility for the Republic of Turkey for the financing of the Izmir-Aydın Highway Project.

Akbank Malta Branch and Garanti Bank Luxembourg Branch serving as co-arrangers and Deutsche Bank as the agent, Akbank participated in a five-year term Euro 138.7 million deal for the financing of Phase I of the Bozova Pumping and Irrigation Project.

July

- World-renown finance magazine Euromoney selected Akbank the "Best Bank in Turkey".

August

- Akbank began offering banking services to its customers through palm-size computers.
- Akbank initiated service to its customers through Internet-based kiosks.

September

- The Banker, one of the world's most influential banking magazines, chose Akbank the "Bank of the Year for Turkey" in The Banker Awards 2001.
- Akbank received a US\$ 350 million syndicated credit facility from international markets. While the initially mandated amount was US\$ 250 million, the deal was closed at US\$ 350 million due to the strong demand coming from international banks for Akbank's risk.

October

- Akbank raised US\$ 200 million through an asset backed securitization scheme in international markets. WestLB was the organizer bank in this deal that was insured by a "AAA/Aaa" rated insurance company. The proceeds from the five-year deal, rated "AAA", were used to finance corporate projects.
- The international rating agency Fitch, upgraded Akbank's long-term Turkish lira rating from "B-" to "B" and changed the outlook to positive. With this upgrading, Akbank became the first and only bank in an emerging market country to be rated above the sovereign rating. In order for a bank to receive this rating, its internationally equivalent financial strength minimum rating should be "C". At the moment, Akbank is the only bank in Turkey to possess the "C" rating.

- Akbank opened its Retail Internet Branch in English for use by its foreign customers. This site is accessible through a transfer from the existing site (www.akbank.com.tr).

November

- "Acess" credit card was launched as one of Akbank's most original, innovative, enterprising and customer-focused examples of retail banking concept.

December

- Akbank acquired 70.5% of Akhayat in order to become the market leader in private pension funds. With top-notch human resources, a product spectrum tailored to address specific customer needs and a distribution network made up of numerous outlets including more than 600 branches of Akbank, Akhayat aims to become the leader in its sector.
- Akbank raised US\$ 230 million from international markets through a syndicated deal. The originally mandated amount was US\$ 150 million but the deal was closed at US\$ 230 million due to the strong demand for Akbank's risk by international banks.

With this credit facility, the total amount of Akbank's borrowings from the international markets reached US\$ 880 million in 2001.



Aiming to play a key role in shaping
the future of banking in Turkey...

In a marketplace where competition and change are accelerating at an unprecedented speed, Akbank has initiated an extensive transformation program geared to creating a more powerful and successful future for the Bank.

General Organization

Akbank's organizational structure consists of both Corporate Management and Business Units. The Corporate Management Units are composed of Strategy and Corporate Communications, Financial Coordination and Human Resources. In total there are ten Business Units; eight make up the operational departments of the Bank and carry out main operations; private banking, retail banking, corporate banking, credit analysis and assessment, payment systems, treasury, international banking and foreign branches, subsidiaries coordination. Two other Business Units, operations and support services provide the Bank with administrative and technical support.

Akbank offers a full range of contemporary and technology-driven banking and financial services. Retail banking activities include deposits, consumer lending, overdraft facilities, credit and debit cards and automated payment transactions. Corporate banking activities include a wide variety of corporate credit schemes denominated in both Turkish lira and major foreign currencies. Cash management services, trade finance and treasury products are other services that are delivered to corporate customers. On the international side, in addition to a wide range of international trade finance products, the Bank also deals with Eximbank-guaranteed foreign

trade finance, foreign exchange and Turkish lira clearing.

To complement its long list of banking services, Akbank also delivers brokerage, corporate finance and investment advisory services of Ak Securities, asset management services of Ak Portfolio Management, and insurance products of Akhayat and Aksigorta through the branches of Akbank.

The Banking Sector in 2001 and Beyond

The Turkish banking sector has gone through a swift transformation in the aftermath of events that occurred at the end of 2000 and prevailed throughout 2001. Economic turmoil highlighted the need of the Turkish banking sector to comply with the international banking standards. Strengthening of capital, effective risk management and increasing asset quality therefore became the key issues under discussion. In order to restructure the sector and to prevent systemic risk, Banking Regulation and Supervision Agency launched new regulations. The restructuring process is expected to increase efficiency and lead to an internationally competitive sector in the long-run.

In the near future, there will remain a few "multi-specialist" banks and several "niche" players in the sector as a result of mergers and acquisitions. Akbank believes that in the current environment, cooperation

REVIEW OF OPERATIONS



with international banks will contribute to the banking sector.

Akbank continued to grow despite the difficult economic conditions during 2001. This success is owed primarily to Akbank's financial strength, competent management, strong shareholders, wide distribution network, successful risk management, investments in technology and an increasing portfolio of retail and corporate banking products and services.

Strong Fundamentals

Customer-Focused Operational Philosophy

In a marketplace where competition and change are accelerating at an unprecedented speed, Akbank has initiated an extensive transformation program geared to creating a more powerful and successful future for the Bank. This program was initiated not merely to cope with the changes taking place, but to play a key role in shaping the changes. Akbank has

embarked on a voyage toward new horizons that will shape the future of banking in Turkey.

Akbank's long-term strategy has not changed; it continues to envisage operating in an environment of low inflation. Looking ahead, Akbank believes that in the not too distant future, there will be only a few multi-specialist banks with significant market shares. In that future banking environment, Akbank's vision is to strengthen its leadership status in terms of market share and size of assets within the next decade by offering innovative services that create ease, trust, happiness and satisfaction throughout the customer life-cycle.

Locked onto its new targets, Akbank is however taking a different route to retail banking with a new, innovative and assertive approach. In its mission to satisfy customer requirements, Akbank aims at going beyond customer expectations and



creating a marked difference in customer service. In this process, Akbank targets to foresee what the customer needs in the future and to make their dreams come true even before the idea enters into the customers' mind.

High Asset Quality

Akbank's loan portfolio, made up of numerous customers from a large number of industries, displays a geographical diversity. The loan portfolio is mainly made up of companies from manufacturing (17.6%), foreign trade companies (32.8%), project finance facilities (25.3%) and consumer loans (6.9%). Turkey's most important economic powerhouse, Istanbul, makes up the largest portion of the loan portfolio and a balanced distribution is present across other regions. Ankara and Çukurova, two of Turkey's high growth districts, also represent important shares in Akbank's loan portfolio.

An increasing portfolio of retail and corporate banking products and services...



With over 200,000 small and medium-size companies in its loan portfolio, Akbank has ample room for growth in this decidedly profitable segment of commercial banking. Almost 1,300 large-scale Turkish and multinational companies make up the corporate portfolio at Akbank.

Akbank's market share within the Turkish commercial banks in terms of total loans stands at 17.5%. The amount of non-performing loans stands at 1.9% of total loans, in spite of the high market share. This NPL ratio is well below the industry average. As a matter of policy, Akbank provisions for all its non-performing loans, irrespective of the collaterals obtained for the loan.

A Strong, Widespread Customer Base

Akbank has a strong customer base that includes approximately 4 million retail customers and around US\$ 8.2 billion in deposits. This base provides

the Bank with a strong and stable funding through deposits. Akbank's retail customer portfolio has accelerated its expansion after the crisis reaching 4,800 new customers per day.

Total deposits at Akbank grew by 43% in real Turkish lira terms and represented a market share of 10.9% in 2001.

Strong Capital

In terms of capital structure, Akbank is one of Turkey's strongest banks. At the end of 2001, the capital adequacy ratio of Akbank stood at 34.0%, well above the minimum acceptable ratio of 8% and exceeding the industry averages by a wide margin.

Akbank has allocated its entire capital to investments in banking and financial services. With its strong capital base, Akbank is able to achieve rapid growth in loans and assets.

**Akbank has a
widespread customer
base that provides the
Bank with a strong
and stable funding
through deposits.**



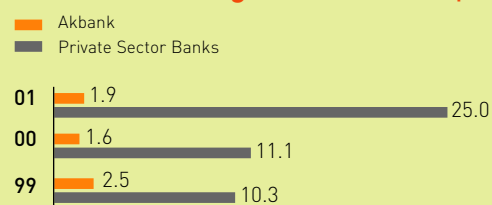
High quality assets all allocated to banking operations...

Akbank's loan portfolio, made up of numerous customers from a large number of industries, displays a geographical diversity.

Breakdown of Loans into Industries and Types (%)

Industry and Type	2001	2000	1999
Manufacturing	17.6	21.5	30.9
Foreign Trade	32.8	17.6	26.3
Domestic Trade	3.6	15.6	15.8
Project Finance	25.3	13.9	5.8
Financial Institutions	5.4	6.8	8.2
Retail Credits	6.9	16.7	9.3
Others	8.4	7.9	3.7
Total Loans	100.0	100.0	100.0

Non-Performing Loan Ratio (in percentages)





An Extensive Branch Network and Strong International Subsidiaries

Akbank has an extensive international correspondent network with approximately 850 correspondent banks located in more than 120 countries and a local branch network consisting of 606 branches throughout Turkey. In addition, Akbank owns 37% of Sabancı Bank in London, 39.99% of BNP-AK-Dresdner Bank in Istanbul and operates seven branches in Germany and one in Malta. Akbank has also a wholly-owned bank, Akbank International N.V., in the Netherlands. There are two representative offices in London and Paris.

New Customer Access Channels

Akbank concentrates on new methods to conduct business with its customers. The Bank's goal is to perform 80% of all banking transactions remotely by the year 2003. Currently, Akbank offers Internet banking via Retail and Commercial Internet Branches and a

wide variety of banking services through screen-based telephones (Aktel), Aksevis, Kiosks, mobile telephones (AkWAP) and palm-size computers. These services allow the customer to perform payment, money transfer and investment functions remotely.

The number of retail customers utilizing screen-based telephones and the Internet for banking transactions exceeded 200,000 by the end of 2001. Remote banking through Kiosks began in August 2001 and added a new perspective to Akbank's approach to technology-based distribution channels. Through Kiosk Banking, the use of the Internet to execute remote banking transactions has been boosted.

The number of users of Akbank's Commercial Internet Branch reached 27,500 at the end of 2001. Akbank will keep on improving the Commercial Internet Branch in the future to meet or exceed customer requirements.

Virtual POS applications, which started in October 2000, enable companies to sell their products and services on the Internet.

Strategy Issues

As a result of the economic crises in November 2000 and February 2001, there has been some consolidation in the Turkish banking sector. Thus, Turkish financial and banking services market have become increasingly competitive. Akbank has responded to this economic volatility by pursuing a number of short-term policies to foster the Bank's financial growth. As a policy decision, Akbank has significantly increased its foreign exchange loans and broadened its international borrowing plan through long-term credit arrangements and securitization schemes to meet the growing demand for foreign currency loans in the Turkish market. Akbank has also increased its share of the market for deposits as customers have moved to larger and stronger banks.

REVIEW OF OPERATIONS



In the medium-term, Akbank remains committed to the following core strategic aims:

- Focusing and expanding the Bank's loan portfolio with continued emphasis on credit quality,
- Increasing emphasis on retail banking,
- Maintaining the Bank's low-cost funding structure,
- Enhancing capital efficiency through increased leverage,
- Enhancing cost efficiency, and
- Increasing fee and commission income.

Financial Performance

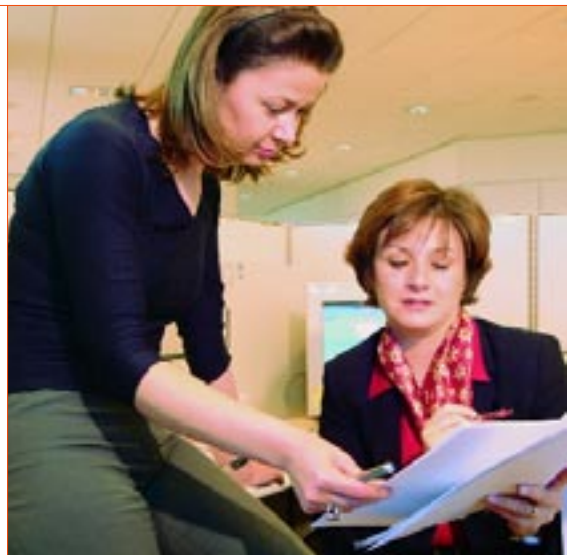
The Balance Sheet

Year 2001 has been a rather difficult period in Turkey's economic history. In spite of all the adversities, however, Akbank maintained its

strong growth momentum and continued to be Turkey's most profitable bank. Assets increased by 22% in real terms, allowing Akbank to achieve the highest growth in its peer group. Total loans reached over TL 4,808 trillion and as a result, loans market share rose from 9.9% last year to 17.5% at the end of 2001. Akbank's loan growth was also the highest in real Turkish lira terms while its non-performing loan ratio of 1.9% was the lowest in the entire banking sector.

Shareholders' equity reached TL 2,014 trillion (US\$ 1,392 billion) and international borrowing remained at US\$ 1,808 million, including US\$ 880 million received in 2001.

The positive development in the Bank's balance sheet is attributable mainly to the fact that all assets have been allocated to banking operations.



Income Statement

Akbank achieved the highest pre-tax profit among similar banks in the sector, thanks to its high liquidity, supportive franchise and asset quality.

At the end of 2001, Akbank's inflation adjusted pre-tax profit stood at TL 253 trillion. Interest income was TL 5,160 trillion while interest expense was TL 1,602 trillion and resulted in a net interest income of TL 3,558 trillion at the end of the year. In the same period, non-interest income was recorded at TL 17,129 trillion and non-interest expense at TL 19,447 trillion.

While the unfavorable developments in the economy during 2001 subdued bank profits in general, Akbank continued to be the "Most Profitable Bank in Turkey".

Corporate Banking

The Organization

Akbank provides financial and banking services to approximately

Prudent credit allocation

and conservative provisioning standards...

Centralization supported by scoring systems and limitations set on branch discretions have further contributed to the strength of Akbank's loan portfolio.

1,300 large corporate customers and over 200,000 small and medium-size companies. The Corporate Banking Marketing Division serves large corporate customers that have an annual sales revenue of at least US\$ 30 million, or are subsidiaries or joint ventures of a leading foreign company. The Bank's large corporate customer base represents a broad cross-section of Turkey's largest corporations. The financing requirements of small and medium-size companies are met by two separate Divisions. The annual sales revenue of these companies fall below US\$ 30 million.

Corporate Products and Services

Financial products and services offered to corporate customers include working capital financing in both Turkish lira and foreign currencies, funding of feasible medium-term projects under investment incentive certificates, deposit-taking, direct debiting services, foreign trade financing,

letters of credit and letters of guarantee and foreign exchange transactions. In addition, electronic banking services, such as automatic payments and collections, cash management services, direct access to account and stock information and related transactions addressing customers' daily requirements are also provided.

Through joint efforts between the Treasury Department, Ak Securities and Ak Portfolio Management, Akbank offers financial investment services to its corporate customers including sales of repos, Treasury bills, mutual funds and other securities as well as top-notch advisory and portfolio management services.

Lending Policies

Akbank seeks to maintain a high quality asset profile by implementing thorough credit analysis and credit scoring to minimize non-performing loans by obtaining full collateralization for a large

proportion of its cash loan portfolio and by employing conservative provisioning standards for loan loss reserves regardless of collateral.

As a matter of policy, Akbank requires tangible collaterals for a majority of loan types. These collaterals may be in the form of cash on deposit, mortgages on fixed assets or receivables assigned from third parties or guarantees from third parties, as well as personal guarantees. The Bank uses a credit scoring model developed by Dun & Bradstreet for the assessment of corporate credits. MIS systems allow Akbank to foresee non-performing loans in advance, to monitor the portfolio's risk at any time with respect to industries, types of customers, regions, branches and to develop new marketing strategies and pricing policies. High degrees of centralization, which is supported by scoring systems and limitations set on branch discretions, have further contributed to the strength of Akbank's loan portfolio.

REVIEW OF OPERATIONS



Major Project Finance Loans in 2001

Date	Total Project Value	Akbank's share	Project	Term
April 2001	US\$ 330 million	US\$ 220 million	Deriner Dam and Hydro-electric Power Station	6 years
May 2001	US\$ 50 million	US\$ 50 million	Izmir – Aydın Highway Project	5 years
May 2001	US\$ 57,3 million+Euro 72,6 million	US\$ 29 million+Euro 2 million	Sanliurfa Bozova Pumping and Irrigation Project	5 years

Akbank controls market risk exposure by avoiding maturity, currency and interest rate mismatches where possible. The Bank also limits its credit exposure by avoiding concentrations within customer types, industries or geographic regions. As a matter of policy, those industrial companies directing their sales mainly to export markets are preferred within Akbank's customer portfolio.

Prudent credit risk allocation procedures have allowed Akbank to achieve a low non-performing loans ratio of 1.9% at the end of 2001. The Bank posted reserves amounting to 100% of these loans.

The Composition of the Loan Portfolio

At the end of 2001, loans to large corporations represent 53.3% of Akbank's total loans. Large corporate loans usually have lower margins than loans to small and medium-size companies due to both strong competition in the banking sector and to a historically low default experience. Meanwhile they bring in many cross-selling opportunities to the Bank.

Suffering severe repercussions from the shakeout in 2001, the share of small and medium-size companies fell gradually to 4.2% of total loans at the end of 2001. Akbank believes that it possesses certain advantages that have enabled it to increase its market

share on loans to small and medium-size companies by capitalizing on its vast distribution network and low funding costs.

Approximately 84% of the loans are foreign exchange loans and 16% are Turkish lira loans. The share of Akbank's foreign exchange loans in the commercial banking sector has reached 26%.

Project Finance

Akbank has been increasing its focus on the project finance market in Turkey since 1998. Project finance, carried out within investment banking operations, has since then increased in volume and market share. At the end of 2001, the Bank's project finance loan portfolio reached

Retail banking is now at the core of Akbank's forward-looking strategic plan...



US\$ 847 million (25.3% of total loans) recording a 54% increase over the previous year.

Some of the largest deals organized under consortia, which Akbank participated in, are summarized on page 22.

Akbank intends to further increase its volume of project finance loans in the future without compromising on its prudent policy guidelines and risk management processes. The Bank's risk in project finance is usually limited since projects are typically guaranteed by the Turkish Treasury and are over-collateralized. Project finance transactions also tend to have relatively high margins and often offer cross-selling opportunities. Project finance loans are equally allocated to a variety of sectors that include construction, telecommunications, energy and retailing.

Retail Banking

With the emphasis placed on retail banking under Akbank's forward-looking growth strategy, retail banking is now at the core of its strategic plan. As a result of this strategy, Akbank aims to become a market leader in retail banking within the next five years for all product and service types as well as in terms of profitability. The new life-cycle approach will focus on the customer at every stage of its life. Mortgage loans, consumer loans, deposit accounts, debit and credit cards and asset management services have all been re-shaped under Akbank's new approach in retail banking.

Moreover, Akbank has concentrated on product development, increasing delivery channel capabilities and optimization of operational and organizational structures. Critical success factors have been determined to achieve retail banking targets and the branches have been assigned new roles to achieve

There are more than 200 contracted brands available at advantageous terms to Axess cardholders at more than 3,000 sales outlets.



REVIEW OF OPERATIONS



targeted growth. Branches are now seen as proactive-sales customer management units. After a restructuring of the branch network, delivery capabilities will be increased and operational excellence will be reached.

Retail banking services offered by Akbank through its vast branch network, the second largest in Turkey among private sector banks, include debit cards, automatic payment services, foreign currency transactions, safe box services, promissory notes and check clearing, money transfers and investment services. Akbank's retail banking clientele has reached four million individuals.

Credit Cards

Akbank is among the largest participants in the payment card industry in Turkey, offering both credit and debit cards. Akbank has approximately 1,171,000 cards in use, as of the end of 2001. The Bank is

one of the largest acquirers of all payment cards in the sector with a 18.8% market share. Credit cards offered by Akbank include Visa (Gold, International and Domestic), MasterCard (International, Domestic and e-Card) and American Express (Gold, Green and Revolve) and co-branded cards in conjunction with MasterCard and American Express. Akbank is the exclusive issuer of American Express card products in Turkey and intends to further increase its market share as it capitalizes on this advantage.

Akbank's credit card business has been reshaped aiming to make the lives of customers and related companies better and easier by providing competitive payment and loyalty solutions. The market penetration strategy pursued has been as follows:

- Directing marketing efforts in accordance with the segment strategy and customer expectations,



- Exceeding customer expectations with competitive advantages such as cash-back,
- Enabling merchants to pamper their customers and cross-sell and,
- Reflect competitive funding costs back to the customer.

In line with this strategy, "Axess", a smart credit card, was launched in November with a highly successful promotional campaign. Axess is the first credit card in Turkey to accumulate cash through purchases; the cash may then immediately be spent on new purchases. Axess also offers discounts at contracted stores as well as campaign sales and other surprises.

There are more than 200 contracted brands available at advantageous terms to Axess cardholders at more than 3,000 sales outlets. Within almost a month of its launch, the number of Axess cardholders had reached 200,000 - a record number in the credit card market. This success

Taking a different route to retail banking

with a new, innovative and assertive approach...

Akbank aims at going beyond customer expectations and creating a marked difference in customer service. In this process, Akbank targets to foresee what the customer needs in the future and to make their dreams come true even before the idea enters into the customers' mind.

is directly attributable to Axess as the first credit card developed primarily to address consumer needs and expectations.

Consumer Loans

At the end of 2001, the amount of consumer loans (including credits on credit cards) reached US\$ 230 million accounting for 6.9% of the total loan portfolio and 43% of total TL loans. In addition to consumer loans, Akbank also offers an overdraft facility to customers through the "ArtiPara" account. This facility entitles the account holder to withdraw cash or make payments from his/her account even if the individual does not have a balance in his/her account.

As the economy improves, the product variety and quality offered by the Bank will allow it to become one of the top banks in Turkey in terms of consumer loans. This prospect is parallel to Akbank's aim of having a leading market share in consumer loans by 2005.

Other Retail Banking Services

Akbank aims to become a multi-specialist bank and therefore, in addition to traditional banking services, it offers a broad range of financial services under one roof including cash management, investment advice and brokerage. These services are rendered by its subsidiaries, Ak Securities, Ak Investment Fund and Ak Portfolio Management.

At the end of 2001, assets under management increased to US\$ 211 million from US\$ 92.5 million compared to a year earlier, posting a 128% growth. Akbank is the exclusive sales representative of American Express investment funds in Turkey. Of the five investment funds on sale in the country, three are denominated in US dollars and two in euro. Non-life insurance products from Aksigorta and life insurance from Akhayat, a subsidiary of the Bank, are also marketed through Akbank branches. Marketing

of investment and insurance products complement the range of financial services available at Akbank outlets and help generate fee income for the Bank.

Currently, 480,000 people at 4,600 establishments receive their salaries through Akbank every month. With these figures, Akbank ranks among Turkey's foremost banks capable of delivering this type of service. Salary payment schemes help create a loyal customer base for term and demand deposits, credit cards and consumer loans.

Private Pension Funds

With the aim of establishing its private pension fund business, Akbank accelerated its efforts in this respect and acquired 70.5% of Akhayat, a life insurance company, in December. To this end, Akbank had established an Asset Management Company in June 2000, which has been successful in growing its fund management business.

REVIEW OF OPERATIONS



Private pension fund scheme envisages optional retirement at the age of 56 provided that the subject has been in the system for at least ten years. The system encourages long-term savings and draws parallel lines with Akbank's concept of "banking for a life time." It is estimated that private pension funds will include two million people in Turkey within the coming ten years and the total value of the funds will reach approximately US\$ 10-12 billion. Akbank aims to lead the pension fund market with a share of 15-20%, anticipated to be made up of four or five key players.

Delivery Channels New Technologies

With the intention of meeting its customers' needs any time of the day, Akbank utilizes rapidly developing information technology tools such as the Internet, WAP technology, screen-based telephones and PCs to deliver most contemporary banking services to its clientele.

Accessible remotely from anywhere in the world, "Freedom Banking" consists of a wide variety of services exclusive of cash transactions but including any other services and investments. Akservis installed at large Akbank branches enables customers to handle virtually all banking and investment transactions. Currently, 200,000 customers actively use the Internet and screen-based banking facilities. Kiosk Banking, launched in August 2001, has brought a new dynamism to these remotely handled banking services at Akbank and has opened the way for more customers to utilize the Internet for their regular banking needs.

Internet Banking

Akbank is continuously enhancing services on the Internet, to parallel the new, rapidly developing technology ensuring that customer satisfaction remains at the highest level. To better serve its clientele, Akbank has developed two separate websites; the Retail Internet Branch

for use by retail customers and the Commercial Internet Branch used by companies.

The Commercial Internet Branch, opened in June 2000, targets small and medium-size companies. By the end of 2001, the number of companies using this branch totaled 27,500. The volume of transactions conducted on the Commercial Internet Branch reached US\$ 13.7 billion in 2001 and was comprised of various monetary, investment and payment transactions.

Akbank is planning to establish an electronic commerce platform to bring sellers and buyers together; it will target purchasing process improvement for all participants. Through this electronic commerce platform, Akbank will be able to exploit the flow of money, information and products and services within a larger business community. For this purpose, Akbank established Ak Internet Company in September 2001.



Akbank is accessible remotely from anywhere in the world...



This initiative will be a new, important channel for corporate and commercial segments and will help the Bank acquire new corporate and commercial customers.

In an effort to allow all customers to access banking services, Akbank launched the English version of its Retail Internet Branch in October 2001. This branch will serve the banking needs of foreign citizens living in Turkey.

During 2001, Akbank's websites have been redesigned to conform to the changing image of the Bank. In addition to banking services on the Internet, the website also displays a "Finance Daily" section where the customers can access to information on the stock prices, foreign currency rates, mutual funds, deposit and repo rates, government bond and treasury bill rates, consumer loan and credit card interest rates, tools for financial calculations and tax payment dates as well as the Reuters news

bulletins. The visitors can also access to financial market data on a weekly basis and Akbank's monthly "Turkish Economy" bulletin. The links to the websites of Ak Portfolio Management and Ak Securities enable the customers to reach further information according to their needs.

Currently, 72% of all banking transactions are handled via non-traditional channels as compared to 28% of transactions carried out in the branches. By the year 2003, this comparison will develop in favor of Internet Banking whereby 80% of all transactions are targeted to be executed remotely via non-traditional channels. This target is sure to be achieved taking into account the Bank's commitment to technology and infrastructure investments in this business line.

In-store Branches

Through agreements with Turkey's leading hypermarket chains

Akbank is continuously enhancing services on the Internet, to parallel the new, rapidly developing technology ensuring that customer satisfaction remains at the highest levels.



REVIEW OF OPERATIONS



Carrefoursa and Championsa, Akbank has opened in-store marketing branches in all of their shopping centers. Currently, there are 10 in-store branches operational at Carrefoursa hypermarket and Championsa supermarket stores. In addition, Carrefoursa co-branded credit cards have helped Akbank broaden its customer reach.

ATM and POS Terminals

Akbank reaches many sales outlets throughout the country with its POS terminals. Currently, there are 73,674 online POS terminals accounting for a market share of 20.2% for Akbank. Since Akbank is the sole issuer of AMEX credit cards in Turkey, the Bank has a certain advantage in the POS market, helping it to acquire new credit card customers.

Akbank has a 10.4% market share in ATMs and is a key player in this field. Through an agreement with some of the other leading banks in the country, Akbank established Golden Point in

1994, an ATM-sharing scheme. Presently, there are about 3,900 Golden Point ATMs, of which 1,266 belong to Akbank, accounting for a market share of 32.2% in the country.

Akbank is one of the very few banks in Turkey to offer non-cash retail and investment banking services through kiosks and Akservis. These machines are installed either within branch premises or at certain populated centers. A total of 82 Akbank Kiosks have been in operation since they were first introduced in August 2001, resulting in an increased usage of Internet Banking.

Private Banking

Akbank established its Private Banking Department in August 2000; it became fully operational in the first half of 2001. Akbank's Private Banking Department targets high net worth individuals and provides a wide range of products and services, including discretionary asset management and investment

advisory services. These services are delivered in conjunction with Ak Securities and other affiliated financial institutions.

Akbank is the only Turkish bank capable of offering such a wide assortment of private banking products and services and include domestic and international investment instruments as well as discretionary portfolio management services.

International Banking

Akbank's international banking activities are conducted through its Financial Institutions Marketing Division, Foreign Branches, Subsidiaries Coordination Group at the Head Office and Foreign Operations Group in Istanbul and through seven branches in Germany, one branch in Malta and representative offices in London and Paris.

Under a new set of strategies, Akbank has placed emphasis on international borrowing since 1997. In

Close cooperation

with the world's leading banks...



spite of the adversities that prevailed in money and capital markets during 2001, a total of US\$ 580 million was raised in international markets through two syndicated facilities with the participation of some of the world's leading banks.

In September 2001, US\$ 350 million was obtained through a syndicated arrangement, originally mandated for US\$ 250 million. The original amount was increased due to strong demand coming from participating banks. The second facility arranged in December was also oversubscribed and US\$ 230 million was raised in total. The cost of these facilities was Libor+80 bp for both.

In July 1998, Akbank had already obtained a seven-year term loan, maturing in July 2005, under an asset backed facility arranged by Credit Suisse First Boston. The facility was backed by the foreign currency receivables from Visa, MasterCard and American Express credit cards.

This was the first fund raising deal that Akbank had organized overseas.

In March 2001, as a continuation of the first securitization, Akbank raised an additional US\$ 100 million from international markets. This facility, which had an average maturity of 5.9 years, maturing in 6.7 years, was arranged by Bank of America and insured by a leading international insurance company. The ratings assigned to this deal were "AAA" from Standard and Poors (S&P) and "Aaa" from Moody's. Both of these ratings were above Turkey's long-term foreign currency sovereign ratings of "B" from S&P and "B1" from Moody's. This US\$ 100 million Akbank 2001-A securitization deal was selected the "Best Securitization in Emerging European Markets" by the Emerging Markets Investor magazine.

In addition to securitization of credit card receivables, Akbank issued other asset-backed securities in

Credits worth US\$ 880 million were obtained in the form of securitizations and syndicated deals from international markets in 2001.



Ak Securities is the first brokerage house in Turkey to trade foreign funds online...

Through the vast branch network of Akbank as well as the Internet, WAP, screen-based telephones, Akservis and Kiosks, investment services are accessible to Akbank customers 24 hours a day, regardless of location.

1999, 2000 and 2001 under a securitization program backed by export proceeds, check collections and workers' remittances. Total funds raised under this program amounted to US\$ 700 million.

The first portion of this facility, obtained in November 1999 with a one-year grace period amounting to US\$ 400 million, was selected the "Best Asset Backed Security Issue in Emerging Markets" by the Structured Finance International magazine, a publication of Euromoney. The second portion of the facility, obtained in June 2000, amounted to US\$ 100 million.

The third portion of the securitization facility, backed by export proceeds, check collections and workers' remittances, was obtained in October 2001 amounting to US\$ 200 million. This facility, also guaranteed by an insurance company rated AAA/Aaa, was assigned an investment grade of AAA. The maturity of the first of two portions is slated for September 2004

and the last portion in September 2006.

Capability to raise long-term funding at a price well below the one reflecting the country risk rating, diversifying funding sources and capitalizing on the benefits of creating an international investor base are good examples of Akbank's expertise within the banking and financial circles in Turkey.

Credits worth US\$ 880 million were obtained in the form of securitizations and syndicated deals from international markets in 2001, in spite of the financial crisis experienced in Turkey. This is an evidence of Akbank's close cooperation with the world's leading banks and also its strong financial position.

Akbank endeavors to expand its correspondent network, currently comprised of 850 banks in more than 120 countries, on the principle of reciprocity. Customer requirements

play a key role for Akbank while expanding its correspondent network. Relationships with correspondent banks are not confined merely to payments and trade finance products but include capital market and foreign currency hedging transactions as well as investment advisory and asset management services.

Treasury

Akbank's Treasury is located at the Istanbul Head Office and provides complete treasury services for the entire branch network. The Treasury Group is comprised of four separate divisions; Turkish Lira Treasury, Foreign Exchange Treasury, Marketing and Special Products.

The Treasury is responsible for the management of the Bank's risk exposure on a day-to-day basis and ensures the availability of funds for the Bank's branch network. To carry out these objectives, the Treasury engages in spot and forward foreign currency and Turkish lira trading, as



well as the trading of Turkish Treasury bills and bonds and other local and AAA securities. The Marketing Division has substantially increased its brokerage services on T-bills and bonds through the Bank's branch network.

Other treasury products marketed to the customers include derivative instruments in the form of swaps, options and futures. These transactions are handled on behalf of the customers in an effort to hedge their foreign currency and interest rate risks. Speculative trading of treasury instruments is strictly avoided both for the customers and the Bank.

Capital Markets

Ak Securities, a subsidiary of Akbank, provides capital market services that include stock brokerage, fixed income securities trading, mutual funds, repo, corporate finance and research. Ak Securities has a strong, diverse customer-base made up of

approximately 305,000 investors and ranks second among brokerage houses in Turkey in terms of the number of clients.

Ak Securities extends the scope of its distribution by utilizing the vast branch network of Akbank as well as the Internet, WAP, screen-based telephones (Aktel), Akervis and Kiosks. Through these technology-based equipment, investment services are accessible to Akbank customers 24 hours a day, regardless of location.

Seventy-five Akbank branches are equipped with large trading rooms; there are 16 well equipped mini-trading rooms. These Akbank branches are authorized to conduct business as agents of Ak Securities and are capable of offering a wide array of investment services. The number of trading room staff has been enhanced with additional experts to accommodate investors' increasing requirements.

Orders for the ISE's Bonds and Bills Market are executed online and in real-time through a direct link between Ak Securities and the ISE. Ak Securities has also made the necessary infrastructure investments for the new online equity trading system in the stock market and integration has been provided in all Akbank branches and via Freedom Banking channels. Ak Securities is one of the first brokerage houses to complete this project, which will enable stock trading orders entered at the branches and all "Freedom Banking" channels to be transferred directly to the trading floor of the ISE. The system will also track order execution and trading results online, helping to increase customer satisfaction and hence, the volume of stock trading.

Ak Securities is also the first brokerage house to trade foreign funds, specifically AMEX Investment Funds, online through all types of distribution channels.

The technological infrastructure of Akbank provides a competitive advantage...

The importance that Akbank has given to the development of a technologically dynamic infrastructure has borne fruit, especially in periods of rapid growth.

Akbank offers portfolio and mutual fund management services through its subsidiary Ak Portfolio Management. Ak Portfolio Management was established to capture a significant share of the market that will emerge when private pension funds become operational.

The total number of mutual funds under the management of Ak Portfolio Management increased from six to 12 in 2001 while assets under management increased by 128% in US dollar terms. Ak Portfolio Management also offers discretionary portfolio management services to corporate investors tailored according to their economic conditions, financial expectations and risk-return profiles.

Another subsidiary established by the Bank in September 1998, Ak Investment Fund, is an investment trust company owned 99.9% by Akbank. In May 1999, 49% of the shares were offered to the public and are currently traded on the Istanbul

Stock Exchange. In November 2001, the paid-up capital of Ak Investment Fund was increased to TL 40 trillion.

Ak Investment Fund is the second largest investment trust company in Turkey in terms of registered and paid-up capital; it ranks third in terms of portfolio size and has a market share of 9%. While the rate of return provided by all investment trust companies in 2001 averaged at 55.61%, Ak Investment Fund achieved a 70.44% return to investors.

Continuously monitoring the financial markets and institutions, Ak Investment Fund aims at minimizing investment risk and maximizing return through a well-diversified portfolio.

Support Services **Information Technologies**

The importance that Akbank has given to the development of a technologically dynamic infrastructure has borne fruit, especially in periods of rapid growth.

Akbank's investments in technology reached US\$ 60 million in 2001.

The technological infrastructure of Akbank provides a competitive advantage in other activities as well. Akbank is the first bank in Turkey to introduce state-of-the-art interactive telephone banking (Aktel) and PC banking (AkPC). It also offers a wide range of other electronic banking services, such as Akservis, Kiosk and Internet banking. Banking application programs are developed by Aknet, an Akbank subsidiary and are customized for the specific needs of the Bank. All branches operate their own databases, which have direct online and in real-time links to the Head Office.

Akbank has a Disaster Recovery Center in Izmir with a capacity to continue all electronic banking transactions without interruption in the event of any disaster or equipment failure in the Istanbul Head Office.



Human Resources and Training

Paralleling its strategy of expansion, Akbank carefully reinforces its growing staff with a highly qualified workforce. Every new recruit undergoes an intensive training program. Afterwards, all personnel meet at least twice a year to discuss topics of special interest beyond their initial training. These training programs comprise all activities performed by the Bank, as well as plans for the future.

Akbank trains new recruits in fundamental banking topics such as accounting, credit assessment and capital markets. It also offers the same programs to current personnel to revive their knowledge. Foreign language courses offered to the workforce enhance the professionalism of the Bank. Staff members are also sent abroad for bank training programs.

Furthermore, the Bank endeavors to establish a proactive, efficient and



effective professional relationship among the staff, and works at building team spirit. Team members are always encouraged to participate actively in management and their suggestions are always considered seriously.

All training targets were reached in 2001, with 17,039 people participating in various training programs. Each staff member received an average of 42 hours of training during 2001.

Of the 7,584 Akbank staff, 1,714 work at the Head Office, 384 are based in the regional offices and the remaining 5,486 work in the branch offices. The staff has an average age of 33 and more than half are university graduates. There are also 819 security personnel.



Contributing to

the well-being of the society...

Akbank acknowledges its role as a chief contributor to artistic, cultural and social activities and will continue to launch new initiatives in this regard.

Akbank continued to support a rich variety of artistic and cultural activities during 2001. The Bank acknowledges its role as a chief contributor to these activities and will continue to intensify investments in this regard.

Akbank offered jazz music devotees a chance to enjoy a number of concerts in Ankara and Istanbul during the year. These concerts featured some of the world's leading jazz masters at the 11th Akbank Jazz Festival. In addition to the concerts presented at the Cemal Reşit Rey Concert Hall and Babylon in Istanbul, the concerts in Venue were well-received by a youthful audience. Organized between October 3rd to the 13th, the festival featured lectures about jazz, video presentations and workshops.

Since 1992, the Akbank Chamber Orchestra has accompanied some of the world's foremost soloists and performed under the direction of some of the greatest conductors alive today. In addition to monthly concerts, the Orchestra toured Southeast Anatolia during 2001.

During the year, other activities were presented to the public at the Aksanat Center in Istanbul. Located in Beyoğlu, Akbank's Center for the arts featured exhibitions, lectures, video concerts and films. Beyoğlu is an historic area of Istanbul that is rich in artistic and cultural traditions. Aksanat has recently been under renovation to improve its services for all lovers of the arts and will re-open for the 2002 fall season.

The Aksanat Production Theater presented two plays entitled "To Be Loved" and "Mr. Knepp". In addition to performing at the Center and on other stages around the country, the theater company was a guest at the May Festival in New York City.

Akbank continued to give talented young artists a chance to exhibit their own work in Istanbul, Ankara, Bursa and Eskişehir. Approximately 14,700 people visited 45 separate painting, photography and sculpture exhibitions promoted by Akbank in 2001.

Akbank also sponsors book publications in the fields of arts and

culture. This year the book "Turkish and Islamic Arts Museum" was published. It was the first publication to deal with the rich variety of early Islamic art from North Africa and Spain and included art from the Seljuks to the Anatolian city-states period, Ilhanids, Mamluks, Tamerids, Akkoyunluds and Safavids up to the Ottoman period. This 384-page book is a masterpiece and is evidence of the important role Akbank plays with regard to preserving and spreading Turkish cultural and artistic history.

Sponsorships

Akbank sponsored many projects from arts to sports in 2001 and also contributed to the country's historical heritage. Some of these sponsorships included the 30th anniversary of the Mimar Sinan University State Conservatory; the Hadigari Jazz 2001 / Bodrum Jazz Days organized by the Bodrum Municipality, which always attracts intense attention from the media and the public; the Ayna Band concert in Adana Carrefoursa; a classical music concert featuring the Athens Philharmonic Orchestra at the



Bodrum Castle; and the Istanbul Exhibition of Modern Artists, organized annually to support young artists.

Akbank has sponsored the Nemrut Conservation Project, to be implemented by the International Nemrut Foundation, under the auspices of the World Monuments Fund (WMF) and under the supervision of the Turkish Ministry of Culture.

The ancient city of Antandros, situated

in Altınoluk in the Balıkesir province, is the only city believed to have existed in Anatolia in the 5th to 6th centuries BC that can provide insights to the ancient civilization of the Kimmers. Excavations to restore this site have been undertaken by the Archaeology Department of the Aegean University and the Balıkesir Museum. Akbank is sponsoring the excavation with financial support to the Association of Recovery and Restoration of the Ancient Antandros.

Supporting Sports Activities

Turkish Amateur Golf Championship and the 53rd TED Open Tennis Tournament were organized with support from Akbank Private Banking this year.

Fairs

During 2001, Akbank participated in a variety of commercial exhibitions such as the S.O.S. International Pre-disaster Preparation Fair, Information Technology 2001, Compex 2001 and Meditt 2001.

Equity Participations

Company	Business Area	Equity Ownership [%]
Financial Sectors		
Sabancı Bank	Banking	37.00
BNP-AK-Dresdner Bank	Banking	39.99
Ak Securities	Brokerage	99.80
Ak Investment Fund	Investment	45.62
Ak Portfolio Management	Portfolio Management	99.99
Akbank International N.V.	Banking	100.00
Akhayat Insurance	Insurance	70.52
Others		
Aknet	IT - Finance Sector	99.99
I-Bimsa	IT	10.00
Temsa	Automotive	14.89
Ak Internet	B2B	75.00

FINANCIAL STATEMENTS

The financial statements of Akbank T.A.Ş. prepared on the basis of different accounting principles, including inflation accounting, are presented in the order shown below on the following pages:

- 1) The consolidated financial statements based on the accounting principles, including inflation accounting, promulgated by the Banking Regulation and Supervision Agency (BRSA)
- 2) The unconsolidated financial statements based on the accounting principles, including inflation accounting, promulgated by the BRSA
- 3) The consolidated financial statements based on International Accounting Standards (IAS)

1) AKBANK T.A.Ş. AND ITS FINANCIAL INSTITUTIONS THE CONSOLIDATED FINANCIAL STATEMENTS

**BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA
AT 31 DECEMBER 2001 AND 2000**

In conjunction with the "Turkish Banking Sector Capital Strengthening Programme" and following the related amendment to the Banking Act through Act No.4743, the BRSA has issued new regulations setting out principles and procedures, including inflation accounting principles, for the preparation of statutory consolidated and unconsolidated financial statements as at and for the year ended 31 December 2001 and, the principles and procedures for special, independent three-step audit on such financial statements.

The consolidated financial statements of "Akbank T.A.Ş. and its Financial Institutions" on the following pages are such financial statements approved by the BRSA and based on the principles and procedures, including inflation accounting, promulgated by the BRSA as explained in the paragraph above.

Because of some technical issues arising from such specific circumstances, the BRSA does not allow the banks to publish full set of financial statements together with their explanatory notes and the auditors' report thereon (This issue is dealt with by the letter of the BRSA to the Istanbul Stock Exchange dated 12 June 2002). Accordingly, only the consolidated financial statements prepared in accordance with the accounting principles promulgated by the BRSA are presented on the following pages, without their explanatory notes and the auditors' report thereon.

The consolidated financial statements on the following pages based on the accounting principles promulgated by the BRSA have been audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002, expressed an "unqualified (clear) audit opinion" on these financial statements.

CONSOLIDATED BALANCE SHEETS	40
CONSOLIDATED STATEMENTS OF INCOME	42

AKBANK T.A.Ş. AND ITS FINANCIAL INSTITUTIONS**THE CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER****BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA**

(Amounts expressed in billions of TL in terms of purchasing power of TL at 31 December 2001)

(AUDITED*)**ASSETS**

	2001	2000
1. CASH AND CASH EQUIVALENTS	209,799	186,105
A. Cash on hand	93,183	119,163
B. Foreign currency cash on hand	115,956	65,829
C. Other	660	1,113
2. BANKS	2,120,446	4,399,814
A. The Central Bank of Turkey	44,222	8,507
B. Other banks	2,076,224	4,391,307
1) Domestic banks	203,646	3,416,524
2) Foreign banks	1,872,578	974,783
3. OTHER FINANCIAL INSTITUTIONS	-	-
4. INTERBANK MONEY MARKET	1,660,508	553,481
5. MARKETABLE SECURITIES PORTFOLIO (Net)	1,593,276	1,237,696
A. Government bonds and Treasury bills	1,583,857	1,188,758
B. Other bonds	-	-
C. Share certificates	8,186	1,287
D. Other marketable securities	1,233	47,651
6. LOANS	4,808,358	4,959,536
A. Short-term	1,738,309	2,820,899
B. Medium and long-term	3,070,049	2,138,637
7. FACTORING RECEIVABLES	-	-
8. LEASING RECEIVABLES (Net)	-	-
A. Leasing receivables	-	-
B. Unearned interest income (-)	-	-
9. LOANS UNDER FOLLOW-UP (Net)	-	11,232
A. Loans under follow-up	94,311	79,886
B. Reserve provided (-)	(94,311)	(68,654)
10. ACCRUED INTEREST AND INCOME RECEIVABLES	879,154	558,588
A. Loans	131,439	138,250
B. Marketable securities	707,881	183,081
C. Others	39,834	237,257
11. LEGAL RESERVES	858,986	613,613
A. Reserve deposits	858,986	613,613
B. Other legal reserves	-	-
12. MISCELLANEOUS RECEIVABLES	57,557	274,048
13. UNCONSOLIDATED ASSOCIATED COMPANIES (Net)	147,593	128,477
A. Financial investments	136,109	116,993
B. Non-financial investments	11,484	11,484
14. UNCONSOLIDATED SUBSIDIARIES (Net)	48,267	19,077
A. Financial associated companies	46,474	18,098
B. Non-financial associated companies	1,793	979
15. UNCONSOLIDATED INVESTMENT SECURITIES (Net)	4,309,680	748,882
A. Share certificates	5,708	9,638
B. Other investment securities	4,303,972	739,244
16. PREMISES AND EQUIPMENT (Net)	357,954	302,028
A. Book value	688,455	611,542
B. Accumulated depreciation (-)	(330,501)	(309,514)
17. GOODWILL	-	-
18. OTHER ASSETS	70,229	37,362
TOTAL ASSETS	17,121,807	14,029,939

* Audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002, expressed an "unqualified (clear) audit opinion" on these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	2001	2000
1. DEPOSITS	11,794,836	8,251,256
A. Savings deposits	1,723,099	1,885,637
B. Foreign currency deposits	8,817,976	4,984,471
C. Gold vault	-	-
D. Bank deposits	655,842	695,570
E. Other institution deposits	597,919	685,578
2. INTERBANK MONEY MARKET	-	63,147
3. FUNDS BORROWED	2,658,001	2,878,642
A. Funds borrowed from The Central Bank of Turkey	-	-
B. Other funds borrowed	2,658,001	2,878,642
1) Domestic banks and institutions	42,444	50,336
2) Foreign banks, institutions and funds	2,612,281	2,828,306
3) Subordinated loans	3,276	-
4. FACTORING PAYABLES (Net)	-	-
5. LEASING PAYABLES (Net)	16,421	1,420
A. Leasing payables	20,678	1,420
B. Deferred leasing expenses (-)	(4,257)	-
6. MARKETABLE SECURITIES ISSUED (Net)	-	-
A. Bills and bonds	-	-
B. Asset backed securities	-	-
C. Other securities	-	-
7. ACCRUED INTEREST AND EXPENSE PAYABLE	284,646	302,493
A. Deposits	87,318	111,422
B. Borrowing	12,951	21,944
C. Others	184,377	169,127
8. TAXES AND OTHER DUTIES PAYABLE	32,492	45,432
9. IMPORT TRANSFER ORDERS	4,809	12,297
10. MISCELLANEOUS PAYABLES	36,111	43,705
11. PROVISIONS	184,458	232,380
A. Reserve for employment termination benefits	5,447	6,600
B. General reserve for loans	28,883	52,151
C. Provision for income taxes	148,002	170,724
D. Other provisions	2,126	2,905
E. Insurance technical provisions	-	-
12. MINORITY INTEREST	123	34
13. OTHER LIABILITIES	29,061	36,731
14. SHAREHOLDERS' EQUITY	4,321,208	3,937,263
A. Paid-in capital	800,000	500,000
1) Authorized share capital	800,000	500,000
2) Unpaid capital (-)	-	-
B. Legal and general reserves	3,521,208	3,437,119
1) Legal and general reserves	1,525,394	1,483,912
2) Reserves arising from the restatement of equity items	1,995,814	1,953,207
C. Revaluation funds	-	-
D. Evaluation differences	-	144
E. Negative goodwill (net)	-	-
15. INCOME / (LOSS)	(2,240,359)	(1,774,861)
A. Income / (Loss) for the year	13,262	236,181
1) Group share	13,175	236,166
2) Minority interest	87	15
B. Prior years' profit / (loss)	(2,253,621)	(2,011,042)
1) Group share	(2,253,621)	(2,011,042)
2) Minority interest	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,121,807	14,029,939
COMMITMENTS AND CONTINGENCIES		
Guarantees	1,296,476	1,010,041
Commitments	2,187,143	2,589,799
Currency and interest rate transactions	751,296	8,421,851
TOTAL COMMITMENTS AND CONTINGENCIES	4,234,915	12,021,691

AKBANK T.A.Ş. AND ITS FINANCIAL INSTITUTIONS

THE CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA

(Amounts expressed in billions of TL in terms of purchasing power of TL at 31 December 2001)

(AUDITED*)

	2001	2000
1. INTEREST INCOME	5,311,707	2,972,683
A. Interest income on loans	1,745,719	1,053,551
B. Interest received from reserve deposits	12,052	-
C. Interest received from banks	1,258,114	1,200,465
D. Interest received from Interbank transactions	600,389	40,899
E. Interest received from marketable securities portfolio	1,690,427	676,137
F. Other interest income	5,006	1,631
2. INTEREST EXPENSE	1,640,076	987,191
A. Interest on deposits	1,413,274	794,012
1) Savings deposits	868,789	411,322
2) Foreign currency deposits	405,949	265,084
3) Gold vault	-	-
4) Bank deposits	82,068	76,758
5) Other deposits	56,468	40,848
B. Interest on Interbank transactions	26,143	32,423
C. Interest on funds borrowed	160,618	160,233
D. Interest on bonds issued	-	-
E. Other interest expenses	40,041	523
3. NET INTEREST INCOME (1-2)	3,671,631	1,985,492
4. NON-INTEREST INCOME	17,128,252	4,436,954
A. Fees and commissions received	258,212	205,538
B. Profit on trading account securities	453,378	146,864
C. Foreign exchange gains	16,358,478	4,017,583
D. Income from investments and associates	7,974	12,860
E. Extraordinary income	-	-
F. Other non-interest income	50,210	54,109
5. NON-INTEREST EXPENSES	19,477,265	5,344,571
A. Fees and commissions paid	195,536	109,060
B. Losses on trading account securities	68,083	71,767
C. Foreign exchange losses	18,510,646	4,486,204
D. Employee costs	161,543	179,424
E. Provision for employment termination benefits	2,526	2,328
F. Rent expenses	8,990	7,952
G. Depreciation expenses	37,465	27,413
H. Sundry taxes and duties	49,932	33,639
I. Extraordinary expenses	-	-
J. Provision for loan losses	92,861	52,065
K. Other provisions	6,017	47,042
L. Other non-interest expense	343,666	327,677
6. NET NON-INTEREST INCOME / (EXPENSE) (4-5)	(2,349,013)	(907,617)
7. INCOME / (LOSS) BEFORE TAXES (3+6)	1,322,618	1,077,875
8. PROVISION FOR TAXES ON INCOME	297,883	352,296
9. INCOME FROM NON-CONSOLIDATED ASSOCIATES	3,718	6,484
10. INCOME / (LOSS) ON NET MONETARY POSITION	(1,015,191)	(495,882)
11. NET INCOME / (LOSS) (7-8+9+10)	13,262	236,181
A. Group share - income / (loss)	13,175	236,166
B. Minority interest - income / (loss)	87	15

* Audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002, expressed an "unqualified (clear) audit opinion" on these financial statements.

2) AKBANK T.A.Ş. THE UNCONSOLIDATED FINANCIAL STATEMENTS

BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA
AT 31 DECEMBER 2001

For the same reasons explained for "1) Akbank T.A.Ş. and its Financial Institutions; Consolidated Financial Statements", the unconsolidated financial statements presented on the following pages have also been approved by the BRSA and are based on the accounting principles, including inflation accounting, promulgated by the BRSA. Also, as required by the BRSA, for the same reasons explained for consolidated financial statements, these financial statements are not accompanied with their explanatory notes and the auditors' report thereon.

The financial statements on the following pages, based on the accounting principles promulgated by the BRSA have been audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002 expressed an "unqualified (clear) audit opinion" on these financial statements.

BALANCE SHEET	44
STATEMENT OF INCOME / (LOSS)	46

AKBANK T.A.Ş.**BALANCE SHEET AT 31 DECEMBER 2001****BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA**

(Amounts expressed in billions of TL in terms of purchasing power of TL at 31 December 2001)

(AUDITED*)**ASSETS**

	<u>31 December 2001</u>
Cash	209,792
Cash	93,179
Foreign currency	115,956
Other	657
Banks	2,120,446
The Central Bank of Turkey	44,222
Other banks	2,076,224
Domestic banks	203,646
Foreign banks	1,872,578
Other financial institutions	-
Interbank money market	1,659,268
Marketable securities portfolio (net)	1,577,719
Government bonds and Treasury bills	1,577,692
Other bonds	-
Share certificates	27
Other marketable securities	-
Loans	4,807,737
Short-term	1,737,688
Medium and long-term	3,070,049
Loans under follow-up (net)	0
Loans and other receivables of limited collectibility (net)	0
Gross receivable amount	19,143
Allowance (-)	19,143
Loans and other receivables of doubtful collectibility (net)	0
Gross receivable amount	21,666
Allowance (-)	21,666
Uncollectible loans and other receivables (net)	0
Gross receivable amount	53,054
Allowance (-)	53,054
Accrued interest and income receivable	877,395
Loans	131,417
Marketable securities	706,146
Other	39,832
Financial lease receivables (net)	-
Cumulative rental receivable	-
Unearned income (-)	-
Reserve deposits	858,986
Miscellaneous receivables	57,538
Investments and associates (net)	100,261
Financial investments and associates	88,777
Non-financial investments and associates	11,484
Subsidiaries (net)	66,167
Financial subsidiaries	64,374
Non-financial subsidiaries	1,793
Investment securities (net)	4,309,676
Share certificates	5,708
Other marketable securities	4,303,968
Fixed assets (net)	352,424
Book value	682,082
Accumulated depreciation (-)	329,658
Other assets	32,052
TOTAL ASSETS	17,029,461

* Audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002, expressed an "unqualified (clear) audit opinion" on these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>31 December 2001</u>
Deposits	11,795,264
Savings deposits	1,723,527
Certificate of deposits	-
Public sector deposits	4,327
Commercial deposits	490,658
Other institutions deposits	102,934
Interbank deposits	655,842
Foreign currency deposits	8,817,976
Gold vault	-
Interbank money market	-
Funds borrowed	2,658,001
Funds borrowed from The Central Bank of Turkey	-
Other funds borrowed	2,658,001
Domestic banks and institutions	42,444
Foreign banks, institutions and funds	2,612,281
Subordinated loans	3,276
Funds	-
Marketable securities issued (net)	-
Bills	-
Asset backed securities	-
Bonds	-
Accrued interest and expense payable	283,409
Deposits	87,318
Borrowings	12,951
Other	183,140
Leasing payables (net)	16,421
Leasing payables	20,678
Deferred leasing expenses (-)	4,257
Taxes and other duties payable	32,198
Import transfer orders	4,809
Miscellaneous payables	35,561
Provisions	161,154
Reserve for employment termination benefits	5,150
General loan loss provision	28,883
Provision for income taxes	124,995
Other provisions	2,126
Other liabilities	29,059
Shareholders' equity	2,013,585
Paid-up capital	800,000
Authorised share capital	800,000
Unpaid capital (-)	-
Legal reserves	607,751
First and second legal reserves	607,751
Capital surplus (issuance of common stocks)	-
Other legal reserves	-
General reserves	916,360
Reserves arising from the restatement of equity items	1,995,814
Revaluation funds	-
Evaluation differences	-
Accumulated deficit	2,306,340
Current year loss (-)	15,015
Prior years' losses (-)	2,291,325
Income	-
Income for the year	-
Prior years' income	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,029,461
COMMITMENTS AND CONTINGENCIES	
Guarantees	1,237,290
Commitments	1,670,599
Currency and interest rate transactions	751,296
TOTAL	3,659,185

AKBANK T.A.Ş.**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2001****BASED ON THE ACCOUNTING PRINCIPLES, INCLUDING INFLATION ACCOUNTING, PROMULGATED BY THE BRSA**

(Amounts expressed in billions of TL in terms of purchasing power of TL at 31 December 2001)

(AUDITED*)

	31 December 2001
I. INTEREST INCOME	5,159,745
Interest on loans	1,745,416
Interest on TL loans	846,493
Short-term loans	773,458
Medium and long-term loans	73,035
Interest on foreign currency loans	887,133
Short-term loans	660,950
Medium and long-term loans	226,183
Interest on loans under follow-up	11,790
Premiums received from Resource Utilisation Support Fund	-
Interest received from reserve deposits	12,052
Interest received from banks	1,133,942
The Central Bank of Turkey	3
Domestic banks	1,096,877
Foreign banks	37,062
Interest received from Interbank transactions	574,067
Interest received from marketable securities portfolio	1,689,306
Government bonds	1,689,306
Other marketable securities	-
Other interest income	4,962
II. INTEREST EXPENSE	1,602,239
Interest on deposits	1,413,274
Savings deposits	868,789
Certificate of deposits	-
Public sector deposits	100
Commercial deposits	142
Other institutions deposits	56,226
Interbank deposits	82,068
Foreign currency deposits	405,949
Gold vault	-
Interest on Interbank transactions	22,760
Interest on funds borrowed	160,600
The Central Bank of Turkey	-
Domestic banks	12,232
Foreign banks	128,083
Other financial institutions	20,285
Interest on bonds issued	-
Other interest expenses	5,605
III. NET INTEREST INCOME (I-II)	3,557,506
IV. NON-INTEREST INCOME	17,128,649
Fees and commissions received	248,061
Cash loans	36,036
Non-cash loans	12,073
Other	199,952
Profit on trading account securities	448,450
Foreign exchange gains	16,349,232
Income from investments and associates	13,999
Extraordinary income	-
Other non-interest income	68,907
V. NON-INTEREST EXPENSES	19,447,066
Fees and commissions paid	194,600
Cash loans	17,283
Non-cash loans	241
Other	177,076
Losses on trading account securities	67,594
Foreign exchange losses	18,510,646
Employee costs	157,260
Provision for employment termination benefits	2,271
Rent expenses	8,979
Depreciation expenses	36,991
Sundry taxes and duties	47,540
Extraordinary expenses	-
Provision for loan losses	92,861
Other provisions	6,017
Other non-interest expenses	322,307
VI. NET NON-INTEREST INCOME (IV-V)	(2,318,417)
VII. INCOME BEFORE TAXES (III+VI)	1,239,089
VIII. PROVISION FOR TAXES ON INCOME	268,334
IX. INCOME/(LOSS) ON NET MONETARY POSITION	(985,770)
X. NET (LOSS) / INCOME (VII-VIII-IX)	(15,015)

* Audited by "Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers" whose audit report dated 14 June 2002, expressed an "unqualified (clear) audit opinion" on these financial statements.

3) AKBANK T.A.Ş.
THE CONSOLIDATED FINANCIAL STATEMENTS BASED ON IAS
AND THE AUDITORS' REPORT THEREON

AT 31 DECEMBER 2001 AND 2000

AUDITORS' REPORT

48

CONSOLIDATED FINANCIAL STATEMENTS

49

AUDITOR'S REPORT

To the Board of Directors of
Akbank T.A.Ş.

1. We have audited the accompanying consolidated balance sheet of Akbank T.A.Ş. ("the Bank" - a Turkish corporation) at 31 December 2001 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish lira at 31 December 2001. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Akbank T.A.Ş. at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers



Zeynep Uras, SMMM
İstanbul, 15 March 2002

AKBANK T.A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2001

CONSOLIDATED BALANCE SHEETS		50
CONSOLIDATED STATEMENTS OF (LOSS) / INCOME		51
CONSOLIDATED STATEMENTS OF CASH FLOWS		52
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY		53
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		54-91
NOTE 1	PRINCIPAL ACTIVITIES	54
NOTE 2	SIGNIFICANT ACCOUNTING POLICIES	54-60
NOTE 3	USE OF FINANCIAL INSTRUMENTS	60-68
NOTE 4	CASH AND DUE FROM BANKS	69-70
NOTE 5	TRADING SECURITIES	70
NOTE 6	DERIVATIVE FINANCIAL INSTRUMENTS	70-71
NOTE 7	RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY	71
NOTE 8	LIQUIDITY REQUIREMENTS	72
NOTE 9	ORIGINATED LOANS	73-75
NOTE 10	INVESTMENT SECURITIES	76-77
NOTE 11	ACCRUED INTEREST RECEIVABLE	77
NOTE 12	INVESTMENTS IN ASSOCIATED COMPANIES	78
NOTE 13	OTHER INVESTMENTS	78
NOTE 14	PROPERTY AND EQUIPMENT	78-79
NOTE 15	OTHER ASSETS AND PRE-PAYMENTS	79
NOTE 16	CUSTOMER DEPOSITS	79
NOTE 17	FUNDS BORROWED AND DEBT SECURITIES IN ISSUE	80-81
NOTE 18	TAXATION	81-83
NOTE 19	OTHER LIABILITIES AND ACCRUED EXPENSES	84
NOTE 20	RESERVE FOR EMPLOYMENT TERMINATION BENEFITS	84-85
NOTE 21	SHARE CAPITAL	85
NOTE 22	RETAINED EARNINGS AND LEGAL RESERVES	85-86
NOTE 23	OPERATING EXPENSES	86
NOTE 24	EXTRAORDINARY TAXES	87
NOTE 25	COMMITMENTS AND CONTINGENT LIABILITIES	87-90
NOTE 26	MUTUAL FUNDS	91
NOTE 27	SUBSEQUENT EVENT	91

AKBANK T.A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

	Notes	2001	2000
ASSETS			
Cash and due from banks	4	3,797,541	5,301,320
Trading securities	5	2,120,401	1,503,477
Derivative financial instruments	6	5,923	-
Reserve deposits with the Central Bank of Turkey	7	866,640	613,612
Originated loans:			
- Loans and advances to customers	9	4,663,562	4,773,391
- Securities	9	4,752,362	-
Investment securities:			
- Available-for-sale	10	186,531	-
- Held-to-maturity	10	23,804	1,420,180
Accrued interest receivable	11	-	368,510
Investments in associated companies	12	128,475	117,440
Other investments	13	-	48,481
Property and equipment	14	413,961	344,735
Other assets and pre-payments	15	93,386	201,472
Total assets		17,052,586	14,692,618
LIABILITIES AND SHAREHOLDERS' EQUITY			
Customer deposits	16	12,158,064	9,171,301
Interbank money market deposits	17	-	63,146
Derivative financial instruments	6	3,469	-
Funds borrowed	17	2,124,974	2,355,044
Debt securities in issue	17	406,636	271,903
Accrued interest payable		-	235,625
Income taxes payable	18	129,075	166,818
Deferred tax liabilities	18	43,430	35,358
Other liabilities and accrued expenses	19	298,961	139,588
Reserve for employment termination benefits	20	16,866	25,665
Total liabilities		15,181,475	12,464,448
Minority interest		123	-
Shareholders' equity			
- Share capital	21	800,000	500,000
- Adjustment to share capital	21	2,067,109	2,024,501
Total paid-in share capital		2,867,109	2,524,501
Share premium		5,361	5,361
Other reserves	10	(15,843)	-
Accumulated deficit	22	(985,639)	(301,692)
Total shareholders' equity		1,870,988	2,228,170
Total liabilities and shareholders' equity		17,052,586	14,692,618
Commitments and contingent liabilities	25		

The consolidated financial statements as at and for the year ended 31 December 2001 have been approved for issue by the Board of Directors on 1 March 2002 and signed on its behalf by Zafer Kurtul, the Chief Executive Officer and, by Balamir Yeni, the Executive Vice President of the Bank.

The accompanying notes form an integral part of these consolidated financial statements.

AKBANK T.A.Ş.
CONSOLIDATED STATEMENTS OF (LOSS) / INCOME
FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

	Notes	2001	2000
Interest income:			
Interest on originated loans:			
- Loans and advances to customers		1,303,342	1,046,732
- Securities		983,745	-
Interest on investment and trading securities		955,440	1,198,836
Interest on deposits with banks		1,878,725	1,254,444
Other interest income		5,005	1,649
Total interest income		5,126,257	3,501,661
Interest expenses:			
Interest on deposits		2,122,734	1,252,092
Interest on funds borrowed and debt securities in issue		164,478	162,059
Interest on Interbank money market deposits		49,658	25,146
Other interest expenses		5,606	530
Total interest expenses		2,342,476	1,439,827
Net interest income		2,783,781	2,061,834
Foreign exchange gains and losses, including net gains or losses from dealing in foreign currency		(1,377,928)	(456,593)
Net interest income after foreign exchange gains and losses		1,405,853	1,605,241
Provision for loan losses	9	(77,037)	(60,336)
Net interest income after foreign exchange gains and losses and provision for loan losses		1,328,816	1,544,905
Fee and commission income		267,283	211,691
Fee and commission expense		(178,178)	(102,566)
Net fee and commission income		89,105	109,125
Net trading gains on securities		238,293	161,837
Dividend income		4,362	6,175
Other operating income		26,701	12,418
Operating income		1,687,277	1,834,460
Operating expenses	23	(602,498)	(582,262)
Income from associates		3,386	999
Loss on net monetary position		(984,391)	(463,023)
Income before income taxes		103,774	790,174
Income taxes	18	(325,720)	(391,523)
(Loss)/income before extraordinary taxes		(221,946)	398,651
Extraordinary taxes	24	(14,073)	(74,805)
(Loss)/income before minority interest		(236,019)	323,846
Minority interest		(86)	-
Net (loss)/income		(236,105)	323,846
(Loss)/earnings per share in TL million	2 (s)		
- ordinary shares		(0.00026)	0.00036
- founders' and usufruct shares		(9,611)	14,201

The accompanying notes form an integral part of these consolidated financial statements.

AKBANK T.A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

	Notes	2001	2000
Cash flows from operating activities:			
Income for the year before taxation after minority interest		103,688	790,174
Extraordinary taxes	24	(14,073)	(74,805)
		89,615	715,369
Adjustments for:			
Depreciation and amortisation	14	49,958	35,983
Provision for loan losses	9	77,037	60,336
Provision for impairment in value of investments	23	-	18,911
Employment termination benefits	20	3,962	7,607
Income from associates		(3,386)	(999)
Minority interest		123	-
Add back dividend income		(4,362)	(6,175)
Remeasurement of derivative financial instruments at fair value		(2,454)	-
Unearned commission income	19	132,294	-
Interest income - net		(2,783,781)	(2,061,835)
Interest paid		(2,455,631)	(1,428,048)
Interest received		4,688,720	3,851,366
Inflation effect on non-operating activities		4,230	(3,255)
Inflation effect on provision for loan losses	9	(85,624)	(26,492)
Operating (loss)/profit before changes in operating assets and liabilities		(289,299)	1,162,768
Net increase in reserve deposits with the Central Bank of Turkey		(253,027)	(97,609)
Net increase in originated loans		(4,171,701)	(1,536,639)
Net increase in trading securities		(759,757)	(1,244,121)
Net decrease/(increase) in other assets		108,083	(76,251)
Net increase/(decrease) in other liabilities		27,080	(23,548)
Net increase in deposits from customers		2,900,370	2,132,845
Inflation effect on operating activities		1,339,674	240,078
		(1,098,577)	557,523
Income taxes paid		(258,666)	(540,425)
Net cash (used in)/from operating activities		(1,357,243)	17,098
Cash flows from / (used in) investing activities:			
Purchase of property and equipment, net	14	(119,185)	(57,836)
Net change in investment in associated companies and other investments		(7,649)	(13,784)
Net decrease in investment securities		1,262,589	1,642,856
Dividends received		4,362	6,175
Net cash from investing activities		1,140,117	1,577,411
Cash flows from / (used in) financing activities:			
(Repayments of)/proceeds from borrowed funds and debt securities (net of proceeds/prepayments)		(173,778)	1,006,196
Dividends paid		(94,580)	(146,817)
Inflation effect on financing activities		1,586,976	927,842
Net cash from financing activities		1,318,618	1,787,221
Net increase in cash and cash equivalents		1,101,492	3,381,730
Inflation effect on cash and cash equivalents		(2,845,255)	(1,138,174)
Cash and cash equivalents at beginning of year	4	5,526,794	3,283,238
Cash and cash equivalents at end of year	4	3,783,031	5,526,794

The accompanying notes form an integral part of these consolidated financial statements.

AKBANK T.A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

	Share capital	Adjustment to share capital	Total paid-in share capital	Share premium	Other reserves	Retained earnings / (Accumulated deficit)	Total
Balance at 1 January 2000	250,000	1,789,464	2,039,464	5,361	-	6,317	2,051,142
Capital increase:							
- Transfer from retained earnings / (accumulated deficit)	250,000	235,037	485,037	-	-	(485,037)	-
Cash dividends	-	-	-	-	-	(146,818)	(146,818)
Net income for the year	-	-	-	-	-	323,846	323,846
Balance at 31 December 2000	500,000	2,024,501	2,524,501	5,361	-	(301,692)	2,228,170
Balance at 1 January 2001							
- as previously reported	500,000	2,024,501	2,524,501	5,361	-	(301,692)	2,228,170
Effect of adopting IAS 39, net of tax:							
- derivative instruments	-	-	-	-	-	7,572	7,572
- available-for-sale securities	-	-	-	-	-	(764)	(764)
- other financial instruments	-	-	-	-	-	(17,462)	(17,462)
- as restated	500,000	2,024,501	2,524,501	5,361	-	(312,346)	2,217,516
Capital increase:							
- Transfer from retained earnings / (accumulated deficit)	300,000	42,608	342,608	-	-	(342,608)	-
Available-for-sale securities	-	-	-	-	-	-	-
net fair value losses, net of tax	-	-	-	-	(15,843)	-	(15,843)
Cash dividends	-	-	-	-	-	(94,580)	(94,580)
Net loss for the year	-	-	-	-	-	(236,105)	(236,105)
Balance at 31 December 2001	800,000	2,067,109	2,867,109	5,361	(15,843)	(985,639)	1,870,988

The accompanying notes form an integral part of these consolidated financial statements.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 1 - PRINCIPAL ACTIVITIES

Akbank T.A.Ş. ("the Bank") was formed in 1948 and is a member of the Sabancı Group of companies, which is incorporated and domiciled in Turkey. The Bank's head offices are located at Sabancı Center 4. Levent Istanbul/Turkey. As of 31 December 2001, the Bank had 605 branches dispersed throughout the country and 3 representative offices and 7 branches operating outside the country (2000: 590 branches, 3 representative offices and 6 branches operating outside the country). As at 31 December 2001, the Bank employed 8,403 people (2000: 8,244 people). In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and Akhayat Sigorta A.Ş. Substantially all of the Bank's operations are carried out in one geographical segment (Turkey) and in one business segment (banking).

Some of the Bank's shares have been quoted on the Istanbul Stock Exchange since 1990. In April 1998, 2,012,500,000 ordinary shares, or 4.03% of the outstanding share capital of the Bank, was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depositary Shares (ADS).

On 22 February 2001, due to the turmoil in the Turkish financial sector, the Turkish government concluded that the managed exchange rate was no longer sustainable. The crawling-peg system, which had limited the depreciation of the local currency, was then abandoned in favour of a free-floating exchange rate. As at 1 March 2002, the Turkish lira has depreciated in excess of 106% when compared to the exchange rates prevailing at 1 January 2001. In May 2001, the Turkish government issued a letter of intent addressed to the IMF Board depicting the New Economic Programme. The restructuring of the banking system and stabilisation of the financial markets is one of the ultimate aims of the New Economic Programme (Note 27).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

(a) Basis of presentation of financial statements

These consolidated financial statements are prepared in accordance with International Accounting Standards. The Bank, its domestic subsidiary and associate maintain their books of account and prepare their statutory financial statements in Turkish lira based on the Turkish Commercial Code, Banking Law, Capital Markets Board, Banking Regulation and Supervision Agency and Tax Regulations. The foreign subsidiaries and associate maintain their books of account based on statutory rules and regulations applicable in their jurisdiction. The consolidated financial statements are based on the historical cost convention, restated for the effects of inflation and as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts.

In 2001, the Bank adopted IAS 39 "Financial Instruments: Recognition and Measurement". The financial effects of adopting IAS 39 are reported in the consolidated statement of changes in shareholders' equity. Further information is disclosed in accounting policies for derivative financial instruments, trading securities, investment securities, originated loans and provisions for loan impairment and in related notes.

Prior to the adoption of IAS 39, all debt and equity securities, with the exception of trading securities, were measured at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity or cost respectively, providing only for permanent value impairments. IAS 39 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated.

The Bank's reporting currency was changed from US dollars to Turkish lira in 2000 as the Bank's transactions are principally denominated in Turkish lira (Note 2 (t)). Accordingly, the Bank has started to apply IAS 29 ("Financial Reporting in Hyperinflationary Economies") retrospectively, as explained below.

The restatement for changes in the general purchasing power of the Turkish lira as of 31 December 2001 is based on IAS 29, which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be

restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS").

Indices and conversion factors used to restate these consolidated financial statements are given below:

Dates	Index	Conversion factor
31 December 2001	4,951.700	1.000
31 December 2000	2,626.000	1.886
31 December 1999	1,979.500	2.501

The main procedures for the above-mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date, are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors.
- Comparative financial statements are restated in terms of the measuring unit current at the currency purchasing power at the latest balance sheet date.
- All items in the statement of income are restated by applying the monthly conversion factors.
- The effects of inflation on the Bank's net monetary position are included in the statement of income as gain or loss on net monetary position.

(b) Consolidation

Subsidiary undertakings (including special purpose entities "-SPE-"), in which the Bank, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated.

The list of principal subsidiary undertakings is set out below:

Name of subsidiary	Country of incorporation	Shareholding %	
		2001	2000
Ak Yatırım Menkul Değerler A.Ş.	Turkey	99.98	99.98
Ak Receivables Corporation	Cayman Islands	-	-
A.R.T.S. Ltd.	Jersey, Channel Islands	-	-

The principal activities of Ak Yatırım Menkul Değerler A.Ş. are related to brokerage, investment banking and mutual fund management.

Ak Receivables Corporation was established in July 1998 in connection with the issue of trust certificates amounting to US\$250 million. A.R.T.S. Ltd. was established in November 1999 in connection with rising long-term financing amounting to US\$400 million. Both entities have lent the funds raised to the Bank, which controls the SPE's (Note 17).

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank.

(c) Investments in associated companies and other investments

Investments in associated companies are accounted for by the equity method of accounting. These are undertakings in which the Bank has between 20% and 50% of the voting rights, and over which the Bank exercises significant influence, but which it does not control.

Equity accounting involves recognizing in the income statement the Bank's share of the associate's profit or loss for the year. The Bank's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate. Provisions are recorded for long-term impairment in value.

Other investments in which the Bank has less than 20% of the voting rights or over which it does not exercise significant influence were carried at cost, and provisions were recorded for long-term impairment in value before 1 January 2001 (Note 13). Effective from 1 January 2001, due to the adoption of IAS 39, all other investments are classified as available-for-sale equity securities and they are carried at fair values.

(d) Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/affiliated with them, associated companies and other companies within the Sabancı Holdings group are considered and referred to as related parties. A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits, trade finance and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

(e) Investment securities

At 1 January 2001, the Bank adopted IAS 39 and classified its investment securities into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognized at cost. Available-for-sale investment debt and equity securities are subsequently remeasured at fair value based on quoted bid prices, prices quoted by the Central Bank of Turkey in the Official Gazette, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for sale are recognized in the shareholders' equity as "other reserves", unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Prior to the adoption of IAS 39, all investment securities were stated at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity.

Beginning from 1 January 2001, held-to-maturity investments are carried at amortized cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable is included separately in dividend income when a dividend is declared.

All regular way purchases and sales of investment securities are recognized at the trading date, which is the date the Bank commits to purchase or sell the asset. All other purchases and sales are recognized as derivative forward transactions until settlement.

(f) Trading securities

Trading securities are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists. Trading securities are initially recognized at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net trading income. Dividends received are included in dividend income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognized at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise, such transactions are treated as derivatives until settlement occurs.

(g) Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the consolidated financial statements as trading or investment securities or securities originated and the counterparty liability is included in customer deposits. Securities purchased under agreements to resell ("reverse repos") are recorded as due from banks. The difference between sale and repurchase price is treated as interest and accrued evenly over the life of repo agreements using the effective yield method (Note 25).

(h) Income and expense recognition

Income and expenses are recognized on an accrual basis. Commission income and fees for certain banking services such as import and export related services, issuance of letters of guarantee, clearing, brokerage and custody services are recorded as income at the time of effecting the transactions to which they relate.

(i) Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on Treasury bills.

(j) Originated loans and provisions for loan impairment

Loans originated by the Bank by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Bank and are carried at amortised cost. All originated loans are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. The level of the provision is also based on applicable banking regulations. An additional provision for loan impairment is established to cover losses that are judged to be present in the lending portfolio at the balance sheet date, but which have not been specifically identified as such. Prior to the adoption of IAS 39, the provision for loan impairment is based on an analysis of internal credit gradings allocated to borrowers, refined to reflect the economic climate in the markets in which the Bank operates and the realisable value of collateral taken against outstanding exposures.

The provision made during the period is charged against the income for the period. Loans that cannot be recovered are written off and charged against the allowance for loan losses. Such loans are written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year (Note 9).

(k) Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as commitments and contingent liabilities (Note 25).

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

(l) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates.

(m) Property and equipment

All property and equipment carried at historical cost less accumulated depreciation are restated to the equivalent purchasing power at 31 December 2001. Depreciation is calculated over the restated amounts of property and equipment using the straight-line method to write off the restated cost of each asset to its residual value over its estimated useful life, as follows:

Buildings	50 years
Equipment	4 years
Leasehold improvements	7 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, ("higher of net realisable value and value in use") it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditure for the repair and renewal of property and equipment is charged against income. It is, however, capitalised if it results in an enlargement or substantial improvement of the respective assets.

Leasehold improvements comprise primarily the capitalised branch refurbishment costs and are amortised on a straight-line basis over the corresponding lease terms or their estimated useful lives, whichever is shorter.

(n) Accounting for leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to income. Depreciation on the leased asset is also charged to income on a straight-line basis over the lease term or the useful life of the asset, whichever is shorter.

(o) Computer software development costs

Costs associated with developing computer software programmes are recognised as expense as incurred. However, expenditure that enhances and extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

(p) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

The principal temporary differences arise from the restatement of property and equipment over their historical cost, amortised gains on investment securities, provision for loan losses and provision for employment termination benefits.

Deferred tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Bank. Deferred tax assets resulting from temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised (Note 18).

(q) Employment termination benefits

Employment termination benefits represent the present value of the estimated total reserve for the future probable obligation of the Bank arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 20).

(r) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(s) Earnings per share

Earnings per share for each class of shares disclosed in these consolidated statements of income is determined by dividing the net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and each earlier year.

Bonus shares issued during the period were as follows:

Period	Retained earnings	Number of shares issued attributable to transfers to share capital from:	
		Revaluation surplus	Total
31 December 2001	255,283,967,885	44,716,032,115	300,000,000,000
31 December 2000	220,082,167,377	29,917,832,623	250,000,000,000

The earnings attributable to each class of shares have been determined by reference to their effective relative economic interest therein (i.e. their theoretical relative dividend rights assuming that a policy of maximising distributions to each class of shares is followed). The earnings attributable to each class of shares for each period on this basis were as follows:

	2001	2000
Net (loss)/earnings attributable to founders and usufruct shares	(24,392)	36,042
Weighted average number of founders and usufruct shares in issue (TL 1,000 each)	2,538	2,538
Earnings per share (expressed in TL million per share)	(9,611)	14,201
	2001	2000
Net (loss)/earnings attributable to ordinary shares	(211,713)	287,804
Weighted average number of ordinary shares in issue (TL 1,000 each)	800,000,000,000	800,000,000,000
Earnings per share (expressed in TL million per share)	(0.00026)	0.00036

Basic earnings per share are calculated by dividing the net income or loss attributable to shareholders by the weighted average number of shares in issue.

There are no diluted shares and accordingly there are no diluted earnings per share for any class of shares.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

(t) Change in accounting policies

Reporting Currency - Measurement and Presentation of Financial Statements under IAS 21 and IAS 29:

In 2000, the Bank changed its accounting policy with respect to the currency in which the financial statements are measured and presented in order to comply with IASC Interpretation SIC 19, "Reporting Currency - Measurement and Presentation of Financial Statements under IAS 21 and IAS 29". Previously, the Bank had used the US dollar for measuring and presenting items in its financial statements, meaning that transactions in currencies other than the US dollar were treated as transactions in foreign currencies. The Bank now uses the Turkish lira as its measurement currency. The Bank has also changed the currency in which it presents its financial statements from US dollars to the Turkish lira. Accordingly, the Bank has started to apply IAS 29 as explained in detail in Note 2 (a). Consequently, in accordance with the requirements of IAS 8 ("Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies"), the Bank has applied IAS 29 retrospectively.

International Accounting Standard 39:

IAS 39 "Financial Instruments: Recognition and Measurement" has become effective for accounting periods beginning on or after 1 January 2001. The Bank has adopted IAS 39 prospectively. The effects of prospective adoption of IAS 39 on the Bank's retained earnings at 31 December 2000 are as follows:

	Increase/(Decrease) TL billion
Derivative financial instruments	7,572
Available-for-sale securities	(764)
Other financial instruments	(17,462)
	(10,654)

(u) Reporting of cash flows

For the purposes of cash flow statement, cash and cash equivalents include cash, due from banks, trading securities and investment securities with original maturity periods of less than three months (Note 4).

(v) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS

(a) Strategy in using financial instruments

By nature the Bank's activities are principally related to the use of financial instruments including derivatives. The Bank accepts deposits from customers for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above-average margins, net of provisions, through lending to borrowers with a range of credit standing. Such exposures involve not only on-balance sheet loans and advances but also entering into guarantees and other commitments such as letters of credit.

The Bank also trades in financial instruments where it takes positions to take advantage of short-term market movements in the bond markets and in currency and the interest rate. The Board of Directors (the "Board") places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions based upon recommendations from the Assets and Liabilities Committee ("ALCO").

ALCO manages the various departments of the Bank where risk limits apply to ensure that these limits are adhered to. ALCO consists of the Chief Executive Officer and each of the Executive Vice Presidents in charge of the Bank's marketing, lending, treasury, strategy and planning and financial coordination departments. ALCO meets daily to review a report comprising the latest figures on liquidity position, interest rate risk exposures, foreign exchange risk exposure, capital adequacy and the macroeconomic environment. In addition, the so-called "Greater ALCO" is comprised of three Executive Board Members, the Chief Executive Officer and Executive Vice President in charge of Financial Coordination, which meets weekly. The Greater ALCO reviews the latest figures and projections for the Bank's profit and loss accounts and balance sheet, liquidity position, interest and foreign exchange exposures as well as yield analysis and macroeconomic environment.

The objective of the Bank's asset and liability management and use of financial instruments is to limit the Bank's exposure to liquidity risk, interest rate risk and foreign exchange risk, while ensuring that the Bank has sufficient capital adequacy and is using capital to maximise net interest income.

(b) Credit risk

Financial instruments contain an element of risk that the counterparts may be unable to meet the terms of the agreements. The Bank's exposure to credit risk is concentrated in Turkey, where the majority of the activities are carried out. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. The Bank has in place effective credit evaluation, disbursement and monitoring procedures, and those control procedures are supported by senior management. The credit risk is generally diversified due to the large number of entities comprising the customer bases and their dispersion across different industries (Notes 9 and 25).

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

(c) Market risk

The Bank considers currency risk and interest rate risk as the most important constituents of market risk. The limit structure for such risks is designed by considering the capital structure of the Bank. Currency and interest rate risks are analysed both on a portfolio and on a product basis.

(d) Currency risk

Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities and the remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. The Board sets a limit for the size of foreign exchange exposure, which is closely monitored by ALCO.

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2001 and 2000. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by currency.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

	US\$	EUR	2001 Other	TL	Total
Cash and due from banks	891,827	983,786	83,558	1,838,370	3,797,541
Trading and investment securities	664,681	382,275	50,458	1,233,322	2,330,736
Derivative financial instruments	2,351	2,522	981	69	5,923
Reserve deposits with the Central Bank of Turkey	599,478	172,790	4,164	90,208	866,640
Originated loans:					
- Loans and advances to customers	3,373,264	569,750	528	720,020	4,663,562
- Securities	3,385,583	521,628	-	845,151	4,752,362
Investments in associated companies	-	-	96,581	31,894	128,475
Property and equipment	-	5,001	-	408,960	413,961
Other assets and prepayments	2,502	5,659	488	84,737	93,386
Total assets	8,919,686	2,643,411	236,758	5,252,731	17,052,586
Customer deposits	6,074,995	2,668,300	272,300	3,142,469	12,158,064
Derivative financial instruments	1,377	1,477	575	40	3,469
Interbank money market deposits, funds borrowed and debt securities in issue	2,479,901	25,807	-	25,902	2,531,610
Income taxes payable	-	-	-	129,075	129,075
Deferred tax liabilities	-	-	-	43,430	43,430
Other liabilities and accrued expenses	157,671	20,189	5,051	116,050	298,961
Reserve for employment termination benefits	-	-	-	16,866	16,866
Total liabilities	8,713,944	2,715,773	277,926	3,473,832	15,181,475
Net balance sheet position	205,742	(72,362)	(41,168)	1,778,899	1,871,111
Off-balance sheet derivative instruments net position	(183,880)	102,048	79,627	8,697	6,492

TL177 billion of net forward currency and swap purchase transactions outstanding at 31 December 2001 have been made with related parties (Note 25).

At 31 December 2001, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1,446,638 = US\$1 and TL1,281,287 = EUR1.

	2000					
	US\$	DM	EUR	Other	TL	Total
Cash and due from banks	870,337	485,427	45,347	-	3,900,209	5,301,320
Trading and investment securities	573,192	-	-	51,615	2,298,850	2,923,657
Derivative financial instruments	-	-	-	-	-	-
Reserve deposits with the Central Bank of Turkey	425,715	106,351	2,994	-	78,552	613,612
Originated loans:						
- Loans and advances to customers	2,127,091	311,509	455,351	24,547	1,854,893	4,773,391
- Securities	-	-	-	-	-	-
Accrued interest receivable	56,430	8,264	12,080	652	291,084	368,510
Investment in associates and other investments	-	6,940	80,799	-	78,182	165,921
Property and equipment	-	2,587	-	-	342,148	344,735
Other assets and prepayments	9,270	-	-	192,202	-	201,472
Total assets	4,062,035	921,078	596,571	269,016	8,843,918	14,692,618
Customer deposits	3,633,229	782,744	277,646	614,655	3,863,027	9,171,301
Derivative financial instruments	-	-	-	-	-	-
Interbank money market deposits, funds borrowed and debt securities in issue	1,581,126	2,991	1,023,533	-	82,443	2,690,093
Accrued interest payable	82,935	12,497	20,695	9,776	109,722	235,625
Income taxes payable	-	-	-	-	166,818	166,818
Deferred tax liabilities	-	-	-	-	35,358	35,358
Other liabilities and accrued expenses	39,620	75	25,649	-	74,244	139,588
Reserve for employment termination benefits	-	-	-	-	25,665	25,665
Total liabilities	5,336,910	798,307	1,347,523	624,431	4,357,277	12,464,448
Net balance sheet position	(1,274,875)	122,771	(750,952)	(355,415)	4,486,641	2,228,170
Off-balance sheet derivative instruments net position	1,420,256	-	801,687	32,026	(2,343,005)	(89,036)

TL2,264,246 billion of net forward currency and swap purchase transactions outstanding at 31 December 2000 were made with related parties (Note 25).

At 31 December 2000, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL667,400 = US\$1, TL620,626 = EUR1 and TL317,125 = DM1.

(e) Interest rate risk

The Bank is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest-sensitive assets and liabilities. In Turkey, the interest rates are highly volatile. Therefore, interest rate risk is the key component of the Bank's asset and liability management. Interest rate risk is managed on a portfolio basis by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Special emphasis is given to providing a balance between the duration of assets and liabilities. Duration, gap and sensitivity analysis are the main methods used to manage the risks.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

		2001				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
Cash and due from banks	3,432,846	-	-	-	364,695	3,797,541
Trading and investment securities	181,805	1,828,401	248,250	-	72,280	2,330,736
Derivative financial instruments	-	-	-	-	5,923	5,923
Reserve deposits with the Central Bank of Turkey	90,208	-	-	-	776,432	866,640
Originated loans:						
- Loans and advances to customers	2,025,827	2,128,776	507,504	1,406	49	4,663,562
- Securities	1,205,833	3,172,456	374,073	-	-	4,752,362
Investments in associated companies	-	-	-	-	128,475	128,475
Property and equipment	-	-	-	-	413,961	413,961
Other assets and pre-payments	-	-	-	-	93,386	93,386
Total assets	6,936,519	7,129,633	1,129,827	1,406	1,855,201	17,052,586
Customer deposits	9,787,598	531,910	160,043	22,870	1,655,643	12,158,064
Derivative financial instruments	-	-	-	-	3,469	3,469
Interbank money market deposits, funds borrowed and debt securities in issue	2,399,227	129,106	3,277	-	-	2,531,610
Income taxes payable	-	-	-	-	129,075	129,075
Other liabilities and accrued expenses	-	-	-	-	298,961	298,961
Deferred tax liabilities	-	-	-	-	43,430	43,430
Reserve for employment termination benefits	-	-	-	-	16,866	16,866
Total liabilities	12,186,825	661,016	163,320	22,870	2,147,444	15,181,475
Net repricing period gap	(5,250,306)	6,468,617	966,507	(21,464)	(292,243)	1,871,111

The tables below summarise the range for effective interest rates by major currencies for monetary financial instruments at 31 December:

	2001		
	US\$ (%)	EUR (%)	Turkish lira (%)
Assets			
Cash and due from banks:			
- Time deposits in foreign banks	1.93	3.69	-
- Time deposits in domestic banks	2.75	-	59.00
- Interbank money market placements	3.51	4.69	62.00
Reserve deposits with the Central Bank of Turkey	-	-	40.00
Trading securities - debt securities	10.41	9.72	63.79
Originated loans:			
- Loans and advances to customers	8.31	7.41	75.98
- Securities	10.10	9.51	69.35
Investment securities:			
- Available-for-sale debt securities	10.07	8.00	-
- Held-to-maturity	-	-	-
Liabilities			
Customer deposits	3.40	4.39	57.24
Interbank money market deposits	-	-	-
Funds borrowed	4.03	3.69	50.90
Debt securities in issue	4.21	-	-

	2000			
	US (%)	DM (%)	EUR (%)	Turkish lira (%)
Assets				
Cash and due from banks:				
- Time deposits in foreign banks	6.50	-	4.95	-
- Time deposits in domestic banks	24.53	-	-	64.18
- Interbank money market placements	31.02	-	30.17	-
Trading securities - debt securities	-	-	-	44.44
Loans	10.45	8.78	10.61	96.33
Investment securities	12.19	-	-	38.49
Liabilities				
Customer deposits	9.49	7.58	7.58	77.18
Interbank money market deposits	-	-	-	110.00
Funds borrowed	7.81	6.05	5.41	23.00
Debt securities in issue	9.30	-	-	-

(f) Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees. A major objective of the Bank's asset and liability management is to ensure that sufficient liquidity is available to meet the Bank's commitments to customers and to satisfy the Bank's own liquidity needs. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. The Board sets limits on the maturity mismatch of assets and liabilities and these limits are changed as necessary.

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity dates.

	Up to 3 months	3 months to 1 year	2001 1 year to 5 years	Over 5 years	No maturity	Total
Cash and due from banks	3,432,846	-	-	-	364,695	3,797,541
Trading and investment securities	181,805	1,828,401	248,250	-	72,280	2,330,736
Derivative financial instruments	4,787	1,136	-	-	-	5,923
Reserve deposits with the Central Bank of Turkey	866,640	-	-	-	-	866,640
Originated loans:						
- Loans and advances to customers	1,281,751	1,555,118	1,775,944	50,700	49	4,663,562
- Securities	31,714	2,199,107	2,521,541	-	-	4,752,362
Investments in associated companies	-	-	-	-	128,475	128,475
Property and equipment	-	-	-	-	413,961	413,961
Other assets and pre-payments	84,112	9,274	-	-	-	93,386
Total assets	5,883,655	5,593,036	4,545,735	50,700	979,460	17,052,586
Customer deposits	9,787,598	531,910	160,043	22,870	1,655,643	12,158,064
Derivative financial instruments	2,804	665	-	-	-	3,469
Interbank money market deposits, funds borrowed and debt securities in issue	422,104	1,123,711	895,379	90,416	-	2,531,610
Income taxes payable	-	129,075	-	-	-	129,075
Other liabilities and accrued expenses	151,218	2,383	145,360	-	-	298,961
Deferred tax liabilities	-	-	43,430	-	-	43,430
Reserve for employment termination benefits	-	-	-	-	16,866	16,866
Total liabilities	10,363,724	1,787,744	1,244,212	113,286	1,672,509	15,181,475
Net liquidity gap	(4,480,069)	3,805,292	3,301,523	(62,586)	(693,049)	1,871,111

Management believes that in spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of the Bank indicate that these deposits will provide a long-term and stable source of funding for the Bank. The major part of mandatory cash balances with the Central Bank of Turkey are included within the "up to three months" column as the majority of liabilities to which these balances relate are also included in this category.

	2000					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	Total
Cash and due from banks	4,668,798	295,903	-	-	336,619	5,301,320
Trading and investment securities	248,393	2,086,455	577,283	4,365	7,161	2,923,657
Reserve deposits with the Central Bank of Turkey	613,612	-	-	-	-	613,612
Originated loans:						
- Loans and advances to customers	1,973,927	1,259,350	1,540,114	-	-	4,773,391
- Securities	-	-	-	-	-	-
Accrued interest receivable	251,374	58,853	58,283	-	-	368,510
Investments in associated companies and other investment	-	-	-	-	165,921	165,921
Property and equipment	-	-	-	-	344,735	344,735
Other assets and pre-payments	200,880	552	40	-	-	201,472
Total assets	7,956,984	3,701,113	2,175,720	4,365	854,436	14,692,618
Customer deposits	7,106,943	778,471	48,030	-	1,237,857	9,171,301
Interbank money market deposits	63,146	-	-	-	-	63,146
Funds borrowed	735,059	1,159,750	460,235	-	-	2,355,044
Debt securities in issue	11,355	35,795	224,753	-	-	271,903
Accrued interest payable	131,011	77,981	26,633	-	-	235,625
Income taxes payable	-	166,818	-	-	-	166,818
Deferred tax liabilities	-	-	35,358	-	-	35,358
Other liabilities and accrued expenses	129,544	552	44	-	9,448	139,588
Reserve for employment termination benefits	-	-	-	-	25,665	25,665
Total liabilities	8,177,058	2,219,367	795,053	-	1,272,970	12,464,448
Net liquidity gap	(220,074)	1,481,746	1,380,667	4,365	(418,534)	2,228,170

(g) Operational risk

The most comprehensive meaning of operational risk is considered to be any risk which is not classified as market and credit risk. In managing operational risk, increasing the skills of the staff, improving the job technology and job definitions, establishing the necessary internal controls and various insurances are employed as main methods.

(h) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Bank using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realise in a current market exchange.

A market does not presently exist for term loans and deposits which would facilitate obtaining prices for comparative instruments, and if sold or settled prior to their stated maturity dates, these instruments would bear transaction costs

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

in the form of fees or discounts. Accordingly, fair value has not been computed for these instruments and net book amounts are considered to be a reasonable estimate of the fair value. Balances denominated in foreign currencies are translated at period/year-end exchange rates.

The following methods and assumptions were used to estimate the fair value of The Bank's financial instruments:

(i) Financial assets

The fair values of certain financial assets carried at cost, including cash and balances with the Central Bank of Turkey, due from other banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The fair value of investment securities has been estimated based on market prices at balance sheet dates (Note 10).

The carrying value of loans and advances to customers, along with the related allowances for uncollectability, is considered to approximate their fair value.

(ii) Financial liabilities

The fair values of deposits from banks and customers and other short-term borrowed funds are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are in principle at variable rates and denominated in foreign currencies, are translated at period-end exchange rates and accordingly their fair values approximate their carrying values.

(iii) Derivative financial instruments

The fair values of forward foreign exchange contracts and currency/interest rate swaps have been estimated based on quoted market rates prevailing at the balance sheet date (Notes 6 and 25).

(i) Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments, are initially recognized in the balance sheet at cost (including transaction costs) and are subsequently remeasured at their fair value. All derivative financial instruments are classified as held for trading. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2001. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives held for trading are included in net trading income.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

Prior to the adoption of IAS 39, derivative instruments were not recognised on the balance sheet. Gains and losses on forward foreign exchange contracts were calculated by valuing the contract with the spot exchange rate prevailing on the balance sheet date and comparing that with the original amount calculated on a straight line basis by using the spot rate prevailing at the beginning of the contracts. Gains and losses on interest rate swaps used for hedging purposes were recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps were included in the interest income and expense as appropriate.

NOTE 4 - CASH AND DUE FROM BANKS

	2001	2000
Cash funds:		
Cash on hand	209,164	184,991
Purchased cheques	636	1,113
	209,800	186,104
Current accounts and demand deposits:		
The Central Bank of Turkey	44,223	8,795
Foreign banks	109,403	141,705
Domestic banks	1,270	15
	154,896	150,515
Time deposits:		
Foreign banks	1,463,082	581,384
Domestic banks	298,033	3,830,125
	1,761,115	4,411,509
Interbank money market placements	1,671,730	553,192
Total cash and due from banks	3,797,541	5,301,320

At 31 December 2001, time deposits with domestic banks include securities obtained through agreements to resell (reverse repos) in the amount of TL293,380 billion (2000: TL413,616 billion).

Assets pledged as off-shore cash reserve and payment accounts in connection with long-term securitised borrowings from foreign institutions in the amount of US\$544 million (2000: US\$469 million), issue of trust certificates in the amount of US\$279 million (2000: US\$216 million) and various other borrowings received (Note 17) in time deposits in foreign banks are as follows:

	2001	2000
Long-term securitised borrowings	83,898	73,343
Debt securities in issue	23,021	17,745
Other	38,477	25,176
	145,396	116,264

Cash and cash equivalents included in the statements of cash flows for the year ended 31 December is as follows:

	2001	2000
Cash and due from banks		
excluding accrued interest	3,783,031	5,301,319
Trading and investment securities		
with original maturities		
of less than three months		
excluding accrued interest	-	225,475
	3,783,031	5,526,794

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

Due from banks includes the following related party bank balances:

	Type of Deposits	2001	2000
Sabancı Bank plc	Demand	1,964	6,876
	Time	3,772	-
BNP-AK-Dresdner Bank A.Ş.	Demand	1	1
Total due from related party banks		5,737	6,877

NOTE 5 - TRADING SECURITIES

The breakdown of trading securities is as follows:

	2001	2000
Treasury bills	810,961	2,353
Government bonds denominated in foreign currency	692,235	-
Government bonds	374,539	1,498,756
Eurobonds	233,234	-
Share certificates	9,432	2,368
	2,120,401	1,503,477

Government bonds and Treasury bills include securities pledged under repurchase agreements with customers amounting to TL166,300 billion (2000: -).

As explained in more detail in Note 16, US\$69.9 million (TL101,075 billion) of the government bonds denominated in foreign currency have been purchased through various auction procedures in exchange for foreign currency deposits from banks put under the management of Savings Deposits Insurance Fund ("SDIF").

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments:

"Currency forwards" represents commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. "Foreign currency futures" are contractual obligations to receive or pay a net amount based on changes in currency rates or to buy or sell foreign currency at a future date at a specified price established in an organised financial market. Since future contracts are collateralised by cash or marketable securities and changes in the future contract value are settled daily with the exchange rate, the credit risk is negligible.

"Currency and interest rate swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates. Except for certain currency swaps, no exchange of principal takes place. The Bank's "credit risks" represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The

derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table.

		2001	
	Contract/notional amount	Fair values	
		Assets	Liabilities
Derivatives held for trading:			
Foreign exchange derivatives			
Currency forwards	164,360	209	117
Currency swaps	522,995	2,192	2,605
Total over-the-counter derivatives	687,355	2,401	2,722
Interest rate derivatives			
Interest rate swaps	48,271	3,522	747
Total derivative assets/(liabilities) held for trading	735,626	5,923	3,469

NOTE 7 - RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY

	2001	2000
Reserve deposits	866,640	613,612

Reserve deposits represent the minimum deposits maintained with the Central Bank of Turkey, as required by the Turkish Banking Law, calculated on the basis of customer deposits taken at the rates determined by the Central Bank of Turkey. In accordance with the current legislation, the reserve deposit rates for Turkish lira and foreign currency deposits are 4% (2000: 6%) and 11% (2000: 11%), respectively. These reserve deposit rates are applicable to both time and demand deposits.

As explained in Note 16, in December 2001, the Bank purchased foreign currency denominated deposits amounting to US\$703 million (TL 1,016,830 billion) from various banks in the SDIF by participating in various auction procedures. The reserve deposit rates for such deposits range from 1-11%.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 8 - LIQUIDITY REQUIREMENTS

Turkish banking regulations require that banks maintain minimum amounts of cash-on-hand, deposits with the Central Bank of Turkey and government bonds in their portfolio against their liabilities computed on the basis of certain ratios prescribed in the related regulations. The Bank is in conformity with the following liquidity requirements at 31 December:

	<u>Applicable for 2001</u>	<u>Applicable for 2000</u>
Turkish lira deposits	4% government bonds 2% cash 2% deposits in call account	4% government bonds 2% cash 2% deposits in call account
Turkish lira liabilities	6% deposits in call account 4% government bonds 2% cash	8% deposits in call account 4% government bonds 2% cash
Foreign currency deposits	1% government bonds 2% cash	1% government bonds 2% cash
Foreign currency liabilities	11% deposits in call account 1% government bonds 2% cash	11% deposits in call account 1% government bonds 2% cash

NOTE 9 - ORIGINATED LOANS

Loans and advances to customers:

	2001	2000
Project finance loans	1,210,358	282,930
Telecommunications	697,434	471,995
Financial institutions	333,850	531,052
Consumer loans and credit cards	331,215	828,182
Food and beverages	281,702	202,250
Automotive	279,447	199,627
Chemicals	279,038	444,763
Small-scale retailers	243,933	249,659
Textiles	175,270	198,550
Steel and mining	171,277	103,116
Construction	144,327	182,496
Electronics	71,730	102,935
Agriculture and forestry	37,842	283,999
Tourism	2,519	40,396
Other	328,652	688,630
Performing loans	4,588,594	4,810,580
Non-performing loans	88,865	89,394
Total loans and advances to customers	4,677,459	4,899,974
Accrued interest receivable	104,099	-
Allowance for loan losses	(117,996)	(126,583)
Net loans and advances to customers	4,663,562	4,773,391

Project finance loans represent long-term loans extended in relation to the infrastructural constructions under the management and guarantee of the Undersecretariat of the Treasury of the Turkish Republic.

The allowance for loan losses comprises amounts in respect of specifically identified loans plus a further amount considered adequate to cover the inherent risk of loss present in lending relationships.

Movements in the provision for loan losses for the year ended 31 December are as follows:

	2001	2000
Balance at beginning of year	126,583	92,739
- Gross provisions	102,442	63,628
- Recoveries	(24,352)	(33,154)
- Written-off	(5,550)	(2,738)
Net specific provision for the year	72,540	27,736
Net additional provision for the year	4,497	32,600
Monetary gain	(85,624)	(26,492)
Balance at end of year	117,996	126,583

The aggregate amount of non-performing loans on which interest is not being accrued amounted to TL88,865 billion at 31 December 2001 (2000: TL89,394 billion).

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

Loans and advances to related parties are as follows:

	2001	2000
Loans and advances to related parties	504,837	631,285
Less: Cash collateral provided	(149,284)	-
Net loans and advances to related parties	355,553	631,285

Loans and advances to related parties were negotiated on the same basis as loans to unrelated customers.

The counterparty basis breakdown of net loans and advances to related parties is as follows at 31 December 2001:

Related party name	Loan balance	Major foreign partner, if any	% of foreign ownership, if any
Carrefour Sabancı Ticaret Merkezi A.Ş.	18,877	Centre de Coordination Carrefour SNC	60
- Loans	168,161		
- Less: Cash collateral provided	(149,284)		
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	74,205	-	-
Kordsa Sabancı Dupont Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.	51,433	E.I. Dupont	42
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	46,793	-	-
Pilsa Plastik Sanayi ve Ticaret A.Ş.	27,846	-	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	17,458	-	-
Sakosa Sabancı ve Kosa İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.	14,755	-	-
Sapeksa Mensucat ve Toprak Mahsulleri Sanayi Ticaret A.Ş.	12,671	-	-
Dupont Sabancı International LLC	10,850	E.I. Dupont	50
Kraftsa Kraft Sabancı Gıda Pazarlama ve Ticaret A.Ş.	10,836	Kraft Foods International	51
Marsa Kraft Jacobs Suchard Sabancı Gıda Sanayi ve Ticaret A.Ş.	9,318	Kraft Foods International	49
Teknosa İç ve Dış Ticaret A.Ş.	7,725	-	-
Toyotasa Toyota Sabancı Pazarlama ve Satış A.Ş.	7,284	Toyota Motor Co., Mitsui and Co. Ltd.	35
Enerjisa Enerji Üretim A.Ş.	6,295	E.I. Dupont, CBR International Holdings B.V., Bridgestone Co., Bekaert	15
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	6,113	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	5,787	CBR International Holdings B.V.	40
Danonesa Tikveşli Süt Ürünleri Sanayi ve Ticaret A.Ş.	4,272	Danone	50
İnsa İstanbul Naylor Sanayi A.Ş.	3,742	-	-
Interkordsa GmbH	1,949	E.I. Dupont	34
Akkardansa Sanayi ve Ticaret A.Ş.	1,586	-	-
Sasa Suni Sentetik Elyaf Sanayi A.Ş.	1,147	E.I. Dupont	41
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	1,000	Bridgestone Co.	43
Others	13,611	-	-
Net loans and advances to related parties	355,553		

Accordingly, a substantial portion of net related party loans and advances is granted to the Sabancı Group companies with foreign partnership as shown below:

	2001		2000	
	Amount	%	Amount	%
Provided to Sabancı Group companies with foreign partnership	140,621	40	166,231	26
Provided to other related parties	214,932	60	465,054	74
Net related party loans and advances	355,553	100	631,285	100

As at 31 December 2001, total interest income earned from related parties is TL133,744 billion (2000: TL162,329 billion).

Loans and advances to the public sector and private sector are as follows:

	2001	2000
Public sector (including State Economic Enterprises)	1,651,570	1,096,050
Private sector	3,025,889	3,803,924
Total loans and advances to customers	4,677,459	4,899,974

Securities:

	2001	2000
Government bonds denominated in foreign currency	2,074,120	-
Foreign currency indexed government bonds	1,660,916	-
Government bonds	771,301	-
Other bonds	245,995	-
Treasury bills	30	-
Total originated securities	4,752,362	-

Government bonds and Treasury bills include securities pledged under repurchase agreements with customers amounting to TL194,322 billion (2000: -).

As explained in more detail in Note 16, US\$639.7 million (TL925,459 billion) of the government bonds denominated in foreign currency have been purchased in various auction procedures in exchange for foreign currency deposits from banks put under the management of SDIF.

As explained in various paragraphs in Note 2, the Bank applied IAS 39 for the first time effective from 1 January 2001 and accordingly all originated securities were classified as held-to-maturity securities in the previous year.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 10 - INVESTMENT SECURITIES

	2001	2000
Securities available-for-sale:		
Debt securities		
- Eurobonds	18,401	-
- Government bonds denominated in foreign currency	95,850	-
Equity securities		
- Listed	7,809	-
- Unlisted	64,471	-
Total securities available-for-sale	186,531	-
Securities held-to-maturity:		
Debt securities		
- Government bonds	287	782,360
- Treasury bills	-	13,013
- Government bonds denominated in foreign currency	-	421,767
- Eurobonds	-	20,491
- Other foreign currency bonds	23,517	182,549
Total securities held-to-maturity	23,804	1,420,180
Total investment securities	210,335	1,420,180

Government bonds and Treasury bills include securities pledged under repurchase agreements with customers amounting to TL654,621 billion at 31 December 2000.

Eurobonds and other foreign currency bonds amounting to TL41,918 billion (2000: TL19,411 billion) have been pledged as collateral with financial institutions.

The fair values of securities held-to-maturity amount to TL22,984 billion (2000: TL1,311,122 billion).

As explained in various paragraphs in Note 2, the Bank applied IAS 39 for the first time effective from 1 January 2001 and accordingly none of the securities were classified as "available-for-sale" in the previous periods. Also, as explained in Note 2 (e) unrealised gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognised as "other reserves" in the shareholders' equity unless there is a permanent decline in the fair values of such assets, which are charged to the income statement.

The breakdown of available-for-sale equity securities at 31 December 2001 is as follows:

	Share (%)	Carrying amount	Business
Listed:			
Ak Yatırım Ortaklığı A.Ş.	45.62	3,627	Investment management
Sinai Yatırım Bankası A.Ş.	8.00	2,112	Investment banking
Türkiye Sinai Kalkınma Bankası A.Ş.	5.72	2,070	Investment banking
		7,809	
Unlisted:			
Akbank International N.V.	100.00	34,179	Banking
Temsa Termo Mekanik Sanayi ve Tic. A.Ş.	14.89	10,918	Automotive
Ak Ödeme Sistemleri A.Ş.	99.99	6,995	Service
Akhayat Sigorta A.Ş.	70.52	5,307	Life insurance
Ak Portföy Yönetimi A.Ş.	99.99	2,116	Portfolio management
Aknet Bilgi İşlem San. ve Tic. A.Ş.	99.99	903	Information technology
Ak İnternet Elektronik Ticaret Hizmetleri A.Ş.	75.00	814	Internet trade services
Ak Global Funding B.V.	100.00	31	Finance
Other	-	3,208	
		64,471	

Akbank International N.V. was established in December 2000 as a banking subsidiary in the Netherlands. Its operations had not fully commenced as at 31 December 2001. In December 2001, the Bank has purchased majority shares of Akhayat Sigorta A.Ş., the life insurance company. Ak Ödeme Sistemleri A.Ş., Akhayat Sigorta A.Ş., Ak Portföy Yönetimi A.Ş., Aknet Bilgi İşlem San. ve Tic. A.Ş., Ak İnternet Elektronik Ticaret Hizmetleri A.Ş. and Ak Global Funding B.V. are not consolidated due to immateriality. Similarly, Ak Yatırım Ortaklığı A.Ş. is not accounted under the equity method of accounting due to immateriality.

NOTE 11 - ACCRUED INTEREST RECEIVABLE

	2001	2000
Accrued interest income on bank placements	-	231,210
Accrued interest income on loans	-	135,863
Other accrued interest income	-	1,437
	-	368,510

As explained in various paragraphs in Note 2, effective from 1 January 2001, due to the adoption of IAS 39, all accrued interest receivables are classified over the related balance sheet items.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 12 - INVESTMENTS IN ASSOCIATED COMPANIES

The list of associates is as follows:

	Share (%)	2001	2000
Sabancı Bank plc	37.00	96,581	80,747
BNP-AK-Dresdner Bank A.Ş.	39.99	31,894	36,693
		128,475	117,440

The Bank does not exert control over the financial and operating policy decisions of the above companies.

Where necessary, the accounting policies used by the associates have been changed to ensure consistency with the policies adopted by the Bank.

NOTE 13 - OTHER INVESTMENTS

	2001	2000
- Listed	-	40,694
- Unlisted	-	26,698
Diminution in value of other investments	-	(18,911)
	-	48,481

As explained in Note 2 (c), effective from 1 January 2001, due to the adoption of IAS 39, all other investments are classified as available-for-sale equity securities, and are carried at fair values.

NOTE 14 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment and vehicles	Constructions in progress	Leasehold improvements	Total
At 31 December 2000					
Cost	329,700	334,065	10,361	8,853	682,979
Accumulated depreciation	(66,029)	(267,681)	-	(4,534)	(338,244)
Net book amount	263,671	66,384	10,361	4,319	344,735
Year ended 31 December 2001					
Opening net book amount	263,671	66,384	10,361	4,319	344,735
Additions	48,408	65,179	24,421	7,236	145,244
Disposals	(1,287)	(173)	(24,600)	-	(26,060)
Depreciation charge	(11,693)	(36,388)	-	(1,877)	(49,958)
Closing net book amount	299,099	95,002	10,182	9,678	413,961
At 31 December 2001					
Cost	376,468	382,141	10,182	16,089	784,880
Accumulated depreciation	(77,369)	(287,139)	-	(6,411)	(370,919)
Net book amount	299,099	95,002	10,182	9,678	413,961

Since 1984, using an option granted by the Turkish Tax Legislation, the Bank has revalued, in its statutory books of account, property and equipment that have been in use for more than a year (excluding land, which is not revaluable), and the related accumulated depreciation at each year-end, by using the rates and procedures prescribed by the related legislation. The related increases in the net book values of the assets are included in shareholders' equity as revaluation surplus in the statutory records. The Bank may use the revaluation surplus for issuance of bonus shares to existing shareholders.

All entries related to such revaluation, which were recorded in the Bank's statutory books of account, have been eliminated in these consolidated financial statements as part of the restatement process referred to in Note 2 (a).

NOTE 15 - OTHER ASSETS AND PRE-PAYMENTS

The principal components of other assets and pre-payments are as follows:

	2001	2000
Customer cheques at clearing house	36,797	142,378
Pre-payments	23,987	18,525
Receivables from credit card payments	7,696	12,408
Insurance premium receivables	2,230	3,124
Other	22,676	25,037
	93,386	201,472

NOTE 16 - CUSTOMER DEPOSITS

The breakdown of deposits according to type and maturity is as follows:

	2001			2000		
	Demand	Time	Total	Demand	Time	Total
Savings deposits	991,249	7,995,438	8,986,687	804,072	5,694,154	6,498,226
Funds deposited under repurchase agreements	-	649,808	649,808	-	1,021,672	1,021,672
Commercial deposits	619,042	1,508,539	2,127,581	417,306	477,665	894,971
Bank deposits	3,996	280,846	284,842	5,706	689,865	695,571
Other	41,356	67,790	109,146	10,773	50,088	60,861
	1,655,643	10,502,421	12,158,064	1,237,857	7,933,444	9,171,301

The Bank has undertaken various business transactions with Sabancı Holding group companies and other related parties during the year. At 31 December 2001, deposits of TL773,488 billion (2000: TL891,498 billion) were from Sabancı Holding group companies and other related parties. The total interest expense paid to related party deposits is TL361,091 billion (2000: TL190,026 billion) for the year ended 31 December 2001.

The deposits in banks put under management of the SDIF as stipulated in decision numbered 334 of the SDIF's Board of Directors are transferred to other commercial banks through various auction procedures. Accordingly, in December 2001, the Bank purchased foreign currency denominated deposits amounting to US\$703 million (TL1,016,830 billion) from various banks, which are under the management of the SDIF. The Bank has obtained government bonds denominated in foreign currency in the amount of US\$706 million (TL1,021,326 billion) in exchange of deposits purchased, by participating in two auctions. As at 31 December 2001, the carrying amount of such bonds is US\$709.6 million (TL1,026,534 billion) and the portion of US\$639.7 million (TL925,459 billion) is included in "Originated loans - securities" (Note 9); while the remaining portion of US\$69.9 million (TL101,075 billion) is included in "Trading securities" (Note 5).

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 17 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE

	2001	2000
Interbank money market deposits		
- Turkish lira	-	52,630
- Foreign currency	-	10,516
Interbank money market deposits	-	63,146
Domestic banks		
- Turkish lira	25,902	29,813
- Foreign currency	20,692	20,524
Foreign institutions	2,078,380	2,304,707
Funds borrowed	2,124,974	2,355,044

Interbank money market deposits represent borrowings from the Interbank money market regulated by the Central Bank of Turkey.

Funds borrowed from domestic banks represent funds obtained from Turkish Eximbank to finance certain export loans given to customers, under prevailing regulations.

As at 31 December 2001, funds borrowed from foreign institutions include two syndicated credit facilities, the first of which in the amount of US\$350 million (TL506,323 billion) with an interest rate of LIBOR + 0.8% provided by 44 international banks with Deutsche Bank Luxembourg acting as agent, matures on 20 September 2002; and the second of which in the amount of US\$230 million (TL332,727 billion) with an interest rate of LIBOR + 0.8% provided by 29 international banks with Sumitomo Mitsui Banking Corporation acting as agent, matures on 24 December 2002. As at 31 December 2000, funds borrowed from foreign institutions included two syndicated credit facilities, the first of which in the amount of US\$400 million (TL503,487 billion) with an interest rate of LIBOR + 0.5% with Deutsche Bank Luxembourg acting as agent matured on 2 July 2001; and the second of which in the amount of US\$350 million (TL440,551 billion) with an interest rate of LIBOR + 0.5% with Deutsche Bank Luxembourg acting as agent, matured on 19 October 2001.

In November 1999, the Bank finalised a structured finance deal of US\$400 million by securitising its foreign currency denominated present and future remittances (international payment orders, cash against goods, letter of credit reimbursement rights, cash against documents and other amounts in deposit accounts). In June 2000, US\$100 million and in September 2001, US\$200 million were added as further advances to the same deal. The maturity dates of the amounts included in the funds borrowed from foreign institutions are as follows: the maturity date of the first two tranches in the amount of US\$500 million is September 2004 and the maturity date of the third tranche in the amount of US\$200 million is September 2006. The interest rate for the first tranche of US\$400 million is LIBOR + 3%, the rate for the second tranche of US\$100 million is LIBOR + 2.5% and the rate for the third tranche of US\$200 million is LIBOR + 0.5%. At 31 December 2001, the outstanding principal amount of the securitisation deal amounts to US\$544 million after the repayment of US\$125 million during 2001 and the repayment of US\$31 million during 2000.

The repayment schedule of this structured finance deal is as follows:

	2001		2000	
	US\$ (000)	TL billion	US\$ (000)	TL billion
2001	-	-	125,000	157,310
2002	125,000	180,830	125,000	157,310
2003	141,666	204,940	125,000	157,310
2004	160,417	232,065	93,750	117,983
2005	66,667	96,443	-	-
2006	50,000	72,332	-	-
Accrued interest payable		1,239		-
Total	543,750	787,849	468,750	589,913

Debt securities in issue

In July 1998, the Bank securitised its foreign currency denominated present and future credit card receivables for the issue of certificates amounting to US\$250 million in total. The maturity date of the issue is July 2005, and the interest rate is LIBOR + 2.5%. In March 2001, a second tranche of US\$100 million was raised through additional issue of trust certificates. The maturity date of the new issue is January 2008 and the interest rate is LIBOR + 0.5%. At 31 December 2001, the outstanding principal balance of trust certificates is US\$279 million, after the repayment of US\$37 million during 2001 and the repayment of US\$34 million in 2000. The repayment schedule of the trust certificates in issue is as follows:

	2001		2000	
	US\$ (000)	TL billion	US\$ (000)	TL billion
2001	-	-	37,466	47,150
2002	41,356	59,827	41,356	52,045
2003	45,650	66,039	45,650	57,450
2004	50,389	72,895	50,389	63,416
2005	41,196	59,596	41,196	51,842
2006	37,500	54,249	-	-
2007	50,000	72,331	-	-
2008	12,500	18,083	-	-
Accrued interest payable		3,616		-
Total	278,591	406,636	216,057	271,903

NOTE 18 - TAXATION

	2001	2000
Income taxes currently payable	231,784	234,712
Prepaid taxes	(102,709)	(67,894)
Income taxes payable	129,075	166,818
Deferred tax assets	6,421	16,523
Deferred tax liabilities	(49,851)	(51,881)
Deferred tax assets/(liabilities)-net	(43,430)	(35,358)

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

Effective from 1 January 1999, corporation tax at the rate of 33% including 10% fund levy is payable on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and investment and other allowances.

Income exempt from corporation tax (except dividend income received from Turkish Companies) is subject to withholding tax at the rate of 16.5% or 19.8% regardless of whether the profits are distributed.

Dividends paid by the Bank are subject to a withholding tax calculated on the gross dividend at the rate of 16.5% for private companies and 5.5% for quoted companies to be paid by the Bank to the tax office on behalf of the related shareholders out of the distributed amount. An increase in capital using distributable profit or by issuing bonus shares is not considered as a profit distribution and thus there is no withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 15th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or set off against other liabilities to the government.

Capital gains derived from the sale of participation shares and immovables held for not less than two years are tax exempt on the condition that such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures and projected capital expenditures for the following year are eligible for investment allowance incentives. Such allowances are available to companies for specific capital expenditures and are deductible from taxable income prior to the calculation of the corporate income tax. Investment allowance incentives utilised are subject to a withholding tax at the rate of 19.8% (2000: 19.8%).

Under the Law No.4481, additional tax liabilities were imposed in order to compensate for the losses suffered due to earthquakes in the Marmara Region and vicinity on 17 August 1999 and 12 November 1999. Accordingly, effective from 1 January 2000, Treasury bills and bonds issued prior to 1 December 1999 and maturing after 1 January 2000 have been kept subject to interest tax. The tax rate schedule is based upon the number of days between 1 December 1999 and the redemption dates of the respective securities.

For Treasury bills or bonds issued at discount, the following schedule applies:

Days remaining until redemption (From 1 December 1999):	Tax rate:
1-91	4%
92-183	9%
More than 183	14%

Additionally, two-year fixed interest rate bonds with quarterly coupon payments will be taxed at a 19% rate, and three-year variable interest rate bonds with quarterly coupon payments will be taxed at a 4% rate. No tax has been imposed on Treasury securities issued on or after 1 December 1999. Securities issued in foreign currency, such as Eurobonds, are not subject to this tax.

Under the Turkish taxation system, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing. During this time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Reconciliation between the expected and the actual taxation charge is stated below:

	2001	2000
Income before income taxes		
after extraordinary taxes and minority interest	89,615	715,369
Theoretical tax (credit)/charge at the applicable tax rate 33% (2000: 33%)	29,573	236,072
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income exempt from taxation	(99,807)	(45,261)
Non-deductible expenses	3,428	47,915
Non-temporary elements of monetary gains and losses	375,919	160,275
Inflation effect on deferred tax balances at the beginning of the year	16,607	(7,478)
Total tax charge for the year	325,720	391,523

Deferred taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33% at 31 December 2001 (2000: 33%).

The deferred tax asset and liability represents the tax effect of temporary differences arising due to the different treatment of certain items of income and expenses included in the financial statements compared to the local tax return, in accordance with the applicable tax law. The temporary differences giving rise to deferred income tax assets and deferred tax liabilities are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2001	2000	2001	2000
Employment termination benefits	(16,866)	(25,665)	5,566	8,471
Provision for loan losses	(2,589)	(19,984)	855	6,595
Unrealized losses on swap transactions	-	(4,415)	-	1,457
Deferred tax assets	(19,455)	(50,064)	6,421	16,523
Difference between property and equipment reported in purchasing power of Turkish lira at 31 December and tax base of property and equipment	128,644	78,813	(42,454)	(26,008)
Remeasurement of financial assets and liabilities at fair value	8,167	-	(2,695)	-
Reversal of country risk provision	13,791	-	(4,551)	-
Valuation difference on investment securities	458	78,401	(151)	(25,873)
Deferred tax liabilities	151,060	157,214	(49,851)	(51,881)
Deferred tax liabilities-net	131,605	107,150	(43,430)	(35,358)

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

NOTE 19 - OTHER LIABILITIES AND ACCRUED EXPENSES

The principal components of other liabilities and accrued expenses are as follows:

	2001	2000
Unearned commission income	132,294	-
Non-income related taxes and withholdings	32,198	45,241
Import deposits and transfer orders	26,150	12,298
Savings deposits insurance fund premium	22,059	16,308
Leasing payable	16,420	-
Payment orders to correspondent banks	9,670	28,573
Blocked deposits	3,058	9,446
Other	57,112	27,722
	298,961	139,588

Unearned commission income is related with commissions received on long-term project finance loans extended in relation to the infrastructural constructions under the management and guarantee of the Undersecretariat of the Treasury of the Turkish Republic. These commissions are amortised and income is recognised during the terms of respective loans.

NOTE 20 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL978,020,000 (2000: TL768,100,000 in terms of the purchasing power at 31 December 2000) for each year of service.

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees.

IAS 19 (revised) "Employment Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability as at 31 December:

	2001	2000
Discount rate (%)	7	7
Turnover rate to estimate the probability of retirement (%)	3	2

Additionally, the principal actuarial assumption is that the maximum liability of TL978,020,000 for each year of service would increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL1,076,400,000, which is effective from 1 January 2002, has been taken into consideration in calculating the reserve for employment termination benefit of the Bank.

Movement in reserve for employment termination benefits during the year is as follows:

	2001	2000
1 January	25,665	24,886
Paid during the year	(8,531)	(10,083)
Increase during the year	3,962	7,607
Monetary (gain)/loss	(4,230)	3,255
	16,866	25,665

NOTE 21 - SHARE CAPITAL

The historic amount of share capital of the Bank is TL800,000 billion (2000: TL500,000 billion) and consists of 800,000,000,000 (2000: 500,000,000,000) authorized shares with a nominal value of TL1,000 each.

The Bank's authorized capital amounts to TL1,200,000 billion at 31 December 2001 (2000: TL1,200,000 billion).

At 31 December, the issued and fully paid-in share capital held is as follows:

	2001		2000	
	Share (%)	TL billion	Share (%)	TL billion
Sabancı Group, family and related companies:				
Hacı Ömer Sabancı Holding A.Ş.	42.4	339,168	43.4	216,918
and related companies				
Sabancı family	27.3	218,704	28.0	139,785
Total Sabancı Group, family and related companies	69.7	557,872	71.4	356,703
Other	30.3	242,128	28.6	143,297
Historical share capital	100.0	800,000	100.0	500,000
Adjustment to share capital		2,067,109		2,024,501
Total paid-in share capital		2,867,109		2,524,501

Adjustment to share capital represents the restatement effect of cash contributions to share capital in terms of equivalent purchasing power at 31 December 2001.

The Articles of Association ("the Articles") of the Bank establish 564 founders' shares and 1974 usufruct shares. In accordance with the Articles, 10% of the remaining distributable profit is distributed to founders' shares after appropriation of the legal reserves and after the distribution of the first dividends equalling 5% of the paid-in share capital. In the event of liquidation, a portion of the liquidation shares is assigned to the founders' shares and usufruct shares.

NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, the Bank is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

a) First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital.

b) Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit. It may be used to absorb losses.

At 31 December, reserves held by the Bank in the historical statutory financial statements are as follows:

	2001	2000
Legal reserves	78,032	57,486
General reserve	142,134	132,045

After deducting taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit is available for distribution to shareholders. In accordance with the Articles, dividends are also paid to holders of usufruct shares at an amount of 10%, and to the chairman and members of the Board of Directors at an amount up to 2%.

Dividends of TL49,422 billion from the 2000 profit were allocated to founders' and usufruct shares (2000: TL54,904 billion).

According to the Capital Markets Board ("CMB") regulations, the Bank, in common with all companies regulated under the CMB rules, has the following two options; it may either distribute dividends in cash or it may elect not to distribute any dividends at all. However, the CMB may require the Bank to distribute dividends in cash. If the Bank makes a decision to distribute any dividends, distribution should be made within five months following the year-end.

NOTE 23 - OPERATING EXPENSES

	2001	2000
Employee costs	166,247	189,449
Savings deposits insurance fund	92,311	63,945
Depreciation and amortisation	49,958	35,983
Sundry taxes and duties	49,932	34,022
Computer maintenance and support expenses	47,948	39,319
Marketing and advertisement expenses	45,552	31,709
Communication expenses	23,197	17,555
Donations	14,500	18,993
Stationary expenses	12,932	7,087
Heating, lighting and water expenses	10,059	9,615
Repair and maintenance expenses	9,757	42,293
Provision for diminution in value of other investments	-	18,911
Other	80,105	73,381
	602,498	582,262

The donation made to Sabancı University was TL14,500 billion (2000: TL17,256 billion) in 2001.

NOTE 24 - EXTRAORDINARY TAXES

As discussed in Note 18, following the earthquakes in 1999, the Turkish Parliament approved a new tax code that imposed additional corporate and interest income taxes. According to Law No: 4481 and Decree No: 1 "Additional Interest Income and Corporate Taxes" published in the Official Gazette dated 26 November 1999, an additional corporate tax of 5% on the 1998 tax base and an additional interest income tax on government securities were imposed. The Bank paid or accrued TL14,073 billion (2000: TL74,805 billion) for additional interest tax. These taxes have been recorded as extraordinary taxes for the years ended 31 December in the consolidated financial statements.

NOTE 25 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of banking activities, the Bank undertakes various commitments and incurs certain contingent liabilities that are not presented in these consolidated balance sheets, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities:

Legal proceedings:

As of 31 December 2001, there are a number of legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will result.

Commitments for resale and repurchase of marketable securities:

The Bank's commitments for resale and repurchase of marketable securities (government bonds, Treasury bills and Eurobonds) at 31 December are as follows. As explained in Note 2 (g), repurchase agreements ("repos") are retained in the consolidated financial statements as trading or investment securities or securities originated and the counterparty liability is included in customer deposits. Securities purchased under agreements to resell are recorded as due from banks.

	2001		Total
	Up to 1 month	1 to 3 months	
Repurchase commitments	651,450	127	651,577
Resale commitments	292,237	-	292,237

	2000		Total
	Up to 1 month	1 to 3 months	
Repurchase commitments	1,040,064	3,520	1,043,584
Resale commitments	414,664	-	414,664

Included in the repurchase commitments were TL11,533 billion (2000: TL64,892billion) of repurchase agreements made with Sabancı Holding group companies and other related parties at 31 December 2001.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

Commitments to forward currency purchase/sale and swap transactions:

The breakdown of forward currency purchase/sale and swap transactions at 31 December is as follows:

		2001		2000	
		Foreign Currency	TL billion	Foreign Currency	TL billion
Forward currency purchases	EUR	39,000,000	49,970	1,061,372,000	1,240,209
	US\$	22,005,243	31,834	1,386,578,007	1,744,978
	CHF	400,000	346	-	-
	TL billion	-	-	-	735,140
	JPY	-	-	100,000,000	1,109
		82,150		3,721,436	
Forward currency sales	US\$	34,752,777	50,275	349,139,000	439,383
	EUR	24,907,544	31,914	246,208,000	287,693
	TL billion	-	21	-	3,078,145
	JPY	-	-	100,000,000	1,109
		82,210		3,806,330	
Currency swap purchases	US\$	-	-	168,830,505	212,469
	GBP	48,500,000	101,889	31,000,000	57,689
	EUR	125,919,256	161,338	113,000,000	132,040
	CHF	-	-	12,077,000	9,280
		263,227		411,478	
Currency swap sales	EUR	60,366,242	77,346	242,079,431	282,869
	US\$	126,100,000	182,422	104,334,613	131,303
		259,768		414,172	
Interest rate swap purchases	US\$	17,740,000	25,663	26,615,748	33,495
		25,663		33,495	
Interest rate swap sales	JPY	2,050,000,000	22,608	3,150,000,000	34,943
		22,608		34,943	
Spot purchases	TL billion		8,718		-
		8,718		-	
Spot sales	US\$	6,000,000	8,680	-	-
		8,680		-	
Total		753,024		8,421,854	

The fair values of forward currency purchase/sale, spot purchase/sale and swap contracts at 31 December 2000 amount to TL63,048 billion. The fair values were measured by reference to the forward rate for a contract to be consummated on the same future date as the original contract.

The related party balances in forward currency purchase/sale and swap transactions are as follows:

	2001			2000		
	Turkish lira	Foreign currency	Total	Turkish lira	Foreign currency	Total
Forward currency purchases	-	2,437	2,437	728,278	2,979,118	3,707,396
Forward currency sales	-	(2,444)	(2,444)	(3,077,910)	(714,872)	(3,792,782)
Swap currency purchases	-	8,864	8,864	-	-	-
Swap currency sales	-	(8,680)	(8,680)	-	-	-
Net position	-	177	177	(2,349,632)	2,264,246	(85,386)

Maturity analysis for forward currency purchase/sale and swap transactions is as follows:

	2001				
	Up to 1 Month	1-3 Months	3-12 Months	Over 1 year	Total
Forward purchases	82,150	-	-	-	82,150
Forward sales	82,210	-	-	-	82,210
Total swap purchases	171,916	44,789	72,185	-	288,890
Total swap sales	168,412	45,063	68,901	-	282,376
	504,688	89,852	141,086	-	735,626

	2000				
	Up to 1 Month	1-3 Months	3-12 Months	Over 1 year	Total
Forward purchases	650,087	1,581,836	1,489,513	-	3,721,436
Forward sales	648,561	1,621,158	1,536,611	-	3,806,330
Total swap purchases	249,424	16,410	156,812	22,327	444,973
Total swap sales	252,193	15,698	158,483	22,741	449,115
	1,800,265	3,235,102	3,341,419	45,068	8,421,854

During 2000, in the period prior to the severe devaluation, the Bank entered into a series of spot and forward currency contracts with related parties that enabled it to take long positions in TL and short positions in US\$ and thus benefit from the particularly high interest rates being paid on TL funds. Consequently, on the severe devaluation of the TL, and, taking into consideration the opportunities of extremely high interest rates in the overnight money market, the Bank renegotiated with the counterparties so that the forward exchange contracts were settled at the spot exchange rates applicable at their maturity dates. Therefore the Bank sustained significant foreign currency losses of approximately TL1,161,450 billion on the net balance sheet position, which have already been reflected in the accompanying consolidated statement of loss for the year ended 31 December 2001; these losses were substantially compensated by the interest income of TL funds generated during the period of high interest rates.

AKBANK T.A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 31 December 2001)

Credit related commitments:

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The following table shows the outstanding credit related commitments of the Bank at 31 December:

	2001			2000		
	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year	Total
Letters of guarantee issued by the Bank						
- Turkish lira	11,036	413,952	424,988	15,110	469,757	484,867
- Foreign currency	71,876	314,097	385,973	45,431	157,110	202,541
Acceptance credits						
- Foreign currency	426,120	207	426,327	318,372	1,465	319,837
	509,032	728,256	1,237,288	378,913	628,332	1,007,245

Included in the letters of guarantee and acceptance credits of TL376,405 billion (2000: TL168,558 billion) guarantees were to related parties at 31 December 2001.

NOTE 26 - MUTUAL FUNDS

At 31 December 2001, the Bank manages eleven (2000: five) mutual funds (Funds) which were established under Capital Markets Board Regulations. At 31 December 2001, the Funds' investment portfolio includes government bonds, Treasury bills and share certificates of TL233,450 billion (2000: TL115,019 billion). In accordance with the Funds' statute, the Bank purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0.007 to 0.12%. At 31 December 2001, the Bank had earned a management fee of TL4,573 billion (2000: TL2,093 billion).

NOTE 27 - SUBSEQUENT EVENT

On 31 January 2002, in conjunction with the Turkish Banking Sector Capital Strengthening Programme, the Turkish Parliament has approved the amendment to the Banking Act through Act No. 4743, which aims to avoid the adverse effects of economic crises on the capital structure of banks and to provide confidence and stability in the banking system. Following the approval of the amended banking law, the Banking Regulatory and Supervisory Agency ("BRSA") has issued regulations setting out the principles and procedures for the preparation of statutory financial statements as at and for the year ended 31 December 2001 and principles and procedures of the special independent audit to be carried out according to provisional Article 4 of the Banking Act for privately owned deposit-taking banks, as published in the Official Gazette numbered 24658 on 1 February 2002. These regulations contain new accounting and reporting applications including inflation accounting, consolidation and additional criteria for valuation of certain marketable securities. These financial statements would be used for determining the consolidated and unconsolidated capital adequacy ratios.

RESOLUTIONS

Adopted by the General Meeting of Akbank T.A.Ş. Shareholders held on 17 July 2002, the following have been resolved by the majority of the votes:

- 1- The Balance Sheet and Profit and Loss Account for 2001, announced by the Banking Regulation and Supervision Agency, have been ratified and the Board of Directors and Auditors have been released from liability with regard to operations and accounts of the year in question by vote of the shareholders present at the meeting,
- 2- Net Loss for 2001, amounting to TL 2,306,340 billion, will be deducted from the;

Legal Reserves by the amount of TL 607,751 billion,
General Reserves by the amount of TL 916,360 billion,
Reserves Arising from the Restatement of Equity Items in line with inflation by the amount of TL 782,229 billion.

The Board of Directors has been authorised to apply the deduction in line with the schedule and technical details to be determined by the Banking Regulation and Supervision Agency.
- 3- The Board of Directors has been empowered in connection with matters falling within scope of articles 334 and 335 of the Turkish Commercial Code.

FOREIGN BRANCHES AND INTERNATIONAL AFFILIATES

HEAD OFFICE

AKBANK T.A.Ş.

Sabancı Center 4. Levent 80745
İstanbul

Phone : 90-212 270 00 44

Fax : 90-212 269 77 87

90-212 269 73 83

Telex : 90-26 480a+b AKUM TR

http : www.akbank.com.tr

INVESTOR RELATIONS

Contact Persons :

A. Cenk Göksan

(Head of Investor Relations and
Strategic Planning)

F. Şehsuvar Aladağ

(Assistant Manager - Investor
Relations)

Phone : 90-212 280 13 35

90-212 279 07 61

90-212 270 00 44

(Ext. 11350 - 11352)

Fax : 90-212 279 00 62

investor.relations@akbank.com.tr

Akbank International N.V.

Parklaan 11

3016 BA

ROTTERDAM-HOLLAND

Phone : 31-10 2405050

Fax : 31-10 2405000

Frankfurt Branch

Kaiser Str. 9

60311 Frankfurt / Main

DEUTSCHLAND

Phone : 49-69 29717170-173

Fax : 49-69 29717244

Hamburg Branch

Lange Reihe 24 20099 Hamburg

DEUTSCHLAND

Phone : 49-40 2840760

49-40 247555

Fax : 49-40 280 1102

Munich Branch

Goethe Str. 12 80336 Munich

DEUTSCHLAND

Phone : 49-89 557070

49-89 5906876

Fax : 49-89 550 3850

Stuttgart Branch

Eberhard Str. 22 70173 Stuttgart

DEUTSCHLAND

Phone : 49-711 2229570

49-711 296201

Fax : 49-711 296600

Hannover Branch

Goethe Str. 6 C 30169 Hannover

DEUTSCHLAND

Phone : 49-511 1210813-14187

Fax : 49-511 131219

Essen Branch

Huyssen Allee 3 45128 Essen

DEUTSCHLAND

Phone : 49-201 245710

49-201 235827

Fax : 49-201 200984

Berlin Branch

Karl-Marx-Str. 13 12043 Berlin

DEUTSCHLAND

Phone : 49-30 627287 0

Fax : 49-30 627287 50

Malta Branch

Portomaso Business Tower

Level 6, Portomaso PTM 01

st. Julians, MALTA

Phone : 356-21 383 400

Fax : 356-21 383 666

London Representative Office

10 Finsbury Square

London EC2A IHE

ENGLAND

Phone : 44-207 638 1366

Fax : 44-207 638 2037

Paris Representative Office

5 Rue de Rome 75008 Paris

FRANCE

Phone : 33-1 452 29411

Fax : 33-1 452 29412

Akbank T.A.Ş.

Head Office: Sabancı Center 80745 4. Levent İstanbul TURKEY

www.akbank.com.tr