

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001

(As adjusted for the effects of inflation in TL units at
31 December 2001 pursuant to IAS 29)



IAS – BRSA Net loss reconciliation December 31, 2001

<u>IAS - BRSA Financials Reconciliation</u>	<u>TL Billion</u>
BRSA 2001 year loss	(233.221)
IAS 12 application	(129.490)
IAS 39 application	136.484
COIBV sale income differences between IAS - BRSA	(80.679)
Impairment losses	(37.184)
BRSA's corrections affecting the 2001 P/L	(231.380)
Other timing differences	(67.197)
IAS 2001 year loss	(642.667)

Assets (TL Billion)

	2000	2001	Change
Cash and cash equivalents	1.020.364	2.128.157	109%
Financial assets held for trading	2.757.360	1.587.771	-42%
Investments	3.442.276	4.470.335	30%
Loans and advances to banks	2.362.880	1.413.433	-40%
Loans and advances to customers	7.584.407	5.647.985	-26%
Other assets	624.621	866.114	39%
Investments in associated companies	197.478	62.980	-68%
Tangible assets	1.345.079	1.300.504	-3%
Intangible assets	189.288	134.908	-29%
Deferred tax assets	-	271.390	
Total assets	19.523.753	17.883.577	-8%

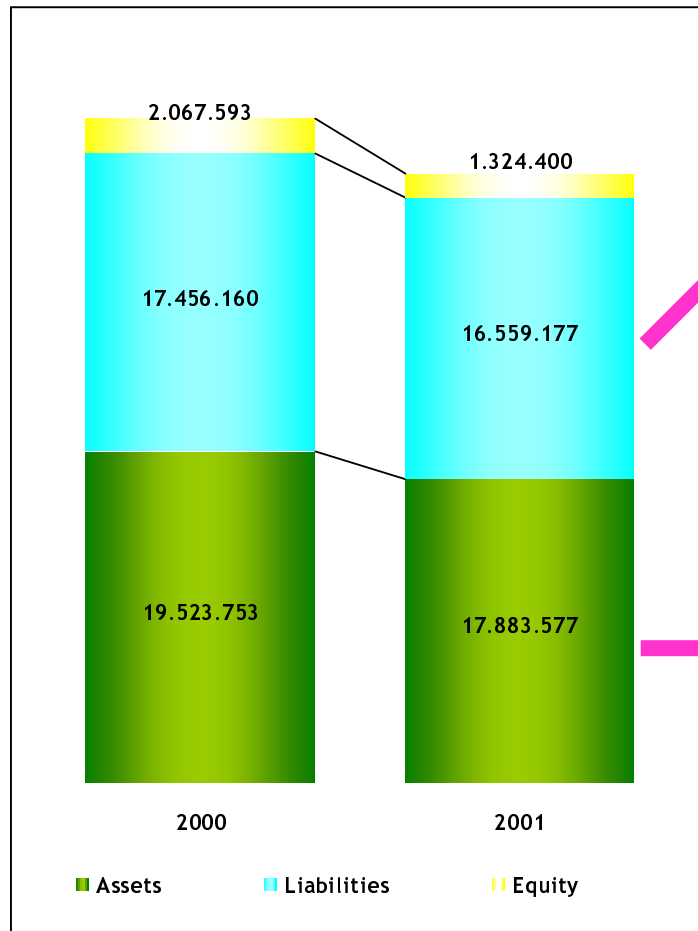
Liabilities and SHE (TL Billion)

	2000	2001	Change
Deposits from banks	2.843.384	1.263.010	-56%
Deposits from customers	7.250.154	10.696.066	48%
Obligations under repurchase agreements	1.059.667	238.891	-77%
Loans and advances from banks	5.291.731	3.376.549	-36%
Bonds payable	115.582	71.594	-38%
Current tax liability	57.060	28.810	-50%
Deferred tax liability	63.925	-	
Other liabilities	717.472	834.978	16%
Total liabilities	17.398.975	16.509.898	-5%
Minority interest	57.185	49.279	-14%
Shareholders' equity			
Share capital; authorized, issued and fully paid	1.522.305	1.522.305	0%
Accumulated profits / (losses)	545.288	-197.905	n.m.
Total shareholders' equity	2.067.593	1.324.400	-36%
Total liabilities, minority interest and SHE	19.523.753	17.883.577	-8%

Income Statement (TL Billion)

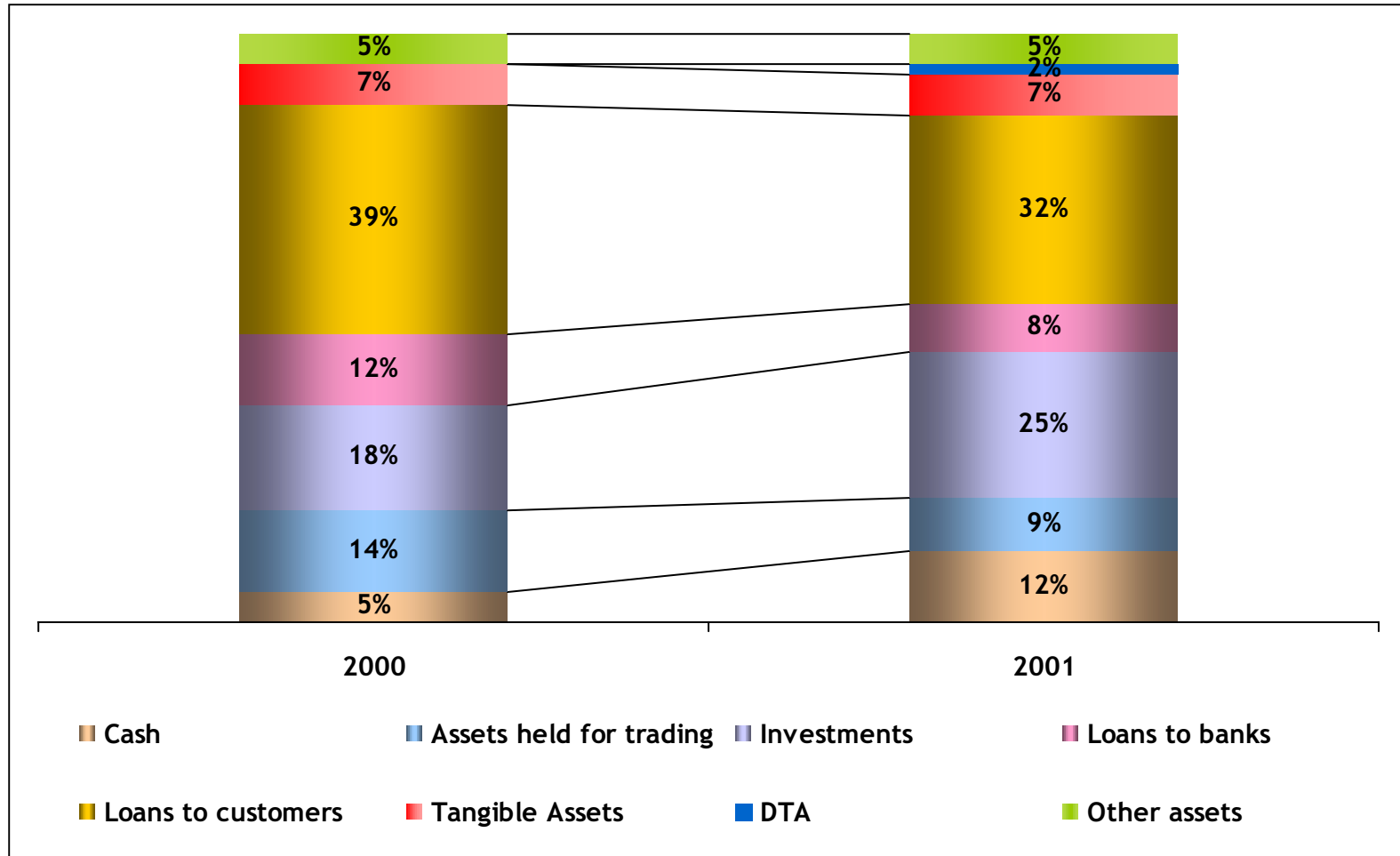
	2000	2001
Total interest income	3.419.219	3.203.816
Total interest expenses	2.039.077	3.342.667
Net interest income	1.380.142	-138.851
Net fee and commission income	173.934	147.641
Income before other operating items	1.554.076	8.790
Total other operating income	775.309	610.496
Total other operating expenses	1.532.939	1.630.352
Income/(loss) before loss on net monetary position	796.446	-1.011.066
Gain/(loss) on net monetary position, net	-186.726	55.873
Income/(loss) before taxes	609.720	-955.193
Taxation (charge)/credit	-125.909	274.791
Net income/(loss) before minority interest	483.811	-680.402
Minority interest	32.384	66.515
Net income/(loss) before extraordinary item	516.195	-613.887
Extraordinary item	-223.607	-28.780
Net income/(loss) for the year	292.588	-642.667

Changes in Assets & Liabilities (TL Trillion)

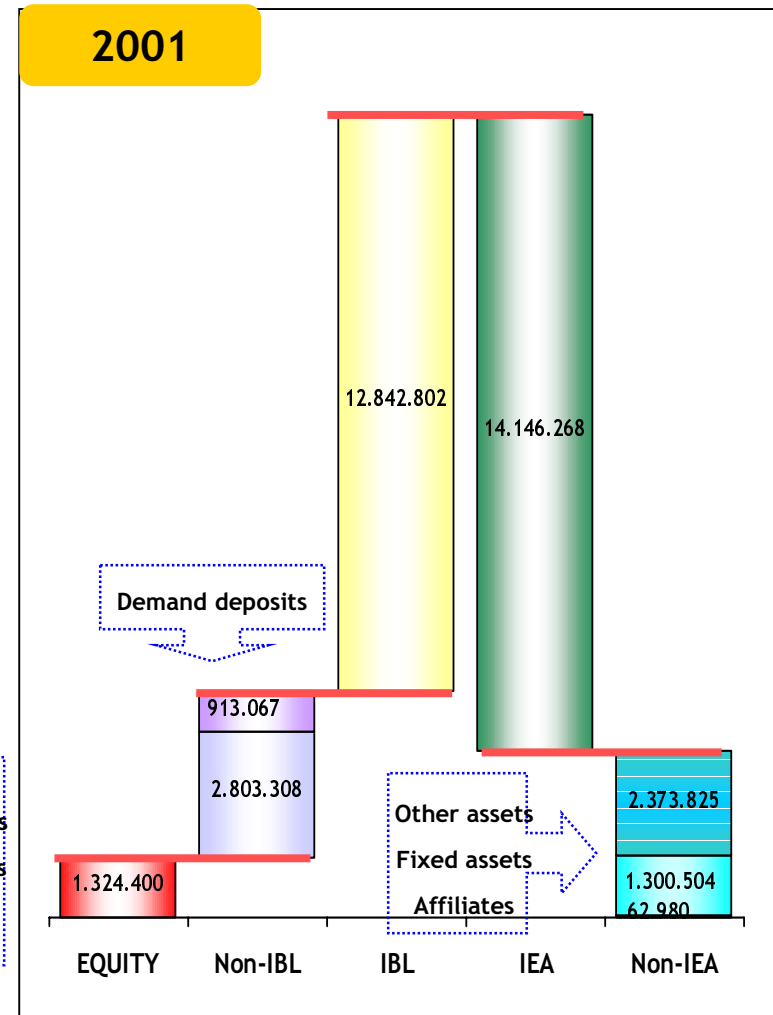
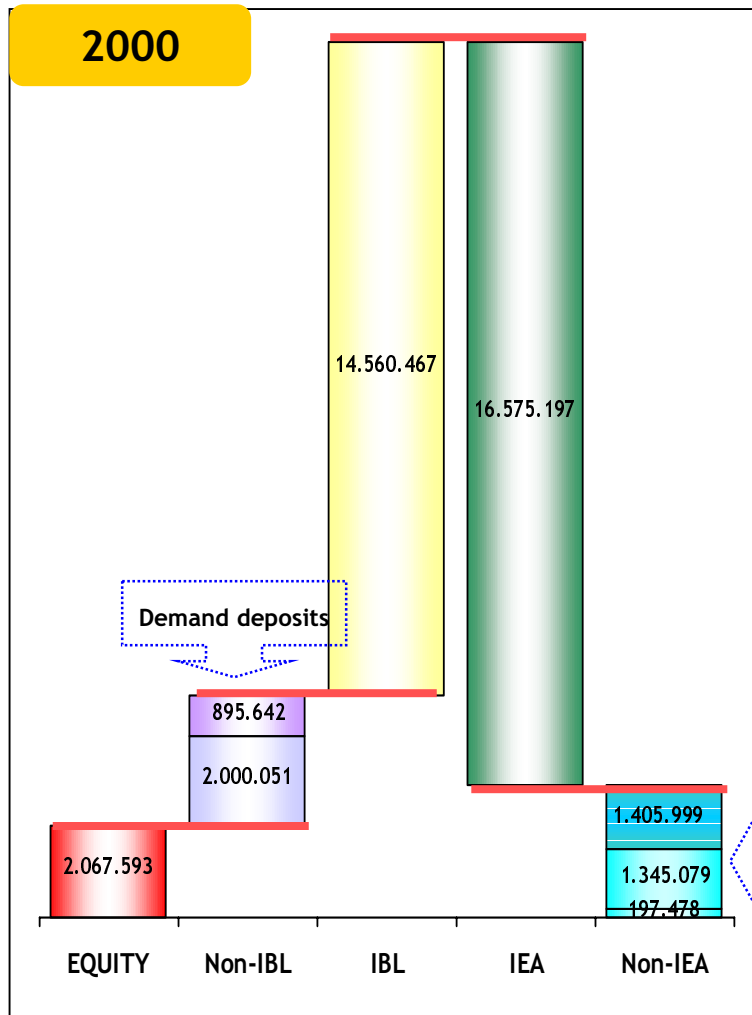


Deposits from customers	3.445.912
Other liabilities	117.506
Current tax liability	(28.250)
Bonds payable	(43.988)
DTL	(63.925)
Obligations under repurchase agr.	(820.776)
Deposits from banks	(1.580.374)
Loans and advances from banks	(1.915.182)
Cash and cash equivalents	1.107.793
Investments	1.028.059
DTA	271.390
Other assets	241.493
Tangible assets	(44.575)
Intangible assets	(54.380)
Investments in ass. Companies	(134.498)
Loans and advances to banks	(949.447)
Financial assets held for trading	(1.169.589)
Loans and advances to customers	(1.936.422)

Composition of Assets

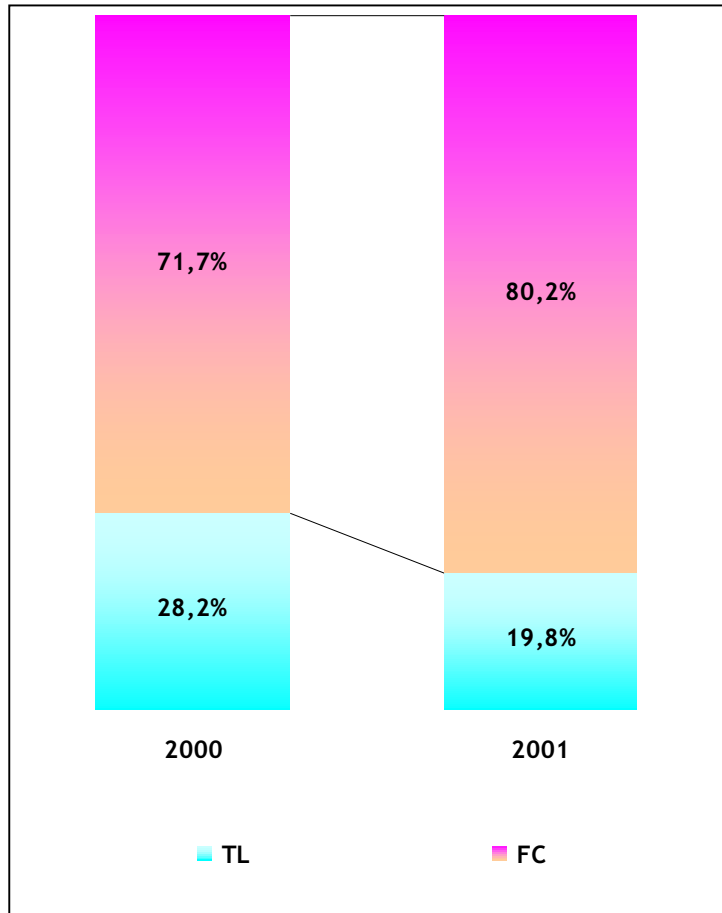


Higher IEA (TL Billion)

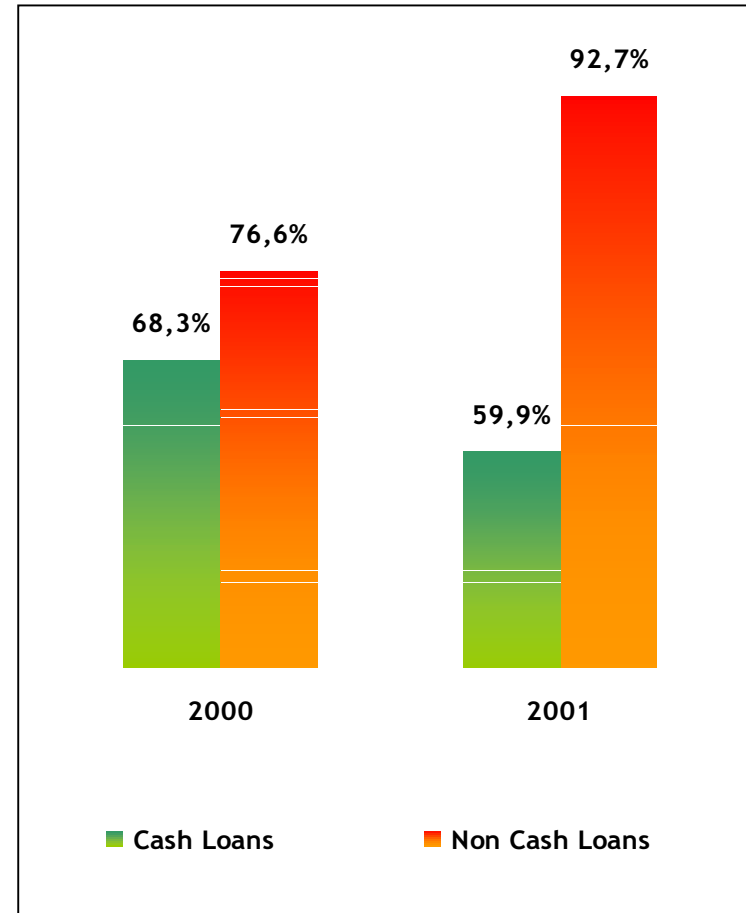


Composition of Loans – Strong Collateralization

Currency Structure



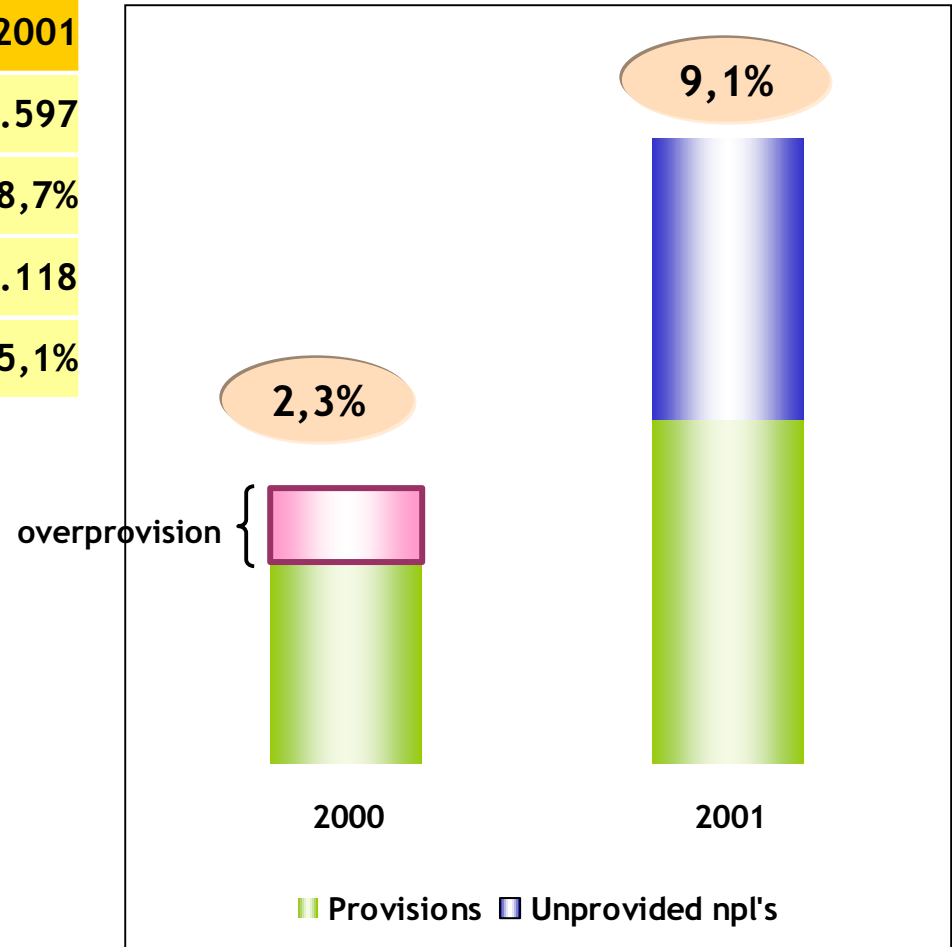
Collateral Ratio



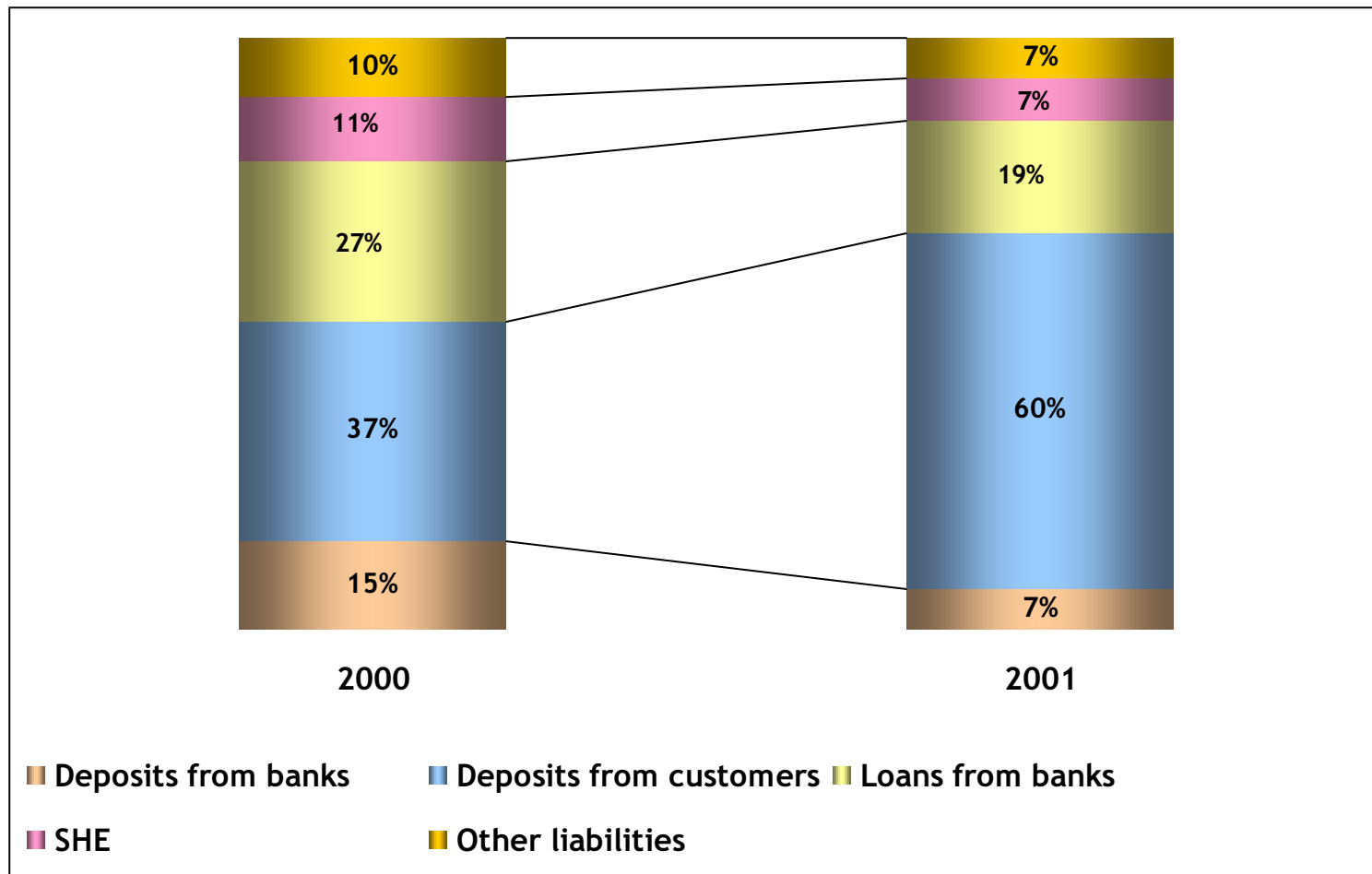
Non-Performing Loans (TL Billion)

	2000	2001
NPL's	166.622	515.597
NPL's/Gross Cash Loans	2,1%	8,7%
Allowances for NPL's	227.004	284.118
Allowances as % of NPL's	136,2%	55,1%

- ▶ Increase in NPL ratio due to the substantial contraction in economic activity and declining loan portfolio
- ▶ NPL ratio is still under most of it peers despite strong presence in the loan market
- ▶ Allowances cover 4,9% of gross cash loan portfolio versus 2,8% in 2000



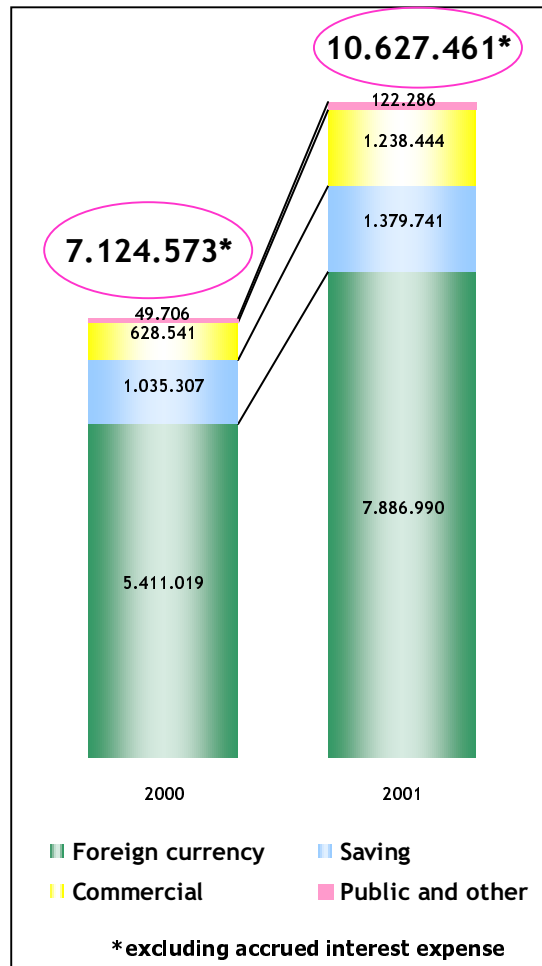
Composition of Liabilities and SHE



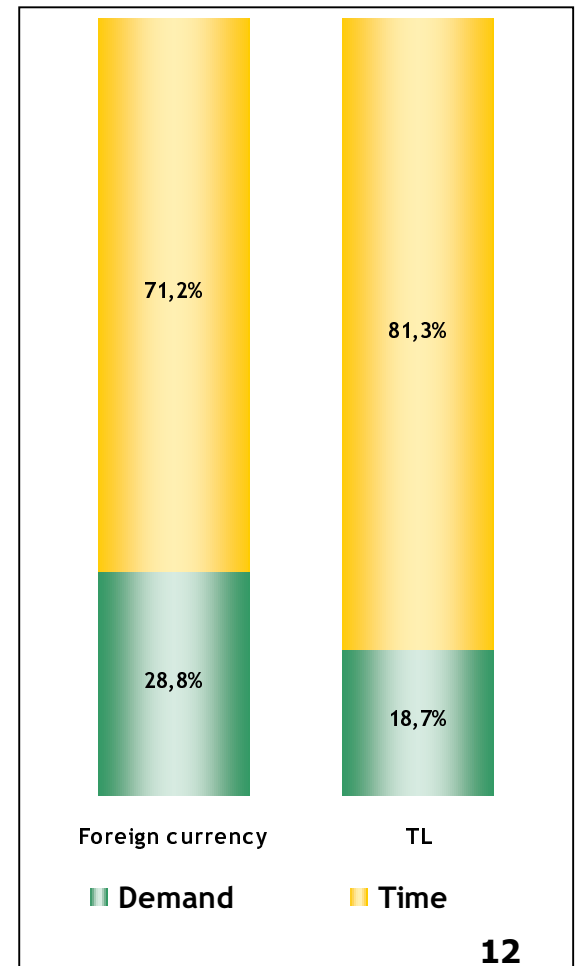
Deposits (TL Billion)

- ▶ Highest increase in the market share of total deposits
- ▶ 47,5% real increase in deposits
- ▶ Increase in the share of demand deposits from 21,1% to 26.0% in 2001
- ▶ 73,7% is composed of FC deposits

Composition



Demand vs. Time

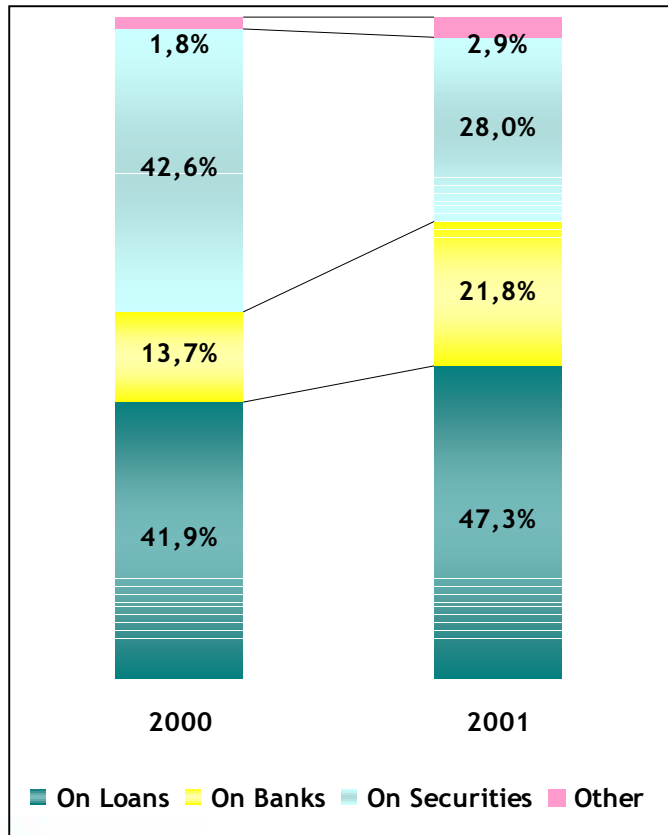


Composition of Interest Income (TL Billion)

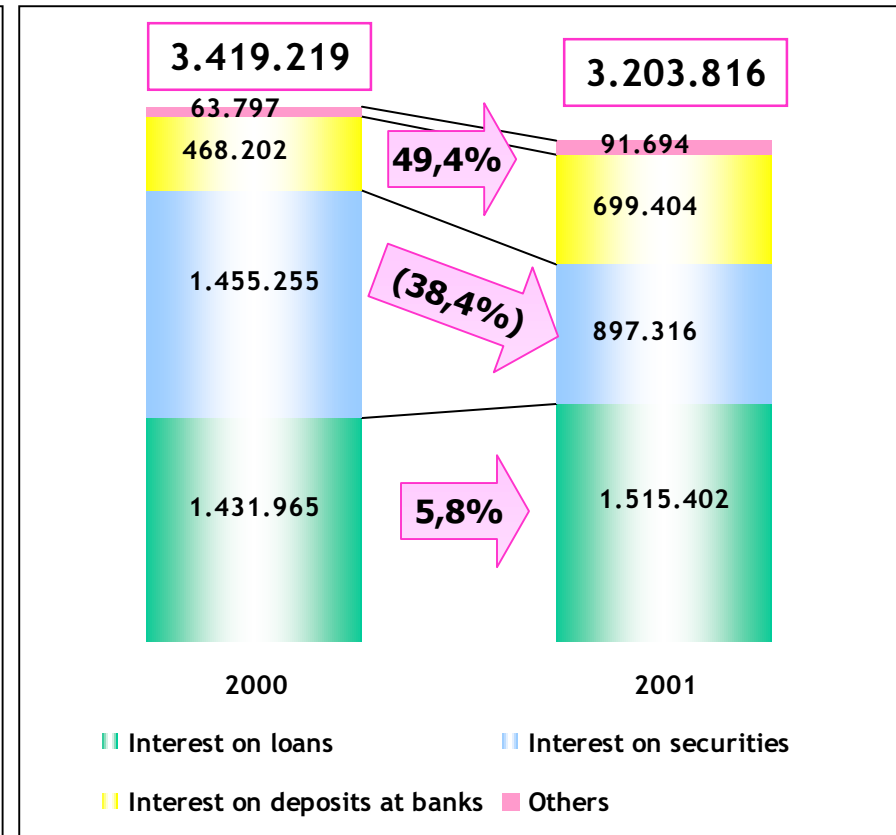
FX gain on FX-indexed loans and securities was classified under FX gain, for the first time in 2001.

→ TL879 Trillion income on FX indexed loans and securities was booked under FX gain.

Composition



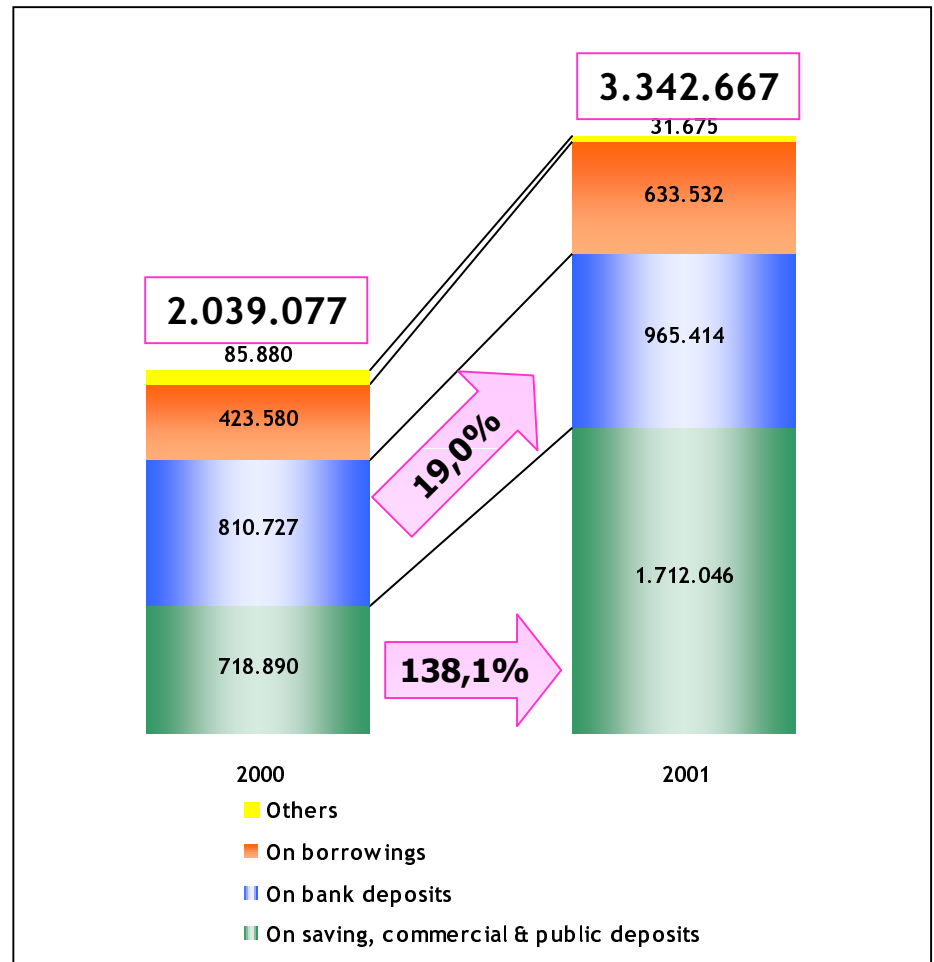
Interest Income



Composition of Interest Expenses (TL Billion)

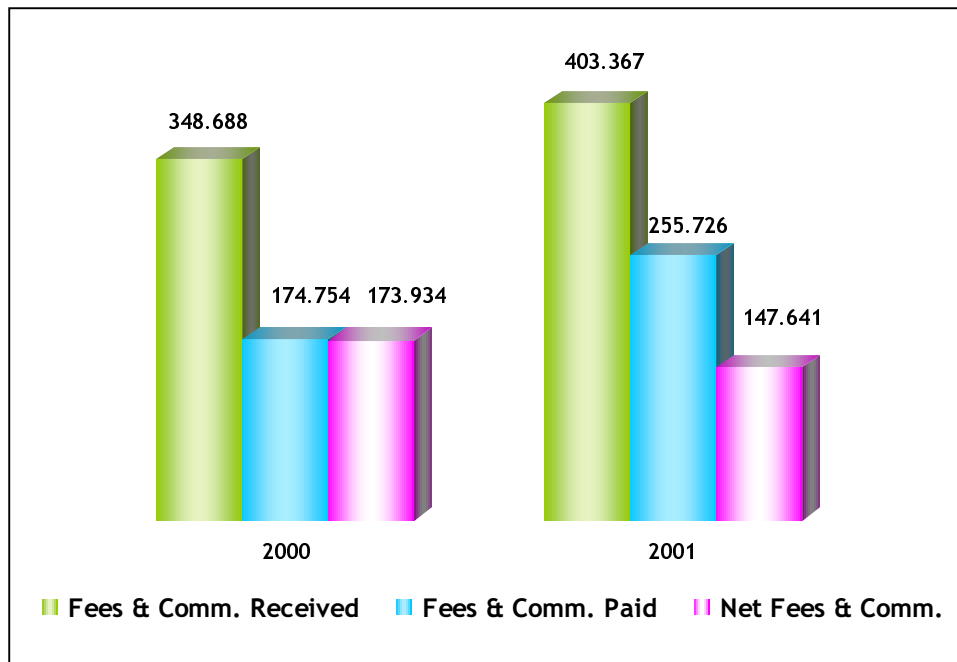
- ▶ The increase in interest expenses comes from;
 - ▶ Osmanlı's high cost of funding; i.e. 41,3% of interest expense stemmed from Osmanlı, which is non-recurring in 2002 and onwards

Interest Expense



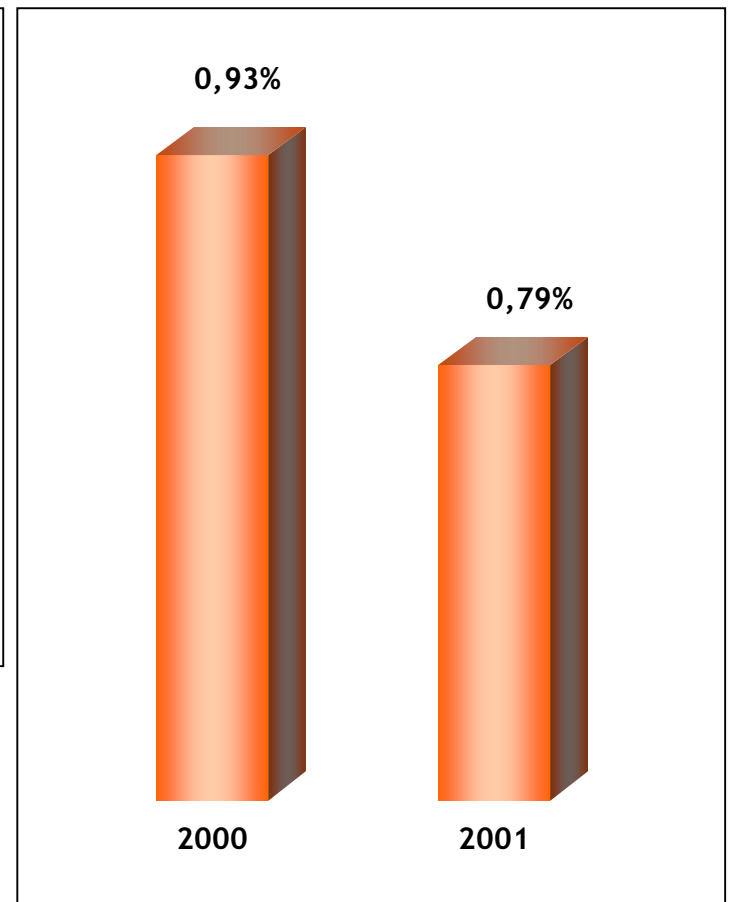
Fees and Commissions (TL Billion)

Fees & Commissions

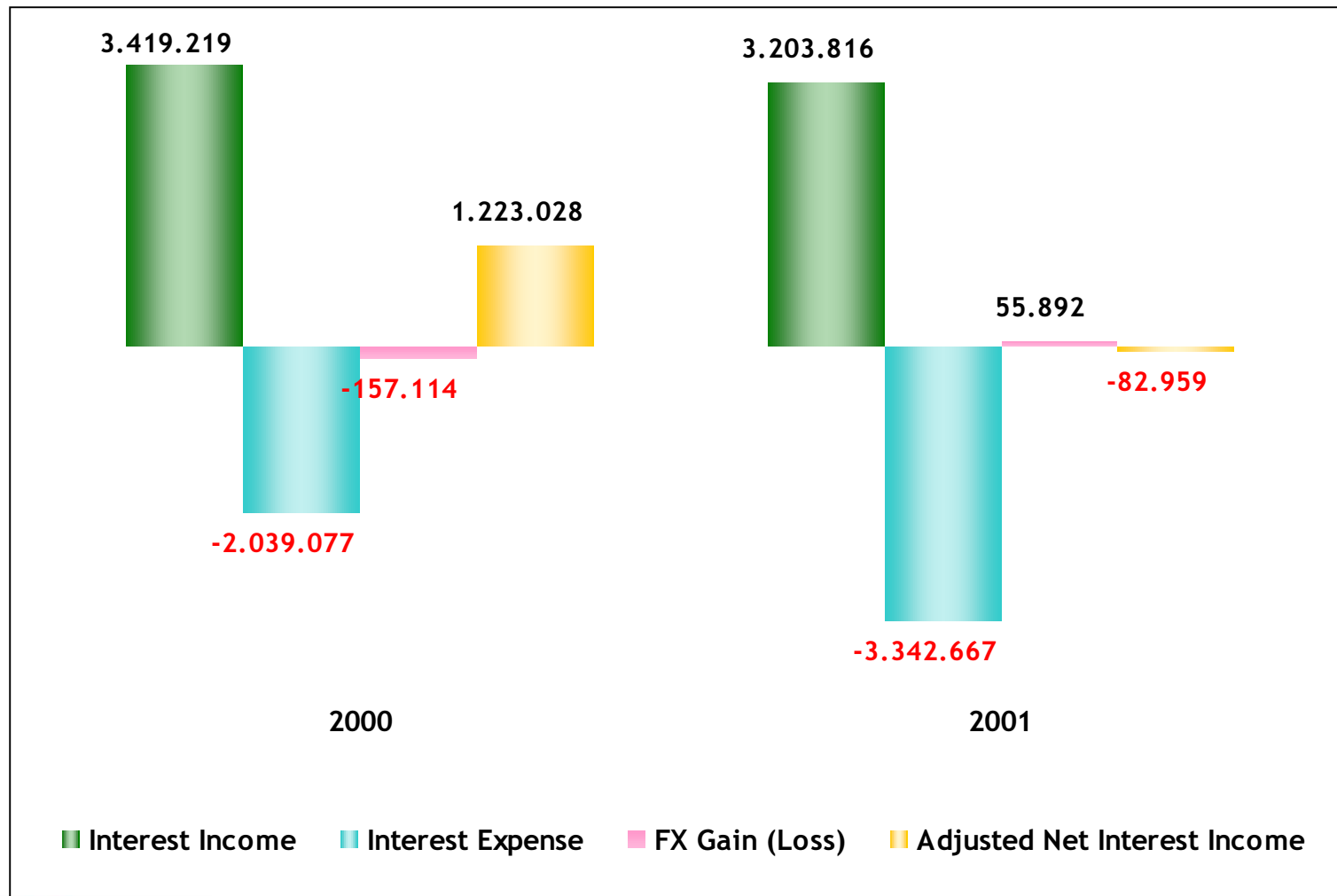


- Higher increase in fees and commissions paid is due to almost 70% increase in POS blokage commissions, and Shop&Miles payment to THY

Net Fees & Commissions /Avg. Assets

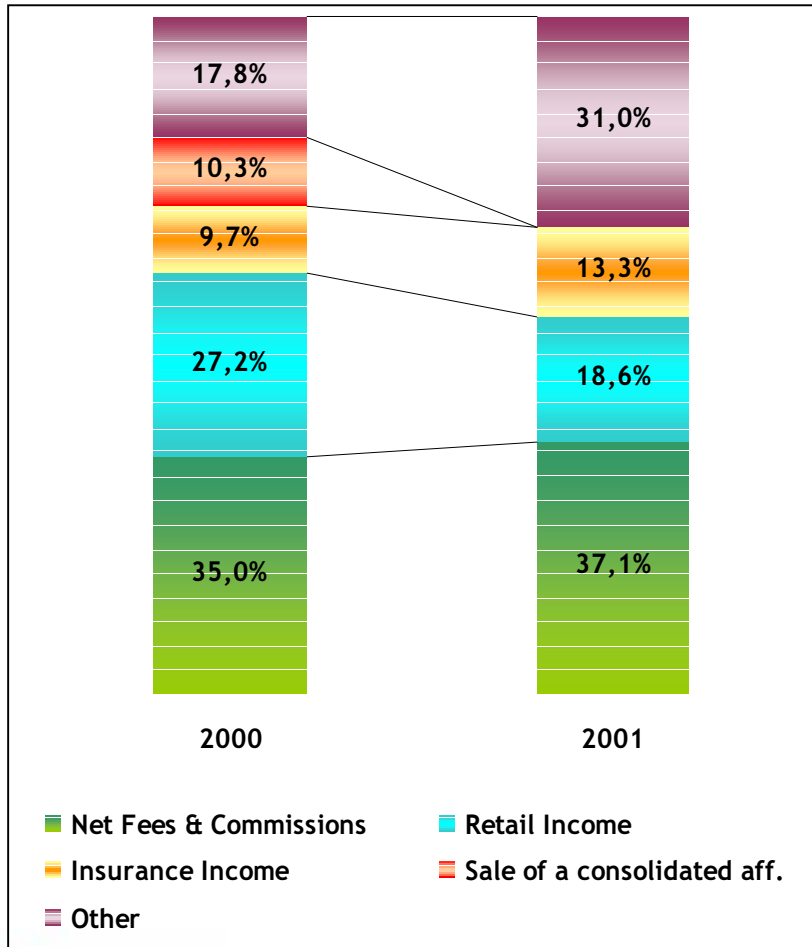


Adjusted Net Interest Income (TL Billion)

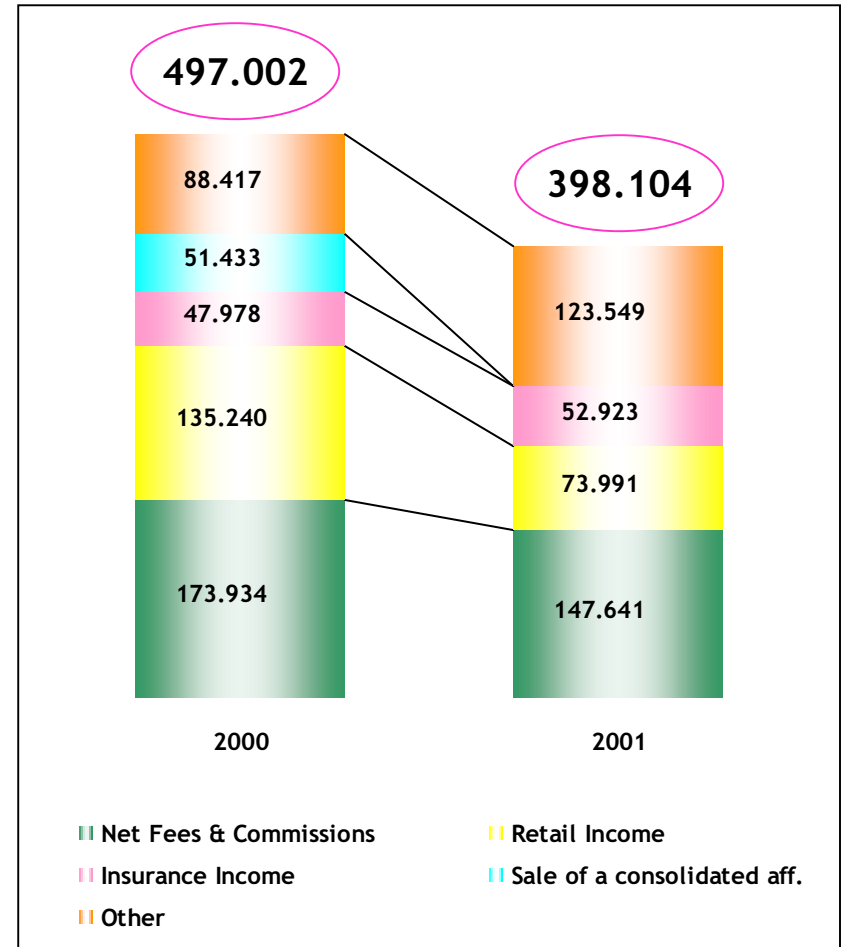


Non-Interest Income (Excluding trading income, TL Billion)

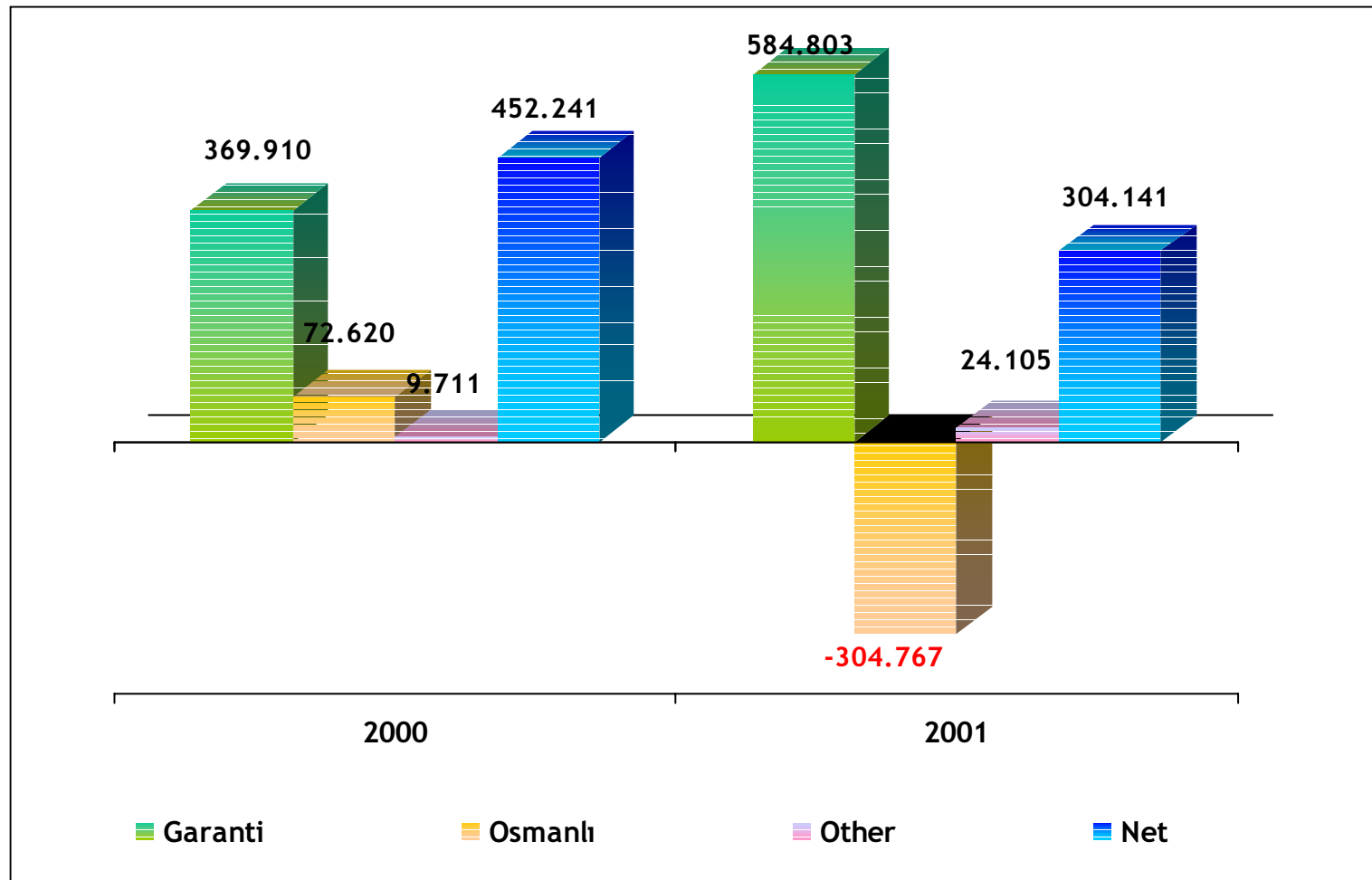
Composition of Non-Interest Income



Non-Interest Income

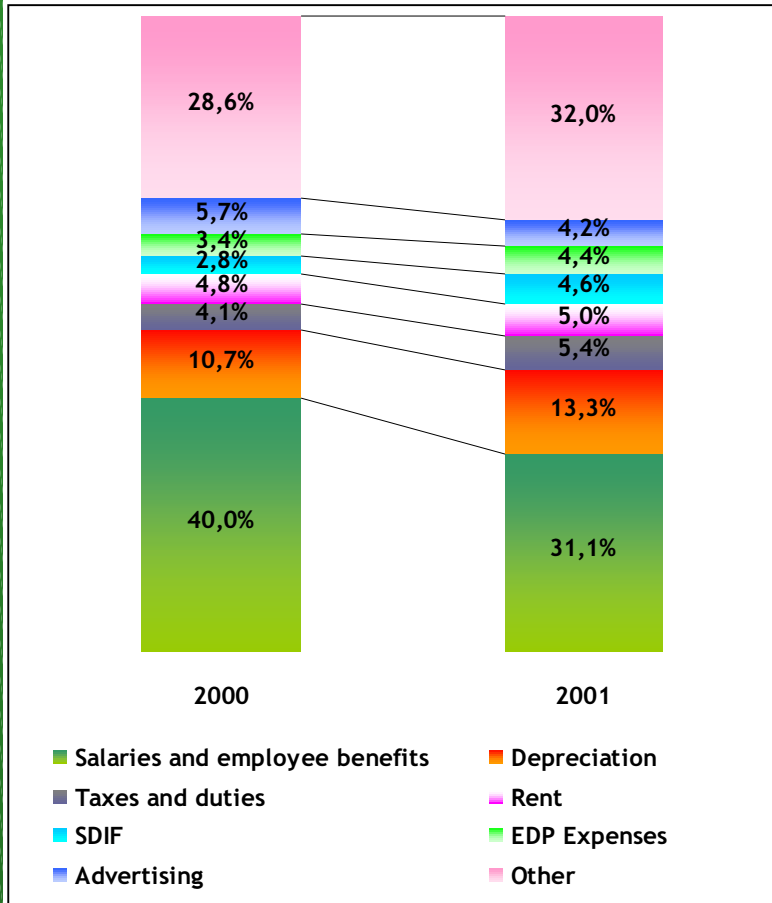


Trading Account Gain (TL Billion)

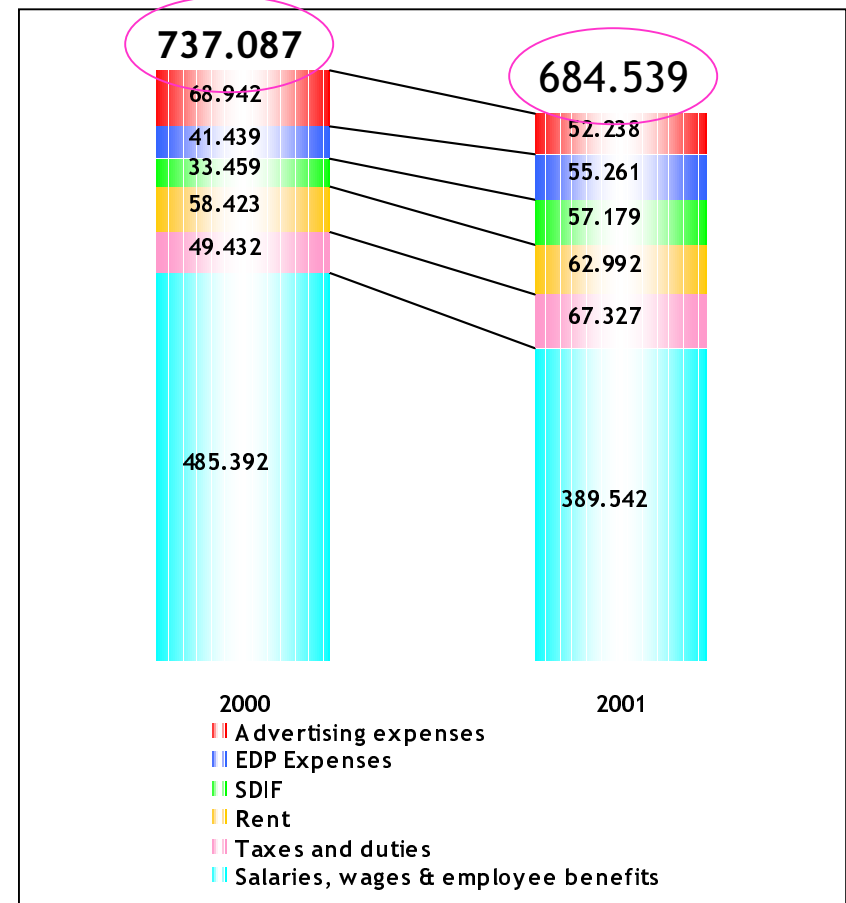


Composition of Operating Expenses (TL Billion)

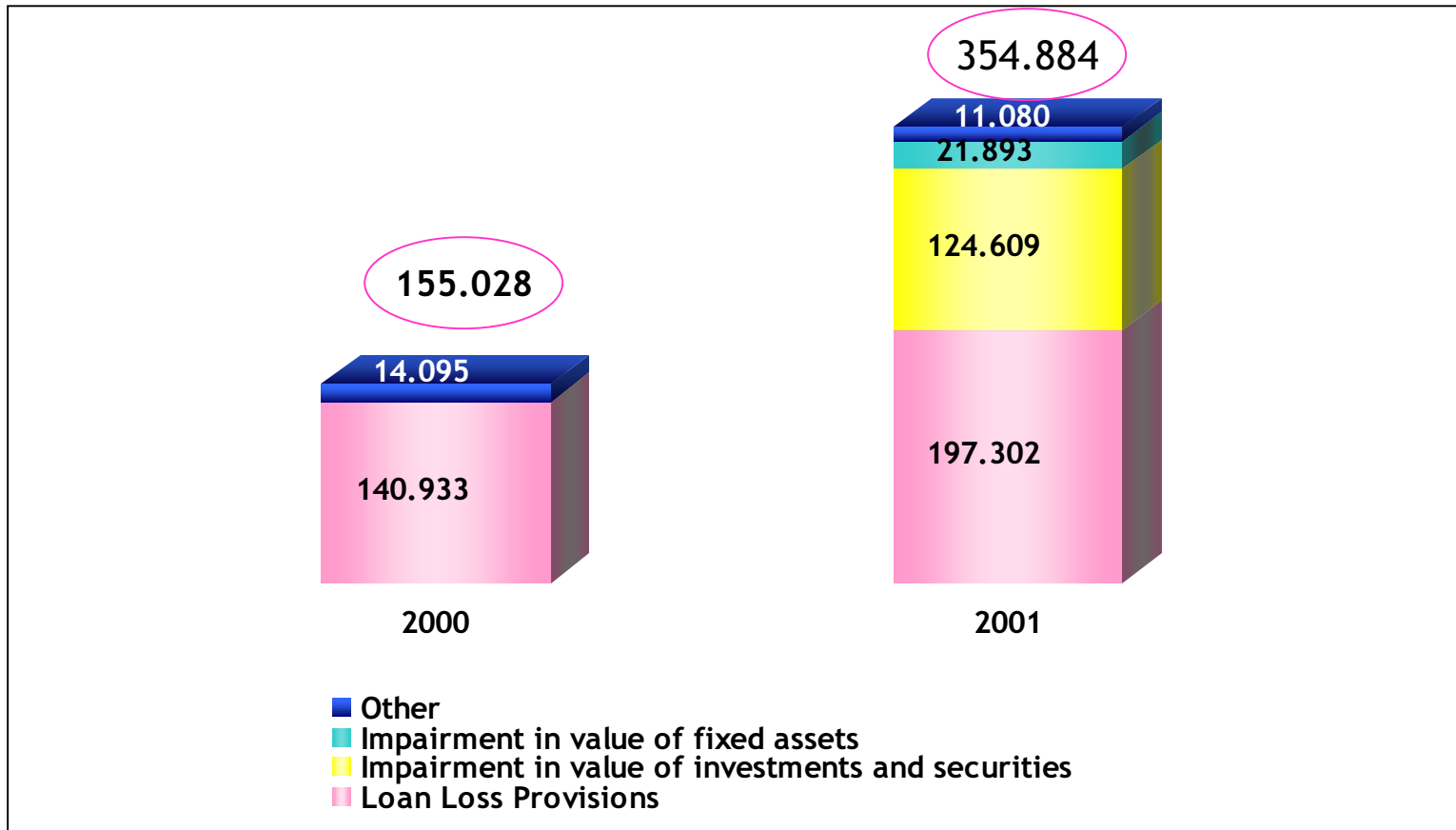
Composition of Operating Expenses



Operating Expenses*

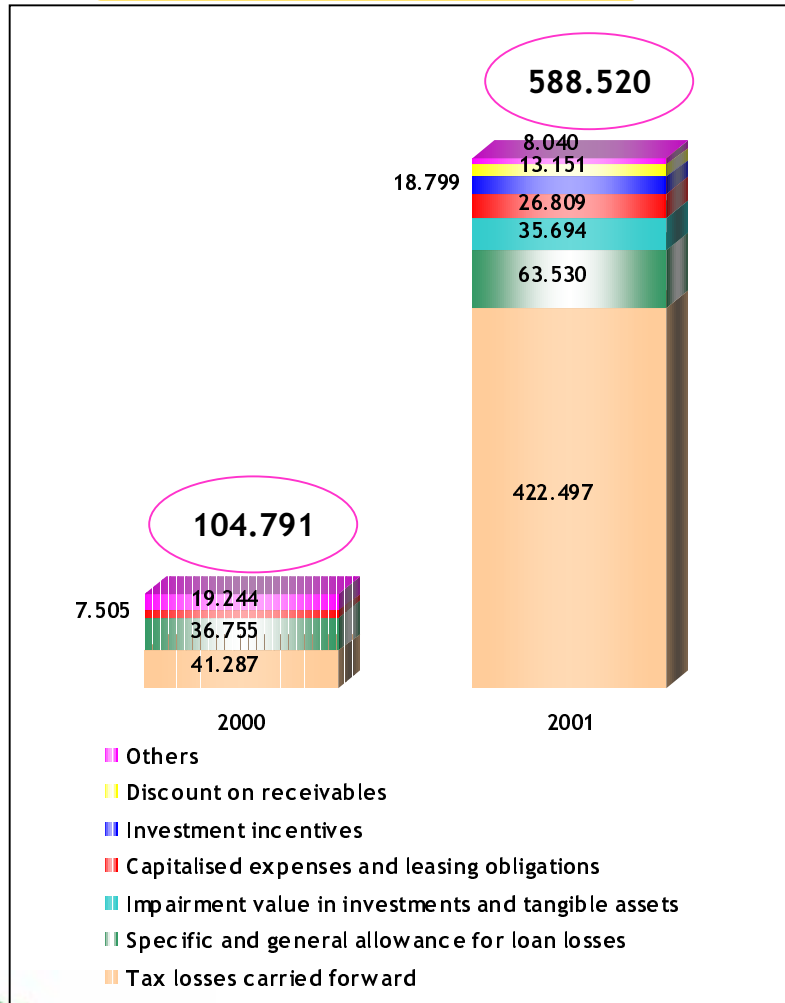


Impairment Losses (TL Billion)

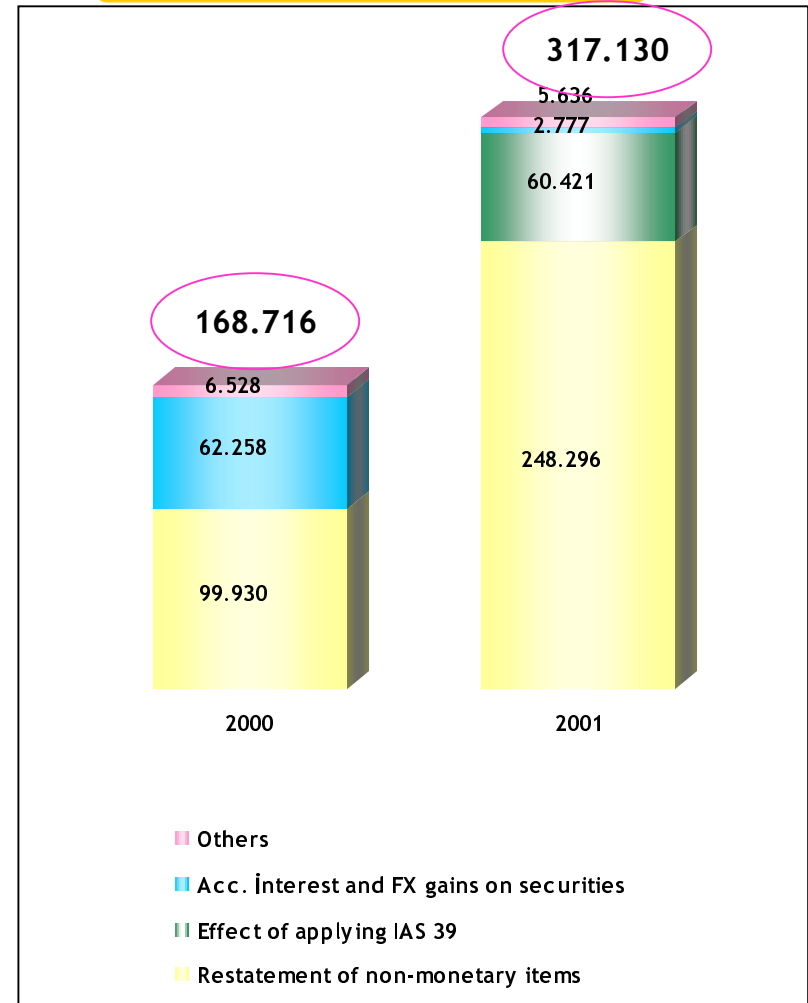


Deferred Tax Assets and Liabilities (TL Billion)

Deferred Tax Asset

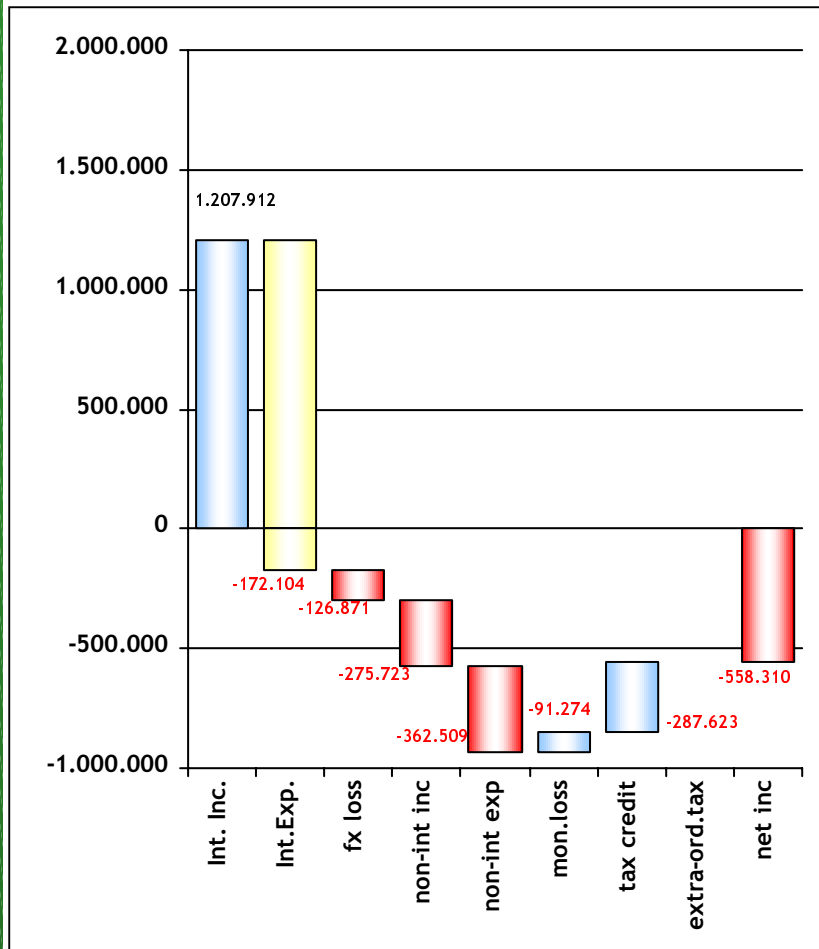


Deferred Tax Liabilities

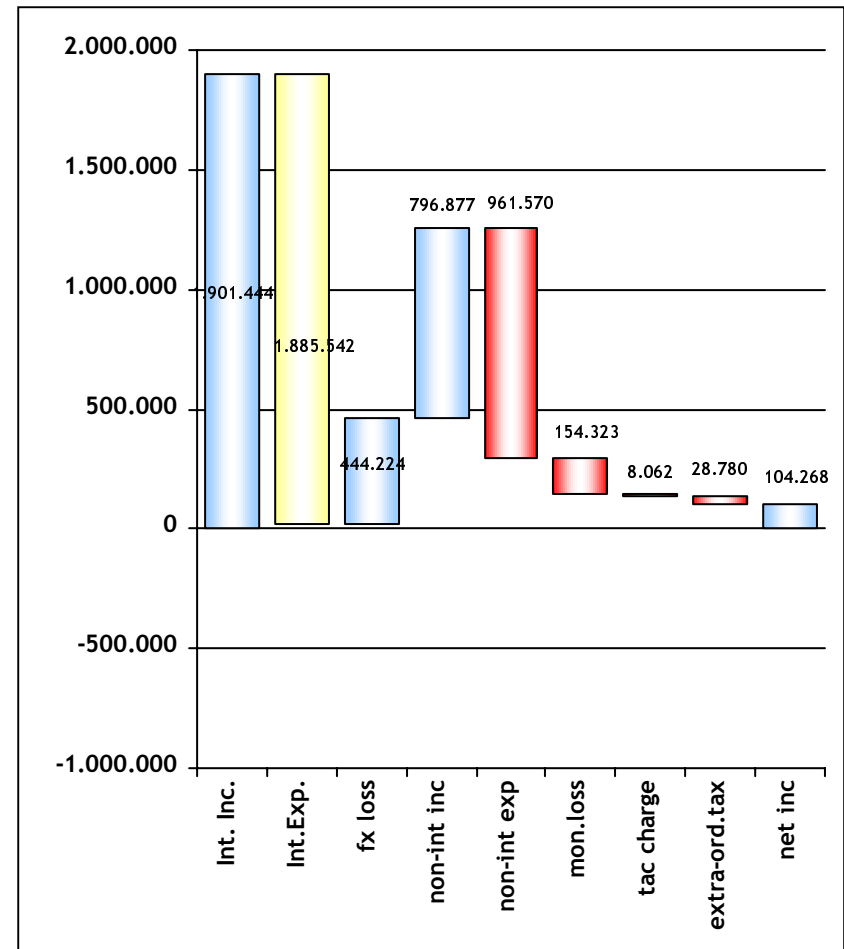


Non recurring items (TL Billion)

Ottoman Bank

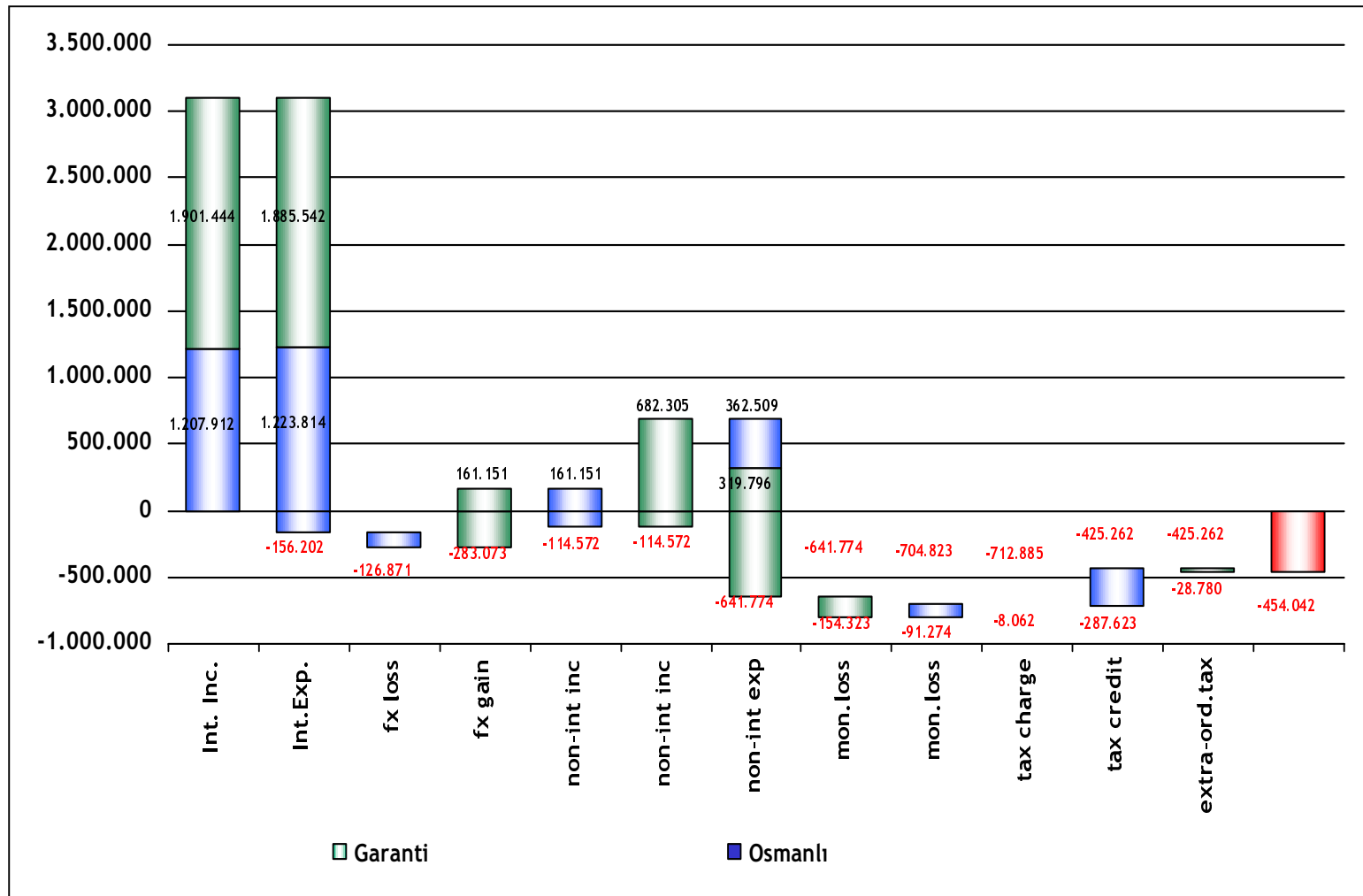


Other Banking



Items that were reflected in year-end results due to merger with Ottoman Bank will not be recurring in 2002 onwards

Banking Component of Segment Reporting (TL Billion)



Foreign Currency Position (TL Billion)

	2000	2001
Net on Balance Sheet Position	(2.046.086)	(176.348)
Off Balance Sheet Position	1.542.420	14.533
	(503.666)	(161.815)

BIS - Capital Adequacy Ratio

	2000	2001
BIS - Capital Adequacy Ratio	11,11%	12,53%

Ratios

	2000	2001
Liquid Assets/Total Assets	31,5%	28,7%
Deposits (including deposits from banks)/Total Assets	51,7%	66,9%
Cash Loans to customers-net/Total Assets	38,9%	31,6%
Total Loans /Total Assets	70,2%	57,9%
Non Performing Loans/Cash Loans-gross	2,1%	8,7%
Non Performing Loans/Cash & Non-cash Loans-gross	1,2%	4,8%
Total Shareholders' Equity/Total Assets	10,6%	7,4%
Liquid Assets/Total Deposits (including deposits from banks)	60,8%	42,9%
Bank Deposits/Deposits (deposits from banks included)	28,2%	10,6%
Allowance for NPLs /Non Performing Loans	136,2%	55,1%
Allowance for NPLs/Cash Loans-gross	2,9%	4,8%
Leverage (x)	8.4	12.50
Net interest Income/Average Interest Earning Assets	8,9%	-0,9%
Adjusted Net Interest Income/Average Interest Earning Assets	7,0%	-1,8%
Net Interest Income & Net Trading Income/Average Int. Earning Assets	11,8%	1,1%
Interest on Average Int. Earning Assets (excl. trading gain)	22,1%	20,9%
Cost of Average Interest Bearing Liabilities (including FX loss)	16,1%	24,0%
Cost of Average Interest Bearing Liabilities	15,0%	24,4%
Net Interest Spread	7,1%	-3,1%
Operating expenses / Total Average Assets	5,9%	5,9%
Cost/Income (excluding extraordinary item)	64,3%	186,3%
Effective Tax Rate	32,6%	27,9%
Return on Average Assets	1,6%	-3,4%
Return on Average Equity	15,2%	-37,9%

In Summary

- ▶ Assets were US\$12,594 Million as of 2001, down by 8% over 2000 due to the contraction in economic activity
- ▶ Loans to customers composed 32% of assets, and NPL ratio rose to 8,7% due to increase in NPLs, and shrinkage in loan portfolio; however NPL ratio is still significantly lower than most of its peers despite its strong presence in the loan market
- ▶ Deposits from customers increased by 47,5% during 2001, and composed 59,8% of total assets
- ▶ Garanti's net interest income was (US\$97.8 Million), mainly due to Ottoman Bank's high cost of funding, which will be non-recurring in 2002 and onwards
- ▶ 22% of non-interest expenses were also stemmed from Osmanlı
- ▶ As of 2001, Garanti, on a consolidated basis, had a net loss of US\$453 Million and 86,9% of the loss come from Osmanlı