IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S) OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Bank as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be either (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act) or (2) non-U.S. persons (as defined in Regulation S) outside of the U.S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to the Bank that (1) you and any customers you represent are either (a) QIBs or (b) outside of the U.S. and that the electronic mail address that you gave the Bank and to which this e-mail has been delivered is not located in the U.S. and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, nor Standard Chartered Bank, as Initial Purchasers, or any person who controls any of them, nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from any of the Initial Purchasers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Offering Memorandum is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

OFFERING MEMORANDUM

AKBANK T.A.Ş.

AKBANK

a Turkish banking institution organised as a joint stock company

US$500,000,000 6.50% Notes due 2018

Akbank T.A.Ş., a Turkish banking institution organised as a joint stock company ("**Akbank**", the "**Bank**" or the "**Issuer**"), is issuing US$500,000,000 6.50% Notes due 2018 (the "**Notes**"). The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities or "blue sky" laws of any state of the United States of America ("**United States**" or "**U.S.**"), the Republic of Turkey ("**Turkey**"), the United Kingdom or any other jurisdiction, and are being offered: (a) for sale (the "**U.S. Offering**") in the United States to qualified institutional buyers (each a "**QIB**") as defined in, and in reliance upon, Rule 144A ("**Rule 144A**") under the Securities Act and (b) for sale (the "**International Offering**" and, with the U.S. Offering, the "**Offering**") outside the United States in reliance upon Regulation S ("**Regulation S**") under the Securities Act. For a description of certain restrictions on sale and transfer of the Notes, see "Plan of Distribution", beginning on page 173 and "Transfer Restrictions", beginning on page 176.

As described further herein, the gross proceeds of the Notes will be used by the Issuer for the Issuer's general corporate purposes.

Interest on the Notes will be paid on 9 September and 9 March in each year; *provided* that if any such date is not a Business Day (as defined herein), then such payment will be made on the next Business Day. Principal of the Notes is scheduled to be paid on 9 March 2018, but may be paid earlier under certain circumstances as further described herein. The Notes initially will be sold to investors at a price equal to 99.656% of the principal amount thereof.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the Notes to be admitted to listing on the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Offering Memorandum to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

An application has been made to the Turkish Capital Markets Board (the "**CMB**") in its capacity as competent authority under Law No. 2499 of the Republic of Turkey relating to Capital Markets (the "**Capital Markets Law**") for the registration of the Notes with the CMB and the issuance of the Notes by the Bank outside Turkey. The Notes cannot be sold outside Turkey before they are registered with the CMB. The Notes were registered with the CMB on 17 February 2011.

The Notes are expected on issue to be rated BBB- by Fitch Ratings Ltd. ("**Fitch**") and Ba1 by Moody's Investors Services Limited ("**Moody's**", together with Fitch, the "**Rating Agencies**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As of the date of this Offering Memorandum, each of the Rating Agencies is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes (as defined in Condition 9) imposed or levied by or on behalf of the Relevant Jurisdiction (as defined in Condition 9), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of Turkish bonds issued outside of Turkey varies depending on the original maturity of such bonds as specified under decree numbered 2010/1182 dated 20 December 2010 (the "Decree"). Pursuant to the Decree, with respect to bonds with a maturity of between 3 years and 4 years 364 days, the withholding tax rate on interest is 3% and for bonds with a maturity of 5 years or more the withholding tax rate is 0%. Accordingly, the withholding tax rate on interest on the Notes is 0%.

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" BEGINNING ON PAGE 13 OF THIS OFFERING MEMORANDUM.

For a more detailed description of the Notes, see "Conditions of the Notes" beginning on page 150.

The Notes are being offered under Rule 144A and under Regulation S by Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc and Standard Chartered Bank (collectively, the "**Initial Purchasers**"), subject to their acceptance and right to reject orders in whole or in part. It is expected that delivery of the Notes will be made in book-entry form only through the facilities of the Depository Trust Company ("**DTC**"), including for the account of Euroclear and/or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream**"), against payment therefor in immediately available funds on 9 March 2011 (*i.e.*, the fourth business day following the date of pricing of the Notes (such date being referred to herein as the "**Closing Date**" and such settlement cycle being herein referred to as "**T+4**")).

Citi **Crédit Agricole CIB** **HSBC** **Standard Chartered Bank**

The date of this Offering Memorandum is 7 March 2011.

This offering memorandum (the "Offering Memorandum") together with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference") constitutes a Prospectus for the purpose of Article 5 of Directive 2003/71/EC (the "*Prospectus Directive*") and for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the rights attaching to the Notes. This Offering Memorandum is to be read in conjunction with the Issuer's Annual Financial Statements (as defined in "Financial Information") which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"). This Offering Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Offering Memorandum.

The Issuer, having made all reasonable enquiries, confirms that this Offering Memorandum and the documents which are deemed to be incorporated herein by reference contains all information which is material in the context of the issuance and offering of the Notes, that the information contained in this Offering Memorandum and the documents which are deemed to be incorporated herein by reference is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Memorandum and the documents which are deemed to be incorporated herein by reference are honestly held and that there are no other facts the omission of which would make this Offering Memorandum and the documents which are deemed to be incorporated herein by reference or any of such information or the expression of any such opinions or intentions misleading in any material respect and all reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Initial Purchasers to subscribe for or purchase, any Notes. The distribution of this Offering Memorandum and the offer or sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Offering Memorandum may come are required by the Issuer and the Initial Purchasers to inform themselves about and to observe any such restrictions.

No person has been authorised in connection with the offering of the Notes to give any information or make any representation regarding the Issuer, the Initial Purchasers or the Notes other than as contained in this Offering Memorandum and the documents which are deemed to be incorporated herein by reference. Any such representation or information must not be relied upon as having been authorised by the Issuer or the Initial Purchasers. The delivery of this Offering Memorandum at any time does not imply that there has been no change in the Issuer's affairs or that the information contained in it is correct as at any time subsequent to its date. This Offering Memorandum may only be used for the purpose for which it has been published.

No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of the information set forth in this document and any document incorporated by reference herein, and nothing contained in this document or any document incorporated by reference herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. None of the Initial Purchasers assumes any responsibility for the accuracy or completeness of the information set forth in this document or any document incorporated by reference herein. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

None of the Issuer or the Initial Purchasers or any of their respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of any investment by such offeree or purchaser under appropriate legal investment or similar laws. Each investor should consult with his own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

GENERAL INFORMATION

In this Offering Memorandum, the "**Group**", the "**Bank**" and "**Akbank**" refer to Akbank T.A.Ş. and its consolidated subsidiaries, unless the context otherwise requires.

Unless otherwise indicated, the "**Issuer**" refers to Akbank T.A.Ş.

Unless otherwise indicated, "**Noteholder**" refers to the registered holder of any Note. "**Beneficial Owner**" refers to an owner of a beneficial interest in any Note.

Unless otherwise indicated, all references in this Offering Memorandum to "**Initial Purchasers**" refer to Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc and Standard Chartered Bank.

References to "**resident**" herein refer to tax residents of Turkey and references to "**non-resident**" herein refer to persons who are not tax residents of Turkey.

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "Notice to U.S. Investors" or "Notice to Investors in the International Offering," as applicable. Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

The Offering of the Notes has been registered with the CMB only for the purpose of sale of the Notes outside Turkey in accordance with Article 15/b of Decree 32 on the Protection of the Value of the Turkish Currency (as issued in August 1989 and amended in December 1990, June 1991, March 1993, October 1994, April 1997, December 1998, July 1999, July 2001, June 2003, January 2005, June 2006, January 2008 and June 2009, "**Decree 32**"), and Articles 6 and 25 of Communiqué Serial No: II No 22 on the Principles on the Registration and Sale of Debt Instruments ("**Communiqué**") and, accordingly, the Notes (or beneficial interests therein) will neither be offered or sold to Turkish residents in accordance with BRSA's decision dated 12 March 2010 (No. 3582) nor will they be offered or sold within Turkey under current capital markets regulations. The decision of the BRSA only applies to the initial offer and sale of the Notes by Akbank at the time of their issue, and Turkish residents will be permitted under such decision to purchase or to sell the Notes in the secondary markets. This has been confirmed by the respective authority in writing upon Akbank's application to clarify the scope of the restriction.

Notes offered and sold in the United States to QIBs in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons (the "**Rule 144A Note**"). Notes offered and sold outside the United States to non-U.S. persons pursuant to Regulation S will be represented by beneficial interests in a single, permanent global certificate in fully registered form without interest coupons (the "**Regulation S Note**" and, with the Rule 144A Note, the "**Global Certificates**").

The Global Certificates will be deposited on or about the Closing Date with the Fiscal Agent as custodian for, and registered in the name of, Cede & Co. as nominee of DTC. Except as described in this Offering Memorandum, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream. Except as described in this Offering Memorandum, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement.

An application has been made to admit the Notes to listing on the London Stock Exchange; however, no assurance can be given that such application will be accepted.

In connection with the issue of Notes to be underwritten by the Initial Purchasers, the Initial Purchaser or Initial Purchasers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in this Offering Memorandum may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher

than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant issue of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Notes have not been approved or disapproved by any state securities commission or any other U.S., Turkish, United Kingdom or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary may be a criminal offence.

The distribution of this Offering Memorandum and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons that come into possession of this Offering Memorandum are required by the Bank and the Initial Purchasers to inform themselves about and to observe any such restrictions.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or any beneficial interest therein) in any jurisdiction in which such offer or solicitation is unlawful. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer and sale of the Notes (and beneficial interests therein) in the United States, Turkey, the United Kingdom and numerous other jurisdictions.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Offering Memorandum together with all documents which are deemed to be incorporated herein by reference. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum and in the documents which are deemed to be incorporated herein by reference, is in accordance with the facts and contains no omission likely to affect the import of such information.

The Issuer has derived substantially all of the information contained in this Offering Memorandum concerning the Turkish market and its competitors, which may include estimates or approximations, from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish banking sector in this Offering Memorandum have been obtained from the BRSA's website at www.bddk.org.tr and all data relating to the Turkish economy, including statistical data, have been obtained from TURKSTAT's website at www.turkstat.gov.tr, the Central Bank's website at www.tcmb.gov.tr, the Banks' Association of Turkey's website www.tbb.org and the Turkish Treasury's website at www.hazine.gov.tr. Data has been downloaded/observed on various days during the months of January and February 2011 and may be the result of calculations made by the Bank and therefore may not appear in the exact same form on such websites or elsewhere. Such websites should not be deemed to be a part of, or to be incorporated into, this Offering Memorandum. Unless otherwise indicated, the sources for statements and data concerning the Bank and its business are based on best estimates and assumptions of the Bank's management. Management believes that these assumptions are reasonable and that its estimates have been prepared with due care. The data concerning the Bank included herein, whether based on external sources or based on the Bank's management internal research, constitute the best current estimates of the information described.

Where third party information has been used in this Offering Memorandum, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Such data, while believed to be reliable and accurately extracted by the Bank for the purposes of this Offering Memorandum, have not been independently verified by the Bank or any other party and you should not place undue reliance on such data included in this Offering Memorandum. As far as the Bank is aware and able to ascertain from the information published by such third party sources, this information has been accurately reproduced and no facts have been omitted which would render the reproduction of this information inaccurate or misleading.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED (THE "**RSA**") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

TURKISH TAX CONSIDERATIONS

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes (as defined in the Conditions) imposed or levied by or on behalf of the Relevant Jurisdiction (as defined in the Conditions), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of Turkish bonds issued outside of Turkey varies depending on the original maturity of such bonds as specified under decree numbered 2010/1182 dated 20 December 2010 (the "Decree"). Pursuant to the Decree, with respect to bonds with a maturity of between 3 years and 4 years 364 days, the withholding tax rate on interest is 3% and for bonds with a maturity of 5 years or more the withholding tax rate is 0%. Accordingly, the withholding tax rate on interest on the Notes is 0%.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains statements that may be considered to be "forward-looking statements" as that term is defined in the U.S. Private Securities Litigation Act of 1995. Forward-looking statements appear in a number of places throughout this Offering Memorandum, including, without limitation, under "Risk Factors", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business of Akbank" and elsewhere in this Offering Memorandum, and include, but are not limited to, statements regarding:

- strategy and objectives;
- trends affecting the Bank's results of operations and financial condition;
- asset portfolios;
- loan loss reserve;
- capital spending;
- legal proceedings; and
- the Bank's potential exposure to market risk.

The forward-looking statements also may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "probability", "risk", "target", "goal", "objective", "future" or similar expressions or variations on such expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements.

The Bank has identified some of the risks inherent in forward-looking statements under "Risk Factors" in this Offering Memorandum. Other important factors that could cause actual results to differ materially from those in forward-looking statements include, among others:

- changes in the Turkish economy;
- changes in the banking and financial markets in Turkey;
- changes in applicable laws and regulations, including taxes, or accounting standards or practices;
- the monetary, interest rate and other policies of central banks in Turkey, the European Union, the United States and elsewhere;
- changes or volatility in interest rates, foreign exchange rates, asset prices, equity markets, commodity prices, inflation or deflation;
- the effects of competition in the markets in which the Bank operates, which may be influenced by regulation or deregulation;
- changes in consumer spending, saving and borrowing habits in Turkey, including changes in government policies which may influence investment decisions;
- the Bank's ability to hedge certain risks economically;
- the Bank's ability to manage any mismatches between the Bank's interest-earning assets and the Bank's interest-bearing liabilities;
- the Bank's ability to manage operational risks and prevent security breaches;
- the Bank's ability to grow the Bank's loan portfolio at historical rates;
- the Bank's ability to compete in the Bank's business lines and increase or maintain market share;
- the Bank's ability to control expenses;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by the Bank's clients;
- the Bank's ability to carry out acquisitions, disposals and any other strategic transactions;
- the Bank's ability to manage liquidity risks and to access financial markets;
- the Bank's success in managing the risks involved in the foregoing, which depends, among other things, on the Bank's ability to anticipate events that cannot be captured by the statistical models the Bank uses; and
- *force majeure* and other events beyond the Bank's control.

There may be other risks, including some risks of which the Bank is unaware, that could adversely affect the Bank's results or the accuracy of forward-looking statements in this Offering Memorandum. Therefore, you should not consider the factors discussed here or under "Risk Factors" to be a complete set of all potential risks or uncertainties.

You should not place undue reliance on any forward-looking statements. The Bank does not have any intention or obligation to update forward-looking statements to reflect new information, future events or risks that may cause the forward-looking events the Bank discusses in this Offering Memorandum not to occur or to occur in a manner different from what the Bank expects.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Bank maintains its books of accounts and prepares its statutory financial statements ("**Statutory Financial Statements**") in accordance with the Banking Law and the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, which refers to Turkish Accounting Standards and Turkish Financial Reporting Standards issued by the Turkish Accounting Standards Board and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("**BRSA**") and other relevant rules promulgated by the Turkish Commercial Code, Capital Markets Board and Tax Regulations. The Bank's subsidiaries maintain their books of accounts in accordance with the statutory rules and regulations applicable in their jurisdictions.

The Statutory Financial Statements are prepared on the historical cost basis except for financial assets and liabilities held for trading, available-for-sale assets, derivative financial instruments, equity participations quoted at the stock exchanges and assets held for resale, which are presented on a fair value basis if reliable measures are available. The Bank's Statutory Financial Statements are also prepared on a consolidated basis with its financial affiliates.

Though the Bank is not required by Turkish law to prepare financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), including International Accounting Standards ("**IAS**") as promulgated by the International Accounting Standards Board ("**IASB**") and interpretations issued by the Standards Interpretations Committee of IASB, as international investors are generally unfamiliar with Turkish GAAP, the consolidated financial statements for the years ended 31 December 2008, 2009 and 2010 of the Bank and its subsidiaries incorporated by reference herein (the "**Annual Financial Statements**") have been prepared and presented in accordance with IFRS. Non-performing loan ratios are based on BRSA figures.

The Annual Financial Statements as at and for the years ended 31 December 2008 and 2009 have been audited by PricewaterhouseCoopers ("**PwC**") and the Annual Financial Statements as at and for the year ended 31 December 2010 have been audited by Ernst & Young ("**E&Y**"). Unless otherwise indicated, the financial information presented herein is based upon the Annual Financial Statements incorporated by reference herein.

Unless otherwise indicated, references to "**TL**" with respect to the Annual Financial Statements and Interim Financial Statements are references to the Turkish currency rounded to the nearest thousand. Unless otherwise indicated, references to "**US$**", "**$**", "**U.S. Dollars**" or "**Dollars**" in this Offering Memorandum are to United States Dollars rounded to the nearest million. Unless otherwise indicated, references to "**EUR**", "**Euro**" and "**€**" are to the single currency of the participating member states of the European Union that was adopted pursuant to the Treaty of Rome of 27 March 1957, as amended by the Single European Act 1986 and the Treaty on European Union of 7 February 1992, as amended.

For the convenience of the reader, this Offering Memorandum presents translations of certain Turkish Lira amounts into Dollars at the Turkish Lira exchange rates for purchases of Dollars announced by the Bank (the "**TL/$ Exchange Rate**") (see "Exchange Rates"). This rate differs from the official cash buying rate for Dollars announced by the Turkish Central Bank (*Türkiye Cumhuriyet Merkez Bankasi*, the "**Central Bank**") as the TL/$ Exchange Rates are based upon the actual cash buying rates announced by the Bank on the relevant dates. No representation is made that the Turkish Lira or Dollar amounts in this Offering Memorandum could have been or could be converted into Dollars or Turkish Lira, as the case may be, at any particular rate or at all. For a discussion of the effects on the Bank of fluctuating exchange rates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

According to BRSA regulation and communiqué dated 13 January 2010, the Bank was required to rotate its external auditors. As a result, E&Y were appointed as the Bank's external auditors as at 26 March 2010.

Certain figures included in this Offering Memorandum have been subject to rounding adjustments (e.g., certain U.S. Dollar amounts have been rounded to the nearest million). Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise indicated, the sources for statements and data concerning the Bank and its business are based on best estimates and assumptions of the Bank's management. Management believes that these assumptions are reasonable and that its estimates have been prepared with due care. The data concerning the Bank included herein, whether based on external sources or based on the Bank's management internal research, constitutes the best current estimates of the information described.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

The Bank is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Bank named herein reside inside Turkey and all or a significant portion of the assets of such persons may be, and substantially all of the assets of the Bank are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons or entities outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce such judgments in Turkey, investors should initiate enforcement lawsuits before the competent Turkish courts. In accordance with Articles 50-59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments,

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts; or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and the United States or Turkey and the United Kingdom providing for reciprocal enforcement of judgments. There is no *de facto* reciprocity between Turkey and the United States. Turkish courts have rendered at least one judgment in the past confirming *de facto* reciprocity between Turkey and the United Kingdom. However, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by Turkish courts in the future. Moreover, there is uncertainty as to the ability of a Noteholder to bring an original action in Turkey based on the US federal or any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

(a) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed;

(b) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey;

(c) the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey;

(d) the judgment is not of a civil nature;

(e) the judgment is clearly against public policy rules of Turkey; or

(f) the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered.

In connection with the issuance of Notes, the Bank will designate Exsa (UK) Limited at 29 Marylebone Road, London NW1 5JX as their agent upon whom process may be served in connection with any proceedings in England.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Notes, for as long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer is required to furnish, upon request of a holder of the Notes and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are provided simultaneously with this Offering Memorandum and have been approved by the Financial Services Authority or filed with it shall be deemed to be incorporated in, and to form part of, this Offering Memorandum:

(i) the Annual Financial Statements of Akbank for the financial year ended 31 December 2010 (including E&Y's audit report dated 21 February 2011 issued in respect thereof);

(ii) the Annual Financial Statements of Akbank for the financial year ended 31 December 2009 (including PwC's audit report dated 24 February 2010 issued in respect thereof); and

(iii) the Annual Financial Statements of Akbank for the financial year ended 31 December 2008 (including PwC's audit report dated 13 February 2009 issued in respect thereof).

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

Copies of documents incorporated by reference in this Offering Memorandum are available on the website of the London Stock Exchange plc at www.londonstockexchange.com/rns.

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OVERVIEW OF AKBANK

The following overview should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Offering Memorandum, including the Financial Statements incorporated by reference. Prospective investors should see "Risk Factors" below for a discussion of certain factors that should be considered in connection with an investment in the Notes (or beneficial interests therein).

Akbank T.A.Ş. is a Turkish banking institution organised as a joint stock company with registration number 90418. Founded as a local bank in Adana in January 1948, Akbank was originally established with the core objective of providing funding for local cotton producers. The Bank opened its first branch in the Sirkeci district of Istanbul on 14 July 1950. The Bank's head office is currently located at Sabancı Center 4, Levent 34330, Istanbul, Turkey.

Akbank carries out its activities from its head office and 20 regional offices throughout Turkey. Its network of 912 domestic branches as at 31 December 2010 provides Akbank with the ability to reach a nationwide base of customers.

Akbank operates in five main business segments: (i) Retail Banking; (ii) Corporate and SME Banking (prior to the end of 2009, Corporate and Commercial Banking); (iii) Treasury; (iv) Private Banking; and (v) International Banking. It offers a wide range of consumer, SME, corporate and private banking services as well as international trade financing. Non-banking financial, capital market, brokerage and investment services are provided by Akbank's subsidiaries and/or sister companies including AkSecurities, Akbank (Dubai) Limited (investment banking and brokerage), AkInvestment Fund (a closed-end mutual fund), AkAssetManagement (portfolio management), AkLease, Aksigorta (insurance) and AvivaSA Pensions. Akbank does not have any subsidiaries that are not involved in financial services.

In addition to the Bank's traditional delivery channels such as its branches, Akbank offers customer services through its Retail and Corporate Internet Branches, the Telephone Banking Center, over 3,100 ATMs and more than 271,315 POS terminals, as well as other electronic channels.

Akbank has an international presence through its subsidiaries in The Netherlands (Akbank N.V.), Germany (Akbank AG) and Dubai (Akbank (Dubai) Limited), and through one branch in Malta.

Since its establishment, a majority of the shares in Akbank have been owned or controlled by the Sabancı family and the Sabancı Group, which is one of the two largest financial and industrial corporate groups in Turkey. Floated to the public in 1990, Akbank shares began trading on international markets and as American Depository Receipts ("**ADRs**") after its secondary public offering in 1998. On 9 January 2007, Akbank and Citigroup successfully completed a strategic partnership agreement according to which Citigroup acquired a 20% equity stake in Akbank.

As at 31 December 2010, 28.8% of Akbank's shares were publicly traded on the Istanbul Stock Exchange (the "**ISE**") and the Bank's Level 1 ADRs are traded on the OTC in the United States. Akbank's market capitalisation stood at TL34.2 billion as at 31 December 2010, making it the most valuable company by market capitalisation on the ISE.

For the year ended 31 December 2010, Akbank's net profits were TL3.0 billion, an increase of 10.0% from TL2.7 billion in 2009 and an increase of 50.3% in 2009 from TL1.8 billion in 2008, respectively, representing a cumulative increase of 65.4% from 2008 to 2010. As at 31 December 2010, Akbank had total assets of TL119.7 billion, an increase of 16.9% and 29.1% from TL102.4 billion and TL92.7 billion as at 31 December 2009 and 2008, respectively. As at 31 December 2010, Akbank had total shareholder's equity (excluding non-controlling interest) of TL18.0 billion, an increase of 24.0% and 57.9% from TL14.6 billion and TL11.4 billion respectively as at 31 December 2009 and 2008, respectively.

Business Segments – Overview

Akbank operates in five main business segments. See "Business of Akbank – Akbank's Business Segments": (i) Retail Banking; (ii) Corporate and SME Banking; (iii) Treasury; (iv) Private Banking; and (v) International Banking. Following a change in early 2010 in the Bank's organisational structure, with small business banking being transferred from the Retail Banking Unit to the Corporate and SME Banking Unit, the Bank's classification of its business segments as at 31 December 2010 differs from the classification as at 31 December 2009 and 2008.

Retail Banking: includes retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. The Bank's line of retail banking products and services also includes bank cards, mutual funds, bonds and t-bills brokerage, equity brokerage, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, ATM, telephone and internet banking. Gross profit from retail banking was TL665.5 million for the year ended 31 December 2010, which, when compared to the same period in 2009 was an increase of 17.4% from TL566.7 million and a decrease in 2009 of 42.7% from TL988.7 million for the same period in 2008 representing a cumulative decrease of 32.7% from 2008 to 2010. At the beginning of 2010, Akbank changed its customer segmentation and formed the SME Banking Division (which is now part of the Corporate and SME Banking Unit) by merging the Commercial and Small Business Banking divisions in order to provide a closer, more specialised and efficient service to SMEs. Small Business Banking is therefore no longer part of the Retail Banking Unit, save for the business segment of small businesses with annual sales revenue of less than TL500,000 (categorised by the Bank as "micro business customers"), which is now covered by the Consumer Banking Division of the Retail Banking Unit. Gross profit for the Retail Banking Unit before 31 December 2010 took into account profit generated by Small Business Banking which was then part of Retail Banking. See "Business of Akbank – Akbank's Business Segments – Retail Banking".

Corporate and SME Banking: provides financial solutions and banking services to large-scale and medium-sized corporate and commercial customers, including Turkish Lira and foreign currency denominated working capital loans, small business loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, the Bank provides working capital management solutions for corporate customers, delivering tailored cash management services based on customers' requirements which include collection and payment services and liquidity and information management. Project finance loans are provided as part of the Bank's commercial banking activities. Gross profit from Corporate and SME Banking was TL902.5 million for the year ended 31 December 2010, an increase of 34.7% from TL669.9 million for the same period in 2009, and an increase of 30.24% in 2009 from TL514.3 million for the same period in 2008 respectively, representing a cumulative increase from 2008 to 2010 of 75.5%. Gross profit for Corporate and SME Banking before 31 December 2010 did not take into account profit generated by Small Business Banking. See "Business of Akbank – Akbank's Business Segments – Corporate and SME Banking".

Treasury: includes proprietary positioning in Turkish Lira and foreign currency instruments on a spot and forward basis, and proprietary positioning in domestic fixed income securities together with foreign securities with AAA ratings. This business segment also includes marketing treasury products and derivative financial products for customers. Gross profit from Treasury was TL2.1 billion for the year ended 31 December 2010, an increase of 2.2% from TL2.1 billion for the same period in 2009 and an increase of 424.7% in 2009 from TL396.9 million for the same period in 2008, respectively representing a cumulative increase in the period from 2008 to 2010 of 436.2%. See "Business of Akbank – Akbank's Business Segments – Treasury".

Private Banking: includes products and services for individuals with assets under management with Akbank exceeding TL500,000, such as investment, pension and insurance services. Gross profit from private banking was TL103.8 million for the year ended 31 December 2010, an increase of 36.2% from TL76.2 million for the same period in 2009, and an increase of 266.3% in 2009 from TL20.8 million for the same period in 2008, representing a cumulative increase from 2008 to 2010 of 399.1%.

International Banking: manages the Bank's international fund raising activities and correspondent banking relationships and sets credit limits and risk management policies for financial institutions counterparties. In August 2010 the International Business Development Division was established within the International Banking Unit. The main responsibilities of this department are to offer a complementary service to its clients to support their business activities within its responsibility area and to originate beneficial proprietary deals for the Bank. To achieve this, the department plans to use several methods including but not limited to expanding relationships between the Bank and Financial Institutions and corporates in those countries, strengthening the market share of the Bank in the foreign trade business, more closely monitoring those countries to identify potential clients, referring the potential deals to the related business lines and proposing new representative offices, branches or subsidiaries as may be supported by the business.

In addition to financing through Eurobond issuance, structured finance transactions, syndicated loans and bilateral loans from institutional banks, the International Banking Unit has been able to secure long-term financing through various multilateral institutions to support SMEs and various projects for its customers. The Unit also offers products and services in trade finance, foreign exchange and Turkish Lira clearing. Gross profit from international banking was TL57.6 million for the year ended

31 December 2010, a decrease of 6.7% from TL61.7 million for the same period in 2009 and a decrease in 2009 of 8.1% from TL67.1 million for the same period in 2008, representing a cumulative decrease from 2008 to 2010 of 14.2%.

Competitive Strengths

Akbank believes that it has the following competitive strengths:

- ***Strong and Well Known Turkish Franchise, Trusted Brand Diversified Portfolio of Banking Assets.*** Akbank believes that it has established itself as one of the most widely-recognised and trusted private banks in Turkey as result of its 62-year operating history in Turkey through often turbulent Turkish financial markets and its long-standing focus on prudent risk management and record of financial stability. Akbank has focused virtually all of its business in Turkey (with over 90% of its assets in Turkey as at 31 December 2010) on the basis that this is the market that it knows best and where it enjoys a strong competitive position. Akbank is Turkey's third largest private bank measured by assets as at 31 December 2010, offering a broad portfolio of retail and commercial products and has well-established relationships with its client base. Akbank has a wide distribution network with 912 domestic branches and over 5.5 million active customers as at 31 December 2010 as well as a large network of alternative delivery channels, including a call centre with over 900 representatives, 271,315 point-of-sale terminals and 3,127 ATMs, in each case as at 31 December 2010. As at 31 December 2010, Akbank's general purpose loans market share was 9.8%, car loans market share, 14.9%, mortgage loans market share, 10.7% and credit card loans market share, 15.3%. Its market share as at 31 December 2009 for general purpose loans was 9.3%, car loans, 13.0%, mortgage loans, 10.7% and credit card loans, 16.0%. In addition, Akbank had an aggregated market share in corporate, commercial and small business loans of 9.8% and 9.9% as at 31 December 2010 and 31 December 2009, respectively). Akbank believes that its strong franchise and position in retail and commercial banking enables it to benefit from economies of scale and provides a strong platform for sustained profitability in the Turkish banking market. Akbank believes that the strength of its franchise is enhanced by the controlling shareholding (of 51.16% as at December 2010) of the Sabancı family, one of Turkey's most prominent families and its strategic partnership with Citigroup (with Citigroup having acquired 20% of Akbank's shares), which has allowed the Bank to enhance its international connectivity, expand its product offering and further establish its profile and reputation for excellence in the domestic market. The strength of Akbank's Turkish franchise has been recognised through numerous awards, including being named "Best Bank in Turkey" at Euromoney's 2009 Awards of Excellence, winning Global Finance Magazine's Best Emerging Market Bank in Turkey Award for each of the past five years and being named "Turkey's Best Local Bank" by EMEA Finance Magazine in 2009. In 2010, Akbank was awarded "Best Financial Institution Loan" for its €1 billion syndicated loan facility and "Best Financial Institution Borrower" by EMEA Finance Magazine. The Bank's US$1 billion Eurobond transaction was awarded "Best Financial Institution Deal" in Emerging Markets by Euroweek magazine.

- ***Robust Capital Structure; Conservative Liquidity and Funding Policy.*** As at 31 December 2010, the Bank had a robust capital structure, as demonstrated by a capital adequacy ratio of 19.9% (under BRSA), Tier 1 ratio of 18.4%, leverage ratio (calculated as total assets divided by total equity) of 6.6x and shareholders' equity of TL18.0 billion (excluding non-controlling interest). Supporting its capital structure, Akbank maintains strong liquidity, with a liquid asset ratio (being the total amount of cash, deposits with the Central Bank, overnight interbank deposits, the balances of Akbank's nostro accounts and statutory reserves divided by the Bank's total liabilities) of 7.1% and loan-to-deposit ratio of 70%, in each case as at 31 December 2010. Akbank's funding strategy includes maintaining a substantial percentage of its liabilities in the form of customer deposits. Although customer deposits in Turkey are typically short-term (with durations of less than 90 days), a majority of Akbank's deposits have been reinvested. Akbank has an immaterial exposure to sovereign debt, other than that of Turkey, as approximately 98.27% of its investment securities are composed of Turkish T-bills, government bonds and eurobonds. As a result, Akbank was less affected than many other global financial institutions by the reduction of liquidity and increased cost of funding that occurred during the global financial crisis. Accordingly, Akbank believes that its strong balance sheet has supported its ability to attract a substantial and stable deposit base and it has benefitted from a "flight to quality" during difficult market conditions, with deposits having grown at a rate of 11.3% from TL74.7 billion as at 31 December 2009 to TL83.1 billion as at 31 December 2010.

- ***Prudent and Effective Risk Management; Superior Asset Quality.*** Akbank's management believes it has instilled a prudent and effective risk management culture at all levels of the Bank, beginning with careful customer selection to support a quality asset base and including establishing conservative provisioning policies. As a key element of risk management, Akbank focuses on ensuring it has a diversified asset base with no single exposure greater than 2.5% of its loan portfolio and no single group exposure greater than 5% of its total loans as at 31 December 2010 and high collateral levels, with an average loan-to-value ratio of 57.3%. Approximately half of Akbank's loan portfolio had a term of less than one year in duration as at 31 December 2010, thereby limiting Akbank's exposure to significant movements in interest rates. Akbank monitors credit quality on an ongoing basis; as the global financial crisis impacted Turkey and Akbank's customers, Akbank introduced new risk management tools in 2008 and focused on reducing loans in sectors (primarily SMEs) that were particularly susceptible to the disruptions in global market conditions. Supporting Akbank's emphasis on building a quality asset base, Akbank has a long-standing policy of provisioning substantially in excess of regulatory requirements with 100% of loans that are more than 90 days past due provisioned at a rate of 100%, regardless of level of collateral (compared to the BRSA regulatory requirement which permits provisioning after deduction of collateral over a 12 month period). Despite Akbank's conservative provisioning policy, Akbank's NPL ratios have consistently been below the average of the Turkish banking sector, achieving an NPL ratio of 2.2% as at 31 December 2010 (compared to the average sector NPL ratio of 3.6%), 3.8% for 2009 (compared to the average of 5.2%) and 2.3% for 2008 (compared to the average of 3.6%). Collections exceeded new NPL formation in 2010, with TL491 million new NPLs being recorded, but TL595 million previously provisioned NPLs being collected during the period.

- ***Record of Innovation.*** Akbank has a strong track record of developing an innovative range of products and services, including innovative lending products and the ability to obtain a consumer loan by telephone (since 2005), on the internet (since 2006), via SMS or through a dedicated credit machine (since 2007) or via a standard ATM (since 2008). Akbank has also enhanced its distribution capabilities through developing a full-service call centre and embracing new technologies including developing mobile web and mobile branch applications since 2008. It has also expanded its investment product portfolio, including introducing Turkey's first mass market structured deposits and structured funds in 2007 as well as BRIC Fund in 2009.

Strategy

Akbank's corporate goals and strategy are closely aligned with its commitment to the development of the Turkish economy and the Turkish financial system by providing high-quality specialised banking products and services that are both innovative and comprehensive. Akbank's objective is to become the leading multi-specialist bank in Turkey while sustaining its profitability. To achieve this objective, Akbank has identified the following strategic priorities for 2011 and beyond.

- ***Focusing on Prudent and Sustainable Growth in Turkey.*** Akbank plans to continue to focus on the Turkish market where it has substantial local knowledge, enhancing its product and service offerings in the following ways:

  - *Grow Retail Loans in Selected Customer Segments and Products.* Turkey is a rapidly growing country with GDP estimated to have grown at 8.9% year-on-year in the first three quarters of 2010 (*source: Turkstat*). The State Planning Organisation ("**DPT**") forecasts GDP growth at 4.5% for 2011 and 5% in 2012. The strong growth in the Turkish economy has contributed to growth in Akbank's consumer loans in 2010, with consumer loans (excluding credit cards) increasing at a rate of 42% compared to 2009. In addition, a considerable portion of the Turkish population use limited or no banking services, which is expected to yield additional opportunities to grow the customer base as the Turkish economy develops. As a result of these factors, management believes that Akbank will be able to continue growing this business by focusing on selected customer segments and products, and increasing its market share as a result of its large national network and strong brand, both of which will be promoted by its regional marketing teams. In addition, to support this growth, Akbank intends to continue to develop innovative products and services (similar to its recent application of the internet and mobile phone technologies to expand distribution channels for loans) and to continue to emphasise service quality.

- *Focus on Commercial and SME Customers.* Akbank believes that a key driver of growth in Turkey will be the increasing importance of SME customers (those with annual revenues of between TL500,000 and TL85 million). In order to take advantage of this growth, in early 2010, Akbank combined its small business and commercial banking activities into one Corporate and SME Banking segment to benefit from synergies between these two segments. It also restructured its branch network to extend specialised services from 44 to more than 180 branches and established 22 specialised commercial banking branches where account officers target commercial customers. The SME business has proved to be one of the fastest growing and most lucrative customer groups during 2010 for the Turkish banking sector (*source: BRSA*). As a result of these factors, Akbank's SME loans grew at a rate of approximately 31% as at 31 December 2010 compared to the same period in 2009. Going forward, Akbank expects that the SME segment will be a key driver of its growth and profitability and is actively seeking to further increase its SME lending business through focused marketing efforts and new product and service developments, combined with increased availability of funding to this sector.

- *Optimise Branch Network and Multi-Channel Distribution.* Akbank has a combined strategy of optimising its branch network to reach its highest-value customers who need personal advice and service, while developing cost-effective alternative distribution channels. With its wide branch network that covers 79 out of 81 cities in Turkey, the Bank already has a wide distribution network and believes that it is therefore well placed to benefit from the projected growth of Turkey. To that end, Akbank's priority in 2011 will be to focus on increasing the efficiency and productivity of its current network to better realise this potential. Akbank will seek opportunistic branch openings in a selective manner based on micro-market analyses. In particular, as at 31 December 2010, only 31.9% of Akbank's 912 domestic branches were located in the greater Istanbul area (which Akbank expects will be a primary region of growth in Turkey). Supporting its wide branch network, Akbank has developed a full multi-channel distribution network (including telephone banking, ATMs, internet and mobile banking) that has the dual purpose of cost efficiency and maximising customer access. Akbank considers internet and mobile banking as the most important emerging channels in the Turkish market. In particular, the Turkish population has shown a willingness to use internet banking, with 2.5 million customers across Turkey using internet banking services in 2009 (*source: Turkstat*), with this figure expected by the Bank to rise substantially in the short to medium term. Accordingly, Akbank intends to renew its internet banking service in 2011 and widen its mobile banking offering in particular to address the demands of Turkey's young and growing population.

- *Increase New Deposits and Deposit Offerings.* A key aspect of Akbank's funding strategy is to maintain a strong base of stable, low-cost demand deposits. Deposits in Turkey are primarily structured as short-term deposits, with terms of less than three months, which management believes is a result of high inflationary conditions in Turkey's recent history. However, with inflationary conditions having abated in recent years, Akbank's management believes that it will be able to profitably introduce new deposit products and gain market share from new customers as a result of its strong national branch network and brand. Examples of such products have included Akbank's new AUM products, including approximately 40 new asset management products, such as capital protected funds, as well as new monthly-fee account packages and an accumulating savings account.

- *Develop Additional Fee Generating Products and Businesses.* As the Turkish economy continues to develop, Akbank believes that Turkish retail customers will increasingly utilise fee-based banking products such as credit cards and investment funds as the population becomes more familiar with such products. On the commercial side, many Turkish companies have wide supplier and distribution networks as well as a higher level of trade with international markets, resulting in growing needs for advanced cash management and trade financing products. Accordingly, in order to benefit from these trends, Akbank intends to continue to focus on fee-generating products such as credit cards, bancassurance, trade financing, and cash management products.

- *Maximise long-term customer value.* In a highly competitive banking market such as Turkey, Akbank believes that maximising the long term value of existing and new customers is crucial for achieving future growth. As a result, Akbank has employed advanced CRM tools to better understand the needs of its customers and to proactively offer products that meet these needs. Going forward, Akbank intends to focus on greater utilisation of these tools across all its distribution channels to increase cross-selling of its growing variety of products and services.

- *Achieve Effective Multichannel Integration.* Akbank, which continually monitors global and local trends in banking and consumer behaviour, has historically pioneered the Turkish Banking Sector with its innovative products and service models. To that end, Akbank considers multichannel excellence as the biggest milestone in taking clients' banking experience to the next level. One of the most important strategic priorities of Akbank in 2011 will be utilising all of its distribution channels to achieve customer excellence and cost efficiency. Branches will continue to be the Bank's most important channel in meeting the needs of high value customers. The Bank's award-winning call centre with its specialist teams is designed to meet the needs of customers who want personal service without leaving their homes. On and off-site ATMs offer a wide range of banking products and services and are accessible throughout Turkey.

- ***Continue to Focus on Human Capital Recruitment and Development***. Akbank believes that the quality of its staff is a key competitive advantage for the Bank and it has designed a comprehensive recruitment and training programme. Targeting the best universities is the starting point for the new graduates' recruitment process, followed by aptitude and personality tests and competency based interviews. Recruitment for managerial positions is handled in cooperation with leading recruitment firms. Succession planning for the top management team (at the vice president level), the development programmes designed according to specific development needs of high potential managers, and the leadership mentoring programme are the key retention programmes for top personnel applied within the Bank. In order to enhance its recruitment of top personnel and the brand value of the Bank, Akbank created the "Akbank Thinking Club" in 2008. The purpose of the club is to unite academically and socially successful young people under the brand and to create a platform for the exchange of opinions between Akbank's senior management and selected students from universities.

OVERVIEW OF THE CONDITIONS OF THE NOTES

The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum, including the documents incorporated by reference. See, in particular, "Conditions of the Notes".

NOTEHOLDERS ARE ADVISED THAT THE TERMS AND CONDITIONS OF THE NOTES DIFFER FROM THE TERMS AND CONDITIONS OF THE ISSUER'S US$1,000,000,000 PRINCIPAL AMOUNT OF 5.125% NOTES DUE 2015. IN PARTICULAR, NOTEHOLDERS SHOULD REVIEW CAREFULLY THE TERMS OF THE TAX REDEMPTION AND GROSS UP PROVISIONS – SEE "CONDITIONS OF THE NOTES – CONDITIONS 8.2 AND 9".

Issue:	US$500,000,000 principal amount of 6.50% Notes due 2018.
Interest and Interest Payment Dates:	The Notes bear interest from and including 9 March 2011 (the "**Issue Date**") at the rate of 6.50% per annum, payable semi-annually in arrear on 9 September and 9 March in each year (each an "**Interest Payment Date**"). The first payment (for the period from and including 9 March 2011 to but excluding 9 September 2011 and amounting to US$32.50 per US$1,000 principal amount of each Note) shall be made on 9 September 2011.
Maturity Date:	9 March 2018.
Use of Proceeds:	The net proceeds will be used by the Issuer for general corporate purposes. See "Use of Proceeds".
Status:	The Notes are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6267), the Capital Markets Law (Law No. 2499) and Articles 6 and 25 of the Communiqué Serial II, No. 22 of the Capital Markets Board on Registration and Sale of Debt Instruments.
Negative Pledge:	The Issuer agrees that so long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 4), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (i) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of the Noteholders, provided always that nothing shall prevent the Issuer from creating or permitting to subsist any Security Interest upon, or with respect to, any present or future assets or revenues or any part thereof

	which is created pursuant to (i) a bond, note or similar instrument whereby the payment obligations are secured on a segregated pool of assets (whether held by the Issuer or any third party guarantor) (any such instrument, a "**Covered Bond**"), or (ii) any securitisation of receivables, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest are to be discharged solely from such assets or revenues (or in the case of Direct Recourse Securities (as defined in Condition 4), by direct unsecured recourse to the Issuer), provided that the aggregate value of assets or revenues subject to any Security Interest created in respect of an issuance of (A) Covered Bonds and (B) any other secured Relevant Indebtedness (other than Direct Recourse Securities) of the Issuer, when added to the nominal amount of any outstanding Direct Recourse Securities, does not, at any time, exceed 15% of consolidated total assets of the Issuer and its Subsidiaries (as shown in the most recent audited consolidated financial statements of the Issuer prepared in accordance with IFRS). See "Conditions of the Notes – Condition 4".
Certain Covenants:	The Issuer will agree to certain covenants, including, without limitation, covenants limiting transactions with affiliates. See "Conditions of the Notes – Condition 5".
Redemption for Taxation Reasons:	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (subject to certain conditions), at their principal amount (together with interest accrued to the date fixed for redemption) if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 7 March 2011 on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 and the Issuer would be required to make any incremental withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, beyond the prevailing applicable rates on the Issue Date and the requirement cannot be avoided by the Issuer taking reasonable measures available to it.
Taxation; Payment of Additional Amounts:	All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction (as defined in the Conditions of the Notes), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. See "Conditions of the Notes – Condition 9".
Events of Default:	The Notes will be subject to certain Events of Default (as defined in Condition 11) including (among others) non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See "Conditions of the Notes – Condition 11".

Form, Transfer and Denominations:	Notes offered and sold in reliance on Regulation S will be represented by beneficial interests in the Unrestricted Global Certificate in registered form, without interest coupons attached, which will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC and interests therein will be credited to the DTC accounts of the Specialised Depositaries of Euroclear and Clearstream, Luxembourg, respectively. Notes offered and sold in reliance on Rule 144A will be represented by beneficial interests in the Restricted Global Certificate, in registered form, without interest coupons attached, which will be deposited with the Custodian, and registered in the name of Cede & Co., as nominee for, DTC. Except in limited circumstances, certificates for Notes will not be issued in exchange for beneficial interests in the Global Certificates. See "Conditions of the Notes" and "Summary of the Provisions to the Note while in Global Form". Interests in the Restricted Global Certificate will be subject to certain restrictions on transfer. See "Form of Notes and Transfer Restrictions". Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants (including Euroclear and Clearstream Luxembourg). Notes will be issued in denominations of US$150,000 and integral multiples of US$1,000 thereafter. See "Conditions of the Notes".
Governing Law:	The Notes and the Agency Agreement will be governed by, and construed in accordance with, English law.
Listing:	Application has been made to the UK Listing Authority for the Notes to be admitted to listing on the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market.
Selling Restrictions:	The Notes have not been nor will be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act), except to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes is also subject to restrictions in Turkey and the United Kingdom. See "Selling Restrictions".
Risk Factors:	For a discussion of certain risk factors relating to Turkey, the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "Risk Factors".
Regulation S Security Codes:	ISIN: USM0300LAC02 CUSIP: M0300LAC0 Common Code: 060370320
Rule 144A Security Codes:	ISIN: US00971YAB65 CUSIP: 00971YAB6 Common Code: 060369992
Representation of Noteholders:	There will be no trustee.

SELECTED FINANCIAL INFORMATION

The following tables set forth, for the periods indicated, the Bank's selected historical consolidated financial and other information. The following selected consolidated financial and other information should be read in conjunction with, and is qualified in its entirety by reference to, the Annual Financial Statements and other relevant information incorporated by reference in this Offering Memorandum. The Annual Financial Statements are presented in Turkish Lira and have been prepared in accordance with IFRS and as described in more detail in the accounting principles included in the notes to the consolidated financial.

Prospective investors should read the following information in conjunction with ''Presentation of Financial Information'', ''Managements Discussion and Analysis of Financial Condition and Results of Operations'' and the Annual Financial Statements.

Balance Sheet Data

	As at 31 December		
	2010	**2009**	**2008**
		(*TL thousands*)	
ASSETS			
Cash and due from banks and balances with the Central Bank of Turkey	8,521,168	5,029,260	6,867,802
Trading securities	610,602	159,786	162,931
Derivative financial instruments	471,041	245,120	80,221
Reserve requirements with the Central Bank of Turkey	—	3,464,090	6,265,872
Loans and advances to customers	58,197,124	45,049,817	49,500,489
Investment securities:			
– Available-for-sale	43,308,476	30,726,800	7,564,893
– Held-to-maturity	6,627,280	15,839,764	20,560,762
Investment in associates	—	3,125	3,125
Property and equipment	901,341	805,457	815,399
Intangible assets	93,131	65,449	36,873
Deferred income tax assets	201,873	269,965	176,092
Other assets and pre-payments	722,814	727,650	649,055
Total assets	**119,654,850**	**102,386,283**	**92,683,514**
LIABILITIES			
Customer deposits	83,105,451	74,701,284	66,177,887
Interbank money market deposits	400,005	483,572	227,819
Derivative financial instruments	750,003	771,743	314,305
Funds borrowed	8,172,658	5,881,999	8,331,238
Debt securities in issue	5,846,767	3,327,341	3,979,773
Income taxes payable	290,507	196,541	68,188
Other liabilities and accrued expenses	2,940,992	2,411,052	2,104,759
Deferred tax liabilities	16,902	—	—
Employment benefit obligations	71,728	58,886	53,332
Total liabilities	**101,595,013**	**87,832,418**	**81,257,301**
EQUITY			
Capital and reserves attributable to the equity holders			
– Share capital	4,000,000	3,000,000	3,000,000
– Adjustment to share capital	1,534,393	2,029,151	2,029,151
Total paid-in share capital	5,534,393	5,029,151	5,029,151
Share premium	1,709,128	1,709,098	1,709,098
Translation reserve	102,020	23,435	18,723
Other reserves	1,437,053	505,752	(244,103)
Retained earnings	9,264,309	7,286,224	4,913,113
	18,046,903	**14,553,660**	**11,425,982**
Minority interest	12,934	205	231
Total equity	**18,059,837**	**14,553,865**	**11,426,213**
Total liabilities and equity	**119,654,850**	**102,386,283**	**92,683,514**

Income Statement Data

	As at 31 December		
	2010	2009	2008
		(*TL thousands*)	
Interest income	8,994,490	9,549,763	10,126,457
Interest expense	(4,563,572)	(4,825,073)	(6,486,070)
Net interest income	**4,430,918**	**4,724,690**	**3,640,387**
Fee and commission income	1,582,698	1,542,129	1,406,387
Fee and commission expense	(213,955)	(207,392)	(244,345)
Net fee and commission income	**1,368,743**	**1,334,737**	**1,162,042**
Impairment losses on loans and credit related commitments, net	103,723	(813,194)	(879,622)
Foreign exchange gains and losses, net	52,112	87,501	37,719
Trading gains and losses, net	28,204	25,838	27,698
Dividend income	1,059	1,391	4,351
Other operating income	313,308	189,419	196,443
Operating income	**6,298,067**	**5,550,382**	**4,189,018**
Operating expenses	(2,540,087)	(2,261,343)	(2,262,011)
Profit before income taxes and tax case	**3,757,980**	**3,289,039**	**1,927,007**
Income taxes	(748,444)	(555,338)	(332,710)
Gains on tax case	—	—	224,709
Profit for the year	**3,009,536**	**2,733,701**	**1,819,006**
Attributable to:			
Equity holders of the Group	3,007,995	2,733,661	1,818,978
Minority interest	1,541	40	28
	3,009,536	**2,733,701**	**1,819,006**
Earnings per share (expressed in TL, full amount, per share)	0.0075	0.0091	0.0061

Key Ratios

The following table sets out certain key ratios calculated with results derived from the audited consolidated financial statements of the Bank for the years ended 31 December 2010, 2009 and 2008. These ratios are not calculated on the basis of IFRS and are not IFRS measures of financial performance.

	As at and for the year ended 31 December		
	2010	**2009**	**2008**
		(%)	
Return on average shareholders' equity excluding minority interest	18.5	21.0	16.4
Net interest margin(1)	4.1	5.1	4.5
Capital adequacy ratio(2)	19.9	21.0	17.0
Cost to income(3)	40.3	40.7	54.0
Free capital ratio(4)	14.2	13.4	11.4
Non-performing loans to total cash loans	2.2	3.8	2.3
Cost to average total assets	2.3	2.3	2.7
Cost of Risk	(0.3)	1.6	1.5
Fees to Cost	53.9	59.0	51.4

(1) Net interest income divided by average interest earning assets.

(2) Calculated in accordance with BRSA regulations.

(3) Represents non-interest expenses divided by total operating income before provisions and non-interest expense.

(4) Total shareholders' equity excluding intangible assets, tangible assets, assets held for resale, investments in equity participations and divided by total assets.

RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Offering Memorandum (including any documents incorporated by reference herein). In addition to the other information in this Offering Memorandum, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. If any of the following risks actually occurs, the market value of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. Akbank believes that the factors described below represent the principal risks inherent in investing in the Notes, but Akbank does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Risk factors relating to Akbank

Difficult macroeconomic and financial market conditions have affected and could continue to materially adversely affect Akbank's business, financial condition, results of operations and prospects.

Starting in the second half of 2007 and through 2009, disruptions in global capital and credit markets, coupled with the re-pricing of credit risk have created difficult conditions in financial markets. These conditions have resulted in historically high levels of volatility across many markets (including capital markets), volatile commodity prices, decreased or no liquidity, widening of credit spreads, lack of price transparency in certain markets and the failure of a number of financial institutions in the United States and Europe.

In response to the global financial crisis, the government of the United States, a number of European governments and international monetary organisations have taken steps intended to help stabilise the financial system and increase the flow of credit in the global economy. There can be no assurance as to the actual impact that these measures and related actions will have on the financial markets and consumer and corporate confidence generally and on Akbank specifically, including the levels of volatility and limited credit availability in wholesale markets that have recently characterised the financial markets. The failure of these measures and related actions to help stabilise the financial markets and a continuation or worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption and, as a result, could have an adverse effect on Akbank's business, financial condition, results of operations and prospects.

Although Turkey has experienced recent growth, the Central Bank has sought to tighten monetary policy in the latter half of 2010 using various policy tools, including increasing reserve requirements (see "– The Central Bank's policy on reserve requirements and interest rates could materially and negatively affect Akbank's business, financial condition, results of operations and prospects").

Since December 2010, political instability has increased markedly in a number of countries in the Middle East and North Africa, such as Tunisia, Egypt, Jordan and Yemen. Unrest in those countries may also have implications for the wider global economy and may negatively affect market sentiment towards other countries in the region, including Turkey, and towards securities originating in Turkey. There can be no assurance that the disturbances will not have political repercussions within Turkey. The situation may therefore have a negative impact on the Turkish economy which could in turn adversely affect Akbank's business, financial condition, results of operations and prospects.

The Central Bank's policy on reserve requirements and interest rates could materially and negatively affect Akbank's business, financial condition, results of operations and prospects

In December 2010, the Central Bank announced a policy of reducing interest rates while increasing Turkish Lira reserve requirements in order to tackle Turkey's current account deficit.

Since that time, the Central Bank has announced significant increases in bank reserve requirements for Turkish Lira deposits as part of its strategy to lengthen the maturities of assets flowing into the country and to address concerns that maturities of liabilities in the Turkish banking sector are shorter than those of assets, which in turn exposed the sector to liquidity and interest rate risk.

The Turkish Lira reserve requirement for deposits, which was formerly a blanket 6% has been increased on a tiered basis so that it will range from 12% for deposits of immediately available funds, through to 5% for deposits with maturities of more than a year. The Central Bank introduced a regulation which stipulates that interest rate on demand deposits may not exceed 0.25% annually. The increase in bank reserve requirements has been combined with reductions in interest rates. The

Central Bank's Key Rate (1 week repo rate) has been reduced from 7.00% prior to 16 December to 6.25% on 20 January 2011. Over the same period, the overnight borrowing rate has been reduced from 5.75% to 1.5% and the overnight lending rate increased from 8.75% to 9.00%.

As a consequence of these changes, Akbank was required to increase its capital reserves and may need to access more expensive sources of financing to meet its funding requirements. No assurances can be given that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all, which could have a material adverse affect on Akbank's business, financial condition, results of operations and prospects.

The reduction in interest rates could lead to a fall in average interest rates charged on loans to customers. A fall in interest rates that is not fully matched by a decrease in interest rates on funding sources could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's customer deposits constituted approximately 82% of its liabilities as at 31 December 2010, almost all of which were located in Turkey (see "– Since the Bank's loan portfolio; deposit base and government securities are highly concentrated in Turkey, adverse changes affecting the Turkish economy could have a material adverse effect on its business financial condition, results of operations and prospects."). A significant portion of these deposits are short term. If the Bank is not able to increase the term of its deposits or attract foreign currency deposits, its Turkish Lira reserve requirements and associated costs will increase, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. For a discussion of other risks that the Bank may face as a result of the highly regulated environment in which it operates, see "Akbank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on Akbank's business."

Since the Bank's loan portfolio, deposit base and government securities are highly concentrated in Turkey, adverse changes affecting the Turkish economy could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank's loans and advances constituted approximately 48.6% of its total assets, or TL58.2 billion, as at 31 December 2010. Approximately 97.5% of these loans and advances were located in Turkey. The Bank's customer deposits constituted 81.8% of its total liabilities, or TL83.1 billion, as at 31 December 2010, almost all of which were located in Turkey. Akbank's business is significantly dependent upon its customers' ability to make payments and meet their other obligations, which in turn are materially impacted by the strength of the Turkish economy. In addition, 41.5% of the Bank's total consolidated assets was invested in Turkish government securities as at 31 December 2010.

The Turkish economy has shown a V-shaped recovery having contracted during the global economic crisis. Although the economy contracted by 4.7% in 2009 as a whole, it started to show quarter-on-quarter growth (on a seasonally adjusted basis) in the second quarter of 2009. Year-on-year growth in the first three quarters of 2010 was 8.9% (*source: Turkstat*).

In September 2009, the Turkish government announced a three year medium-term economic programme from 2010 to 2012 and the implementation of a new fiscal policy which is due to come into force in 2011. Under this medium-term projected economic programme, the government has set growth targets of 4.5% for 2011 and 5.0% for 2012, as well as a gradual decrease in the net public debt to GDP ratio (*source: State Planning Organisation (DPT)*). However, there can be no assurance that the Turkish government will continue to implement its current and proposed economic and fiscal policies successfully. Even if the Turkish government continues to implement these policies successfully, there can be no assurance that the strong economic growth achieved in recent years will continue in light of external and internal shocks, including macroeconomic and political factors, such as oil price rises and terrorist activity. Although government debt levels decreased considerably from 80% of GDP in 2001 to 45% of GDP in 2009, one or more such developments within the wider Turkish economic or political system could impair Akbank's business strategies and have a material adverse effect on its business, financial condition, results of operations and prospects.

According to official statistics released by Turkstat, the unemployment rate in Turkey was 11% in November 2010, significantly lower than its peak of 16.9% in February 2009. The unemployment rate is expected to continue to decline gradually towards its pre-global crisis levels in 2011. However, there can be no assurance that the unemployment rate will in fact improve, or even that it will not increase in the future. Continuing high levels of unemployment may affect Akbank's retail customers, which could impair its business strategies and have a material adverse effect on its business, financial condition, results of operations and prospects.

There is no assurance that Turkey will continue its current fiscal policy and remain economically stable. Future negative developments in the Turkish economy could impair Akbank's business strategies and have a material adverse effect on its business, financial condition, results of operations and prospects.

Credit risks, including risks arising from exposure to clients and the Turkish government, have materially adversely affected and could continue to materially adversely affect Akbank's business, financial conditions, results of operations and prospects.

Akbank's business, financial condition, results of operations and prospects have been affected by credit risks and will likely continue to be affected by credit risks, particularly if economic conditions in Turkey deteriorate.

Akbank may experience credit default arising from adverse changes in credit and recoverability that are inherent in Akbank's banking businesses.

Akbank's core banking businesses have historically been, and are expected to continue to be, loans to retail, SME, and corporate clients. As at 31 December 2010, such loans constituted approximately 49% of Akbank's total assets. Many factors affect customers' ability to repay their loans or other obligations to Akbank. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, may be difficult to anticipate and completely outside of Akbank's control. Other factors are dependent upon Akbank's strategy of loan growth (including sector focus) and the viability of Akbank's internal credit application and monitoring systems (see "– Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks"). All of the aforementioned risks could have a material adverse impact on the Bank's ability to meet its obligations under the Notes and could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Akbank's SME customer base is particularly sensitive to adverse developments in the Turkish economy, which renders such lending activities relatively riskier than larger corporate customers.

As at 31 December 2010, 41% of Akbank's loan portfolio consisted of commercial loans to SMEs (both Turkish Lira and foreign currency) compared to 38% as at 31 December 2009. SMEs, who typically have less financial strength than large companies, are a key component of Akbank's current business and growth strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Loan Portfolio Growth". The availability of accurate and comprehensive financial information and general credit information on which to base credit decisions is more limited for SMEs than is the case for large corporate clients. Therefore, notwithstanding the credit risk determination procedures that Akbank has in place, Akbank may be unable to evaluate correctly the current financial condition of each prospective borrower and to determine their long-term financial viability.

Akbank's NPLs at the end of the years ending 31 December 2008, 2009 and 2010 were 2.3%, 3.8% and 2.2% respectively. It is generally accepted that lending to the SME segment represents a relatively higher degree of risk than comparable lending to other groups, and there can be no guarantee that the Bank's NPLs for the SME Banking Division, or any of its divisions, will not materially increase in the near to medium term, in particular if there is a further deterioration in the macroeconomic conditions in Turkey or if the Bank is unable to accurately model the risk associated with the SME or other borrowers to which it extends credit (see "– Akbank's Risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks."). Furthermore, growth in Akbank's loan portfolio is due to increasing loan demand, which may lead to deterioration in the underlying asset quality and an increase in loan to deposit ratios, due to a relatively slower growth in deposits.

A large portion of Akbank's total assets is comprised of securities issued by the Turkish government, and thus, in the case of a government default, there would be a direct negative impact on Akbank in addition to a severe impact on the Turkish economy.

Akbank, like other Turkish banks, has traditionally invested a large portion of its assets in securities issued by the Turkish government. As at the date of this Offering Memorandum, the sovereign debt of the Republic of Turkey was rated BB+ by Fitch, Ba2 by Moody's and BB by Standard & Poor's Rating Services, with a positive outlook on each of these ratings. As at 31 December 2010, 41.5% of Akbank's total consolidated assets were invested in securities issued by the Turkish government (44.96% as at 31 December 2009). A significant portion of such Turkish government securities are inflation linked and a prolonged period of low or negative inflation will have a material impact on the income received from such securities. In addition to any direct losses that Akbank might incur, a default by the Turkish government in making payments on its treasury bills would have a significant negative impact on the Turkish economy and the Turkish banking system generally and thus would significantly negatively affect Akbank's financial condition or results of operations.

Security interests or loan guarantees provided in favour of the Bank may not be sufficient to cover any losses in the event of defaults by debtors and may entail long and costly enforcement proceedings.

The practice of pledging assets to obtain a bank loan is subject to certain limitations and administrative restrictions under Turkish law. As a result, Akbank may have difficulty foreclosing on collateral or enforcing guarantees or other third party credit support arrangements when debtors default on their loans and would likely face further difficulties if any of the Bank's key customers were to default on their loans. In addition, the time and costs associated with enforcing security interests in Turkey may make it uneconomical for the Bank to pursue such proceedings, adversely affecting the Bank's ability to recover its loan losses.

Any decline in the value or liquidity of such collateral may prevent the Bank from foreclosing on such collateral for its full value or at all, in the event that a borrower becomes insolvent and enters bankruptcy, and could thereby adversely affect the Bank's ability to recover any loan losses.

Changes in interest rate levels may affect the value of Akbank's assets sensitive to interest rates and spread changes, as well as Akbank's net interest margins and borrowings costs.

Akbank's results of operations depend upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. The difference between average interest income and average interest expense is net interest margin. Net interest income contributed 70.4%, 85.1% and 86.9% of gross income for the years 2010, 2009 and 2008, respectively and net interest margin (excluding time deposit placements) was 4.1%, 5.1% and 4.5% over the same periods.

Interest rates are highly sensitive to many factors beyond Akbank's control, including monetary policies pursued by the Turkish government, domestic and international economic and political conditions and other factors. Income from financial operations is particularly vulnerable to interest rate volatility, as further illustrated below. In particular, Akbank may be affected by the Central Bank's policy which has recently seen a rapid reduction in interest rates (see "– The Central Bank's policy on reserve requirements and interest rates could materially and negatively affect Akbank's business, financial condition, results of operations and prospects").

Changes in market interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and thereby affect results of operations. An increase in interest rates, for instance, could cause interest expense on deposits (which are typically short-term and reset frequently) to increase more significantly and quickly than interest income from loans (which are short, medium and long-term), resulting in a reduction in net interest income. In addition, a significant fall in average interest rates charged on loans to customers that is not fully matched by a decrease in interest rates on funding sources, or a significant rise in interest rates on funding sources that is not fully matched by a rise in interest rates charged, to the extent such exposures are not hedged, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Akbank uses derivative instruments to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, Akbank applies hedge accounting for transactions that meet specific criteria. As at 31 December 2010 the Bank held TL2.545 billion in interest rate swaps to hedge against cash flow risk arising from TL floating rate borrowings. However, there is a risk that these hedging arrangements will not be adequate to protect Akbank from the risks of changing interest rates or that hedging counterparties may default.

Akbank faces intense competition in the Turkish banking sector from both private banks and government-owned financial institutions, which may result in reduced net interest margins and fee income and may materially and adversely affect the Bank's results of operations and prospects.

The Turkish banking sector is highly competitive and has in recent years undergone a period of consolidation. As at 31 December 2010, there were a total of 45 banks (excluding the Central Bank and four participation banks) licensed to operate in Turkey. A small number of these banks dominate the industry. According to their published annual reports, as at 31 December 2010, the top five banks in Turkey held approximately 64.9% of the banking sector's total loan portfolio and approximately 69.4% of the total bank assets in Turkey. The banking industry in Turkey is highly competitive across each banking segment and sector and international banks have been showing an increasing interest. Moreover, public banks, which typically focused on government and related projects are increasingly focused on the private sector, leading to increased competition and pressure on margins. The intense competition may increase the pressure for the Bank to expand the range and sophistication of its products and services currently offered as well as reducing its margins. Increased pricing competition in the Turkish banking markets through the offer of products at significantly low prices may also impact customer behavioural patterns and loyalty. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products with consistently high levels of service could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

International banks have shown an increased interest in the banking sector in Turkey. See "Business of Akbank – Competition". The entry of foreign-owned companies into the sector, either directly or in collaboration with existing Turkish banks, may increase the already significant competition in the market.

Akbank's increased exposure to intense competition in each of its key areas of operation, may, among other things, limit Akbank's ability to increase its client base and expand its operations, reduce its asset growth rate and profit margins on services it provides and increase competition for investment opportunities. There can be no assurance, therefore, that the continuation of existing levels of competition or increased competition will not have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The interests of Akbank's controlling shareholder may not coincide with the interests of the Noteholders and transactions entered into with such shareholders may not be at arm's length.

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 51.16% of the outstanding share capital of Akbank as at 31 December 2010. Subject to the right of Citigroup to nominate one non-executive director, the Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There can be no guarantee that the interests of the Controlling Shareholders will coincide with those of the Noteholders.

Although it is the Bank's policy that transactions with parties related to, or affiliated with, its Controlling Shareholders are priced at market rates, are otherwise undertaken on an arm's length basis, are in compliance with applicable Turkish legislation and are subject to the same loan or account approval procedures and limits as applied by the Bank to transactions with parties not related to or affiliated with the Bank, there can be no assurance that such transactions with parties related to, or affiliated with, the Bank's Controlling Shareholders have been or will be extended on the above basis and terms. Moreover, although the Bank has not experienced pressure from its controlling shareholders to date to conduct transactions upon more favourable terms with parties related to, or affiliated with, such controlling shareholders, or to deviate from its credit and lending policies and procedures, there is no guarantee that the Bank may not come under pressure to enter into investments with a lower profit margin than it would otherwise pursue, or to provide financing to certain companies or entities on favourable or non-market terms, in the future. Such activities, which are not permitted by BRSA and CMB rules and tax rules, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Any event or series of events affecting the risk profile of Akbank's credit exposure to related parties could have an adverse effect on its financial condition.

Akbank's related party cash loans and receivables, net on a consolidated basis amounted to TL957.3 million, or approximately 1.6% of Akbank's total consolidated cash loan portfolio, as at 31 December 2010. Akbank's related party credit related commitments on a consolidated basis amounted to

TL397.3 million, or approximately 3.8% of Akbank's total non-cash loans, as at 31 December 2010. Akbank's related parties also maintained total deposits on a consolidated basis of TL6.4 billion with Akbank. In addition, Akbank holds equity participations in other affiliated financial services companies. See "Business of Akbank – Subsidiaries and Affiliated Companies."

If any event or series of events were to adversely affect the risk profile of Akbank's credit exposure to affiliated companies, the availability of deposits from affiliates, and the investment value of its shares in affiliated companies, there would likely be an adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank has incurred, and continues to incur, a risk of counterparty default that arises, for example, from entering into swaps or other derivative contracts under which counterparties have financial obligations to make payments to Akbank.

The Bank routinely executes transactions with counterparties in the financial services industry, including commercial banks, investment banks, central banks and other institutional clients, resulting in a significant credit concentration. A significant portion of Akbank's hedging and derivative transactions are entered into with non-Turkish financial institutions. The Bank is exposed to counterparty risks which were increased as a result of financial institution failures and nationalisations during the global financial crisis and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. In addition, the Bank's credit risk would be exacerbated if the collateral it holds cannot be realised at, or is liquidated at prices that are not sufficient to recover the full amount of the loan or derivative exposure it is intended to secure. In addition, a default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material and adverse effect on the Bank's results of operations, financial condition and prospects.

Akbank's business, results of operations, financial condition and prospects have been affected by liquidity risks in a volatile Turkish market, and would likely be affected by liquidity risks, particularly if financial market conditions deteriorate.

Liquidity risk comprises uncertainties in relation to Akbank's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet the maturity of liabilities and to satisfy capital requirements. It includes both the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of Akbank's liabilities reasonably in line with assets, as well as the risk of not being able to meet payment obligations on time at a reasonable price due to liquidity pressures. Akbank's inability to meet its net funding requirements due to inadequate liquidity could materially adversely affect its business, financial condition, results of operations and prospects.

Akbank primarily relies on short-term liabilities in the form of deposits (typically, term deposits with terms of 30 days to three months) as its source of funding and has a mix of short-, medium- and long-term assets in the form of retail, consumer and corporate loans, mortgages and credit cards, which may result in asset-liability maturity gaps and ultimately liquidity problems.

There can be no assurance that depositors will not withdraw their funds at a rate faster than the rate at which borrowers repay. Furthermore, the Central Bank's recent policies have raised Turkish banks' reserve requirements for Turkish lira deposits which have limited Turkish lira liquidity. An inability on Akbank's part to access funds or to access the markets from which it raises funds may put Akbank's positions in liquid assets at risk and lead Akbank to be unable to finance its operations and growth plans adequately. Akbank may be unable to secure funding in the international capital markets if conditions in these markets, or its credit ratings, were to deteriorate.

A rising interest rate environment could compound the risk of Akbank not being able to access funds at favourable rates. These and other factors could lead creditors to form a negative view of Akbank's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, Akbank's ability to raise or access funds may be impaired by factors that are not specific to its operations, such as general market conditions, severe disruption of the financial markets or negative views about the prospects of the sectors to which Akbank provides its loans. While Akbank aims to maintain at any given time an adequate level of liquidity reserves, strains on liquidity caused by any of these factors or otherwise could adversely affect Akbank's business, financial condition, results of operations and prospects.

Despite Akbank's liquidity policies, there can be no assurance that Akbank will not experience liquidity issues in the future. In the event that Akbank experiences liquidity issues, market disruptions and credit downgrades may cause certain sources of funding to become unavailable. For example, in the case of a liquidity crisis, wholesale funding becomes more difficult to obtain which may adversely affect borrowing using certain capital market instruments including asset-backed securities and Eurobonds. It is possible that Akbank would not be able to obtain additional funding on commercially reasonable terms as and when required, or at all. Akbank's inability to refinance or replace deposits and devalued assets with alternative funding could result in its failure to service its debt, fulfil loan commitments or meet other on- or off-balance sheet payment obligations on specific dates, which could have a material adverse affect on Akbank's business, financial condition, results of operations and prospects.

Akbank relies on short-term demand and time deposits as its primary source of funding, but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps.

In common with other Turkish banks, many of the Bank's liabilities are demand and time deposits, whereas its assets are generally medium- to long-term (such as loans and mortgages). Although the Bank has accessed wholesale funding markets (through syndicated loans facilities and international capital markets) in order to diversify its funding sources, such short- to medium-term borrowings have not eliminated asset-liability maturity gaps.

As at 31 December 2010 approximately 85% of the Bank's funding (which includes amounts due to banks and financial institutions, customers' deposits and other borrowed funds) had remaining maturities of one year or less or were payable on demand. As at the same date, the Bank had a negative cumulative maturity gap (more short-term liabilities than short-term assets) of TL6.2 billion for the 12 months ending 31 December 2010. See "Selected Statistical and Other Information".

If a substantial portion of the Bank's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or the Bank fails to refinance some of its large short- to medium-term borrowings, the Bank may need to access more expensive sources of financing to meet its funding requirements. In 2010 the Bank raised total funds in the syndicated loan market of US$2.5 billion, including a syndicated loan for US$1.2 billion, which has a maturity of one year from March 2010 and a further €1 billion syndicated loan signed in August 2010, of which €780 million has a maturity of one year, and €220 million has a maturity of two years. No assurance can be given that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Bank's inability to refinance or replace such deposits or the syndicate loans with alternative funding could materially adversely affect the Bank's liquidity, business, financial condition, results of operations and prospects.

Market risks arising from open positions in interest rate, currency, and equity products would affect Akbank, particularly if economic conditions deteriorate.

Akbank is exposed to market risk as a consequence of its asset and liability management of its overall financial position, including its trading portfolio. Therefore, Akbank is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and commodity and to a lesser extent equity prices. If Akbank were to suffer substantial losses due to any such market volatility it would adversely affect Akbank's business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates, to the extent they are not adequately hedged against, may adversely affect Akbank's financial position and cash flows.

Akbank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Akbank has a policy not to carry foreign currency risk and holds foreign currency asset and liability items together with derivatives to hedge against the foreign currency risk. Akbank manages foreign currency risk by using natural hedges that arise from offsetting foreign currency-denominated assets and liabilities. 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. There is also a risk that hedging counterparties may default. See "– The Turkish foreign exchange markets have historically been volatile, which could adversely affect Turkey's general economy as well as Akbank's business, financial condition, results of operations and prospects" for a discussion of these risks. The Board of Directors, taking into account the recommendations from the ERC, sets limits in relation to the size of foreign exchange exposure, which are closely monitored by the Assets and Liabilities Committee (the "**ALCO**"). However, Akbank's future exposure to foreign currency risks could lead to a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks.

There can also be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate.

The Bank significantly revised its procedures for risk management in 2009, (see "Risk Management – Loan Approval Process") and in January 2011 it substantially revised its approach to monitoring interest rate risk, and adopted a system based on the anticipated net effect on economic value of its exposures rather than primarily limiting their maturity mismatch day count. This revised approach mirrors policies adopted by the Bank's principal domestic competitors and the Turkish banking sector generally (see "Risk Management – Interest Rate Risk"). Such procedures may not yet be fully effective or consistently implemented in mitigating the Bank's exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour, which, as evidenced by the ongoing global financial crisis, may not always accurately predict future risk exposures that could be significantly greater than historical measures indicate. In addition, the credit bureaus responsible for surveying the credit histories of prospective Bank clients may not have access to, and may not accurately profile, such persons' credit histories. As a result, the behavioural scorecards that are used to appraise the credit risk of prospective bank clients may not serve to adequately measure that risk. It is also possible that certain of the bank's valuation models, including assets such as derivative contracts that are not publicly traded, may incorrectly value Bank assets, resulting in unanticipated losses if such assets are discovered to be incorrectly valued.

Other risk management practices, including "know your client" practices, depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or information otherwise accessible to the Bank. As such practices are less developed in Turkey than they are in other, non-emerging markets, and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up to date or properly evaluated in all cases.

The Bank also cannot give assurances that all of its staff have adhered or will adhere to its policies and procedures. The Bank is susceptible to, amongst other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders (see "– Akbank's banking business entails operational risks"). The Bank's risk management and internal control capabilities are also limited by the information tools and technologies available to it.

Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Any failure or interruption in or breach of Akbank's information systems, and any failure to update such systems, may result in lost business and other losses.

Akbank relies heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing and/or loan origination systems. Although Akbank has developed back-up systems for cases of emergency, if Akbank's information systems were to fail, even for a short period of time, it could be unable to serve some customers' needs on a timely basis and could thus lose their business. Likewise, a temporary shutdown of Akbank's information systems could result in costs that are required for information retrieval and verification. No assurance can be given that such failures or interruptions will not occur or that Akbank will adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Akbank's banking business entails operational risks.

Akbank is exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. Akbank is susceptible to, among other things, fraud by employees or outsiders, including unauthorised transactions and operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems. Given Akbank's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. An Operational Risk Management Framework is in place to ensure that operational risks within Akbank are properly identified, monitored, managed and reported in a structured, systematic and consistent manner. Key elements of this Framework include risk control points, continuous risk monitoring, internal loss data collection and internal audit. Moreover, a set of risk limits have been established to ensure the safety and soundness of the operating environment. Akbank also seeks to mitigate operational risk through the Bankers Blanket Bond insurance policy. However, there can be no assurance that Akbank will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, any inadequacy of Akbank's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

The Bank may have difficulty in hiring and retaining qualified personnel.

The Bank's ability to successfully implement its strategy depends upon its ability to recruit and maintain suitably qualified and capable employees. Even though its human resources policy is aimed at achieving these goals, it is not possible to guarantee that constraints in this area will not arise in the future. An inability to attract and retain qualified and capable employees for each position may limit or delay the execution of the Bank's strategy, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

Labour disputes or other industrial actions could disrupt operations or make them more costly to run.

Labour disputes or work stoppages could disrupt operations or make them more costly to run. The Bank is exposed to the risk of labour disputes and work stoppages. As at 31 December 2010 approximately 53.5% of the Bank's employees are members of labour unions and Turkish Law No.2822 makes illegal strikes and lockouts in the banking sector. Additionally, Akbank has not experienced any work stopages or labour disputes in the past, however, there can be no assurance that work stoppages or labour disputes will not occur in the future. Any such action could disrupt operations, possibly for a significant period of time, result in increased wages and benefits or otherwise have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Future events may be different than those reflected in the management assumptions and estimates used in the preparation of Akbank's financial statements, which may cause unexpected reductions in profitability or losses in the future.

Pursuant to IFRS rules and interpretations in effect as at the present date, Akbank is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves and the fair value of certain assets and liabilities, among other items. Should the estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, Akbank may experience unexpected reductions in profitability or losses.

Akbank may not be able to fully comply with anti-money laundering regulations, which could result in governmental fines and reputational damage.

Although the Bank has implemented comprehensive anti-money laundering ("**AML**") and "know your customer" ("**KYC**") policies and procedures and seeks to adhere to all requirements under Turkish legislation aimed at preventing it being used as a vehicle for money laundering, there can be no assurance that these policies and procedures will be completely effective. If the Bank in the future fails to comply with timely reporting requirements or other AML or KYC regulations and/or is associated with money laundering and/or terrorist financing, its reputation, results of operations, financial condition or prospects could be adversely affected. In addition, involvement in such activities may carry criminal or regulatory fines and sanctions.

US persons investing in the Notes may have indirect contact with countries sanctioned by the Office of Foreign Assets Control of the U.S. Department of Treasury as a result of Akbank's investments in and business with countries on the sanctions list.

The Office of Foreign Assets Control of the U.S. Department of Treasury ("**OFAC**") administers regulations that restrict the ability of US persons to invest in, or otherwise engage in business with, certain countries, including Iran and Sudan, and specially designated nationals (together "**Sanction Targets**"). As Akbank is not a Sanction Target, OFAC regulations do not prohibit US persons from investing in, or otherwise engaging in business with Akbank. However, to the extent that Akbank invests in, or otherwise engages in business with, Sanction Targets, US persons investing in Akbank may incur the risk of indirect contact with Sanction Targets. Akbank's current policy is not to engage in any business with Sanction Targets although it is not restricted from doing business in countries that are the subject of OFAC sanctions.

Risk factors relating to Turkey

Any claims against Akbank under the Notes and the Transaction Documents will be unsecured claims payable from, among other sources, Akbank's funds in Turkey. The ability of Akbank to make any such payments from Turkey will depend, among other factors, upon the Turkish government not having imposed any prohibitive foreign exchange controls, Akbank's ability to obtain United States Dollars in Turkey and Akbank's ability to secure any applicable necessary approval from the relevant authority, which could be affected by the circumstances described below. Any such restrictions or failure to obtain the necessary approval count affect the Bank's ability to make payment of interest and principal under the Notes.

Akbank is predominantly engaged in business in Turkey and its results of operations and financial condition are to a large extent dependent upon the overall level of economic activity and political stability in Turkey. Even though in recent years Turkey has undergone significant political and economic transformation which has resulted in increased stability and economic growth, Turkey has been affected by the global financial crisis and is still generally considered by international investors to be an emerging market.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the European Union ("**EU**") or other similar jurisdictions. Summarised below are a number of risks relating to operating in Turkey and other emerging markets.

The level of inflation and the state of the current account deficit in Turkey could adversely affect Akbank's business, financial condition, results of operations and prospects.

In the past, Turkey has experienced high rates of inflation. As a result of the financial crises in November 2000 and February 2001, the Wholesale Price Index ("**WPI**") increased to 88.6% at the end of 2001 from 32.7% at the end of 2000 and the Consumer Price Index ("**CPI**") increased to 68.5% from 39.0%. Since 2001, pursuant to stand-by agreements with the IMF, the Turkish government has implemented measures to significantly reduce inflation. WPI decreased to 13.8% at the end of 2004. CPI decreased to 9.3% at the end of 2004 and 7.7% at the end of 2005. In January 2005, the WPI was replaced by the Producer Price Index ("**PPI**") which was approximately 2.7% at the end of 2005. Turkey's PPI and CPI for the December 2005 – December 2006 period was 11.58% and 9.65%, respectively, for the December 2006 – December 2007 period, 5.94% and 8.39%, respectively, for the December 2007 – December 2008 period, was 8.11% and 10.06%, respectively and for the December 2008 – December 2009 period, was 5.93% and 6.53%, respectively. The CPI rate was 6.4% at the end of 2010, below the Central Bank of Turkey's target of 6.5%. The Central Bank expects the CPI rate to fall to have fallen to 5.9% by the end of 2011. Rising commodity prices are expected to constitute the main threat to price stability. This increase is believed to be temporary and due to base year effect, whereby previous periods of low inflation make even a modest increase in CPI appear significant. Though the Central Bank of Turkey has stated that current core inflation indicators remain in line with medium-term targets, and the rate of inflation has generally decreased since 2000, there can be no assurance that this trend will not reverse, particularly if the government fails to adhere strictly to current fiscal policies or due to other macroeconomic factors.

Prior to the economic downturn, the current account deficit ("**CAD**") widened considerably mainly due to the widening trade deficit. CAD increased from US$7.5 billion in 2003 (2.5% of GDP) to US$14.4 billion (3.7% of GDP) in 2004, US$22.2billion (4.6% of GDP) in 2005, US$32.2 billion (6.1% of GDP) in 2006, US$38.3 billion (5.9% of GDP) in 2007, US$41.9 billion (5.7% of GDP) in 2008 and decreased to US$14.0 billion (2.3% of GDP) in 2009. The current account deficit was $41.6bn in the first 11 months of 2010, largely due to a deterioration in the foreign trade deficit which rose to $71.6bn in 2010. Robust domestic demand saw imports grow at almost 37% while exports rose only 18% partly due to ongoing economic problems in the EU, Turkey's main trading partner. By cutting interest rates while simultaneously raising reserve requirements for the banking sector, the Central Bank of Turkey states that it was taking precautionary measures to limit the widening of the current account deficit.

There can be no assurance that inflation will not increase further in Turkey in the near future. In particular, recent increases in prices, such as food prices, could cause an increase in inflation. The Central Bank has recently reduced interest rates, which could in turn lead to inflationary pressures in the Turkish economy. Furthermore, certain actions taken by the Turkish government to combat inflation could have negative effects on the Turkish economy. This could in turn limit Akbank's access to credit markets and foreign financial markets and negatively impact its ability to comply with its obligations. There can be no assurance that inflation as well as government intervention that is harmful to Akbank's interests will not occur in the future.

Akbank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on Akbank's business.

Akbank is subject to a number of banking and other regulations designed to maintain the safety and financial soundness of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations include Turkish laws and regulations (and in particular those of the BRSA), as well as laws and regulations of certain other countries where Akbank and its subsidiaries operate. Additionally, the implementation process of Directives of European Community numbered 2006/48/EC and 2006/49/EC ("**CRD**") and Basel II is still ongoing. In order to monitor the implementation process of the banks on CRD/Basel II, the BRSA has requested a Progress Survey from the banks on Adaptation of CRD/Basel II every six months.

The Turkish Banking Law was approved by the Turkish Parliament on 19 October 2005 and published in the Official Gazette on 1 November 2005 (the "**Banking Law**"). This new law replaces the previous Banking Law No. 4389 in line with the dynamic nature of the banking sector, international financial and economic developments and is parallel to the EU banking laws and regulations as well as international banking standards. Compared to its predecessor, the Banking Law is much more comprehensive and detailed. EU banking directives, international rules and standards as well as relevant country laws and applications were taken into account during the preparation phase of the Banking Law. The objective of the Banking Law is to regulate the principles and procedures applicable to the establishment of confidence and stability in financial markets, the sound operation of the credit system and the protection of the rights and interests of savers. Under the Banking Law, customers' rights are regulated with new principles; measures that are to be taken against systemic risk were introduced; honesty, competence, transparency, confidentiality and ethical principles were made legal obligations; and an extensive list of judicial offences was defined that may be subject to heavy penalties. For example, the following administrative fines may be imposed on the institutions covered by the Banking Law: up to 1% (not to be less than TL50,000) of any amount which exceeds and thus constitutes a violation of the loan limits set forth in the Banking Law; up to 0.2% of any provisions required to be set aside pursuant to the Banking Law in the event such provisions have not been set aside provided that such amount is not less than TL5,000 and an amount equal to 3% of the provisions not established if such default has not been remedied within a period to be granted by the BRSA provided that such period is not less than three months. Other measures include sentencing to imprisonment from one year to three years and a judicial fine from 1,000 days up to 2,000 days in the event of failure to comply with confidentiality obligations or sentencing to imprisonment from two to four years and a judicial fine from 1,000 days up to 5,000 days in the event of failure to take corrective, rehabilitating and restrictive measures.

The Banking Law also places a strong emphasis on remedial measures for banks in financial difficulty.

In addition, the BRSA has issued the following regulations:

- Regulation on Credit Operations of Banks published in the Official Gazette dated 1 November 2006 and numbered 26333 (as amended) setting out the relevant credit/lending limit principles;
- Regulation on Measurement and Assessment of Capital Adequacy of Banks published in the Official Gazette dated 1 November 2006 and numbered 26333 (as amended) setting out the capital adequacy ratio principles;
- Regulation on the Principles and Procedures Relating To Determination of Qualifications of the Loans And Other Receivables For Which Provisions Shall Be Set Aside By The Banks published in the Official Gazette dated 1 November 2006 and numbered 26333 (as amended) setting out mandatory cash reserve principles;
- Regulation on the Procedures and Principles For Accounting Practices and Retention Of Documents By The Banks published in the Official Gazette dated 1 November 2006 and numbered 26333 setting out the accounting/statistical information principles; and
- Communiqué on the Calculation of Risk Measurement Models and Market Risk and Evaluation of Risk Measurement Models published in the Official Gazette dated 3 November 2006 and numbered 26335 setting out investment test principles.

The Central Bank has also issued Communiqué No. 2005/1 on Reserve Requirements dated 16 November 2005 (as amended) setting out the principles in relation to the compulsory deposits with the Central Bank.

The Central Bank issued Communiqué No. 2010/41 on Reserve Requirements dated 17 December 2010 setting out principles in relation to compulsory deposits with the Central Bank. The Communiqué provided for increased Turkish lira required reserve ratios depending on the tenor of the deposit. On 24 January 2011, the Central Bank issued a further Communiqué No. 2011/2 on Reserve Requirements which provides for increased Turkish lira required reserve ratios for:

- Demand deposits, notice deposits and private current accounts from 8% to 12%,
- Deposits/participation accounts up to 1-month maturity from 8% to 10%,
- Deposits/participation accounts and special fund pools up to 3-month maturity from 7% to 9%,
- Liabilities other than deposits/participation funds from 8% to 9%.

The new regulation came into effect on 4 February 2011 and the required reserves calculated using the new ratios have had to be maintained as of 18 February 2011.

An example of potential regulatory changes is the Bank Cards and Credit Cards Law (Law No. 5464) which was approved by the Turkish Parliament on 23 February 2006 (published in the Official Gazette dated 1 March 2006) and amended on 24 June 2009 by Law No. 5915 (published in the Official Gazette on 7 July 2009). The Bank Cards and Credit Cards Law aims at reducing the number of credit card consumers in default, and limiting the ability of a consumer to obtain a credit card line from an institution that would exceed two times such consumer's monthly income for the first year and four times for the second year. The Central Bank is entitled to determine the maximum contractual and default interest rates of credit cards. The cap is currently set at the same cap set by the Central Bank.

New laws and regulations may increase Akbank's cost of doing business or limit its activities. See, for example "– The Central Bank's policy on reserve requirements and interest rates could materially and negatively affect Akbank's business, financial condition, results of operations and prospects". As some of the new banking laws and regulations issued from regulatory institutions have only recently been adopted, the manner in which those laws and regulations are applied to the operations of financial institutions is still evolving. Further new laws or regulations might be adopted, enforced or interpreted in a manner that could have an adverse effect on the Bank's business, financial condition, results of operations and prospects. Any failure to adopt adequate responses to such changes in the regulatory framework may have an adverse effect on Akbank's business, financial condition, results of operations or prospects. Finally, non-compliance with regulatory guidelines could expose Akbank to potential liabilities and fines.

The Turkish foreign exchange markets have historically been volatile, which could adversely affect Turkey's general economy as well as Akbank's business, financial condition, results of operations or prospects.

As at 31 December 2010, 33.0% of Akbank's assets are denominated in foreign currencies, of which 21.1% are in US dollars, 11.7% in Euro and 0.2% in other foreign currencies. 36.4% of Akbank's liabilities are denominated in foreign currencies, of which 21.4% is in US dollars, 13.8% is in Euro and 1.2% in other foreign currencies. Akbank translates such assets and liabilities, as well as gains/losses realised on the sale of such assets, into TL in preparing its financial statements, as a result of which Akbank's reported income may be significantly affected by changes in the value of the TL with respect to such foreign currencies, particularly the US dollar.

The Bank manages foreign currency risk by using natural hedges that arise from offsetting foreign currency-denominated assets and liabilities, and the remaining foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that primarily include forward foreign exchange contracts and currency swaps. Although Akbank does not hold material foreign currency position, any significant depreciation of the TL against the US dollar or other major currencies could have a negative effect on Akbank's ability to repay its debt denominated in currencies other than the Turkish Lira, including the amounts due under the Notes.

As a result of the financial crises in Turkey in November 2000 and February 2001, the Turkish Lira depreciated from TL0.67500 per dollar on 31 December 2000 to TL1.44651 per dollar on 31 December 2001 and then further depreciated to TL1.64238 per dollar on 31 December 2002. As the Turkish government began implementing economic and financial reforms, the value of the Turkish Lira increased to TL1.39278 per dollar on 31 December 2003. The Turkish Lira further appreciated to TL1.34860 per dollar on 31 December 2004 and was TL1.34950 per dollar on 31 December 2005, TL1.4056 per dollar on 29 December 2006, TL1.1593 per dollar on 31 December 2007, TL1.5218 per dollar on 31 December 2008 and TL1.4873 per dollar on 31 December 2009 and depreciated to TL1.5376 per dollar on 31 December 2010.

Future currency volatility could impair Akbank's business strategies and have a material adverse effect on its business, financial condition or results of operations, particularly if Akbank increasingly accesses the international capital markets for funding.

Amounts in Turkish Lira with respect to periods before 2005 have been translated into New Turkish Lira at an exchange rate of TL1,000,000 = TL1.00.

Akbank is subject to investigation by the Competition Board which may result in fines being imposed on the Bank.

Akbank, together with seven major banks operating in Turkey, is subject to investigation by the Competition Board.

Competition in Turkey is mainly regulated by Law No. 4054 on the Protection of Competition (the "**Competition Law**"). The Competition Law is enforced by the Competition Board, which has the power to investigate possible breaches and impose fines.

In August 2009, the Competition Board released a report announcing that it had initiated an investigation of eight major banks, including Akbank, Yapı ve Kredi Bankası, Garanti Bankası, Vakıfbank, Halkbank (the investigation against Halkbank was dropped, at a later stage, due to the expiry of the statute of limitations), Finansbank, İş Bank and Denizbank into allegations of collusion between such banks in relation to the provision of promotions to public and private corporate customers while providing payroll deposit services, in breach of the Competition Law.

In connection with this investigation, the Turkish Competition Board has served the first report, the second report and the third report on the banks, and the banks that are under investigation have responded to each of these reports by rejecting the allegations. A meeting for raising oral defences has commenced on 1 March 2011, and the decision of the Competition Board will be issued within 15 days following the end of such meeting. Such decision may be challenged before the State Council. To date, the investigation has not resulted in any fine being levied on any of the banks but it ultimately could result in substantial fines being imposed on the banks.

The government's influence over the Turkish economy could negatively impact Akbank's business.

Traditionally, the government has exercised, and continues to exercise, significant influence over many aspects of the Turkish economy. The government is also directly involved in the Turkish economy through its ownership and administration of State Economic Enterprises ("**SEEs**") which, despite the divestments undertaken in the government's privatisation programme, continue to represent a significant portion of the Turkish economy. SEEs and other such public enterprises operate in business segments in which Akbank operates or may operate in the future, including businesses in the financial services sector. Accordingly, any decisions taken by the government with respect to SEEs and other such public enterprises may significantly impact the Turkish economy, which could in turn have a material adverse effect on Akbank's business, financial condition, results of operations or prospects.

Political developments in Turkey may have a material adverse effect on Akbank's business, financial condition, results of operations or prospects.

Turkey has been a parliamentary democracy since 1923. Unstable coalition governments have been common, and in the 87 years since its formation, Turkey has had 60 governments, with political disagreements frequently resulting in early elections. Furthermore, the Turkish military establishment has, historically, played a significant role in Turkish government and politics, intervening in the political process, and there can be no assurance that the Turkish military establishment will not intervene in the political process in the future.

On 12 September 2010, Turkish voters voted in support of a public referendum containing a number of changes to the constitution. The referendum contained articles which (i) change the composition and the structure of the Constitutional Court and the Supreme Court of Judges and Prosecutors, (ii) give civil servants the right of collective agreement, and (iii) provide for positive discrimination claims on behalf of children, the elderly and the disabled.

In the recent amendment to the Parliamentary Election Law, it was envisaged that the next general election would be held in July 2011. A change in government could lead to a change in economic policies, including a change in the government's fiscal policy and the rules governing banks and capital markets. Any dramatic changes in the government or political environment, including the failure of the government to devise or implement required or appropriate economic programmes, may adversely affect the stability of the Turkish economy and, in turn, Akbank's business, financial condition, results of operations or prospects.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including Akbank's, which could adversely affect the market price of Akbank's Securities.

Moreover, financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of all emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. There can be no assurance that investors' interest in Turkey will not be negatively affected by events in other emerging markets or the global economy in general.

Exchange controls implemented by the Turkish government could adversely affect the business, operations, or prospects of Akbank.

Turkish citizens were given limited rights to hold and trade foreign currency by Decrees 28 and 30 on the Protection of the Value of the Turkish Currency in 1983. Turkish exchange regulations strictly controlled exchange movements. After the establishment of a foreign exchange market in August 1988, the exchange rate of the Turkish Lira began to be determined by market forces, and banks in Turkey currently set their own foreign exchange rates independently of those announced by the Central Bank.

Pursuant to Decree 32, as amended, the government eased and ultimately abolished restrictions on the convertibility of the Turkish Lira for current account and non-resident capital account transactions. Such steps included facilitating exchange of the proceeds of transactions in Turkish securities by foreign investors, enabling Turkish citizens to purchase securities with foreign exchange, permitting residents and non-residents to buy foreign exchange without limitation and to transfer such foreign exchange abroad, and permitting Turkish companies to invest without limitation. With respect to export-related receipts, before Decree 32 was amended in January 2008, exporters had to bring the related foreign currency payment into Turkey and convert it into Turkish Lira within 180 days after the related goods were exported. This restriction has now been abolished. Turkish citizens are permitted to buy unlimited amounts of foreign currency from banks and to hold foreign exchange in commercial banks. Although Akbank's management believes that it is unlikely that additional exchange controls will be introduced in the near term, the implementation of any such exchange controls may adversely affect Akbank's business, financial condition or results of operations generally or its ability to make any payments required under the Notes.

Uncertainties relating to Turkey's accession to the European Union may adversely affect the Turkish financial markets and result in greater volatility.

Turkey has been a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy will be judged by the same twenty-eight criteria (or "**Chapters**") applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented. Among these legislative reforms are two new major laws: Turkish Commercial Code and Code of Obligations which are replacing current Turkish Commercial Code No. 6762 and Code of Obligations No. 818, respectively (see "– Recent changes in Turkish law may have a significant impact").

Though Turkey has had a long relationship with the EU, that relationship has at times been strained. During 2006, the EU issued several warnings in connection with Turkey's undertakings under the additional protocol dated July 2005 relating to the Customs Union and to the recognition of the Republic of Southern Cyprus. Following this, in December 2006, the EU decided that negotiations in eight Chapters should be suspended and that no Chapter be closed until the EU has verified that Turkey has fulfilled its commitments relating to the additional protocol. There can be no assurance that the EU will continue to maintain an open approach to Turkey's EU membership, nor that Turkey will be able to meet all the criteria applicable to becoming a member state, including the new chapters opened in 2009 relating to taxation and the environment.

Recent changes in Turkish law may have a significant impact

Recently, three major pieces of legislation have been subject to substantial amendment, namely the Turkish Code of Obligations, the Turkish Code of Civil Procedures and the Turkish Commercial Code. Draft bills were approved by the Turkish Grand National Assembly on 11, 12 and 13 January 2011, respectively. The Turkish Code of Obligations and the Turkish Code of Civil Procedure were both approved by the President of Turkish Republic on 3 February 2011, announced in the Official Gazette on 4 February 2011. The Turkish Commercial Code was sent to the President of the Turkish Republic on 4 February 2011 and remains subject to his approval. Once approved, the Turkish Commercial Code will also be announced in the Official Gazette. Both the Turkish Code of Obligations and the Turkish Commercial Code (once announced in the Official Gazette) will come into effect as of 1 July 2012, whereas the Turkish Code of Civil Procedures will come into effect on 1 October 2011.

This legislation will implement substantial changes to Turkish law and it is anticipated that it will have a major impact on commercial life in Turkey and may in turn impact on Akbank's business, financial condition or results of operations. At this stage, such potential impact cannot be quantified and it is also possible that amendments will be made to the respective laws from time to time until their effective date.

Conflict and terrorism within Turkey or conflict and terrorism in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations or prospects.

Turkey is located in a region that has been subject to ongoing political and security concerns, especially in recent years. Political uncertainty within Turkey and in certain neighbouring and nearby countries, such as Iran, Iraq, Georgia, Cyprus, Egypt, Tunisia, Armenia and Syria has historically been one of the potential risks associated with an investment in Turkish securities. Political instability in the Middle East has increased since the terrorist attacks in the United States of 11 September 2001. The period since the commencement of military action by the United States and its allies in March 2003 has been characterised by frequent incidents of violence and sectarian conflict in Iraq and the heightened risk of terrorist acts against both the United States and its allies.

In recent years, Turkey has experienced a number of terrorist incidents, including four bombings in November 2003, a bombing in March 2004 in Istanbul, a series of bombings in 2006 which included bombings in each of Istanbul, Antalya and Marmaris, a bombing in Ankara in May 2007, bombings in Istanbul in July and December 2008 and two bombings in Ankara in April 2009. If additional attacks occur in the future, Turkey's capital markets, levels of tourism and foreign investment, among other things, may suffer, which could adversely affect Akbank's business, financial condition or results of operations.

Turkey is located in a high-risk earthquake zone.

On 17 August 1999, an earthquake measuring 7.6 on the Richter scale struck the area surrounding İzmit. On 12 November 1999, another earthquake measuring 7.2 on the Richter scale occurred in the city of Düzce, between Ankara and Istanbul. More recently, on 8 March 2010, an earthquake measuring 6.0 on the Richter scale struck the eastern province of Elazığ. Almost 45% of Turkey's population and most of its economic resources are located in a first-degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes) and a number of Akbank's properties and projects in Turkey are located in high-risk earthquake zones.

Akbank maintains earthquake insurance, but does not have wider business interruption insurance or insurance for loss of profits, which are not generally available in Turkey. The occurrence of a severe earthquake could adversely affect one or more of Akbank's facilities, causing an interruption in, and an adverse effect on, its business. In addition, a severe earthquake could harm the Turkish economy in general, which could adversely effect Akbank's business, financial condition or results of operations.

Akbank's credit ratings may not reflect all risks, and changes to Turkey's credit ratings may affect the Bank's ability to obtain funding.

Credit ratings affect the cost and other terms upon which the Bank is able to obtain funding. Rating agencies regularly evaluate the Bank and their ratings of its long-term debt are based on a number of factors, including its financial strength as well as conditions affecting the financial services industry generally. As at 31 December 2010 the Bank's long-term local currency ratings were Baa1 from Moody's and BBB- from Fitch Ratings. One or more independent credit rating agencies may also assign credit ratings to the Notes. Any ratings of either the Bank or the Notes may not reflect the potential impact of all risks related to the Notes' structure, the global financial market and the Turkish banking sector, additional factors described in this "Risk Factors" section and any other factors that may affect the value of the Notes. In light of the difficulties in the financial markets, there can also be no assurance that the rating agencies will maintain the Bank's current ratings or outlooks. A downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the perception these agencies could have of the Bank's rating. Investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Risk factors relating to the Notes

Credit ratings may not reflect all risks and may be withdrawn at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Adverse change of law may affect Notes.

The Conditions of the Notes are based on English law in effect as at the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Turkish and English law or administrative practice after the date of this Offering Memorandum.

Exchange rate risks and exchange controls.

The Bank will pay principal and interest on the Notes in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Bank's or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes constitute unsecured obligations of Akbank.

Akbank's obligations under the Notes will constitute unsecured obligations of the Bank. Accordingly, any claims against Akbank under the Notes would be unsecured claims. The ability of Akbank to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows, which could be affected by the circumstances described below.

Claims of Noteholders under the Notes are effectively junior to those of certain other creditors.

The Notes are unsecured and unsubordinated obligations of the Bank. Subject to statutory preferences, the Notes will rank equally with any of the Bank's other unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to all of the Bank's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other preferential obligations under Turkish law. As at 31 December 2010, the book value of Akbank's consolidated assets pledged as security in connection with its obligations was TL18.8 billion, including income accruals.

There may not be an active trading market for the Notes.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Akbank. Although application has been made for the Notes to be admitted to listing and to trading on the Regulated Market of the London Stock Exchange, there can be no assurance that such application will be accepted or that an active trading market will develop. Accordingly, Akbank can give no assurance as to the development or liquidity of any trading market for the Notes.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause the capital markets in other countries to fluctuate. Developments or economic conditions in developed and other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including Akbank's, which could adversely affect the market price of Akbank's Securities.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in Akbank's operating results, actual or anticipated variations in the operating results of Akbank's competitors, adverse business developments, changes to the regulatory environment in which Akbank operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for Turkish Sovereign debt. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to Akbank's business, financial condition, results of operations or prospects.

The Bank will have the right to redeem the Notes upon the occurrence of certain legislative changes requiring it to pay additional taxes if the withholding increases above current levels, if any, applicable to such Notes.

The withholding tax rate on interest payments in respect of Turkish bonds issued outside of Turkey varies depending on the original maturity of such bonds as specified under decree numbered 2010/1182 dated 20 December 2010 (the "Decree"). Pursuant to the Decree, with respect to bonds with a maturity of between 3 years and 4 years 364 days, the withholding tax rate on interest is 3% and for bonds with a maturity of 5 years or more the withholding tax rate is 0%. Accordingly, the withholding tax rate on interest on the Notes is 0%. The Bank will have the right to redeem the Notes, on any Interest Payment Date prior to the maturity date of the Notes, if (a) upon the occurrence of such change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or (b) any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction which change or amendment becomes effective after 7 March 2011 on the next Interest Payment Date the Bank would be required: (i) to pay additional amounts of Taxes (as defined in Condition 9); and (ii) to make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the rate currently applicable to such bonds and such requirement cannot be avoided by the Bank taking reasonable measures available to it. The Bank cannot assure Noteholders that, upon such a redemption, they will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments (dollar) is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of the financial markets in which they participate; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors may have difficulty enforcing foreign judgments against the Bank or its management.

Substantially all of Akbank's directors and executive officers are residents of Turkey and a substantial portion of the assets of Akbank and such persons are located in Turkey. As a result, it may be difficult for investors to effect service of process upon Akbank or such persons outside Turkey, or to enforce judgments or arbitral awards obtained against such parties outside Turkey.

Transfer of the Notes will be subject to certain restrictions.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. Prospective investors may not offer or sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should read the discussion under the heading "Notice to Investors" for further information about these transfer restrictions. It is their obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with any applicable securities laws.

Investors in the Notes must rely on DTC, Euroclear and Clearstream procedures.

The Regulation S Notes will be represented on issue by a Regulation S Global Certificate that will be deposited with a nominee for DTC. Except in the circumstances described in the Regulation S Global Certificate, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Regulation S Global Certificate. While the Notes are represented by the Regulation S Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

The Rule 144A Notes will be represented on issue by a Rule 144A Global Certificate that will be deposited with a nominee for DTC. Except in the circumstances described in the Rule 144A Global Certificate, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Rule 144A Global Certificate. While the Notes are represented by the Rule 144A Global Certificate, investors will be able to trade their beneficial interests only through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg. While the Notes are represented by the Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in either Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

EU Savings Directive.

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State (or to certain limited types of entities established in that other Member State). However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has prepared certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

USE OF PROCEEDS

The estimated total expenses relating to the admission of the Notes to trading are US$12,000. The Bank will use the net proceeds for general corporate purposes.

EXCHANGE RATES

The following table sets forth, for the periods indicated, information concerning the period average and period-end buying rates for U.S. dollars for the periods indicated. The rates set forth below are provided solely for your convenience and were not used by the Bank in the preparation of the Bank's consolidated financial statements included elsewhere in this Offering Memorandum. No representation is made that Turkish Lira could have been, or could be, converted into U.S. dollars at that rate or at any other rate.

Period Average(1)	*TL per US$*	*Period End*(2)	*TL per US$*
2010	1.4637	31 December 2010	1.5376
2009	1.4971	31 December 2009	1.4873
2008	1.2616	31 December 2008	1.5218
2007	1.2786	31 December 2007	1.1593
2006	1.4035	31 December 2006	1.4150
2005	1.3215	31 December 2005	1.3750
2004	1.4223	31 December 2004	1.3421
2003	1.4931	31 December 2003	1.3958
2002	1.5058	31 December 2002	1.6345
2001	1.2254	31 December 2001	1.4396
2000	0.6237	31 December 2000	0.6718

Source: Central Bank of Turkey

(1) Represents the yearly averages of the monthly averages of the TL/US$ exchange rates for the relevant period, which monthly averages were computed by calculating the average of the daily TL/US$ exchange rates on the business days of each month during the relevant period. Amounts in Turkish Lira with respect to periods before 2005 have been translated into New Turkish Lira at an exchange rate of TL1,000,000 = TL1.00.

(2) Represents the TL/US$ exchange rates for the purchase of U.S. Dollars determined by the Central Bank on the previous working day. Amounts in Turkish Lira with respect to periods before 2005 have been translated into New Turkish Lira at an exchange rate of TL1,000,000 = TL1.00.

CAPITALISATION OF THE BANK

The following table which is extracted from the Bank's Consolidated Financial Statements, prepared in accordance with IFRS, sets forth the consolidated capitalisation of the Bank as at 31 December 2008, 2009 and 2010, respectively. This table should be read in conjunction with the Annual Financial Statements and the notes thereto incorporated by reference in this Offering Memorandum. All Turkish Lira amounts in this section, unless otherwise indicated, are presented in thousands of Turkish Lira.

	As at (and for the years ended) 31 December		
	2010	*2009*	*2008*
Long-term debt[1][2]	7,201,034	5,367,703	6,559,614
Capital stock; legal reserves, retained earnings and other equity accounts	15,038,908	11,819,999	9,607,004
Current period net income attributable to Equity Holders of the Bank	3,007,995	2,733,661	1,818,978
Total shareholders' equity	18,046,903	14,553,660	11,425,982
Total capitalisation	**25,247,937**	**19,921,363**	**17,985,596**

Notes:

(1) See note 16 to each of the Annual Financial Statements.

(2) Long-term debt includes the funds borrowed and debt securities in issue with an original maturity over one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains an analysis of the consolidated results of operations of Akbank as at and for the years ended 31 December 2010, 2009 and 2008. The following discussion should be read in conjunction with the Annual Financial Statements and reports and notes thereto included elsewhere in this Offering Memorandum. The Annual Financial Statements of Akbank have been prepared in accordance with IFRS as described in "Presentation of Financial Information." Certain information herein is derived from unaudited management accounting records. This discussion includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in "Risk Factors" appearing elsewhere in this Offering Memorandum.

Overview

Akbank is a full-service commercial bank with substantially all of its business operations in Turkey, providing a comprehensive range of banking products to retail, SME, and corporate customers. As the recovery from Turkey's economic crisis in 2001 has continued, the consumption of banking services among the general population in Turkey has increased and the number of commercial banks has decreased, stimulating demand for the Bank's banking products. More recently, Turkey has demonstrated strong growth with GDP growth of 8.9% (year on year) through the first nine months of 2010 (*source: Turkstat*), forecast GDP growth of 4.5% for 2011 and 5.0% in 2012 (based on Turkish State Planning Organisation (DPT) forecasts). This economic growth has stimulated demand for banking services, but also led to increased competition in the sector, with increased competition from both public and private banks in Turkey as well as greater participation of foreign banks (principally through investments in Turkish banks).

The Bank's management believes that its risk adjusted capital ratio of 19.93% as at 31 December 2010 (18.4% if calculated using Tier I capital only), its strong financials and its extensive branch network of 915 branches (as of 31 January 2011) have made strong contributions to the growth of the Bank's customer deposit base. As at 31 December 2010, customer deposits reached TL83.1 billion, representing 69.5% of total funding (total liabilities plus shareholders' equity). Akbank achieved net profits of TL3.0 billion for the year ended 31 December 2010, an increase of 10.0% over the comparable period in 2009. In terms of profitability, the Bank's return on equity (excluding non-controlling interest) was 18.5% and its return on assets was 2.7% for fiscal year 2010, as compared to 21.0% and 2.8% for fiscal year 2009. In addition to the Bank's cost of funding, management believes other key drivers of the Bank's profitability have been low non-performing loan ratios, improved cost of risk, effective cost control, and, significantly in the past two years, the positive contribution of the Bank's portfolio of Turkish government securities.

Although the Bank was negatively affected by adverse global financial markets, particularly with regard to reduced overall demand for its services and increased credit risk in its loan portfolio, the Bank has strived to maintain a consistent business strategy during the period of 2008 to present, subject to making necessary adjustments. Management has concentrated on the development and growth of products that are innovative in the Turkish market and are tailored to individual customers' needs, as well as on customer growth in the SME business segment, although growth in the small business portion of this segment was temporarily limited by the Bank in 2009 in the belief that small business customers would be especially sensitive to weaker economic conditions. In support of these efforts to expand the customer base, the Bank has grown its branch network and its customer relationship management capabilities and has developed non-traditional delivery channels for its products. At the same time, management priorities have included increasing fee and commission income and promoting continued improvements in operational efficiency. Partnerships with prominent Turkish retail groups such as Boyner and Carrefour SA have helped to develop the Bank's credit card business market share and have had a positive effect on fee income.

Akbank believes that its reputation in Turkey significantly benefits from its association with the Sabancı group of companies, which includes a number of leading industrial and other enterprises. In addition, on 9 January 2007, Akbank concluded a transaction with Citigroup in which Citigroup acquired a 20% equity stake in Akbank. In 2009, the Bank established its Corporate Governance and Social Responsibility Committee which promotes the integration of ethical, environmental, and social policies with the Bank's lending and other activities.

Significant Factors Affecting Akbank's Results of Operations

Numerous factors affect Akbank's results of operations, some of which are outside of Akbank's control. The following identifies certain of such factors that have been significant to Akbank since 2008.

Turkish Economic and Political Environment

Akbank operates primarily in Turkey. Accordingly, its results of operations and financial condition are and will continue to be significantly affected by Turkish political and economic factors, including the economic growth rate, the rate of inflation and fluctuations in exchange rates and interest rates.

The following table sets forth key Turkish economic indicators for the years 2008 to 2010.

	2010	2009	2008
GDP *in billion Turkish Lira*	1,114.7[1]	954.0	950.5
GDP *in billion U.S. Dollars*	743[1]	617.6	742.1
GDP growth (%)	8.9%[2]	(4.7)%	0.7%
GDP per capita *in U.S. Dollars*	10,043[3]	8,590	10,440
Unemployment (%)	12[4]	14.0	11.0
Central Bank policy rate (year-end, %)	6.50	6.50	15.00
Benchmark yield (year-end, %)	7.1	8.9	16.5
Inflation (%)	6.4	6.5	10.1
Exports *in billion U.S. Dollars*	113.9	102.1	132.0
Imports *in billion U.S. Dollars*	185.5	140.9	202.0
Trade deficit *in billion U.S. Dollars*	71.6	38.8	69.9
Current account deficit *in billion U.S. Dollars*	48.6	14.0	41.9
Budget deficit *in billion Turkish Lira*	39.6	52.8	17.4

1 IMF forecast.

2 Average year on year growth for first nine months of 2010.

3 State Planning Organisation (DPT) forecast.

4 Average unemployment rate for first eleven months of 2010.

(Sources of macro-economic data: Central Bank of Turkey, Turkish Statistical Institute General Directorate of Public Accounts, Turkish Treasury, Turkish State Planning Organisation (DPT), IMF and other public sources).

As the Turkish economy recovered rapidly from the global economic crisis, the unemployment rate declined and budget revenues rose above target, resulting in a lower than anticipated 2010 budget deficit for the Turkish government. Akbank's loan portfolio increased from TL 45.1 billion as at 31 December 2009 to TL58.2 billion at the end of 2010, and the size of its securities portfolio (largely Turkish government securities) increased from TL46.7 billion at 31 December 2009 to TL50.5 billion at 31 December 2010. As the Bank expanded its loan and government securities portfolio, it contributed to an increase in the size of its total assets to TL119.7 billion by the end of 2010.

See "Risk Factors – Risk Factors Relating to Turkey."

Global Economic Conditions and Impact of Global Financial Crisis

Since mid-2008, the global banking industry has been severely impacted by the global financial crisis, which has contributed to significant write-downs of asset values by financial institutions, including government-sponsored organisations and major commercial and investment banks. The effects of the global financial crisis in Turkey during this period have been relatively moderate compared to the effects in the United States and in certain other European countries. The primary effect of the global crisis on the Turkish banking system was an increase in loan delinquency rates. At the same time, the Turkish market experienced a shift in deposits to larger private financial institutions, such as Akbank, that were perceived as having greater financial stability. Accordingly, as at 31 December 2009, Akbank's consolidated customer deposits reached TL74.7 billion, an increase of 12.9% in TL terms from the level of TL66.2 billion as at 31 December 2008, and continued to grow in 2010, reaching TL83.1 billion (an increase of 11.3% between 2009 and 2010).

During this period, the Bank put in place enhancements to its risk management systems, tightened its small business lending criteria, and increased required collateral levels with a view to limiting the potentially adverse effects on its loan portfolio from the prevailing global economic conditions. As a result, although the Bank's non-performing loan ("**NPL**") ratio increased to 3.8% at year-end 2009 from 2.3% at year-end 2008, it was still below the average of 5.2% of the Turkish banking system. Given slower loan growth, the Bank deployed a greater portion of its liquidity to its securities portfolio, which grew from TL25.8 billion as at 31 December 2007 to TL46.7 billion as at

31 December 2009, an increase over the two-year period of 81%. By 2010, however, Turkey returned to a period of strong growth as described above under "– Turkish Economic and Political Environment" and this has had a positive impact on Akbank's financial condition and results of operations. In particular, the NPL ratio decreased to 2.2% at 31 December 2010 and remains below the sector average of 3.6%. In addition, the growth trend in SME Loans has reversed during 2010, with SME loans increasing from TL13 billion as at 31 December 2009 to TL17 billion as at 31 December 2010. As at year end 2010 and year end 2009, small business loans represented 29% of the Bank's total loans.

A contributor to net income during the period of the recent global downturn has been net fee and commission income, which grew year-on-year at the rate of 14.9% as at 31 December 2009 and has continued to grow subsequently at a moderate pace of 2.5% as at 31 December 2010. Strong fee income was the result of certain initiatives commenced both before and during the downturn by the Bank including new developments in credit card issuance, asset management, and alternate banking channels. Akbank was able to rapidly and successfully redeploy capital from treasury bills to its banking business to maintain interest income despite a falling interest rate environment. Credit card issuance, which also benefited from the Bank's collaborations with Boyner Holding in the "Fish" card and with Carrefoursa in the "Axess" card, accounted for 48.0% of the Bank's net fee and commission income in 2009 and 50.1% in 2008, but has subsequently reduced to 44.05% in 2010 due to a significant reduction in prevailing market interest rates that affect merchant fees, a sector wide phenomenon as other elements of the Bank's fee income gernerating products have grown post crisis.

In addition, provision expense for loan losses which has been among the lowest in the sector, decreased by 112.8% in 2010 compared to 2009 due to the upturn in economic environment. The Bank took active steps to reduce costs during 2009 and as a result there was no material increase in operating costs in 2009 as compared to 2008 (TL2.3 billion for each year). However, due to the increases in branch and personnel numbers, there was a 12.3% increase in operating expenses in 2010 compared to 2009. This increase in expenses included the impact of a new branch tax implemented in 2010 that increased such expenses by approximately 2%. Akbank's cost-to-asset ratio decreased to 2.3% at 31 December 2009 (compared to 2.7% as at 31 December 2008). Akbank has been able to maintain its cost-to-asset ratio in 2010 at the 2.3% level. Accordingly, the cost-to-income ratio decreased to 40.7% as at 31 December 2009 from 54.0% as at 31 December 2008, and was 40.3% as at 31 December 2010.

Although the effects of the global financial crisis have begun to subside, the Bank and its customers operating in Turkey remain susceptible to some extent to external financial, political and economic events such as the recent unrest in Egypt, Tunisia, Bahrain and other countries in the Middle East, widespread concern with the levels of public sector debt around the world and the stability of numerous banks in certain European countries including Greece, Spain, Portugal, Italy and Ireland. Although Akbank holds no exposure in its securities portfolio to these countries, a lack of liquidity in the European banking sector in general could have an adverse effect on the Bank's customers by reducing export demand for their goods and services and constraining external sources of funding for the Bank's larger corporate customers. See "Risk Factors – Difficult macroeconomic and financial market conditions have affected and could continue to materially adversely affect Akbank's business, financial condition, results of operations and prospects".

Loan Portfolio Growth

In recent years, since the end of Turkey's domestic financial crisis in 2001, the Bank has pursued a policy of increasing its loan portfolio, in particular with an emphasis on the higher-yielding business segments focused on commercial, small business, and retail customers. As the rate of inflation has decreased in Turkey and per capita income among the Bank's targeted customer base has increased, the demand for commercial, small business, and retail credit has grown. From the start of 2008 through to the present, this policy has resulted in an overall increase in the Bank's loan portfolio from TL49.5 billion as at 31 December 2008 to TL58.2 billion as at 31 December 2010, even though the Bank's decision to slow the growth of its loan portfolio in 2009, particularly in the small business segment, resulted in a decrease of 9.0% in net loans for that year.

However, since the beginning of 2010, Akbank has re-focused on increasing its lending growth in all areas where management believes the effects of the global economic downturn have begun to subside and the signs of economic recovery have strengthened. As a result of this strategy, Akbank's total loans reached TL58.2 billion as at 31 December 2010 from TL45.0 billion as at 31 December 2009, a TL13.2 billion increase, with the greatest growth in general purpose loans, auto loans and SME loans in 2010. General purpose loans grew by 50.3% from TL4.1 billion as at 31 December 2009 to TL6.2 billion as at 31 December 2010, while auto loans grew by 44.9% from TL555 million to TL804 million as at 31 December 2010 and SME loans grew by 31% from TL13 billion as at 31 December 2009 to TL17 billion as at 31 December 2010.

Declining Interest Rate Environment in Turkey

In general, increases in interest rates allow the Bank to increase its revenue from loans due to higher rates that the Bank is able to charge. The Bank benefits from a higher return on its excess capital. However, such an increase may adversely affect the Bank's results of operations as a result of reduced overall demand for loans and greater risk of default by the Bank's customers. In addition, increased interest rates affect the Bank's funding costs and can adversely affect the Bank's net income if the Bank is unable to pass on the increased funding costs to its customers. On the other hand, a decrease in interest rates can reduce the Bank's revenue from loans as a result of lower rates on the Bank's loans. This reduction of revenue may however be offset by an increase in the volume of the Bank's loans resulting from increased demand for loans and by a decrease in the Bank's funding costs.

For Akbank, the recent low interest rate environment in Turkey has had a favourable effect on asset growth as the Bank has been able to attract new customer deposits with low rates. On average, due to the short-term nature of the majority of the Bank's customers' time deposits, reductions in interest rates are repriced into the Bank's liabilities after approximately 40 days. At the same time, the repricing of its loans and securities is slower, at between 260 and 280 days, due to their longer maturities, resulting in a widening of the net interest margin earned by the Bank. The following table sets forth Akbank's net interest margin (computed as net interest income for the period as a percentage of average interest earning assets) for the quarterly periods from 1 January 2008 to and including 31 December 2010. In particular, the Bank benefitted from the declining interest rate environment in 2008 and 2009 as the Bank's deposits repriced more rapidly that its loans. By 2010, however, much of the Bank's portfolio had repriced to reflect the lower rate environment.

First Quarter 2008	5.1%	Third Quarter 2009	5.2%
Second Quarter 2008	4.9%	Fourth Quarter 2009	5.1%
Third Quarter 2008	4.7%	First Quarter 2010	5.5%
Fourth Quarter 2008	4.5%	Second Quarter 2010	4.8%
First Quarter 2009	5.1%	Third Quarter 2010	4.0%
Second Quarter 2009	5.3%	Fourth Quarter 2010	4.1%

For further information, see "Selected Statistical and Other Information – Interest Earning Assets: Yield, Margin and Spread".

Increasing Income from Turkish Government Securities

The Bank's government securities portfolio, comprising primarily Turkish government securities, has grown and has generated increased profits as a result of mark-to-market gains. Akbank's interest in marketable securities has represented 50%, 44.2% and 33.6% of Akbank's total interest income in 2010, 2009 and 2008, respectively. During 2010, the Bank also benefited from its holdings of inflation-linked securities due to an increase in the rate of inflation. In 2010, Akbank generated more interest income from marketable securities (TL4.5 billion) than interest on loans (TL4.3 billion).

A significant contributor to the Bank's net profit in 2009 and 2010 was, on the one hand, the low interest rate policy of the Central Bank coupled with the Bank's stable base of core depositors and, on the other hand, the Bank's deployment of its funds to a portfolio of fixed-rate Turkish government securities (including inflation-linked securities) and more recently to the higher-yielding segments of its loan customer portfolio.

The table below sets forth the Bank's total loans, total securities, and total deposits in Turkish Lira and foreign currency as at 31 December 2010, 2009 and 2008.

	For the years ended 31 December								
	2010			2009			2008		
	TL	FC	Total	TL	FC	Total	TL	FC	Total
Total Loans	30,948,043	27,249,081	58,197,124	22,976,647	22,073,170	45,049,817	25,168,561	24,331,928	49,500,489
Total Securities	44,156,003	6,390,355	50,546,358	37,750,612	8,975,738	46,726,350	19,476,663	8,811,923	28,288,586
Total Deposits	52,611,836	30,493,615	83,105,451	47,120,542	27,580,742	74,701,284	37,265,095	28,912,792	66,177,887

Akbank's Provisioning for Impaired Loans

Akbank has a more conservative policy regarding provisions for NPLs than required by the BRSA. Akbank provisions 100% of a loan once a payment thereunder has been overdue for more than 90 days, irrespective of the level of collateralisation for such loan. This policy is conservative as regulations allow for a period of up to 12 months for provisions to be made, depending on the level of collateralisation. Due to its conservative provisioning policy, Akbank believes that it benefits from strong recoveries from NPLs within shorter periods of time, as such NPLs may also have strong collateralisation levels. See "Risk Management – Identification and Remediation of Problem Loans".

Critical Accounting Policies

The accounting policies adopted by the Bank are critical to understanding its results of operation and Financial Statements included elsewhere in this Offering Memorandum. These accounting policies are described in detail in the notes to the Bank's audited Annual Financial Statements. Certain of the Bank's accounting policies require significant managerial judgment on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by the Bank's management. The Bank has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the preparation of its Financial Statements for the relevant period. The following is a brief description of the Bank's current accounting policies which require significant managerial judgment or otherwise are critical to the results of operations and financial condition presented in the Financial Statements.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. Fair value of over-the-counter ("**OTC**") forward foreign exchange contracts and foreign exchange option 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. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Derivative financial instruments are classified as held for trading, unless they are designated as hedging instruments.

Investment securities

Investment securities are classified 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 recognised at cost. Available-for-sale investment debt and equity securities are subsequently remeasured at fair value based on quoted bid prices, 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 recognised in the 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. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. Dividends received are included in dividend income.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Trading assets are initially recognised and subsequently re-measured at fair value. All related realised and unrealised fair value gains and losses are included in net trading income. Interest earned whilst holding trading assets is reported as interest income.

All purchases and sales of trading assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in "net income from financial instruments designated at fair value".

Fee and commission income and expenses

Fee and commission income and expenses are recognised 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.

Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgement, collection becomes doubtful. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loans and advances to customers and provisions for loan impairment

Loans and advances granted are carried initially at cost and subsequently remeasured at the amortised cost value, less any provision for loan losses. All loans are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that all amounts due cannot be collected. 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. 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.

The provision made during the year is charged against the profit for the year. 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.

Akbank's total loans reached TL58.2 billion as at 31 December 2010 from TL45.0 billion as at 31 December 2009, a TL13.2 billion increase. Provision expense for loan losses, which is among the lowest in the Turkish banking sector, decreased by 112.8% in 2010 compared to 2009 due to the upturn in economic environment.

Taxation on income

(i) Income taxes currently payable: Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Taxes other than on income are recorded within operating expenses.

(ii) Deferred income taxes: Deferred income tax is provided in full, using the liability method, on 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. Deferred income 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 Group. Deferred income 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 income tax asset can be utilised.

Accounting Policy Changes

There have been no accounting policy changes since 2008.

Analysis of Results of Operations and Financial Condition For the Three Years Ended 31 December 2008, 2009 and 2010

Results of Operations

The table below sets out the Bank's summary income statement for the years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December				
	2010	2010/2009 Change %	2009	2009/2008 Change%	2008
			(TL thousands)		
Income Statement Data					
Interest income	8,994,490	-5.8%	9,549,763	-5.7%	10,126,457
Interest expense	(4,563,572)	-5.4%	(4,825,073)	-25.6%	(6,486,070)
Net interest income	**4,430,918**	**-6.2%**	**4,724,690**	**29.8%**	**3,640,387**
Less: Provision for possible loan losses	103,723	-112.8%	(813,194)	-7.6%	(879,622)
Net interest income/(expense), after provision for possible loan losses	**4,534,641**	**15.9%**	**3,911,496**	**41.7%**	**2,760,765**
Net fee and commission income	1,368,743	2.5%	1,334,737	14.9%	1,162,042
Dividend income	1,059	-23.9%	1,391	-68.0%	4,351
Other operating income (excluding foreign exchange gains)	313,308	65.4%	189,419	-3.6%	196,443
Operating expenses (excluding provisions for possible loan losses and foreign exchange losses)	(2,540,087)	12.3%	(2,261,343)	0.0%	(2,262,011)
Foreign exchange gains/(losses), net	52,112	-40.4%	87,501	132.0%	37,719
Profit on trading account, net	28,204	9.2%	25,838	-6.7%	27,698
Income before income taxes	**3,757,980**	**14.3%**	**3,289,039**	**70.7%**	**1,927,007**
Taxation charge	(748,444)	34.8%	(555,338)	414.2%	(108,001)
Net income for the period	**3,009,536**	**10.1%**	**2,733,701**	**50.3%**	**1,819,006**

The table below sets out the principal components of Akbank's net interest income for the years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December				
	2010	Change (%)	2009	Change (%)	2008
			(TL thousands)		
Interest Income – Interest Expense:					
Interest on loans	4,300,807	-15.6	5,097,520	-18.9	6,287,641
Interest on overdue loans	44,188	46.2	30,223	-27.1	41,439
Interest on reserve requirements with the Central Bank	77,587	-36.9	123,011	-45.1	223,962
Interest on deposits with banks	43,485	4.5	41,604	-59.7	102,042
Interest on interbank transactions	1,329	-65.0	3,800	-61.8	9,938
Interest on marketable securities	4,501,680	6.7	4,220,178	24.0	3,404,452
Other interest income	25,414	-24.0	33,427	-41.3	56,983
Total interest income	**8,994,490**	**-5.8**	**9,549,763**	**-5.7**	**10,126,457**
Interest on deposits	4,233,453	-5.0	4,457,433	-24.0	5,867,270
Interest on funds borrowed and debt securities in issue	257,004	-16.3	306,937	-46.3	571,064
Interest on interbank money market deposits	27.979	82.0	15,371	0.7	15,257
Other interest expense	45,136	-0.4	45,332	39.6	32,479
Total interest expense	**4,563,572**	**-5.4**	**4,825,073**	**-25.6**	**6,486,070**
Net interest income	**4,430,918**	**-6.2**	**4,724,690**	**29.8**	**3,640,387**

Akbank's cost of funding decreased by 5.4% between 2009 and 2010 and consolidated interest income decreased by 5.8% during the same period. Between 2008 and 2009, Akbank's cost of funding decreased by 25.6% and consolidated interest income decreased by 5.7%. The changes in net interest income result from both changes in the average amount of interest-earning assets and interest-bearing liabilities and the interest rates applicable thereto. For an allocation of changes in Akbank's consolidated net interest income as a result of these factors between 2008 and 2009 and between 2009 and 2010, see "Selected Statistical and other information – Analysis of Changes in Net Interest Income and Interest Expense."

Interest Income

Akbank's primary sources of interest income are interest on marketable securities (principally Turkish government securities denominated in TL) and interest on loans.

Consolidated interest income was TL9.0 billion for the year ended 31 December 2010, a decrease of 5.8% compared to TL9.5 billion for the year ended 31 December 2009, which decreased 5.7% compared to TL10.1 billion for the year ended 31 December 2008. Total assets increased by 16.9% as at 31 December 2010, from TL102.4 billion in 2009 to TL119.7 billion in 2010, with marketable securities increasing by 8.2% in 2010, from TL46.7 billion as at 31 December 2009 to TL50.5 billion as at 31 December 2010 and total loans increasing by 29.2% in 2010, from TL45 billion as at 31 December 2009 to TL58.2 billion as at 31 December 2010. The decrease in Akbank's interest income in 2010 was primarily due to a decrease in interest rates compared to 2009 and the decrease in Akbank's interest income in 2009 was primarily due to a decrease in loan volume compared to 2008. See "– Loan Portfolio Growth".

Total assets increased by 10.5% in 2009, from TL92.7 billion as at 31 December 2008 to TL102.4 billion as at 31 December 2009, with marketable securities increasing by 65.2% in 2009, from TL28.3 billion as at 31 December 2008 to TL46.7 billion as at 31 December 2009 and total loans decreasing by 9% in 2009, from TL49.5 billion in 2008 to TL45 billion as at 31 December 2009.

Although Akbank strategically slowed down its loan growth in 2009 and increased its securities portfolio in reaction to the Bank's view of the effects of the global downturn on credit in Turkey, in particular among small businesses, the Bank increased both the loan growth and securities portfolio in 2010. See "– Global Economic Conditions".

Interest Income from loans

Consolidated interest income from loans was TL4.3 billion in 2010, a decrease of 15.3% compared to TL5.1 billion in 2009, which decreased 18.9% compared to TL6.3 billion in 2008.

Higher yielding Turkish Lira denominated loan products such as consumer loans and small business loans increased 36%, credit cards increased 16.3% and corporate loans increased 26% in 2010 with the loans to total assets ratio increasing to 48.6% in 2010 from 44.0% in 2009 and decreasing from 53.4% in 2008. Due to the decrease in interest rates in 2010, loan portfolio growth has been increased. This decline in interest rates partly contributed to the decrease in Akbank's interest income from loans in 2010 and in 2009. As a result of the decrease in interest rates and volume of total loans, interest income on loans decreased in 2009.

The table below sets out certain key components of Akbank's total loans for the twelve-month periods ended 31 December 2009 and 2010. Due to the organisational change in 2010 with small enterprise banking being transferred from the Retail Banking Unit to the Corporate and SME Banking Unit, comparable data for 2008 is not available.

	For the years ended 31 December (*TL thousands*)		
	2010	**Change**	**2009**
		%	
Consumer loans	13,129,871	42.0	9,245,165
SME loans	16,914,204	31.1	12,897,655
Credit cards	6,784,469	16.3	5,832,084
Corporate loans	20,904,423	25.7	16,628,840
Leasing receivables	981,969	1.7	965,921
Performing loans	**58,714,936**	**28.8**	**45,569,665**
Non performing loans	1,314,489	-27.9	1,824,292
Total loans and advances to customers	**60,029,425**	**26.7**	**47,393,957**
Allowance for loan losses	-1,832,301	-21.8	-2,344,140
Net loans and advances to customers	**58,197,124**	**29.2**	**45,049,817**

Interest Income from Securities and Deposits

Akbank's interest income from securities amounted to TL4.5 billion in 2010 an increase of 6.7% compared to TL4.2 billion in 2009. This increase was primarily due to an 8.2% increase in the size of the Bank's securities portfolio to TL50.5 billion in 2010 (predominantly in the form of Turkish government securities, a significant portion of which were inflation-linked and which increased from TL7.2 million to TL16.5 million from 2009 to 2010), which more than offset the impact of the decline in interest rates over the period, contributing to the growth of its interest income from securities in 2010. Interest on reserve requirements with the Central Bank was TL78 million for the year ended 31 December 2010, a decrease of 36.9% from TL123 million in 2009 which was in turn was a further decrease of 45.1% from TL224 million in 2008. These decreases were due to the lowering of interest rates paid by the Central Bank, which were reduced to zero in 2010. Interest income on deposits with banks was TL43 million for the year ended 31 December 2010, an increase of 4.5% compared to TL42 million for the same period in 2009. This represented a decrease of 59.2% compared to TL102 million in 2008. Cash and due from banks excluding balances with the Central Bank of Turkey in 2010 decreased by 35.6% to TL3.2 billion from TL 5.0 billion in 2009 and in 2009 decreased by 26.8% from TL6.9 billion in 2008, a cumulative decrease of 52.9% between 2008 and 2010.

Despite the impact of the decline in interest rates, interest income from securities increased by 24% in 2009 to TL4.2 billion from TL3.4 billion in 2008 as a result of a 65.2% increase in the volume of the Bank's securities to TL46.7 billion in 2009 from TL28.3 billion in 2008 (predominantly in the form of Turkish government securities) as the Bank sought actively to increase the size of its fixed income securities portfolio to improve interest income in a declining rate environment.

The decrease in Akbank's interest income in 2008 and 2009 was mainly due to Akbank's strategy aimed at shifting to higher yielding marketable securities and loans. In response to the lower interest rate environment, cash and bank deposits were reduced and replaced with higher yielding securities.

Akbank's remaining consolidated interest income mainly came from interest obtained from loans, which amounted to TL4.3 billion for the year 2010, compared to TL5.1 billion for the year 2009.

For an allocation of changes in Akbank's consolidated interest income between 2008 and 2009 and 2009 and 2010, see "Selected Statistical and Other Information – Analysis of Changes in Net Interest Income and Interest Expense."

Interest Expense

Akbank's liabilities predominately consist of deposits, followed by interbank money market deposits and borrowings.

Total liabilities excluding shareholders' equity increased by 15.7% in 2010, from TL87.8 billion as at 31 December 2009 to TL101.6 billion as at 31 December 2010, with deposits increasing by 11.3% in 2010, from TL74.7 billion as at 31 December 2009 to TL83.1 billion as at 31 December 2010, interbank money market deposits decreasing by 17.3% in 2010, from TL484 million as at 31 December 2009 to TL400 million as at 31 December 2010 and borrowings increasing by 38.9% in 2010, from TL5.9 billion in 2009 to TL8.2 billion in 2010. As a result of the increase in total liabilities, interest expense for the year ended 31 December 2010 decreased by 5.4% to TL4.6 billion from TL4.8 billion as a result of the decreasing interest rate environment in 2010. The decrease in 2010 was mainly due to an overall decrease in average interest rates paid by banks for TL time deposits, although such decreases were moderated to some extent by competitive pressures.

Total liabilities increased by 8.1% in 2009, from TL81.3 billion as at 31 December 2008 to TL87.8 billion as at 31 December 2009, with deposits increasing by 12.9% in 2009, from TL66.2 billion as at 31 December 2008 to TL74.7 billion as at 31 December 2009 and borrowings decreasing by 29.4% in 2009, from TL8.3 billion as at 31 December 2008 to TL5.9 billion as at 31 December 2009. Despite the increase in total deposits between 2008 and 2009, interest expense on deposits decreased in 2009 by 24% from TL5.9 billion in 2008 as a result of the decreasing interest rate environment in 2009. See "– Interest Rates".

Outstanding average Turkish Lira denominated deposits, together with deposits (based on management accounts) provided under repo transactions, rose by 27.9% and 19.5% and 21.7% in 2010, 2009 and 2008, respectively. The average volume of foreign currency denominated deposits rose by 5.9%, 16.4% and 19.6% in 2010, 2009 and 2008 respectively.

In terms of average outstanding TL deposit balances (based on management accounts), 11.5% were TL demand deposits and 88.5% were TL time deposits in 2010, compared to 11.7% TL demand deposits and 88.3% TL time deposits in 2009 and 12.8% TL demand deposits and 87.2% TL time deposits in 2008. The annual average yield on TL demand deposits remained relatively constant in 2010, 2009 and 2008 at approximately less than 0.5%, whereas the annual average cost on TL time deposits fell to 8.8% in 2010 from 11.5% in 2009 and 18.3% in 2008, as Turkish base rates decreased.

Interest on funds borrowed decreased in 2010 to TL257 million, from TL307 million in 2009 and form TL571 million in 2008. In 2010, lower interest expense was mainly due to a decrease in foreign currency interest rates. Interest on funds borrowed decreased in 2009 to TL307 million from TL571 million in 2008. In 2009 lower interest expense was mainly due to a decrease in the volume of foreign currency borrowing from international banks and a decrease in interest rates. Interest expense on borrowings remained relatively constant in 2008.

The changes in interest expense result both from changes in the average amount of interest-bearing liabilities and the interest rates payable thereon. For an analysis of changes in Akbank's consolidated interest expense and similar charges as a result of these factors between 31 December 2008 and 2009 and 31 December 2009 and 2010, see "Selected Statistical and Other Information – Analysis of Changes in Net Interest Income and Interest Expense."

Net Interest Income

Net interest income decreased by 6.2% in 2010 from TL4.7 billion in 2009 to TL4.4 billion in 2010 as interest income decreased more than interest expense. Akbank's interest expense decreased by 5.4% while its interest income decreased by 5.8% in 2010 compared to the same period last year. The Bank's net interest margin decreased to 4.1% as compared to 5.1% for 2009 and 4.5% for 2008. In 2009, consolidated net interest income increased by 29.8% compared to TL3.6 billion for 2008. The decrease in the net interest margin in 2010 was primarily due to increased competition during the period, from both private and public sector banks. In comparison, the higher net interest margins in 2009 and 2008 reflected both the delay in repricing higher interest rate loans compared to short term deposits, as well as the reduced impact of Akbank's Turkish government securities portfolio (including inflation linked securities), which represented 50.0%, 44.2% and 33.6% of Akbank's interest income in 2010, 2009 and 2008, respectively. The increase in net interest income in 2009 was primarily due to improved net interest margins from 4.5% to 5.1% during the low interest rate environment of 2009, when the Central Bank of Turkey reduced its policy rate from 15.0% on 31 December 2008 to 6.5% on 31 December 2009, making a favorable impact on the Bank's cost of funds. See "– Interest Rates".

Gross income amounted to TL3.8 billion for the year ended 31 December 2010 compared to TL3.3 billion and TL1.9 billion for the years 2009 and 2008. The increase in 2010 was mainly due to a decrease in provisions for possible loan losses as a result of improving economic conditions in Turkey and recoveries and in 2009 was mainly due to a reduction in interest expense. The Bank recorded a tax provision expense of TL748 million in year to 31 December 2010 (compared to TL555 million and TL108 million as at 31 December 2009 and 2008 respectively).

Provision for Loan Losses

Akbank's provisions for loan losses in 2010 decreased by 112.8% to TL(104) million from TL 813 million in 2009 and decreased by 7.6% from TL880 million in 2008. Higher provisions in 2009 and 2008 were mainly due to rising NPLs related to the global economic crisis. See "– Significant Factors Affecting Akbank's Results of Operations – Global Economic Conditions". In 2010, NPL provisions were decreased due to the economic upturn. However, the Bank has continued its policy of providing 100% provisioning.

NPLs as a percentage of total loans, remained at low levels relative to Turkish averages as published by the BRSA. This percentage decreased to 2.2% in 2010, compared to 3.8% in 2009 and 2.3% in 2008. Akbank's non-performing loans (i.e. over 90 days past due) are fully provisioned in accordance with BRSA.

For additional information on Akbank's loan losses, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations – Akbank's Provisioning for Impaired Loans"; "Selected Statistical and Other Information – Non-Performing Loans; Provisioning; Loan Losses," and "Selected Statistical and Other Information – Allowance for Loan Losses."

Total Non-Interest Income

The table below sets forth the components of Akbank's non-interest income for the years ended 31 December 2010, 2009 and 2008.

NON-INTEREST INCOME

	For the years ended 31 December							
	2010	**% of Total non-interest income**	**% change y-o-y**	**2009**	**% of Total non-interest income**	**2008**	**% of Total non-interest income**	**% change y-o-y**
				(TL thousands)				
Fees and commissions (net)	1,368,743	77.62%	2.55%	1,334,737	81.44%	1,162,042	81.36%	14.86%
Trading gains and losses (net)	28,204	1.60%	9.16%	25,838	1.58%	27,698	1.94%	-6.72%
Foreign exchange gains and losses (net)	52,112	2.96%	-40.44%	87,501	5.34%	37,719	2.64%	131.98%
Dividend income	1,059	0.06%	-23.87%	1,391	0.08%	4,351	0.30%	-68.03%
Other operating income	313,308	17.77%	65.40%	189,419	11.56%	196,443	13.76%	-3.58%
Total non-interest income	**1,763,426**	**100.00%**	**7.60%**	**1,638,886**	**100.00%**	**1,428,253**	**100.00%**	**14.75%**

Total non-interest income increased by 7.6% in 2010 to TL1.8 billion from TL 1.6 billion in 2009, and increased by 14.7% in 2009 from TL1.4 billion in 2008. Fee and commission income was primarily derived from credit cards, asset management and consumer credits. Fee and commission income increased by 2.55% in 2010 compared to 2009, the lower growth in 2010 being primarily the result of increased costs in the credit card voucher acquiring business, namely, the reimbursement of merchants for charges they have accepted on credit or debit cards. Since merchant fees are generally linked to prevailing market interest rates, the decline in the prevailing market interest rates negatively impacted these fees and commissions.

Akbank benefited from the rapid decrease in interest rates in 2010 with trading gains from securities amounting to TL471 million. Trading gains from securities offset losses from derivative instruments and amounted to TL443 million in 2010. Accordingly, due to the decrease in interest rates in 2009, Akbank realised trading gains from securities amounting to TL263 million. Trading gains from securities offset losses from derivative instruments and amounted to TL237 million. As a result, the net profit from trading account amounted to TL28 million in 2010. Another component of non-interest income is foreign exchange gains and losses. Akbank's foreign exchange position in each of the years 2008, 2009 and 2010 was at a low level. Therefore, foreign exchange income was not materially affected by the position carried but by the volatility in rates and Akbank's trading activities. Other operating income mainly consists of collections from receivables for which provisions were provided in prior periods.

Total Non-Interest Expense

The following table shows the components of Akbank's non-interest expense for the years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December							
	2010	% of Total non-interest income	% change y-o-y	2009	% of Total non-interest income	2008	% of Total non-interest income	% change y-o-y
				(TL thousands)				
Employee costs	931,240	36.66%	7.91%	862,990	38.16%	878,643	38.84%	-1.78%
Depreciation/Amortisation	128,061	5.04%	5.28%	121,634	5.38%	113,266	5.01%	7.39%
Marketing and advertisement expenses	120,488	4.74%	24.11%	97,084	4.29%	113,304	5.01%	-14.32%
Communication expenses	92,794	3.65%	0.64%	92,204	4.08%	101,749	4.50%	-9.38%
Saving deposits insurance fund	68,207	2.69%	1.83%	66,981	2.96%	73,324	3.24%	-8.65%
Repair and maintenance expenses	22,068	0.87%	58.16%	13,953	0.62%	33,712	1.49%	-58.61%
Sundry taxes and duties	106,610	4.20%	78.53%	59,714	2.64%	106,476	4.71%	-43.92%
Other expenses	1,070,619	42.15%	13.08%	946,783	41.87%	841,537	37.20%	12.51%
Total non-interest expense	**2,540,087**	**100.00%**	**12.33%**	**2,261,343**	**100.00%**	**2,262,011**	**100.00%**	**-0.03%**

Total non-interest expense increased by 12.3% in 2010 to TL2.5 billion from TL2.3 billion in 2009, principally driven by increases in other expenses (which represent general administrative expenses) and employee costs, due to branch expansion and performance-related bonuses, as well as increased marketing costs related to growth in consumer loans. Total non-interest expense in 2009 of TL2.3 billion remained stable compared to 2008 (TL2.3 billion) as a result of Akbank's emphasis on cost control during the economic crisis.

The Bank has taken a number of initiatives to increase operational efficiency and reduce the growth of non-interest expenses. These initiatives have included increasingly taking operations out of branches and centralising them. A significant step was the centralisation of Akbank's operation centre under one roof in August 2010. As a result of these initiatives, the Bank's operations were over 95 per cent. fully centralised at the end of 2010. The Bank has also made improvements in processes, for example reducing the time and the amount of personnel needed to finalise processes, while increasing the volume that the Bank can pass through.

Income Taxes

Income tax expense was TL748 million and effective tax rate is 19.8% in 2010. Provision for income taxes was TL555 million in 2009, compared to TL108 million in 2008. The lower provision in 2008 was due to gains on tax cases. The Bank has filed three lawsuits against the Ministry of Finance regarding the correction of corporate tax paid in 2001, 2002, and 2003 with reference to the temporary article 4, added by the Law No. 4743 to the Banking Law No. 4389, which was annulled on 1 November 2005. The Bank has withdrawn these lawsuits and, according to the calculations made for the purpose of the settlement, the Bank's total amount of receivables from the Ministry of

Finance related to those lawsuits was confirmed at TL495 million. Accordingly, TL225 million and TL270 million was recorded as income in 2008 and 2007, respectively.

Net Income

Akbank's consolidated net income for the year ended 31 December 2010 was 3.0 billion, a 10.0% increase compared to TL2.7 billion in 2009, a 50.3% increase compared to TL1.8 billion for the same period in 2008. Return on average total assets was 2.7% for 2010, 2.8% for 2009 and 2.2% for 2008. Return on average shareholders' equity (excluding non-controlling interest) for 2010 was 18.5% compared to 21% for 2009 and 16.4% for 2008.

The following table sets out the principal components of Akbank's net income for the years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December			% change	
	2010	2009	2008	2009/2010	2008/2009
		(TL thousands)			
Interest and similar income	8,994,490	9,549,763	10,126,457	(5.81%)	(5.69%)
Interest expense and similar charges	(4,563,572)	(4,825,073)	(6,486,070)	(5.42%)	(25.61%)
Non-interest income(1)	1,763,426	1,638,886	1,428,253	7.60%	14.75%
Impairment losses on loans and credit related commitments, net	103,723	(813,194)	(879,622)	(112.76%)	(7.55%)
Operating expenses	(2,540,087)	(2,261,343)	(2,262,011)	12.33%	(0.03%)
Income tax benefit/(expense)	(748,444)	(555,338)	(108,001)	34.77%	414.20%
Net profit attributable to equity holders of the Bank	3,007,995	2,733,661	1,818,978	10.04%	50.29%
Non-controlling interest	1,541	40	28	—	42.86%
Net profit	**3,009,536**	**2,733,701**	**1,819,006**	**10.09%**	**50.29%**

(1) Non-interest income comprises fee and commission income, net gains on trading and investment securities, foreign exchange gains/losses, dividend income, and other operating income.

The increase in net income for 2010 compared to 2009 was primarily due to decreases in loan loss provision expenses and an increase in other operating income. The increase in Akbank's net income for 2009 compared to 2008 was primarily due to an increase in net interest income, which resulted from increased margins between interest income and interest expense.

Assets – Total Assets

As at 31 December 2010, Akbank had total consolidated assets of TL119.7 billion, an increase of 16.9% from TL102.4 billion as at 31 December 2009 which was an increase of 10.5% from TL92.7 billion as at 31 December 2008. The increase in Akbank's total consolidated assets in 2010 and 2009 was largely due to both an increase in holdings of marketable securities and an increase in Akbank's loan portfolio as the Bank started experiencing high demand for its loans as economic conditions began to improve. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Loan Portfolio Growth".

The table below sets out the Bank's summary balance sheet data for the years ended 31 December 2010, 2009 and 2008.

	As at 31 December		
	2010	2009	2008
		(TL thousands)	
Balance Sheet Data:			
Cash and due from banks and balances with the Central Bank of Turkey	8,521,168	5,029,260	6,867,802
Loans and advances to customers	58,197,124	45,049,817	49,500,489
Securities	50,546,358	46,726,350	28,288,586
Total assets	119,654,850	102,386,283	92,683,514
Deposits	83,105,451	74,701,284	66,177,887
Borrowings	14,419,430	9,692,912	12,538,830
Total shareholders' equity	18,046,903	14,553,660	11,425,982
Total liabilities and shareholders' equity	119,654,850	102,386,283	92,683,514

Assets – Loans

Loans, net of provisions for loan losses ("**net loans**"), as at 31 December 2010 increased by 29.2% to TL58.2 billion. Net loans as at 31 December 2009 decreased by 9.0% to TL45.0 billion from TL49.5 billion as at 31 December 2008. In 2010, Akbank carried a loan growth strategy with a view that it should grow its market share without loosing much on profitability, using its well established distribution structure. Net loans grew by 29.2% at the end of 2010 and the main area of growth was consumer loans followed by SME lending. See "– Global Economic Conditions".

Assets – Securities

Marketable securities were TL50.5 billion as at 31 December 2010, a 8.2% increase from TL46.7 million as at 31 December 2009, which in turn represented a 65.2% increase from TL28.3 billion as at 31 December 2008. See "– Interest Rates". All of the Bank's available for sale government bonds, treasury bills and most of its eurobonds are Turkish government securities, apart from a relatively small amount of Dutch government securities.

Liabilities

Akbank had total liabilities of TL101.6 billion as at 31 December 2010, an increase of 15.7% from TL87.8 billion as at 31 December 2009, which was, in turn, an 8.1% increase from TL81.3 billion as at 31 December 2008.

As at 31 December 2010, Akbank's consolidated deposits amounted to TL83.1 billion, representing an increase of 11.3% and 25.6% from TL74.7 billion and TL66 billion as at 31 December 2009 and 2008 respectively.

The increase in total liabilities in 2010 was primarily due to an increase in debt securities in issue and borrowed funds, mainly from international financial institutions, which rose to TL14.0 billion as at 31 December 2010, a 52.2% increase from TL9.2 billion as at 31 December 2009 and a 25.2% decrease from 31 December 2008. The increase in foreign bank borrowings in 2010 reflected Akbank's strategy to achieve a lower cost of foreign currency funding with longer maturities and its intention to increase its leverage to achieve higher growth and profitability. The higher growth rate in 2010 resulted from issuing bonds and growth in both the deposit base and borrowing, which was achieved in order to support growth in the Bank's assets over the same period. The relatively lower increase in 2009 was the result of an increase in TL deposits that was offset by reductions in foreign currency deposits and wholesale funding.

Shareholders' Equity

Shareholders' equity (excluding non-controlling interest) was TL18.0 billion as at 31 December 2010, TL14.6 billion as at 31 December 2009 and TL11.4 billion as at 31 December 2008, reflecting increases of 24.0% and 27.4% as at 31 December 2010 and 2009, respectively. The growth in 2010 and 2009 was primarily due to the effect of the valuation changes of marketable securities and to the profitability level for the year 2010 and 2009. In February 2010, Akbank established and announced a new dividend distribution policy. In accordance with this policy, Akbank intends to distribute up to 40% of its distributable profit to its shareholders identified in its Articles of Association, provided that there is no deterioration in the national and global economic environment, and that the capital adequacy ratio of Akbank meets or exceeds the level set by the Bank's Board of Directors. Previously, Akbank's policy was to distribute between 30% and 50% of distributable profit, but the upper limit was reduced in order to further support the Bank's capital base and to allocate more of the Bank's internally generated funds to growth opportunities. Accordingly, 19.8% of the Bank's unconsolidated net income for 2009 was distributed to Akbank's shareholders in March 2010.

Liquidity and Funding

Akbank's principal sources of funding are deposits from retail and corporate customers, including other banks. Currently, the Bank's strategy is to fund itself using deposits from its extensive customer base approximately to the level of 75% of funding needs, and to use wholesale medium-term or long-term funding for the remaining 25%, although this approach is subject to change depending on market opportunities and changes in prevailing rates for deposits and other funding sources. In recent years, Akbank has typically deployed excess liquidity form growth in its deposit base and shareholders' equity towards marketable securities in the form of Turkish government onds, given the attractive yields compared to loans, but has started to reverse this in 2010, with a renewed emphasis on growing the loan book, primarily with respect to consumer and SME loans, although corporate loans have also increased.

Akbank's consolidated customer deposits constituted in aggregate approximately 81.8%, 85.0% and 81.4% of its total liabilities as at 31 December 2010, 2009 and 2008, respectively. As at 31 December 2010, Akbank's consolidated customer deposits amounted to TL83.1 billion, an increase of 11.3% from TL74.7 billion as at 31 December 2009 and 12.9% from TL66.2 billion as at 31 December 2008. For more information on Akbank's deposits, see "Selected Statistical and Other Information – Deposits."

The remaining sources of funds are substantially borrowings from foreign banks, marketable securities issued, interbank money market deposits and the international capital markets. Such funds represented 14.2%, 11.0% and 15.4% of Akbank's total liabilities as at 31 December 2010, 2009 and 2008, respectively.

In March 2010, the Bank entered into a syndicated loan for US$1.2 billion and in August 2010 the Bank entered into another syndicated loan for EUR 1 billion; bringing the total funds raised by the Bank in the syndicated loan market since 2010 to US$2.5 billion.

Akbank has also been active from time to time in the cross-border, future-flow securitisation market since 1998, and initiated its ARTS Programme in November 1999. Akbank's ARTS Programme is backed by trade and diversified payment rights, including workers' remittances, cash against goods, cash against documents, letters of credit, cheque remittances and other third party payment orders. The total issuance under this programme reached US$3.9 billion as at 31 December 2010, and the principal amount outstanding under this programme was US$1.9 billion as at 31 December 2010. In December 2005, the Bank entered into another structured finance transaction, issuing US$500 million in a transaction backed by receivables from MasterCard, VISA, and American Express, of which US$248 million was outstanding as at 31 December 2010.

As at the date of this Offering Memorandum, management of the Bank believes that the Bank's liquidity is sufficient for its present requirements for at least the next 12 months from the date of this Offering Memorandum."

Off-Balance Sheet Arrangements

Akbank offers its customers products such as guarantees and letters of credit to meet its customers' needs for commercial banking services, frequently in connection with their customers' export and import activities. These products do not appear on the Bank's balance sheet.

As at 31 December 2010, Akbank had issued letters of credit amounting to TL2.7 billion, guarantees amounting to TL6.6 billion, acceptance credits amounting to TL70 million, and other guarantees and endorsements amounting to TL963 million.

The table below sets forth the Bank's total off-balance sheet arrangements as at 31 December 2010, 2009 and 2008.

	As at 31 December		
	2010	**2009**	**2008**
Letters of guarantee	6,562,386	5,467,212	4,671,603
Acceptance credits	69,764	59,050	65,349
Letter of credit	2,746,362	1,683,684	1,801,453
Other guarantees	963,390	525,207	236,124
	10,341,902	**7,735,153**	**6,774,529**

As at 31 December 2010, Akbank had forward, swap, futures, options purchases and sales contracts, amounting to TL48.6 million on a net basis. Akbank enters into forward and swap contracts to provide hedging services for itself and its clients and generally does not enter into derivative transactions for speculative purposes.

The table below sets forth the Bank's total derivative transactions as at 31 December 2010, 2009 and 2008.

	As at 31 December		
	2010	**2009**	**2008**
Derivatives held for trading:			
Forward foreign currency buy/sell transactions	2,892,072	1,078,100	746,705
Swap transactions	29,942,262	18,571,822	10,060,445
Foreign currency, interest rate and securities options	9,439,522	6,130,979	1,382,156
Foreign currency futures	2,004	18,188	35,596
Other	1,320,109	178,691	—
Derivatives held for hedging:			
Interest Rate Swaps	5,090,000	5,090,000	8,605,358
Total derivative transactions[1]	**48,685,969**	**31,067,780**	**20,830,360**

1 Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions.

The Bank has seen increasing levels of derivatives activity in the past three years. Most of the Bank's derivative or off balance sheet transactions are option and swap arrangements with customers which are in turn hedged with third parties. The Bank holds Turkish Lira and foreign currency interest swaps mainly for hedging its balance sheet and for interest rate risk management. The Bank also uses foreign currency secured swaps for liquidity management.

Guarantees represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its performance-related or financial obligations to third parties and thus carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a corporate customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, generally relate to trade and may be collateralised by the underlying shipments of goods to which they relate, by cash deposits or otherwise. The total outstanding contractual amount of letters of credit and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Property, Plant and Equipment

The table below sets forth the components of Akbank's consolidated property and equipment for each of the years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December		
	2010	**2009**	**2008**
		(TL thousands)	
Land and Buildings	816,858	690,583	691,826
Equipment and vehicles	774,409	658,964	639,558
Constructions in progress	1,375	74,325	14,828
Leasehold improvements	95,909	76,469	74,785
Total	1,688,551	1,500,341	1,420,997
Depreciation	(787,210)	(694,884)	(605,598)
Net book value	**901,341**	**805,457**	**815,399**

Akbank's property, plant and equipment comprise expenditures made on acquiring buildings, renovations to leasehold property, leasing of equipment (such as IT equipment), acquiring furniture, fixtures and office equipment and leasing intangible assets (such as IT software). Akbank's consolidated property, plant and equipment as at 31 December 2010 was TL901 million.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical information and ratios for Akbank as at and for the periods indicated. The selected statistical information should be read in conjunction with the IFRS Financial Statements (including the notes thereto) presented in Appendix A, and the information included in "Management's Discussion and Analysis of Results of Operations and Financial Condition". All Turkish Lira amounts in this section, unless otherwise indicated, are stated in thousand Turkish Lira.

Average Balances and Interest Rates

The tables below (derived from Akbank's management accounts) show Akbank's consolidated average balances and interest rates for the years ended 31 December 2010, 2009 and 2008. In such tables average balances for interest earning assets are calculated from daily balances and average balances for all other assets are calculated from period-end balances. Average balances exclude interest accruals.

AVERAGE BALANCES AND INTEREST RATES

	31 December 2010			
	Average Balance	Share of Total %	Interest	Average Rate %
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[1]				
TL	2,493,951	2.36	113,584	4.55
Foreign currency	4,490,849	4.25	8,817	0.20
Total	6,984,800	6.61	122,401	1.75
Marketable securities:[2]				
TL	36,784,373	34.79	4,172,290	11.34
Foreign currency	7,332,013	6.93	329,390	4.49
Total	44,116,386	41.72	4,501,680	10.20
Loans:				
TL	25,559,928	24.17	3,342,510	13.08
Foreign currency	22,148,182	20.95	918,701	4.15
Total	47,708,110	45.12	4,261,211	8.93
Leasing receivables:				
TL	136,859	0.13	27,440	20.05
Foreign currency	827,324	0.78	56,344	6.81
Total	964,183	0.91	83,784	8.69
Total interest-earning assets:				
TL	64,975,111	61.45	7,655,824	11.78
Foreign currency	34,798,368	32.91	1,313,252	3.77
Total	99,773,479	94.36	8,969,076	8.99
Investments in affiliated companies:				
TL	1,563	0.00	—	—
Foreign currency	—	0.00	—	—
Total	1,563	0.00	—	—
Total earnings assets:				
TL	64,976,674	61.45	7,655,824	11.78
Foreign currency	34,798,368	32.91	1,313,252	3.77
Total	99,775,042	94.36	8,969,076	8.99
Cash and due from banks:				
TL	432,891	0.41	—	—
Foreign currency	1,182,933	1.12	—	—
Total	1,615,824	1.53	—	—
Allowance for possible loan losses:				
TL	1,822,554	1.72	—	—
Foreign currency	265,667	0.25	—	—
Total	2,088,221	1.97	—	—
Premises and equipment (TL):	932,689	0.88	—	—
Other non-interest-earning assets:				
Derivative financial instruments				
TL	282,621	0.27	—	—
Foreign currency	75,460	0.07	—	—
Total	358,081	0.34	—	—
Deferred taxes (TL)	235,919	0.22	—	—
Other assets and prepayments				
TL	687,348	0.66	—	—
Foreign currency	37,884	0.04	—	—
Total	725,232	0.70	—	—
Other interest income:	—		25,414	—
Total average assets:				
TL	69,370,696	65.61	7,681,238	11.07
Foreign currency	36,360,312	34.39	1,313,252	3.61
Total	105,731,008	100.00	8,994,490	8.51

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by the Bank.

(2) None of the Bank's marketable securities are tax-exempt.

AVERAGE BALANCES AND INTEREST RATES

	31 December 2009				31 December 2008			
	Average Balance	Share of Total %	Interest	Average Rate %	Average Balance	Share of Total %	Interest	Average Rate %
ASSETS								
Interest-earning deposits in banks & reserve requirements & interbank money market:[1]								
TL	2,099,737	2.30	149,254	7.11	1,806,199	2.26	211,892	11.73
Foreign currency	4,753,125	5.21	19,161	0.40	4,881,125	6.10	124,050	2.54
Total	6,852,862	7.51	168,415	2.46	6,687,324	8.36	335,942	5.02
Marketable securities:[2]								
TL	25,170,269	27.57	3,767,237	14.97	16,209,822	20.26	3,002,974	18.53
Foreign currency	8,288,186	9.08	452,941	5.46	7,670,193	9.58	401,478	5.23
Total	33,458,455	36.65	4,220,178	12.61	23,880,015	29.84	3,404,452	14.26
Loans:								
TL	22,495,658	24.64	4,043,080	17.97	25,693,287	32.11	5,184,539	20.18
Foreign currency	21,247,957	23.27	986,151	4.64	18,274,592	22.84	1,056,880	5.78
Total	43,743,615	47.91	5,029,231	11.50	43,967,879	54.95	6,241,419	14.20
Leasing receivables:								
TL	130,265	0.14	34,316	26.34	174,984	0.22	42,327	24.19
Foreign currency	758,941	0.83	64,196	8.46	572,292	0.72	45,334	7.92
Total	889,206	0.97	98,512	11.08	747,276	0.94	87,661	11.73
Total interest-earning assets:								
TL	49,895,929	54.65	7,993,887	16.02	43,884,292	54.85	8,441,732	19.24
Foreign currency	35,048,209	38.39	1,522,449	4.34	31,398,202	39.24	1,627,742	5.18
Total	84,944,138	93.04	9,516,336	11.20	75,282,494	94.09	10,069,474	13.38
Investments in affiliated companies:								
TL	3,125	—	—	—	3,125	—	—	—
Foreign currency	—	—	—	—	—	—	—	—
Total	3,125	—	—	—	3,125	—	—	—
Total earnings assets:								
TL	49,899,054	54.65	7,993,887	16.02	43,887,417	54.85	8,441,732	19.23
Foreign currency	35,048,209	38.39	1,522,449	4.34	31,398,202	39.24	1,627,742	5.18
Total	84,947,263	93.04	9,516,336	11.20	75,285,619	94.09	10,069,474	13.38
Cash and due from banks:								
TL	336,034	0.37	—	—	155,717	0.19	—	—
Foreign currency	2,098,730	2.30	—	—	1,509,479	1.89	—	—
Total	2,434,764	2.67	—	—	1,665,196	2.08	—	—
Allowance for possible loan losses:								
TL	1,702,059	1.86	—	—	1,250,204	1.56	—	—
Foreign currency	288,211	0.32	—	—	226,844	0.28	—	—
Total	1,990,270	2.18	—	—	1,477,048	1.84	—	—
Premises and equipment (TL)	861,589	0.94	—	—	807,378	1.01	—	—
Other non-interest-earning assets:								
Derivative financial instruments								
TL	162,671	0.18	—	—	57,311	0.07	—	—
Foreign currency	—	—	—	—	23,441	0.03	—	—
Total	162,671	0.18	—	—	80,752	0.10	—	—
Deferred taxes (TL)	223,029	0.24	—	—	106,466	0.13	—	—
Other assets and prepayments								
TL	650,740	0.71	—	—	543,116	0.68	—	—
Foreign currency	37,613	0.04	—	—	59,081	0.07	—	—
Total	688,353	0.75	—	—	602,197	0.75	—	—
Other interest income:	—	—	33,427	—	—	—	56,983	—
Total average assets:								
TL	53,835,176	58.95	8,027,314	14.91	46,807,609	58.49	8,498,715	18.16
Foreign currency	37,472,763	41.05	1,522,449	4.06	33,217,047	41.51	1,627,742	4.90
Total	91,307,939	100.00	9,549,763	10.46	80,024,656	100.00	10,126,457	12.65

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by the Bank.

(2) None of the Bank's marketable securities are tax-exempt.

The tables below (derived from Akbank's management accounts) show Akbank's consolidated liabilities and stockholders' equity for the years ended 31 December 2010, 2009 and 2008. In such tables average balances for interest bearing liabilities are calculated from daily balances and average balances for all other liabilities are calculated from period-end balances.

LIABILITIES AND STOCKHOLDERS' EQUITY

	31 December 2010			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
TL saving deposits:				
Time	21,634,157	20.18	1,878,346	8.68
Demand	2,036,619	1.90	256	0.01
Total	23,670,776	22.08	1,878,602	7.94
TL other deposits:				
Time	11,736,470	10.95	1,056,875	9.01
Demand	2,317,892	2.16	16,980	0.73
Total	14,054,362	13.11	1,073,855	7.64
TL deposits:				
Time	33,370,627	31.13	2,935,221	8.80
Demand	4,354,511	4.06	17,236	0.40
Total	37,725,138	35.19	2,952,457	7.83
Foreign currency saving deposits:				
Time	14,758,019	13.76	410,370	2.78
Demand	1,382,785	1.29	90	0.01
Total	16,140,804	15.05	410,460	2.54
Other foreign currency deposits:				
Time	4,996,483	4.66	95,594	1.91
Demand	1,331,485	1.24	8,620	0.65
Total	6,327,968	5.90	104,214	1.65
Foreign currency deposits:				
Time	19,754,502	18.42	505,964	2.56
Demand	2,714,270	2.53	8,710	0.32
Total	22,468,772	20.95	514,674	2.29
Bank deposits:				
TL	1,462,124	1.36	105,570	7.22
Foreign currency	3,960,403	3.69	72,301	1.83
Total	5,422,527	5.05	177,871	3.28
Funds provided under repurchase agreements:				
TL	8,413,490	7.85	575,889	6.84
Foreign currency	992,349	0.93	12,562	1.27
Total	9,405,839	8.78	588,451	6.26
Borrowings:				
TL	578,269	0.54	57,372	9.92
Foreign currency	10,864,576	10.13	189,763	1.75
Total	11,442,845	10.67	247,135	2.16
Securities Issues				
TL	47,707	0.04	3,223	6.76
Foreign currency	647,388	0.60	34,625	5.35
Total	695,095	0.64	37,848	5.45
Total interest-bearing liabilities:[(1)]				
TL	48,226,728	44.98	3,694,511	7.66
Foreign currency	38,933,488	36.30	823,925	2.12
Total	87,160,216	81.28	4,518,436	5.18
Other liabilities:				
Derivative financial instruments:				
TL	631,192	0.59	—	—
Foreign currency	129,681	0.12	—	—
Total	760,873	0.71	—	—
Income taxes payable (TL)	243,524	0.23	—	—
Deferred tax liabilities (TL)	8,451	0.01	—	—
Other liabilities:				
TL	2,421,780	2.26	—	—
Foreign currency	254,242	0.24	—	—
Total	2,676,022	2.50	—	—
Reserve for emp. termination benefits (TL)	65,307	0.06	—	—
Shareholders' equity	16,306,851	15.21	—	—
Profit	2,871,619	2.68	—	—
Other interest income:	—		45,136	—
Total average liabilities and shareholders:				
TL	67,903,833	63.34	3,739,647	5.51
Foreign currency	39,317,411	36.66	823,925	2.10
Total	107,221,244	100.00	4,563,572	4.26

LIABILITIES AND STOCKHOLDERS' EQUITY

	31 December 2009				31 December 2008			
	Average Balance	Share of Total %	Interest	Average Rate %	Average Balance	Share of Total %	Interest	Average Rate %
TL saving deposits:								
Time	18,422,894	20.42	2,130,987	11.57	16,728,296	21.10	2,929,265	17.51
Demand	1,549,067	1.72	158	0.01	1,369,646	1.73	1,012	0.07
Total	19,971,961	22.14	2,131,145	10.67	18,097,942	22.83	2,930,277	16.19
TL other deposits:								
Time	6,473,587	7.17	727,317	11.24	4,604,729	5.81	973,814	21.15
Demand	1,762,355	1.95	12,612	0.72	1,760,813	2.22	4,963	0.28
Total	8,235,942	9.12	739,929	8.98	6,365,542	8.03	978,777	15.38
TL deposits:								
Time	24,896,481	27.59	2,858,304	11.48	21,333,025	26.91	3,903,079	18.30
Demand	3,311,422	3.67	12,770	0.39	3,130,459	3.95	5,975	0.19
Total	28,207,903	31.26	2,871,074	10.18	24,463,484	30.86	3,909,054	15.98
Foreign currency saving deposits:								
Time	14,926,692	16.54	516,705	3.46	12,932,533	16.31	573,714	4.44
Demand	2,310,671	2.56	55	0.00	2,576,786	3.25	81	0.00
Total	17,237,363	19.10	516,760	3.00	15,509,319	19.56	573,795	3.70
Other foreign currency deposits:								
Time	4,400,742	4.88	145,935	3.32	4,581,643	5.78	231,766	5.06
Demand	1,203,462	1.33	8,788	0.73	1,182,556	1.49	14,180	1.20
Total	5,604,204	6.21	154,723	2.76	5,764,199	7.27	245,946	4.27
Foreign currency deposits:								
Time	19,327,434	21.42	662,640	3.43	17,514,176	22.09	805,480	4.60
Demand	3,514,133	3.89	8,843	0.25	3,759,342	4.74	14,261	0.38
Total	22,841,567	25.31	671,483	2.94	21,273,518	26.83	819,741	3.85
Bank deposits:								
TL	987,423	1.09	105,771	10.71	1,377,678	1.74	226,364	16.43
Foreign currency	2,958,771	3.28	64,817	2.19	972,487	1.23	45,290	4.66
Total	3,946,194	4.37	170,588	4.32	2,350,165	2.97	271,654	11.56
Funds provided under repurchase agreements:								
TL	8,033,350	8.90	743,421	9.25	5,305,409	6.69	866,820	16.34
Foreign currency	84,881	0.09	866	1.02	—	—	—	—
Total	8,118,231	8.99	744,287	9.17	5,305,409	6.69	866,820	16.34
Borrowings:								
TL	467,202	0.52	54,093	11.58	331,519	0.42	62,874	18.97
Foreign currency	10,665,279	11.82	268,216	2.51	11,693,736	14.75	523,446	4.48
Total	11,132,481	12.34	322,309	2.90	12,025,255	15.17	586,320	4.88
Total interest-bearing liabilities:[(1)]								
TL	37,695,878	41.77	3,774,359	10.01	31,478,090	39.71	5,065,112	16.09
Foreign currency	36,550,498	40.50	1,005,382	2.75	33,939,741	42.81	1,388,477	4.09
Total	74,246,376	82.27	4,779,741	6.44	65,417,831	82.52	6,453,589	9.87
Other liabilities:								
Derivative financial instruments:								
TL	543,024	0.60	—	—	185,573	0.23	—	—
Foreign currency	—	—	—	—	24,376	0.03	—	—
Total	543,024	0.60	—	—	209,949	0.26	—	—
Income taxes payable (TL)	132,365	0.15	—	—	237,666	0.30	—	—
Deferred tax liabilities (TL)	—	—	—	—	—	—	—	—
Other liabilities:								
TL	2,055,620	2.29	—	—	2,140,104	2.69	—	—
Foreign currency	202,286	0.23	—	—	173,593	0.22	—	—
Total	2,257,906	2.52	—	—	2,313,697	2.91	—	—
Reserve for emp. termination benefits (TL)	56,109	0.06	—	—	45,867	0.06	—	—
Shareholders' equity	12,990,039	14.40	—	—	11,058,694	13.95	—	—
Profit	2,276,354	2.52	—	—	1,915,009	2.42	—	—
Other interest income:	—	—	45,332	—	—	—	32,481	—
Total average liabilities and shareholders:								
TL	53,473,035	59.27	3,819,691	7.14	45,145,994	56.94	5,097,593	11.29
Foreign currency	36,752,784	40.73	1,005,382	2.74	34,137,710	43.06	1,388,477	4.07
Total	90,225,819	100.00	4,825,073	5.35	79,283,704	100.00	6,486,070	8.18

Interest Earning Assets: Yield, Margin and Spread

The following table (derived from Akbank's management accounts) shows Akbank's net interest income, yield, margin and spread for each of the three years ended 31 December 2010, 2009 and 2008.

	For the years ended 31 December		
	2010	**2009**	**2008**
Net Interest Income:			
TL	3,961,313	4,219,528	3,376,620
Foreign currency	489,327	517,067	239,264
Total	4,450,640	4,736,595	3,615,884
Yield on interest-earning assets(1):			
TL	11.78%	16.02%	19.24%
Foreign currency	3.77%	4.34%	5.18%
Total	8.99%	11.20%	13.38%
Yield on interest-bearing liabilities(1):			
TL	7.66%	10.01%	16.09%
Foreign currency	2.12%	2.75%	4.09%
Total	5.18%	6.44%	9.87%
Margin(2):			
TL	6.10%	8.46%	7.69%
Foreign currency	5.62%	1.48%	0.76%
Total	4.46%	5.58%	4.80%
Spread(3):			
TL	4.12%	6.01%	3.15%
Foreign currency	1.66%	1.59%	1.09%
Total	3.81%	4.77%	3.51%

Notes:

(1) Yield represents interest income/expense as a percentage of average interest earning assets/interest bearing liabilities.

(2) Margin represents net interest income as a percentage of average interest earning assets.

(3) Spread represents the difference between the average rate of interest earned on interest earning assets and the average rate of interest accrued on interest bearing liabilities.

Analysis of Changes in Net Interest Income and Interest Expense

The following table (derived from Akbank's management accounts) provides a comparative analysis of changes in net interest income and interest expense by reference to changes in average volume and rates for the three years ended 31 December 2010, 2009 and 2008. Net changes in net interest income are attributed to either changes in average balances (volume changes) or changes in average rates (rate changes) for interest-earning assets and sources of funds on which interest is received or paid. Volume change is calculated as the change in volume multiplied by the previous rate, while rate change is the change in rate multiplied by the previous volume. The rate volume change (change in rate multiplied by change in volume) is allocated between volume change and rate change at the ratio each component bears to the absolute value of their total. Average balances represent the average of the daily balances for the respective year. The Bank does not separately track short-term and long-term interest expense for purposes of calculating net interest income and interest expense.

ANALYSIS OF CHANGES IN NET INTEREST INCOME AND INTEREST EXPENSE

	2010/2009 Increase/(decrease) Due to changes in				2009/2008 Increase/(decrease) due to changes in			
	Volume	Rate	Net Change	Change %	Volume	Rate	Net Change	Change %
Interest Income								
Interest-earning deposits in banks & reserve requirements & interbank money market:								
TL	28,022	(63,692)	(35,670)	(23.9)	34,436	(97,074)	(62,638)	(29.6)
Foreign currency	(1,057)	(9,287)	(10,344)	(54.0)	(3,253)	(101,636)	(104,889)	(84.6)
Total	3,242	(49,256)	(46,014)	(27.3)	8,316	(175,843)	(167,527)	(49.9)
Marketable securities:								
TL	1,738,284	(1,333,231)	405,053	10.8	1,659,980	(895,717)	764,263	25.5
Foreign currency	(52,254)	(71,297)	(123,551)	(27.3)	32,347	19,116	51,463	12.8
Total	1,344,305	(1,062,803)	281,502	6.7	1,365,549	(549,823)	815,726	24.0
Loans:								
TL	550,733	(1,251,303)	(700,570)	(17.3)	(645,236)	(496,223)	(1,141,459)	(22.0)
Foreign currency	41,781	(109,231)	(67,450)	(6.8)	171,959	(242,688)	(70,729)	(6.7)
Total	455,801	(1,223,831)	(768,020)	(15.3)	(31,835)	(1,180,353)	(1,212,188)	(19.4)
Leasing receivables:								
TL	1,737	(8,613)	(6,876)	(20.0)	(10,817)	2,806	(8,011)	(18.9)
Foreign currency	5,784	(13,636)	(7,852)	(12.2)	14,785	4,077	18,862	41.6
Total	8,306	(23,034)	(14,728)	(15.0)	16,650	(5,799)	10,851	12.4
Total interest-earning assets:								
TL	2,415,854	(2,753,917)	(338,063)	(4.2)	1,156,419	(1,604,264)	(447,845)	(5.3)
Foreign currency	(10,853)	(198,344)	(209,197)	(13.7)	189,223	(294,516)	(105,293)	(6.5)
Total	1,661,339	(2,208,599)	(547,260)	(5.8)	1,292,302	(1,845,440)	(553,138)	(5.5)
Interest Expense								
TL deposits:								
Time	972,896	(895,979)	76,917	2.7	651,968	(1,696,743)	(1,044,775)	(26.8)
Demand	4,023	443	4,466	35.0	345	6,450	6,795	113.7
Total	968,689	(887,306)	81,383	2.8	598,326	(1,636,306)	(1,037,980)	(26.6)
YP deposits:								
Time	14,642	(171,319)	(156,677)	(23.6)	83,392	(226,233)	(142,841)	(17.7)
Demand	(2,013)	1,880	(133)	(1.5)	(930)	(4,488)	(5,418)	(38.0)
Total	(10,959)	(145,851)	(156,810)	(23.4)	60,422	(208,681)	(148,259)	(18.1)
Bank deposits:								
TL	50,849	(51,050)	(201)	(0.2)	(64,122)	(56,471)	(120,593)	(53.3)
Foreign currency	21,942	(14,458)	7,484	11.6	92,504	(72,977)	19,527	43.1
Total	63,820	(56,537)	7,283	4.3	184,484	(285,550)	(101,066)	(37.2)
Funds provided under repurchase agreements:								
TL	35,178	(202,711)	(167,533)	(22.5)	445,703	(569,101)	(123,399)	(14.2)
Foreign currency	9,263	2,433	11,696	1,349.9	866	0	866	0.0
Total	118,049	(273,886)	(155,837)	(20.9)	459,571	(582,103)	(122,532)	(14.1)
Borrowings:								
TL	12,860	(9,580)	3,280	6.1	25,734	(34,515)	(8,782)	(14.0)
Foreign currency	5,012	(83,465)	(78,453)	(29.3)	(46,037)	(209,194)	(255,231)	(48.8)
Total	8,986	(84,159)	(75,173)	(23.3)	(43,529)	(220,483)	(264,012)	(45.0)
Total interest-bearing liabilities:								
TL	1,054,418	(1,134,265)	(79,847)	(2.1)	1,000,499	(2,291,252)	(1,290,753)	(25.5)
Foreign currency	65,548	(247,007)	(181,459)	(18.1)	106,805	(489,902)	(383,096)	(27.6)
Total	831,351	(1,092,657)	(261,306)	(5.5)	870,952	(2,544,802)	(1,673,850)	(25.9)

Return on Assets and Equity

The following table (derived from the IFRS Financial Statements) presents certain selected financial ratios of Akbank for the three years ended 31 December 2010, 2009, and 2008.

	For the years ended 31 December		
	2010	2009	2008
	(*TL thousands, except percentages*)		
Net Profit (attributable to Equity Holders of the Group)	3,007,995	2,733,661	1,818,978
Average Total assets	111,020,567	95,520,550	83,091,323
Average shareholders' equity (attributable to Equity Holders of the Group)	16,300,282	12,811,755	10,929,621
Net Income as a percentage of:			
Average total assets	2.71%	2.86%	2.19%
Average shareholders' equity	18.45%	21.34%	16.64%
Average shareholders' equity as a percentage of average total assets	14.68%	13.41%	13.15%
Dividend pay-out ratio	21.30%	19.83%	21.15%

Securities

Investment Securities

Akbank's portfolio of marketable securities consists primarily of Turkish government securities (including bonds and treasury bills) denominated in Turkish Lira, US Dollars and Euro.

Available-for-sale securities

The following table (derived from the IFRS Financial Statements) shows a breakdown of Akbank's available-for-sale securities as at the dates indicated.

The percentage of fixed compared to floating available for sale securities (excluding equity securities) held by the Bank was 55.7% fixed and 44.3% floating for the year ended 31 December 2010, 65.7% fixed and 34.3% floating for the year ended 31 December 2009 and 62.7% fixed and 37.3% floating for the year ended 31 December 2008."

	For the years ended 31 December					
	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
Debt Securities(1)						
Government bonds	38,735,025	89.4	26,983,189	87.9	5,210,947	68.9
Treasury bills	46,986	0.1	808,211	2.6	219,525	2.9
Eurobonds	3,664,715	8.5	2,196,482	7.1	1,671,269	22.1
Mutual Funds	68,376	0.2	50,149	0.2	35,392	0.5
Other bonds	758,968	1.7	659,795	2.1	415,823	5.5
Equity securities						
Listed	25,574	0.1	21,681	0.1	8,195	0.1
Unlisted	8,832	0.0	7,293	0.0	3,742	0.0
Total	43,308,476	100.0	**30,726,800**	**100.0**	**7,564,893**	**100.0**

Note:

(1) All of Akbank's available-for-sale government bonds, treasury bills and most of its eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds for 2010 and Dutch government eurobonds for 2009 and 2008.

The following tables (derived from the IFRS Financial Statements) set forth Akbank's available-for-sale securities and their effective average interest rates on a currency basis, excluding equity securities and mutual funds, by maturity as at 31 December 2010.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Debt Securities					
Government bonds	463,444	9,263,840	27,288,050	1,719,691	**38,735,025**
Treasury bills	—	46,986	—	—	**46,986**
Eurobonds	4,902	80	757,907	2,901,826	**3,664,715**
Other bonds	—	65,233	693,735	—	**758,968**
Total	468,346	9,376,139	28,739,692	4,621,517	**43,205,694**

	Average Interest Rates		
	TL	US$	EUR
Government bonds	11.16	6.81	5.95
Treasury bills	7.79	—	—
Eurobonds	—	4.19	4.57
Other bonds	—	4.22	4.83

Held-to-maturity securities

The following table (derived from the IFRS Financial Statements) shows a breakdown of Akbank's held-to-maturity securities as at the dates indicated.

	For the years ended 31 December					
	2010		2009		2008	
			Amount	%	Amount	%
Debt Securities[(1)]						
Government bonds	5,629,407	85.0	14,676,181	92.7	19,392,743	94.3
Treasury bills	—	—	—	—	2,716	0.0
Eurobonds	997,013	15.0	1,163,583	7.3	1,165,303	5.7
Other bonds	860	0.0				
Total	**6,627,280**	**100.0**	**15,839,764**	**100.0**	**20,560,762**	**100.0**

The following tables (derived from the IFRS Financial Statements) set forth Akbank's held-to-maturity securities and their effective average interest rates on a currency basis, by maturity as at 31 December 2010.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Debt Securities					
Government bonds	813,266	1,029,960	3,786,181	—	**5,629,407**
Eurobonds	—	—	—	997,013	**997,013**
Other bonds	—	—	860	—	**860**
Total	813,266	1,029,960	3,787,041	997,013	**6,627,280**

	Average Interest Rates		
	TL	US$	EUR
Government bonds	11.16	—	—
Eurobonds	—	6.58	7.34
Other bonds	12.30	—	—

(1) All of Akbank's held-to-maturity government bonds, treasury bills and eurobonds are Turkish government securities.

As at 31 December 2010, the size of Akbank's investment portfolio increased by 7.2% to TL49.9 billion from TL46.6 billion as at 31 December 2009. The size of Akbank's investment portfolio as at 31 December 2008 increased by 65.6% from TL28.1 billion as at 31 December 2008. The increase in Akbank's investment portfolio over 2009 and 2010 was driven by interest rate reductions by the Central Bank, which reduced the Bank's cost of funds, and the Bank's low inflation expectations, both of which supported the Bank's strategy to grow its securities portfolio given yield expectations.

The reason for the decrease in available-for-sale securities and the increase in held-to-maturity securities as at 31 December 2008 was that the Bank reclassified government bonds with fair values of TL14.6 billion, US$2.3 billion and €317.3 million as financial assets held to maturity from the category of financial assets available for sale. This classification was made in accordance with amended IAS 39, published by the International Accounting Standards Board as a result of the change in the Bank's intention to hold such securities.

Trading Securities

Akbank also maintains a trading portfolio of marketable securities. The following table (derived from the IFRS Financial Statements) shows a breakdown of Akbank's trading securities as at the dates indicated.

	For the years ended 31 December					
	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
Government bonds	486,477	79.7	86,224	54.0	116,570	71.6
Eurobonds	98,457	16.1	69,475	43.5	30,743	18.9
Treasury bills	936	0.2	2,350	1.5	5,862	3.6
Listed equities	24,732	4.0	387	0.2	9,685	5.9
Other	—	—	1,350	0.8	71	0.0
Total	**610,602**	**100.0**	**159,786**	**100.0**	**162,931**	**100.0**

The following tables (derived from the IFRS Financial Statements) sets forth Akbank's trading securities and their effective average interest rates on a currency basis, excluding equity securities, by maturity as at 31 December 2010.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Government bonds	16,656	61,614	407,054	1,153	**486,477**
Eurobonds	752	926	17,787	78,992	**98,457**
Treasury bills	520	416	—	—	**936**
Total	17,928	62,956	424,841	80,145	**585,870**

	Average Interest Rates		
	TL	US$	Euro
Government bonds	10.07	2.30	—
Treasury bills	6.56	—	—
Eurobonds	—	4.45	4.68

As at 31 December 2010, the size of Akbank's trading portfolio increased to TL610.6 million from TL159.8 million as at 31 December 2009.

Equity Participations and Investment in Associates

As at 31 December 2010, all the companies in Akbank's investment portfolio are financial services companies.

The table below (derived from the IFRS Financial Statements) shows details relating to Akbank's equity participations and investment in associates as at 31 December 2010.

Equity participations

	As at 31 December 2010	
	Share %	**Carrying amount**
Listed		
MasterCard Incorporated	0.06	25,574
Unlisted		
Others	—	8,832

Associated companies

	As at 31 December 2010	
	Share %	**Carrying amount**
Bankalararası Kart Merkezi A.Ş .	9.98	1.301
KKB Kredi Kayıt Bürosu A.Ş .	9.09	1,824
		3,125

Akbank's equity participations are included in its available-for-sale investment portfolio. They are initially recognised at cost and subsequently remeasured at fair value based on quoted bid prices, or amounts derived from cash-flow models. Unrealised gains and losses arising from the changes in the fair value of securities classified as "available-for-sale" are recognised in the shareholders' equity as "other reserves", unless there is a continuous decline in the fair values of such assets, in which case they are charged to the income statement. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Loan and Guarantee Portfolio

As at 31 December 2010, Akbank's total loans net of allowance for loan losses, equaled TL58.2 billion, or 49% of total assets. In addition to loans, Akbank had outstanding as at 31 December 2010 guarantees amounting to TL6.6 billion, acceptances amounting to TL69.8 million and letters of credit amounting to TL2.7 billion.

The table below (derived from the IFRS Financial Statements) sets forth the composition of Akbank's cash and non-cash credit exposure as at 31 December 2010, 2009 and 2008 respectively.

	For the years ended 31 December		
	2010	**2009**	**2008**
Cash loans[(1)]	58,197,124	45,049,817	49,500,489
Non-cash loans			
Letters of guarantee[(2)]	6,562,386	5,467,212	4,671,603
Acceptance credits[(2)]	69,764	59,050	65,349
Letters of credit	2,746,362	1,683,684	1,801,453
Other guarantees	963,390	525,207	236,124
Total	**68,539,026**	**52,784,970**	**56,275,018**

(1) Includes overdue loans, net of allowance for loan issues.

(2) Includes TL397.3 million of guarantee and acceptance credits issued to related parties as at 31 December 2010, TL747.9 million as at 31 December 2009 and TL460.2 million as at 31 December 2008.

Foreign Currency Exposure

The table below (derived from the IFRS Financial Statements) shows a breakdown of Akbank's loan and guarantee portfolios by currency exposure as 31 at December 2010, 2009 and 2008, respectively.

	For the years ended 31 December		
	2010	**2009**	**2008**
Loans			
TL	30,948,043	22,976,647	25,168,561
Foreign Currency	27,249,081	22,073,170	24,331,928
US$	19,077,925	14,557,460	16,663,204
EUR	8,056,645	7,342,220	7,590,803
Other	114,511	173,490	77,921
Total	**58,197,124**	**45,049,817**	**49,500,489**
Non-cash loans			
Letters of guarantee			
TL	4,050,311	2,796,635	2,742,747
FC	2,512,075	2,670,577	1,928,856
Acceptance credits			
TL	1,727	723	15
FC	68,037	58,327	65,334
Letters of credit			
TL	13,105	893	16
FC	2,733,257	1,682,791	1,801,437
Other guarantees			
TL	528,991	246,799	185,445
FC	434,399	278,408	50,679
Total	**10,341,932**	**7,735,153**	**6,774,529**

Distribution of Loans by Type of Borrower

The following table (derived from the IFRS Financial Statements) sets forth Akbank's cash loans, including accrued interest and excluding allowance for loan losses, by type of loan and the percentage contribution to the total loan portfolio, as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Public Sector Loans	1,276,036	2.1	1,673,979	3.5	2,699,500	5.3
Private Sector Loans	58,753,389	97.9	45,719,978	96.5	48,436,938	94.7
Total Loans	**60,029,425**	**100.0**	**47,393,957**	**100.0**	**51,136,438**	**100.0**

As at 31 December 2010, Akbank's loan portfolio comprised 36% corporate, 29% SME, 23% consumer and 12% credit card loans.

Loans to the public sector comprise mainly project finance loans representing long-term loans extended in relation to infrastructure construction under the management and guarantee of the Turkish Undersecretariat of the Treasury.

Akbank's strategy in lending is to emphasise consumer and SME banking while keeping its strong presence in the corporate banking market, maintaining its customer focused approach and serving its customers better by continuing to increase its operational efficiency; see "Business of Akbank – Strategy".

Akbank is as of the date of this Offering Memorandum within the limits imposed by Turkish banking regulations with respect to its exposure to any one borrower or group of borrowers, including to Sabancı Group companies, see "Business Transactions with Sabancı Group Companies." According to Banking Law No. 5411, published in the Official Gazette No 25983 dated 1 November 2005, the single exposure limit is set at 20% in the case of a related party group and 25% in the case of a non-related party group.

Distribution of Loans by Sector

The following table (derived from the IFRS Financial Statements) shows the breakdown of the loan portfolio by sector as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Consumer loans and credit cards	19,748,539	33.6	14,999,229	32.9	14,379,083	28.8
Mortgage	*6,165,764*	*10.5*	*4,592,452*	*10.1*	*4,600,528*	*9.2*
Automobile	*804,035*	*1.4*	*554,982*	*1.2*	*1,086,442*	*2.2*
General Purpose	*6,160,072*	*10.5*	*4,097,731*	*9.0*	*3,923,429*	*7.9*
Retail Credit Cards	*6,618,668*	*11.3*	*5,754,064*	*12.6*	*4,768,684*	*9.5*
Financial institutions	3,404,028	5.8	3,083,112	6.8	3,219,640	6.4
Wholesaling	1,924,766	3.3	1,792,552	3.9	2,346,453	4.7
Retailers	3,998,228	6.8	2,835,799	6.2	4,014,687	8.0
Other manufacturing	1,848,498	3.1	1,595,640	3.5	2,494,137	5.0
Automotive	761,570	1.3	609,472	1.3	635,884	1.3
Steel and mining	1,970,094	3.4	1,376,300	3.0	2,220,099	4.4
Food and beverage	1,631,642	2.8	1,310,311	2.9	1,506,351	3.0
Chemicals	2,434,022	4.1	2,010,424	4.4	2,241,030	4.5
Textile	822,077	1.4	553,414	1.22	729,542	1.5
Telecommunication	2,057,515	3.5	1,423,678	3.1	1,462,301	2.9
Construction	6,006,532	10.2	5,367,363	11.8	4,778,083	9.6
Agriculture and forestry	195,222	0.3	189,678	0.4	747,547	1.5
Electronics	200,587	0.3	436,409	1.0	616,085	1.2
Tourism	611,639	1.0	614,085	1.3	723,841	1.4
Health care and social services	3,015,014	5.1	1,536,345	3.4	981,731	2.0
Other	7,102,974	12.1	4,869,933	10.9	5,957,269	12.1
Leasing receivables	981,969	1.7	965,921	2.1	904,847	1.8
Performing loans	**58,714,936**	**100**	**45,569,665**	**100**	**49,958,610**	**100**
Non-performing loans	1,314,489		1,824,292		1,177,828	
Total loans and advances to customers	**60,029,425**		**47,393,957**		**51,136,438**	
Allowance for loan losses	(1,832,301)		(2,344,140)		(1,635,949)	
Net loans and advances to customers	**58,197,124**		**45,049,817**		**49,500,489**	

The aggregate share of consumer and credit card loans in total loans increased throughout 2009 and 2010 from 32.9% to 33.6% in line with Akbank's lending strategy. Growth in consumer lending and credit card loans was 4.3% in 2009 and 31.7% in 2010 respectively. Akbank registered a reduction in corporate and small business loans by 12.2% during 2009 due to the contraction in the economy and Akbank's lending policy during this period. However, in 2010, corporate and small business loans increased by 25% and 31%, respectively, due to more aggressive lending targets based on Akbank's stronger economic growth expectations. For all periods shown, the share in total loans of domestic Turkish loans was approximately 98%. Of the remaining approximately 2% of total loans made to borrowers outside Turkey, borrowers were located predominantly in EU member countries with no material concentration in any one country over time.

Maturity Profile of the Loan and Guarantee Portfolios

The tables below (derived from the IFRS Financial Statements) set forth a breakdown of the maturity profile of Akbank's loan and guarantee portfolios as at 31 December 2010, 2009 and 2008.

Loans						**Fixed Rate**	**Floating Rate**
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**	**Loans %**	**Loans %**
31 December 2010	17,902,779	11,091,243	22,668,218	6,534,884	**58,197,124**	47.0%	53.0%
31 December 2009	15,513,474	10,982,927	15,234,145	3,319,271	**45,049,817**	43.2%	56.8%
31 December 2008	17,183,499	13,781,398	14,582,716	3,952,876	**49,500,489**	46.2%	53.8%

Guarantees(1)	**Up to 1 year**	**Over 1 year**	**Total**
31 December 2010	2,403,680	7,938,222	**10,341,902**
31 December 2009	1,526,093	6,209,060	**7,735,153**
31 December 2008	1,731,185	5,043,344	**6,774,529**

Note:

(1) Includes acceptance credits and export commitments.

Distribution of Loans by Size

The following table (derived from the management accounts) presents the distribution of Akbank's loan portfolio by size as at 31 December 2010, 2009 and 2008, respectively.

	As at 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Over TL1,000,000	35,098,045	59.8%	27,504,067	60.4%	28,763,640	57.6%
TL500,000 – 1,000,000	1,593,061	2.7%	1,009,667	2.2%	1,426,404	2.9%
TL100,000 – 500,000	5,179,176	8.8%	3,372,195	7.4%	4,790,615	9.6%
TL50,000 – 100,000	3,047,376	5.2%	2,326,022	5.1%	2,911,733	5.8%
Less than TL50,000	13,797,278	23.5%	11,357,714	24.9%	12,066,218	24.1%
Performing loans	**58,714,936**	**100%**	**45,569,665**	**100.0%**	**49,958,610**	**100.0%**
Non performing loans	1,314,489		1,824,292		1,177,828	
Allowance for loan losses	(1,832,301)		(2,344,140)		(1,635,949)	
Net loans and advances to customers	**58,197,124**		**45,049,817**		**49,500,489**	

Distribution of Loans by type

The following table shows a breakdown of Akbank's Corporate, SME, Consumer and Credit Card Loans by type, derived from the Bank's BRSA Financial Statements as at 31 December 2010, 2009 and 2008, respectively.

	As at 31 December			
	2010	**y-o-y**	**2009**	**2008**
		(*TL millions*)		
TL Corporate	3,619	26%	2,881	2,704
FX Corporate (USD)	11,189	22%	9,169	10,162
TL SME	7,953	40%	5,676	NA
FX SME (USD)	5,711	20%	4,759	NA
Consumer	13,130	42%	9,245	9,610
Credit Cards	6,619	15%	5,754	4,769

Geographic Distribution of Loans

The following table (derived from the management accounts) shows the geographic distribution of Akbank's loan portfolio (by location of the branch) as 31 December 2010, 2009 and 2008, respectively. As noted above, only approximately 2.5% of Akbank's total loans for the periods shown were made to borrowers outside Turkey. Accordingly, loans shown below as booked by the Bank's foreign branches and subsidiaries are not necessarily made to borrowers in the jurisdictions where those foreign branches and subsidiaries are located.

	As at 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Istanbul Region	22,190,905	37.8%	11,992,263	26.3%	10,751,224	21.5%
Trakya Region	660,453	1.1%	495,760	1.1%	642,862	1.3%
Ankara Region	6,905,229	11.8%	5,221,416	11.5%	5,380,324	10.8%
Bursa Region	1,565,255	2.7%	1,056,161	2.3%	1,273,426	2.5%
Çukurova Region	3,575,448	6.1%	2,950,640	6.5%	3,345,198	6.7%
Eastern Black Sea Region	1,202,422	2.0%	943,594	2.1%	1,099,342	2.2%
Aegean Region	4,044,548	6.9%	3,054,367	6.7%	3,700,945	7.4%
Eskişehir Region	319,856	0.5%	286,231	0.6%	304,359	0.6%
Southeastern Anatolia Region	1,581,321	2.7%	991,680	2.1%	1,176,641	2.4%
Samsun Region	1,522,087	2.6%	1,169,501	2.6%	1,395,652	2.8%
Denizli Region	330,476	0.6%	263,121	0.6%	333,572	0.7%
Foreign Branch and Subsidiaries	14,816,936	25.2%	17,144,931	37.6%	20,555,065	41.1%
Total Performing Loans	**58,714,936**	**100%**	**45,569,665**	**100%**	**49,958,610**	**100%**
Non-Performing Loans	1,314,489		1,824,292		1,177,828	
Total Loans	**60,029,425**		**47,393,957**		**51,136,438**	
Allowance for Loan Losses	1,832,301		(2,344,140)		(1,635,949)	
Total Net Loans	**58,197,124**		**45,049,817**		**49,500,489**	

Non-performing Loans; Provisioning; Loan Losses

If the collectability of any loan or receivable is identified as limited or doubtful by Akbank management, Akbank provides general and specific provisions in accordance with the applicable law. Banks are required to set aside general reserves in varying amounts based on their outstanding volumes of cash and non-cash loans. To the extent a bank's volumes of outstanding cash and non-cash loans are equal to or less than such volumes as at 31 October 2006, a reserve rate of 0.5% of cash loans and 0.1% of non-cash loans applies. For the portion of a bank's cash and non-cash loans in excess of the outstanding volume as at 31 October 2006, a reserve rate of 1% of cash loans and 0.2% of non-cash loans applies. In addition, banks are required to set aside a general reserve for the close monitoring of loans in the amount of 2% of cash loans and 0.4% of non-cash loans. The amount of the specific provision required for non-performing loans depends in part on the type of collateral, but at a minimum 20% of the principal amount of a loan is required to be reserved for loans between three and six months overdue, 50% for loans between six and 12 months overdue, and 100% after one year.

Akbank has fully provided for all its non-performing loans. The provision made during the year is charged against the profit for the year. Loans that can not be recovered are written-off and charged the allowance for loan losses. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year.

Non-performing loans amounted to 2.2% of total loans as at 31 December 2010 and 3.8% of total loans as at 31 December 2009. The percentages were substantially lower than averages within the Turkish banking sector of 3.6% and 5.2% for 31 December 2010 and 31 December 2009, respectively, as published in the BRSA monthly bulletin.

The following table (derived from the management accounts) shows the geographic distribution of the non-performing loan loss portfolio (by location) as at 31 December 2010, 2009 and 2008, respectively.

	As at 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Istanbul Region	375,973	28.6	507,047	27.8%	340,883	28.9%
Trakya Region	24,401	1.9	37,092	2.0%	20,366	1.7%
Ankara Region	203,002	15.4	293,676	16.1%	209,642	17.8%
Bursa Region	56,702	4.3	86,311	4.7%	52,353	4.4%
Çukurova Region	189,231	14.4	252,219	13.8%	151,751	12.9%
Eastern Black Sea Region	65,808	5.0	88,822	4.9%	57,016	4.8%
Aegean Region	190,435	14.5	281,481	15.4%	169,699	14.4%
Eskişehir Region	10,690	0.8	22,185	1.2%	13,244	1.1%
Southeastern Anatolia Region	62,619	4.8	80,240	4.4%	39,841	3.4%
Samsun Region	91,806	7.0	122,075	6.7%	76,158	6.5%
Denizli Region	8,866	0.6	13,371	0.8%	7,757	0.8%
Other	34,956	2.7	39,773	2.2%	39,118	3.3%
Total	**1,314,489**	**100%**	**1,824,292**	100%	**1,177,828**	100%

For a discussion of Akbank's non-performing loans, see "Risk Management – Identification and Remediation of Problem Loans".

Non-Performing Loan Ratios

Akbank's non-performing loan ratios as at 31 December 2009 and 2010 were 3.8% and 2.2%, respectively, as compared to the Turkish banking sector's non-performing loans ratios of 5.2% and 3.6%, respectively, as at the same dates.

Breakdown of Non-Performing Loan Performance

The following table shows a breakdown of new non-performing loans, collections and NPL sale revenue, derived from the Bank's IFRS Financial Statements for the years ended 31 December 2010, 2009 and 2008:

	2010	**2009**	**2008**
		(TL millions)	
New NPL's	491	1,459	1,465
Collections	(595)	(710)	(585)
NPL Sale Revenue	(39)	—	(135)

Allowance for Loan Losses

The following table (derived from the IFRS Financial Statements) shows movements in Akbank's allowance for loan losses including both specific and general loan losses for the years ended as at 31 December 2010, 2009 and 2008, respectively. Akbank does not hold other interest-earning assets that would have fallen into the non-performing category other than assets that are classified as loans.

	For the years ended 31 December		
	2010	**2009**	**2008**
Balance at beginning of year	2,344,140	1,635,949	1,317,697
Additions	491,353	1,459,437	1,464,507
Collections	(595,076)	(710,401)	(584,885)
Write-offs	(408,058)	(40,846)	(561,400)
Exchange differences	(58)	1	30
Balance at end of quarter year	**1,832,301**	**2,344,140**	**1,635,949**

Sources of Funds

Historically, customer deposits have been Akbank's principal source of funding, which has provided Akbank with a competitive advantage in cost of funds and has contributed to the liquidity in Akbank's balance sheet. Akbank's ability to obtain customer deposits is supported by its extensive branch network. With expansion of its deposit base and growth of the share of its demand deposits among the Bank's top priorities, deposits from individuals constitute 49.1% of Akbank's total customer deposits as at 31 December 2010.

Between 31 December 2009 and 31 December 2010, Akbank's deposits increased by 11.3%, which was higher than the sector average, and topped TL83.1 billion as at 31 December 2010. Over the same period, TL deposits increased by 11.7%.

The following table (derived from the IFRS Financial Statements) sets forth the principal sources of funds for Akbank's operations as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December					
	2010	**%**	**2009**	**%**	**2008**	**%**
Customer TL deposits	52,611,836	53.9	47,120,542	55.8	37,265,095	47.3
Customer FC deposits	30,493,615	31.3	27,580,742	32.7	28,912,792	36.7
Interbank funds	400,005	0.4	483,572	0.6	227,819	0.3
Borrowings from financial institutions	8,172,658	11.8	9,209,340	10.9	12,311,011	15.7
Debt Securities in Issue	5,846,767	2.6	—	—	—	—
Total	**97,524,881**	**100.0**	**84,394,196**	**100.0**	**78,716,717**	**100.0**

Deposits

As at 31 December 2010, total deposits were TL83.1 billion, compared to TL74.7 billion as at 31 December 2009 and TL66.2 billion as at 31 December 2008.

The table below (derived from the IFRS Financial Statements) gives the breakdown of the total deposit base by type as at the dates indicated.

	For the year ended 31 December 2010			
	Demand	**Time**	**Total**	**%**
Saving deposits	3,827,711	36,955,563	40,783,274	49.1
Located in Turkey	3,824,960	34,740,057	38,565,017	
Located in foreign countries and foreign branches	2,751	2,215,506	2,218,257	
Funds deposited under repurchase agreements	0	11,397,116	11,397,116	13.7
Located in Turkey	0	11,210,726	11,210,726	
Located in foreign countries and foreign branches	0	186,390	186,390	
Commercial deposits	4,196,148	17,554,827	21,750,975	26.2
Located in Turkey	4,156,016	7,392,753	11,548,769	
Located in foreign countries and foreign branches	40,132	10,162,074	10,202,206	
Bank deposits	192,116	7,493,638	7,685,754	9.2
Located in Turkey	187,819	1,603,857	1,791,676	
Located in foreign countries and foreign branches	4,297	5,889,781	5,894,078	
Other	493,254	995,078	1,488,332	1.8
Located in Turkey	493,254	995,078	1,488,332	
Located in foreign countries and foreign branches	0	0	0	
Total	**8,709,229**	**74,396,222**	**83,105,451**	100

	For the year ended 31 December 2009				For the year ended 31 December 2008			
	Demand	Time	Total	%	Demand	Time	Total	%
Saving deposits	3,185,461	35,404,228	38,589,689	51.7%	4,610,084	32,811,307	37,421,391	56.5%
Located in Turkey	3,184,956	32,685,412	35,870,368		2,728,666	31,637,056	34,365,722	
Located in foreign countries and foreign branches	505	2,718,816	2,719,321		1,881,418	1,174,251	3,055,669	
Funds deposited under repurchase agreements	—	13,747,009	13,747,009	18.4%	—	8,602,629	8,602,629	13.0%
Located in Turkey	—	13,230,254	13,230,254		—	8,074,537	8,074,537	
Located in foreign countries and foreign branches	—	516,755	516,755					
Commercial deposits	4,052,446	12,936,460	16,988,906	22.7%	3,155,073	11,579,253	14,734,326	22.3%
Located in Turkey	3,955,064	6,273,916	10,228,980		3,141,090	5,549,038	8,690,128	
Located in foreign countries and foreign branches	97,382	6,662,544	6,759,926		13,983	6,030,215	6,044,198	
Bank deposits	194,458	3,848,719	4,043,177	5.4%	376,928	3,471,614	3,848,542	5.8%
Located in Turkey	190,332	191,468	381,800		376,482	195,985	572,467	
Located in foreign countries and foreign branches	4,126	3,657,251	3,661,377		446	3,275,629	3,276,075	
Other	375,322	957,181	1,332,503	1.8%	373,930	1,197,069	1,570,999	2.4%
Located in Turkey	375,322	957,181	1,332,503		373,930	1,197,069	1,570,999	
Located in foreign countries and foreign branches	—	—	—		—	—	—	
Total	**7,807,687**	**66,893,597**	**74,701,284**	**100.0**	**8,516,015**	**57,661,872**	**66,177,887**	**100.0**

As at 31 December 2010 and in 2009, Akbank's customers in Turkey held more deposits with Akbank in Turkish Lira than in foreign currency. Akbank believes that the stable financial sector in Turkey, the Government's willingness to keep the budget deficit under control and the inflow of portfolio investments into Turkey have enhanced consumer confidence in Turkish Lira as a medium of investment.

As at 31 December 2010, 2009 and 2008 respectively, 20.5%, 19.6% and 23.0% of Akbank's total deposits were denominated in US Dollars (55.9%, 53.1% and 52.6% of total foreign currency deposits) and 14.5%, 16% and 19.1% of total deposits were denominated in Euro (39.6%, 43.2% and 43.7% of total foreign currency deposits).

The interest rate for US Dollar deposits was 2.5% in 31 December 2010, compared to 1.8% in 2009 and 4.6% in 2008. Interest rates for TL deposits have ranged between 7% and 17% for the past three years.

The following table (derived from the IFRS Financial Statements) shows the maturities of deposits as at 31 December 2010, 2009 and 2008, respectively.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
31 December 2010	79,371,496	2,447,456	1,104,302	182,197	83,105,451
31 December 2009	70,760,192	3,065,029	743,400	132,663	74,701,284
31 December 2008	62,608,172	3,012,102	332,763	224,850	66,177,887

Business Transactions with Related Parties

Shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associated companies, and other companies within the Sabancı Group are considered and referred to as related parties.

The following table shows the breakdown of the business transactions with related parties as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December					
	2010	**Percentage of Related Item**	**2009**	**Percentage of Related Item**	**2008**	**Percentage of Related Item**
Cash loans	951,107	1.6%	635,235	1.4%	870,542	1.8%
Non-cash loans	397,262	3.8%	747,911	9.7%	460,241	6.8%
Cash and due from banks	—	—	—			
Finance lease receivables	6,223	0.6%	7,571	0.8%	13,401	1.5%
Deposits	6,370,538	7.7%	6,191,548	8.3%	5,857,241	8.9%
Derivatives(*)	2,405,244	5.0%	2,005,471	6.5%	1,220,965	5.9%

* The balance shows the total of sale and purchase amounts of the related transactions.

Capital Adequacy

Akbank currently satisfies the capital requirements of the BRSA, which correspond to the guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements (the "**Basel Guidelines**"). The BRSA also maintains a policy, on a bank-by-bank basis, of requiring a higher capital adequacy ratio for banks that are seeking to open new branches in Turkey, and the rate currently being applied to Akbank is 12%. The Basel Guidelines require a bank to have a ratio of capital to assets and certain off balance sheet items, determined on a risk-weighted basis, of at least 8%. As at 31 December 2008, 2009 and 2010, Akbank's total risk-based capital ratio (consisting principally of Tier 1 capital) was 16.98%, 21.04% and 19.93%, respectively. Akbank intends to maintain capital ratios in excess of those required by Turkish law and the Basel Guidelines.

The following table shows the risk-weighted assets and qualifying capital of Akbank as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December		
	2010	**2009**	**2008**
Tier 1			
Share capital	7,111,164	6,605,892	6,605,892
Legal reserves	946,058	796,720	685,762
Extraordinary reserves	5,278,744	3,728,637	2,461,268
Other reserves	40,853	127,514	8,256
Retained earnings	3,071,298	2,786,293	1,807,121
Deductions	(274,679)	(247,798)	—
Total Tier 1 capital	**16,173,438**	**13,797,258**	**11,568,299**
Tier 2			
General loans loss reserves	527,120	406,629	462,171
Subordinated loans	—	—	
Other reserves	817,338	390,795	(122,501)
Deductions	(1,396)	(24,738)	(293,719)
Total qualifying capital	**17,516,500**	**14,569,944**	**11,614,250**
Risk-weighted assets			
With 20% risk	601,753	801,209	1,222,048
With 50% risk	31,154	—	
With 100% risk	71,154,245	55,449,778	57,511,725
With 150% risk	665,502	744,903	334,956
With 200% risk	201,648	57,436	8,296
Total risk-weighted assets	**72,654,302**	**57,053,326**	**59,077,025**
Market risk	5,513,788	3,568,963	1,656,663
Operational risk	9,710,271	8,621,035	7,672,195
Total risk-weighted assets and market risk	**87,878,361**	**69,243,324**	**68,405,883**
Risk-adjusted capital ratio	**19.93%**	**21.04%**	**16.98%**

Akbank's excess capital, which is calculated as Tier 1 plus Tier 2 capital, less economic capital (which is the sum of regulatory capital and additional capital to cover other risks) was TL7.093 billion as at 31 December 2010.

BUSINESS OF AKBANK

Overview

Akbank T.A.Ş. is a Turkish banking institution organised as a joint stock company with registration number 90418. Founded as a local bank in Adana in January 1948, Akbank was originally established with the core objective of providing funding for local cotton producers. The Bank opened its first branch in the Sirkeci district of Istanbul on 14 July 1950. The Bank's head office is currently located at Sabancı Center 4, Levent 34330, Istanbul, Turkey.

Akbank carries out its activities from its head office and 20 regional offices throughout Turkey. Its network of 912 domestic branches as at 31 December 2010 provides Akbank with the ability to reach a nationwide base of customers.

Akbank operates in five main business segments: (i) Retail Banking; (ii) Corporate and SME Banking (prior to the end of 2009, Corporate and Commercial Banking); (iii) Treasury; (iv) Private Banking; and (v) International Banking. It offers a wide range of consumer, SME, corporate and private banking services as well as international trade financing. Non-banking financial, capital market, brokerage and investment services are provided by Akbank's subsidiaries and/or sister companies including AkSecurities, Akbank (Dubai) Limited (investment banking and brokerage), AkInvestment Fund (a closed-end mutual fund), AkAssetManagement (portfolio management), AkLease, Aksigorta (insurance) and AvivaSA Pensions. Akbank does not have any subsidiaries that are not involved in financial services.

In addition to the Bank's traditional delivery channels such as its branches, Akbank offers customer services through its Retail and Corporate Internet Branches, the Telephone Banking Center, over 3,100 ATMs and more than 271,315 POS terminals, as well as other electronic channels.

Akbank has an international presence through its subsidiaries in The Netherlands (Akbank N.V.), Germany (Akbank AG) and Dubai (Akbank (Dubai) Limited), and through one branch in Malta.

Since its establishment, a majority of the shares in Akbank have been owned or controlled by the Sabancı family and the Sabancı Group, which is one of the two largest financial and industrial corporate groups in Turkey. Floated to the public in 1990, Akbank shares began trading on international markets and as American Depository Receipts ("**ADRs**") after its secondary public offering in 1998. On 9 January 2007, Akbank and Citigroup successfully completed a strategic partnership agreement according to which Citigroup acquired a 20% equity stake in Akbank.

As at 31 December 2010, 28.8% of Akbank's shares were publicly traded on the Istanbul Stock Exchange (the "**ISE**") and the Bank's Level 1 ADRs are traded on the OTC in the United States. Akbank's market capitalisation stood at TL34.2 billion as at 31 December 2010, making it the most valuable company by market capitalisation on the ISE.

For the year ended 31 December 2010, Akbank's net profits were TL3.0 billion, an increase of 10.0% from TL2.7 billion in 2009 and an increase of 50.3% in 2009 from TL1.8 billion in 2008, respectively representing a cumulative increase of 65.4% from 2008 to 2010. As at 31 December 2010, Akbank had total assets of TL119.7 billion, an increase of 16.9% and 29.1% from TL102.4 billion and TL92.7 billion as at 31 December 2009 and 2008, respectively. As at 31 December 2010, Akbank had total shareholder's equity (excluding non-controlling interest) of TL18.0 billion, an increase of 24.0% and 57.9% from TL14.6 billion and TL11.4 billion respectively as at 31 December 2009 and 2008, respectively.

Business Segments – Overview

Akbank operates in five main business segments. See "Business of Akbank – Akbank's Business Segments": (i) Retail Banking; (ii) Corporate and SME Banking; (iii) Treasury; (iv) Private Banking; and (v) International Banking. Following a change in early 2010 in the Bank's organisational structure, with small business banking being transferred from the Retail Banking Unit to the Corporate and SME Banking Unit, the Bank's classification of its business segments as at 31 December 2010 differs from the classification as at 31 December 2009 and 2008.

Retail Banking: includes retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. The Bank's line of retail banking products and services also includes bank cards, mutual funds, bonds and t-bills brokerage, equity brokerage, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, ATM, telephone and internet banking. Gross profit from retail banking was TL665.5 million for the year ended 31 December 2010, an increase of 17.4% from TL566.7 million for the same period in 2009 and a decrease in 2009 of 42.7% from TL988.7 million for the same period in 2008 representing a cumulative decrease of 32.7% from 2008 to 2010. At the beginning of 2010, Akbank changed its customer segmentation and formed the SME Banking Division (which is now part of the Corporate and SME Banking Unit) by merging the Commercial and Small Business Banking divisions in order to provide a closer, more specialised and efficient service to SMEs. Small Business Banking is therefore no longer part of the Retail Banking Unit, save for the business segment of small businesses with annual sales revenue of less than TL500,000 (categorised by the Bank as "micro business customers"), which is now covered by the Consumer Banking Division of the Retail Banking Unit. Gross profit for the Retail Banking Unit before 31 December 2010 took into account profit generated by Small Business Banking which was then part of Retail Banking. See "Business of Akbank – Akbank's Business Segments – Retail Banking".

Corporate and SME Banking: provides financial solutions and banking services to large-scale and medium-sized corporate and commercial customers, including Turkish Lira and foreign currency denominated working capital loans, small business loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, the Bank provides working capital management solutions for corporate customers, delivering tailored cash management services based on customers' requirements which include collection and payment services and liquidity and information management. Project finance loans are provided as part of the Bank's commercial banking activities. Gross profit from Corporate and SME Banking was TL902.5 million for the year ended 31 December 2010, an increase of 34.7% from TL669.9 million for the same period in 2009, and an increase of 30.24% in 2009 from TL514.3 million for the same period in 2008 respectively, representing a cumulative increase from 2008 to 2010 of 75.5%. Gross profit for Corporate and SME Banking before 31 December 2010 did not take into account profit generated by Small Business Banking. See "Business of Akbank – Akbank's Business Segments – Corporate and SME Banking".

Treasury: includes proprietary positioning in Turkish Lira and foreign currency instruments on a spot and forward basis, and proprietary positioning in domestic fixed income securities together with foreign securities with AAA ratings. This business segment also includes marketing treasury products and derivative financial products for customers. Gross profit from Treasury was TL2.1 billion for the year ended 31 December 2010, an increase of 2.2% from TL2.1 billion for the same period in 2009 and an increase of 424.7% in 2009 from TL396.9 million for the same period in 2008, respectively representing a cumulative increase in the period from 2008 to 2010 of 436.2%. See "Business of Akbank – Akbank's Business Segments – Treasury".

Private Banking: includes products and services for individuals with assets under management with Akbank exceeding TL500,000, such as investment, pension and insurance services. Gross profit from private banking was TL103.8 million for the year ended 31 December 2010, an increase of 36.2% from TL76.2 million for the same period in 2009, and an increase of 266.3% in 2009 from TL20.8 million for the same period in 2008, representing a cumulative increase from 2008 to 2010 of 399.1%.

International Banking: manages the Bank's international fund raising activities and correspondent banking relationships and sets credit limits and risk management policies for financial institutions counterparties. In August 2010 the International Business Development Division was established within the International Banking Unit. The main responsibilities of this department are to offer a complementary service to its clients to support their business activities within its responsibility area and to originate beneficial proprietary deals for the Bank. To achieve this, the department plans to use several methods including but not limited to expanding relationships between the Bank and Financial Institutions and corporates in those countries, strengthening the market share of the Bank in the foreign trade business, more closely monitoring those countries to identify potential clients, referring the potential deals to the related business lines and proposing new representative offices, branches or subsidiaries as may be supported by the business.

In addition to financing through Eurobond issuance, structured finance transactions, syndicated loans and bilateral loans from institutional banks, the International Banking Unit has been able to secure long-term financing through various multilateral institutions to support SMEs and various projects for its customers. The Unit also offers products and services in trade finance, foreign exchange and Turkish Lira clearing. Gross profit from international banking was TL57.6 million for the year ended 31 December 2010, a decrease of 6.7% from TL61.7 million for the same period in 2009 and a decrease in 2009 of 8.1% from TL67.1 million for the same period in 2008, representing a cumulative decrease from 2008 to 2010 of 14.2%.

Competitive Strengths

Akbank believes that it has the following competitive strengths:

- ***Strong and Well Known Turkish Franchise, Trusted Brand Diversified Portfolio of Banking Assets.*** Akbank believes that it has established itself as one of the most widely-recognised and trusted private banks in Turkey as result of its 62-year operating history in Turkey through often turbulent Turkish financial markets and its long-standing focus on prudent risk management and record of financial stability. Akbank has focused virtually all of its business in Turkey (with over 90% of its assets in Turkey as at 31 December 2010) on the basis that this is the market that it knows best and where it enjoys a strong competitive position. Akbank is Turkey's third largest private bank measured by assets as at 31 December 2010, offering a broad portfolio of retail and commercial products and has well-established relationships with its client base. Akbank has a wide distribution network with 912 domestic branches and over 5.5 million active customers as at 31 December 2010 as well as a large network of alternative delivery channels, including a call centre with over 900 representatives, 271,315 point-of-sale terminals and 3,127 ATMs, in each case as at 31 December 2010. As at 31 December 2010, Akbank's general purpose loans market share was 9.8%, car loans market share, 14.9%, mortgage loans market share, 10.7% and credit card loans market share, 15.3%. Its market share as at 31 December 2009 for general purpose loans was 9.3%, car loans, 13.0%, mortgage loans, 10.7% and credit card loans, 16.0%. In addition, Akbank had an aggregated market share in corporate, commercial and small business loans of 9.8% and 9.9% as at 31 December 2010 and 31 December 2009, respectively. Akbank believes that its strong franchise and position in retail and commercial banking enables it to benefit from economies of scale and provides a strong platform for sustained profitability in the Turkish banking market. Akbank believes that the strength of its franchise is enhanced by the controlling shareholding (of 51.16% as at December 2010) of the Sabancı family, one of Turkey's most prominent families and its strategic partnership with Citigroup (with Citigroup having acquired 20% of Akbank's shares), which has allowed the Bank to enhance its international connectivity, expand its product offering and further establish its profile and reputation for excellence in the domestic market. The strength of Akbank's Turkish franchise has been recognised through numerous awards, including being named "Best Bank in Turkey" at Euromoney's 2009 Awards of Excellence, winning Global Finance Magazine's Best Emerging Market Bank in Turkey Award for each of the past five years and being named "Turkey's Best Local Bank" by EMEA Finance Magazine in 2009. In 2010, Akbank was awarded "Best Financial Institution Loan" for its €1 billion syndicated loan facility and "Best Financial Institution Borrower" by EMEA Finance Magazine. The Bank's US$1 billion Eurobond transaction was awarded "Best Financial Institution Deal" in Emerging Markets by Euroweek magazine.

- ***Robust Capital Structure; Conservative Liquidity and Funding Policy.*** As at 31 December 2010, the Bank had a robust capital structure, as demonstrated by a capital adequacy ratio of 19.9% (under BRSA), Tier 1 ratio of 18.4%, leverage ratio (calculated as total assets divided by total equity) of 6.6x and shareholders' equity of TL18.0 billion. Supporting its capital structure, Akbank maintains strong liquidity, with a liquid asset (excluding non-controlling interest) ratio (being the total amount of cash, deposits with the Central Bank, overnight interbank deposits, the balances of Akbank's nostro accounts and statutory reserves divided by the Bank's total liabilities) of 7.1% and loan-to-deposit ratio of 70%, in each case as at 31 December 2010. Akbank's funding strategy includes maintaining a substantial percentage of its liabilities in the form of customer deposits. Although customer deposits in Turkey are typically short-term (with durations of less than 90 days), a majority of Akbank's deposits have been reinvested. Akbank has an immaterial exposure to sovereign debt, other than that of Turkey, as approximately 98.27% of its investment securities are composed of Turkish T-bills, government bonds and eurobonds. As a result, Akbank was less affected than many other global financial institutions by the reduction of liquidity and increased cost of funding that occurred during the global financial crisis. Accordingly, Akbank believes that its strong balance sheet has supported its ability to attract a substantial and stable deposit base and it has benefitted from a "flight to quality" during difficult market conditions, with deposits having grown at a rate of 11.3% from TL74.7 billion as at 31 December 2009 to TL83.1 billion as at 31 December 2010.

- ***Prudent and Effective Risk Management; Superior Asset Quality.*** Akbank's management believes it has instilled a prudent and effective risk management culture at all levels of the Bank, beginning with careful customer selection to support a quality asset base and including establishing conservative provisioning policies. As a key element of risk management, Akbank focuses on ensuring it has a diversified asset base with no single exposure greater than 2.5% of its loan portfolio and no single group exposure greater than 5% of its total loans as at 31 December 2010 and high collateral levels, with an average loan-to-value ratio of 57.3%. Approximately half of Akbank's loan portfolio had a term of less than one year in duration as at 31 December 2010, thereby limiting Akbank's exposure to significant movements in interest rates. Akbank monitors credit quality on an ongoing basis; as the global financial crisis impacted Turkey and Akbank's customers, Akbank introduced new risk management tools in 2008 and focused on reducing loans in sectors (primarily SMEs) that were particularly susceptible to the disruptions in global market conditions. Supporting Akbank's emphasis on building a quality asset base, Akbank has a long-standing policy of provisioning substantially in excess of regulatory requirements with 100% of loans that are more than 90 days past due provisioned at a rate of 100%, regardless of level of collateral (compared to the BRSA regulatory requirement which permits provisioning after deduction of collateral over a 12 month period). Despite Akbank's conservative provisioning policy, Akbank's NPL ratios have consistently been below the average of the Turkish banking sector, achieving an NPL ratio of 2.2% as at 31 December 2010 (compared to the average sector NPL ratio of 3.6%), 3.8% for 2009 (compared to the average of 5.2%) and 2.3% for 2008 (compared to the average of 3.6%). Collections exceeded new NPL formation in 2010, with TL491 million new NPLs being recorded, but TL595 million previously provisioned NPLs being collected during the period.

- ***Record of Innovation.*** Akbank has a strong track record of developing an innovative range of products and services, including innovative lending products and the ability to obtain a consumer loan by telephone (since 2005), on the internet (since 2006), via SMS or through a dedicated credit machine (since 2007) or via a standard ATM (since 2008). Akbank has also enhanced its distribution capabilities through developing a full-service call centre and embracing new technologies including developing mobile web and mobile branch applications since 2008. It has also expanded its investment product portfolio, including introducing Turkey's first mass market structured deposits and structured funds in 2007 as well as BRIC Fund in 2009.

Strategy

Akbank's corporate goals and strategy are closely aligned with its commitment to the development of the Turkish economy and the Turkish financial system by providing high-quality specialised banking products and services that are both innovative and comprehensive. Akbank's objective is to become the leading multi-specialist bank in Turkey while sustaining its profitability. To achieve this objective, Akbank has identified the following strategic priorities for 2011 and beyond.

- ***Focusing on Prudent and Sustainable Growth in Turkey.*** Akbank plans to continue to focus on the Turkish market where it has substantial local knowledge, enhancing its product and service offerings in the following ways:
  - *Grow Retail Loans in Selected Customer Segments and Products.* Turkey is a rapidly growing country with GDP estimated to have grown at 8.9% year-on-year in the first three quarters of 2010 (*source: Turkstat*). The State Planning Organisation (DPT) forecasts GDP growth at 4.5% for 2011 and 5% in 2012. The strong growth in the Turkish economy has contributed to growth in Akbank's consumer loans in 2010, with consumer loans (excluding credit cards) increasing at a rate of 42% compared to 2009. In addition, a considerable portion of the Turkish population use limited or no banking services, which is expected to yield additional opportunities to grow the customer base as the Turkish economy develops. As a result of these factors, management believes that Akbank will be able to continue growing this business by focusing on selected customer segments and products, and increasing its market share as a result of its large national network and strong brand, both of which will be promoted by its regional marketing teams. In addition, to support this growth, Akbank intends to continue to develop innovative products and services (similar to its recent application of the internet and mobile phone technologies to expand distribution channels for loans) and to continue to emphasise service quality.
  - *Focus on Commercial and SME Customers.* Akbank believes that a key driver of growth in Turkey will be the increasing importance of SME customers (those with annual revenues of between TL500,000 and TL85 million). In order to take advantage of this growth, in early 2010, Akbank combined its small business and commercial banking activities into one Corporate and SME Banking segment to benefit from synergies between these two

segments. It also restructured its branch network to extend specialised services from 44 to more than 180 branches and established 22 specialised commercial banking branches where account officers target commercial customers. The SME business has proved to be one of the fastest growing and most lucrative customer groups during 2010 for the Turkish banking sector (*source: BRSA*). As a result of these factors, Akbank's SME loans grew at a rate of approximately 31% as at 31 December 2010 compared to the same period in 2009. Going forward, Akbank expects that the SME segment will be a key driver of its growth and profitability and is actively seeking to further increase its SME lending business through focused marketing efforts and new product and service developments, combined with increased availability of funding to this sector.

- *Optimise Branch Network and Multi-Channel Distribution.* Akbank has a combined strategy of optimising its branch network to reach its highest-value customers who need personal advice and service, while developing cost-effective alternative distribution channels. With its wide branch network that covers 79 out of 81 cities in Turkey, the Bank already has a wide distribution network and believes that it is therefore well placed to benefit from the projected growth of Turkey. To that end, Akbank's priority in 2011 will be to focus on increasing the efficiency and productivity of its current network to better realise this potential. Akbank will seek opportunistic branch openings in a selective manner based on micro-market analyses. In particular, as at 31 December 2010, only 31.9% of Akbank's 912 domestic branches were located in the greater Istanbul area (which Akbank expects will be a primary region of growth in Turkey). Supporting its wide branch network, Akbank has developed a full multi-channel distribution network (including telephone banking, ATMs, internet and mobile banking) that has the dual purpose of cost efficiency and maximising customer access. Akbank considers internet and mobile banking as the most important emerging channels in the Turkish market. In particular, the Turkish population has shown a willingness to use internet banking, with 2.5 million customers across Turkey using internet banking services in 2009 (*source: Turkstat*), with this figure expected by the Bank to rise substantially in the short to medium term. Accordingly, Akbank intends to renew its internet banking service in 2011 and widen its mobile banking offering, in particular to address the demands of Turkey's young and growing population.

- *Increase New Deposits and Deposit Offerings.* A key aspect of Akbank's funding strategy is to maintain a strong base of stable, low-cost demand deposits. Deposits in Turkey are primarily structured as short-term deposits, with terms of less than three months, which management believes is a result of high inflationary conditions in Turkey's recent history. However, with inflationary conditions having abated in recent years, Akbank's management believes that it will be able to profitably introduce new deposit products and gain market share from new customers as a result of its strong national branch network and brand. Examples of such products have included Akbank's new AUM products, including approximately 40 new asset management products, such as capital protected funds, as well as new monthly-fee account packages and an accumulating savings account.

- *Develop Additional Fee Generating Products and Businesses.* As the Turkish economy continues to develop, Akbank believes that Turkish retail customers will increasingly utilise fee-based banking products such as credit cards and investment funds as the population becomes more familiar with such products. On the commercial side, many Turkish companies have wide supplier and distribution networks as well as a higher level of trade with international markets, resulting in growing needs for advanced cash management and trade financing products. Accordingly, in order to benefit from these trends, Akbank intends to continue to focus on fee-generating products such as credit cards, bancassurance, trade financing, and cash management products.

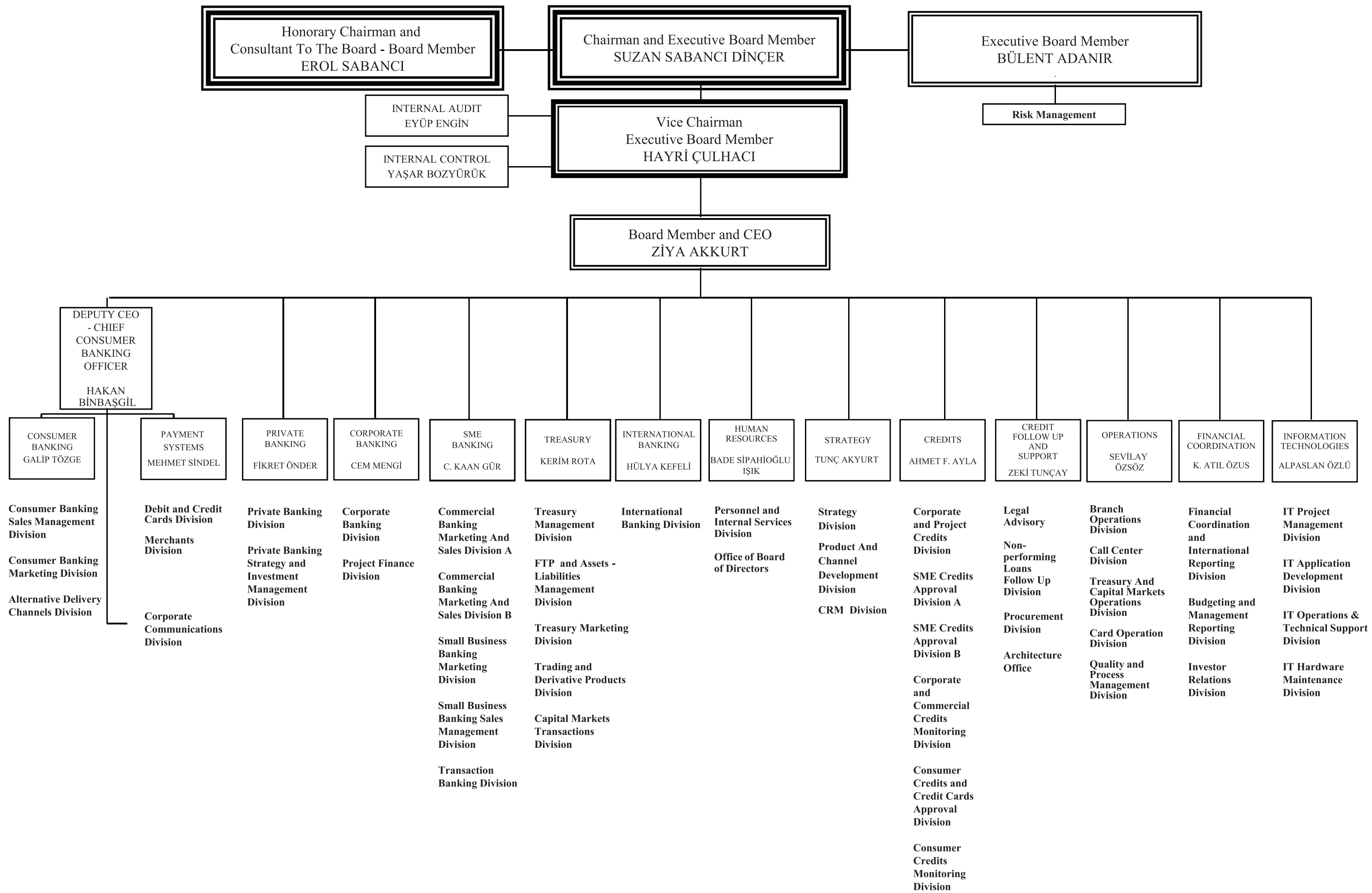
- *Maximise long-term customer value.* In a highly competitive banking market such as Turkey, Akbank believes that maximising the long term value of existing and new customers is crucial for achieving future growth. As a result, Akbank has employed advanced CRM tools to better understand the needs of its customers and to proactively offer products that meet these needs. Going forward, Akbank intends to focus on greater utilisation of these tools across all its distribution channels to increase cross-selling of its growing variety of products and services.

- *Achieve Effective Multichannel Integration.* Akbank, which continually monitors global and local trends in banking and consumer behaviour, has historically pioneered the Turkish Banking Sector with its innovative products and service models. To that end, Akbank considers multichannel excellence as the biggest milestone in taking clients' banking experience to the next level. One of the most important strategic priorities of Akbank in 2011 will be utilising all of its distribution channels to achieve customer excellence and cost efficiency. Branches will continue to be the Bank's most important channel in meeting the needs of high value customers. The Bank's award-winning call centre with its specialist teams is designed to meet the needs of customers who want personal service without leaving their homes. On and off-site ATMs offer a wide range of banking products and services and are accessible throughout Turkey.

- ***Continue to Focus on Human Capital Recruitment and Development***. Akbank believes that the quality of its staff is a key competitive advantage for the Bank and it has designed a comprehensive recruitment and training programme. Targeting the best universities is the starting point for the new graduates' recruitment process, followed by aptitude and personality tests and competency based interviews. Recruitment for managerial positions is handled in cooperation with leading recruitment firms. Succession planning for the top management team (at the vice president level), the development programmes designed according to specific development needs of high potential managers, and the leadership mentoring programme are the key retention programmes for top personnel applied within the Bank. In order to enhance its recruitment of top personnel and the brand value of the Bank, Akbank created the "Akbank Thinking Club" in 2008. The purpose of the club is to unite academically and socially successful young people under the brand and to create a platform for the exchange of opinions between Akbank's senior management and selected students from universities.

Organisational Structure

The following chart shows Akbank's organisational structure as at the date of this Offering Memorandum. Akbank's organisational structure consists of 14 Business Units. Each Business Unit is managed either by a deputy CEO or an Executive Vice President.



Distribution Network

Akbank has an extensive distribution network, consisting of traditional banking outlets, including branches, representative offices, ATMs, automated cash deposit machines, and point-of-sale credit and debit card terminals, and non-traditional distribution outlets such as home and office banking (through the use of the Internet, personal computers and screen-based telephones).

Other projects undertaken by Akbank to attract more customers to its branches include a branch renovation project. In line with this strategy, Akbank has also implemented a customer service representation system in each branch to further improve quality of service. The following table sets out Akbank's principal distribution outlets as at 31 December 2010:

	Total Number
Branches	912
Regional Offices	20
Foreign Representative and Branches	1
ATMs	632
Cash-in ATMs	2,495
POS Terminals	271,315
Active Alternative Delivery Channels Customers[(1)]	3,742,175

Notes:

(1) Number of active customers using internet and telephone banking in December 2010. "Activation" refers to usage of these channels in a one month period.

Akbank's Business Segments

Retail Banking

The Retail Banking Unit is organised into Consumer Banking and Alternative Delivery Channels. Since the beginning of 2010, Small Business Banking has become part of the Corporate and SME Banking Unit. However, the business segment covering customers with less than TL500,000 in annual sales revenue (categorised by the Bank as "micro business customers"), which was part of Small Business Banking prior to 2010, remains part of the Retail Banking Unit and is now covered by Consumer Banking.

Consumer Banking

Consumer Banking's share of Akbank's overall business activity has remained fairly steady over the last three years. As at 31 December 2010, outstanding loans (including credit cards) to the consumer banking market represented 33.6% of Akbank's total loan portfolio (compared to 32.9% and 28.8% as at 31 December 2009 and 2008, respectively). On the deposit side, Akbank's consumer client base provides a significant portion of Akbank's activity, accounting for 49.1% of overall deposits, and TL deposits accounting for 47.6% of the Bank's total TL deposits as at 31 December 2010. As at 31 December 2010, Akbank had over 5.5 million individual customers. The Bank's market share of the highly competitive credit card business has increased from 14.4% in 2008 to 15.3% in 2010. This increase is in part due to new instalment plans that allow customers to pay down these cards in instalments, as well as use their cards for instant cash advances. By broadening the array of options available to credit card users, beyond what credit cards had traditionally been used for in Turkey, the Bank was able to accelerate its growth in terms of total sales volume and net receivables.

Akbank delivers its consumer banking products and services through its network of 870 retail branches. Akbank has centralised its operations so that back-office functions can be moved out of the branches, enabling Akbank's retail branches to focus on providing services and marketing products to retail customers.

Each retail branch consists of a branch manager and teams of two representatives, each being responsible for either a consumer or small business accounts portfolio. Through its profitability and performance measurement infrastructure, Akbank can generate statistics as to profitability and performance, differentiated according to product, customer, customer relations officer, and branch, which in turn supports Bank personnel in managing and monitoring individual customer relationships.

High Net Worth Customers

Akbank places particular emphasis on its high net worth customers (customers whose assets under management with Akbank exceed TL100,000 or who have a mortgage greater than TL120,000), who account for 3% of the overall customer base of Akbank's retail business, by providing them with specialised banking products and enhanced relationship management services. Akbank recently set up a banking service model, named "One-to-One Banking" whereby dedicated relationship managers ("**RM**") provide tailored and specialised services to high net worth customers who have high asset portfolios and expect personal service for investment products. As at 31 December 2010, 217 One-to-One Banking RMs in 181 branches offered one-to-one services to approximately 156,000 customers.

Youth Banking

Akbank has also focused on product development for Youth Banking. Such products include Youth Banking transactions conducted under the "exi26" brand and designed for the 18-26 age group. Akbank aims to offer solutions to the financial and non-financial needs of Turkey's younger population. Under the exi26 brand, Akbank offers services and products custom-made for young people such as youth portals, Axess exi26, Neo exi26, general-purpose loans and auto loans to employed young people, as well as insurance products and services geared uniquely towards the youth market.

Micro-Businesses

In January 2010, the business segment of customers with less than TL500,000 of annual sales revenue (categorised by the Bank as "micro-business customers") was transferred from Small Business Banking to Consumer Banking. As at 31 December 2010, Akbank had approximately 245,000 micro customers. The micro business was formed so that commercial and personal banking services for the smallest level of business customers could be handled by the same division. By combining these activities, the Bank aimed to tailor product and service models more effectively to the precise needs of its different customer bases.

Retail Mortgages

The residential mortgage lending market is developing in Turkey, and Akbank's market share was 10.7% of the Turkish residential mortgage market at the end of December 2010 (according to BRSA). Akbank aims to increase its market share by being present at the point where customers buy their houses. Akbank was the first Turkish bank to start a strategic partnership with real estate agents. Akbank is extending mortgage loans to numerous residential construction projects and has started to invest in local projects in Anatolia. Akbank provides information and services about mortgage loans both in branches and through alternative delivery channels. Akbank's mortgage products and services are marketed under the "Big Red House" (Büyük Kırmızı Ev) brand. A mortgage dedicated website (www.buyukkirmiziev.com) and mortgage call centres serve as both information and application channel for Akbank's customers. As at 31 December 2010, Akbank had an aggregate amount of TL6.2 billion in outstanding mortgage loans, with an average term of 68 months and an average LTV of 50% (compared to TL4.6 billion and TL4.6 billion as at 31 December 2009 and 2008, respectively).

Consumer Loans

Akbank's consumer loans include general purpose loans and car loans. In light of the growing demand for cars in Turkey, Akbank has concentrated its efforts on capturing a leading share of the car loan market. Akbank has established key relationships with car manufacturers and distributors, which now cover over 40 brands and over 600 dealers. Akbank's share of this market, measured by the volume of loans outstanding, was estimated by management at 14.86% as at 31 December 2010.

Car loans have an average maturity of 39 months and an average LTV of 80% and amounted to TL804 million as at 31 December 2010, compared to TL555.0 million and TL1.1 billion as at 31 December 2009, and 2008, respectively. Other general purpose and other consumer loans (excluding mortgages and car loans) have an average maturity of 36 months and amounted to TL6.2 billion as at 31 December 2010, compared to TL4.1 billion, TL3.9 billion as at 31 December 2009 and 2008, respectively.

Credit Cards

Akbank considers credit cards as one of the most profitable consumer banking products and therefore a strategically important business. Credit cards products in Turkey have a "revolving" feature. With the advantage of cost of funding and the cash advance feature, which generates both commission and interest rate payments, credit cards generate profitability faster than other loan instruments, provided that the portfolio is properly managed in terms of cost of credit, NPL and other costs.

In recent years, the Bank has made important investments in the Bank's credit card business in terms of technology, human resources and marketing expertise. As a result of the Bank's investment, its credit card business accounted for 51.8% of the Bank's Retail Banking gross profit as at 31 December 2010, compared to 45.0% and 36.3% as at 31 December 2009 and 2008, respectively. The Bank's marketing of credit cards incorporating loyalty schemes has helped the Bank increase its market share over the last few years from 14.5% as at 31 December 2007 to 15.3% as at 31 December 2010.

The Axess card offers a loyalty scheme through which Akbank cardholders accrue points that are redeemable for products and services from participating vendors. As at 31 December 2010, Akbank had issued 10.1 million cards (4.9 million credit cards and 5.2 million debit cards), of which 4.2 million carry the Axess card label. Since introducing the Axess card label in November 2001, Akbank's share of the domestic credit card issuing business, based on the number of cards issued, has been fairly steady, from approximately 14.4% in 2007, down to 13.4% at the end of December 2010. The volume of outstanding retail credit card loans was TL6.6 billion as at 31 December 2010 (compared to TL5.8 billion and TL4.8 billion as at 31 December 2009 and 2008, respectively).

In addition to issuing cards, Akbank has focused on the card voucher "acquiring" business, namely the reimbursement of merchants for charges they have accepted on credit or debit cards. For this purpose Akbank has invested extensively in POS machines, of which it now has 217,661 installed with merchants throughout Turkey. Akbank's management estimates that Akbank has a 15.3% market share in the credit and debit card voucher acquiring business, and has fostered partnerships with most major retailers in order to build its card voucher acquiring volumes further (and to promote acceptance of Akbank's issued cards). Providing the card voucher acquiring service can be an important means of serving Akbank's commercial customer base and penetrating that market segment further.

As at 31 December 2010, Akbank had TL4.4 billion of retail customer assets under management ("**AUM**") (including time and demand deposits, t-bills, mutual funds, repos and stocks).

Alternative Delivery Channels

In addition to traditional branches, the Bank provides services to consumers through various alternative distribution channels and markets these services under the "Freedom Banking" label. Alternative delivery channels are currently an important focus for the Bank. The purpose of this effort is to increase the efficiency of branches as well as to generate revenue through new and current delivery channels. The Bank is enhancing the range of available delivery channels and alternative products in order to move more banking transactions away from traditional branches.

Akbank's alternative delivery channels include internet banking, telephone banking, voice-response systems, WAP banking, SMS banking, iPhone applications and banking kiosks. Akbank has also set up Freedom Banking areas in its retail branches with recently launched self-service non-cash ATMs and direct telephone banking lines for use by customers; from November 2003, all customers holding an Akbank debit card were automatically registered to use the Freedom Banking channels without completing an application. As at 31 December 2010, approximately 3.7 million customers (compared to 3.6 million and 3.3 million as at 31 December 2009 and 2008, respectively) were actively using Freedom Banking options, accounting for 57% of the Bank's total consumer banking transactions.

As at 31 December 2010, the Bank had 632 ATMs. The Bank has also established automated cash deposit machines known as "Beyond Teller Machines" or BTMs. The cash deposit option enables Akbank customers to make deposits 24 hours a day for immediate transfer to the customer's accounts. Currently, Akbank is extending the number of BTMs across its distribution network. With 2,495 BTMs in addition to its ATM coverage, Akbank has an 11% market share of the cash-in/cash-out machine network in Turkey (*source: Turkish Bankers Association*).

The total number of active telephone banking customers was 1.3 million as at 31 December 2010, with 39 million calls received between 1 January 2010 and 31 December 2010. The total number of active internet banking customers was 645,000 with around 33 million transactions per month. Akbank's internet site averaged 3 million visitors per month in 2010 with 8 million visits per month overall.

The Bank has recently increased its mobile banking volume and focused on its image as an innovative bank by launching new products such as iPhone applications. Akbank has more than 1.5 million customers using SMS Banking, which is a type of mobile banking.

Corporate and SME Banking

Overview

The Corporate and SME Banking Unit encompasses two divisions: the Corporate Banking Division and the SME Banking Division. The Corporate Banking Division is responsible for customers with annual revenue in excess of TL85 million. The SME Banking Division covers those customers with the equivalent of between TL500,000 and TL85 million in annual revenue. In January 2010, in line with its strategy to focus on the SME segment, Akbank changed its customer segmentation and formed the SME Banking Division by merging the Commercial Banking Division and the Small Business Banking Division (previously, part of the Retail Banking Unit). The SME Banking Division comprises Commercial Banking, which deals with customers with an annual revenue of between TL10 million and TL85 million, and Small Business Banking which deals with customers with an annual revenue of between TL500,000 and TL10 million. The top ten customers for Corporate and SME Banking as at 31 December 2010 accounted for 11.1% of the Bank's total loan portfolio.

Corporate Banking

Overview

Akbank has more than 1,700 active corporate customers to which it offers a full range of products and services. Active customers are defined by the Bank as customers who currently use at least one product or service of the Bank. Akbank believes its competitive advantage is its long established relationships with its customers.

Akbank has eight corporate banking centres (dedicated branches for corporate customers): six in Istanbul and one in each of Ankara and İzmir. Each corporate banking centre consists of a branch manager and a number of relationship managers, depending on the complexity and density of the target market of the relevant corporate banking centre. The Corporate Banking Division at Akbank's head office monitors the activities of the corporate banking centres. A full range of products and services of the Akbank group is offered to corporate clients, in addition to conventional banking products and services, such as project finance, export/import finance, cash management, treasury and hedging services. Akbank Corporate Banking also has the advantage of being part of a full-service group and offers leasing, portfolio management, investment banking services, capital markets services and insurance services through synergies created with Akbank's subsidiaries. Within this framework, Akbank Corporate Banking manages its relationships through its branch coverage, while specialised services are offered by its centrally-located teams in the head office. In addition, thanks to its presence in Amsterdam, Frankfurt, Dubai and Malta, Akbank Corporate Banking has developed international commercial relationships with globally recognised, large multinational companies over the last few years, in order to differentiate its portfolio and take the first steps of its future growth into new markets.

Project Finance and Syndicated Loans

As part of a long term strategy, Akbank has been increasing its focus on the project, acquisition and real estate finance market in Turkey. Increases in domestic and foreign investments through privatisation and acquisition deals have fuelled the growth in this specialised loan market and the syndicated loan market. Akbank plans to increase its volume of project, acquisition, real estate finance loans and syndicated loans (collectively, "**Project Finance and Syndicated Loans**") as these products are typically high value-added products and offer cross-selling opportunities. Akbank extends these loans to a variety of sectors that include construction, transportation, telecommunications, energy and tourism. In addition, Corporate Banking monitors privatisation programmes closely and provides financing for large scale projects such as direct asset sales, transfers of companies' land use and development rights, share transfers, airport operation rights and hydroelectric power generation projects.

Akbank Corporate Banking believes that the Bank's risk exposure arising from this loan portfolio is reduced as the risks are being carefully measured, managed and backed up by strong collateral and control structures. As at 31 December 2010, Akbank's Project Finance and Syndicated Loans exposure under this category was TL8.3 billion (compared to TL6.9 billion and TL7.0 billion as at 31 December 2009 and 2008, respectively). The compound annual growth rate ("**CAGR**") of Project Finance and Syndicated Loans in Turkish Lira terms between the years 2008 and 2010 was 8.8%.

In addition to commercially oriented Project Finance and Syndicated Loans, Akbank has the ability to extend long-term ECA loans that are insured by international export credit agencies ("**ECA**").

Export/Import Finance

Akbank provides export/import companies with a variety of specialised loans, including foreign currency loans from its own sources as well as Eximbank loans. It also allocates the proceeds from syndicated loans raised in international markets to be used for financing exports. Other kinds of financial support, such as the Instalment-Based Export Credit, offer flexible reimbursements according to the specific needs of the different companies. Akbank's export factoring and forfeiting services are widely used by its corporate customers to facilitate their export operations.

Transaction Banking

Transaction Banking monitors developments in electronic banking and cash management closely and focuses on integration with the corporate resource planning units of its clients. Transaction Banking products include basic collection and payment products, such as tax and social insurance ("SGK") premium collections, cheque clearing, utility payments, all cash transactions, and collections from dealers and distributors with direct debit systems and also innovative products such as Collective Foreign Currency Payments, Supplier Finance Systems and Stock Finance System. In December 2010, Akbank Transaction Banking launched a new product, Stock Finance, for automotive firms and their dealers. Stock Finance enables automotive dealers to use credit from Akbank Internet Branch while buying vehicle stocks. Akbank gives Dealers credit against the "Technical Document" of the vehicle. Dealers need the "Technical Document" when they sell the car, because the customer cannot get a licence without that document. Akbank enters into an agreement with the vehicle manufacturer, which does not give the "Technical Document" to the dealer until the dealer satisfies its credit with Akbank. Dealers are able to get easy access to credit and do not have to give other kind of guarantee or security.

Transaction Banking aims:

- To manage all the payments and collections in the cash flow of the Banks' target customer,
- To develop new products and services in order to facilitate the Bank's customers' payments and collections and offer easy and tailor made solutions according to their needs, and
- To create synergy between different business divisions in the Bank by connecting cash flows of different segment customers in most of the projects

Target customers are:

- corporate and commercial firms whose payment and collection network is wide and is technologically capable,
- retail and micro firms which are distributor, supplier, retailer, vendor of corporate and commercial firms, and
- utility firms

Treasury

Treasury services to corporate clients are offered in collaboration with the Treasury Marketing Division of the Treasury Unit. Treasury products offered include repos, mutual funds, bills, bonds and eurobonds to help companies utilise their idle funds more effectively.

Hedging

Hedging services to corporate customers are offered in collaboration with the Derivatives Division of the Treasury Unit. Akbank offers services in over-the-counter derivatives, organised derivatives and precious metal markets. Various products are developed to meet the needs of corporate customers by analysing their balance sheet risk and services are provided to help corporate customers manage their interest, term and currency risk.

Other services offered to corporate customers include leasing, portfolio management, investment services, capital markets services and insurance services through synergies with Akbank's subsidiaries.

Akbank's corporate loan balance, excluding Project Finance and Syndicated Loans was TL12.8 billion as at 31 December 2010 (compared to TL11.0 billion and TL13.2 billion as at 31 December 2009 and 2008, respectively). The CAGR of corporate loans, excluding Project Finance and Syndicated Loans, in TL terms was -1.2% for the period between 2008 and 2010. Akbank's non-performing loans ratio for Corporate Banking has been 0% for the last three years, which management believes can be attributed to stringent selection criteria for corporate customers, a focus on lending to long term customers and strict risk monitoring. Akbank's Corporate Banking's total cash risk exposure, including the Project Finance and Syndicated Loans portfolio was TL21.1 billion as at 31 December

2010 (compared to TL17.9 billion and TL20.1 billion as at 31 December 2009 and 2008, respectively). The 20 largest corporate customers accounted for 17.1% of the Bank's total loan portfolio as at 31 December 2010.

As at 31 December 2010, the Bank had approximately 1,937 corporate banking customers with at least TL85 million in gross sales per year.

Loans to corporate customers accounted for 36.9% of the Bank's total loan portfolio as at 31 December 2010 (compared to 39.4% and 40.3% as at 31 December 2009 and 2008, respectively).

SME Banking

The SME Banking Unit comprises Commercial Banking and Small Business Banking.

Commercial Banking

Commercial Banking offers financial solutions and banking services to medium-sized corporate customers, including hedging products such as interest rate swaps and cross-currency derivatives, export financing as well as working capital loans (which are based on length of relationship and financial capability). Through its customer relations and risk management programmes, Commercial Banking was able to minimise the effects of the global banking crisis in 2009, both for its customers and for the Bank. When pricing loans, Commercial Banking started using the "Risk Adjusted Pricing" infrastructure (a system adopted across various business segments of the Bank in 2009) which uses the Bank's internal rating system and the indemnity structure of the relevant loan. Akbank believes that this approach provides improved pricing on a client-by-client basis as it takes into account the credibility of the customer and the provided collateral. In addition, in order to improve customer data, Commercial Banking started applying the "Altman Z Score Model" which evaluates the financial status of the relevant customer and projects if such customer could face a severe financial downturn or a bankruptcy within the next two years.

In line with its strategy to focus on SME sector, at the end of 2009, Akbank changed its customer segmentation criteria to focus more closely and effectively on the SME sector and formed SME Banking Business Unit by merging the Commercial and Small Business Banking Units. The SME Banking Business Unit branch organisation is administered by head office and 20 regional head offices. Separate credit approval units have also been formed to cooperate with the Regional Head Offices in order to provide a rapid response to our clients and to better perform risk management activities, and dedicated commercial account officers have been assigned to a number of branches in the Akbank network The aim of the unit is to maintain sustainable and profitable growth and to increase market share in every product; to increase the customer base by continuously improving service quality. It also aims to develop a low cost deposit base, increase efficiency through cost management, achieve net fee and achieve commission income growth through growth in consumer loan, asset management, insurance and alternative distribution channel commissions. The Commercial Banking Department is targeting existing active customers, inactive customers and those that do not at present have the desired transaction size and cross-sell ratios.

The Commercial Banking branch organisation is administered by Akbank's head office and 20 regional head offices. Today, Akbank has 22 fully dedicated commercial banking branches which provide services to businesses with a minimum turnover of TL10 million. These branches are generally located in the developed regions of Turkey where there is high commercial activity and they report to Akbank's head office directly. There are another 165 branches where both commercial and SME customer relationship managers are located, in order to provide a better service to SMEs. These branches are located in 62 cities and report to Akbank's head office via regional head offices.

Account managers at the commercial banking branches are each assigned a portfolio of approximately 60 commercial customers. Account managers have more detailed specialised knowledge of commercial products and services than managers in Akbank's retail branches and offer additional expertise, particularly in the areas of export/import financing and foreign trade. Akbank's aim is to capture a greater share of the amount spent by each of its commercial customers on commercial banking through the further development of its product offerings to commercial customers and to increase its market share and number of customers in the long term.

Akbank's management believes that the diversity of its commercial products is a competitive advantage. Akbank offers a wide range of loan options to its commercial customers to meet their investment financing needs and to increase their competitiveness in local and foreign markets. The Bank provides its commercial customers with the same or similar products and services as are provided to its larger corporate customers. These products include specialised export-related loans, such as instalment-based export loans, loans for cash-against goods transactions, discounting of export receivables, export loans against letters of credit, factoring and forfeiting services.

Akbank also offers tailored solutions for commercial customers, including machinery and equipment financing, raw material procurement loans, truck fleet loans and tourism loans. The common characteristics of these loans are fixed interest rates, repayment in equal instalments, and relatively long-term financing periods (up to 36 months). Additionally, Akbank offers various commercial financing models to accommodate its customers' unique financial structures. For example, instead of providing loans directly to a customer, the Bank may provide loans directly to a customer's potential buyers, thereby increasing both the Bank's customer base and the volume of its loans.

Akbank's management aims to retain its existing customers and maintain a loyal customer base through the effective use of customer relationship management programmes, thorough monitoring of business generated, and devoting sufficient resources such as through a steady increase in the number of account managers. As at 31 December 2010, Akbank had 377 Commercial Banking account managers, compared to 233 and 270 as at 31 December 2009 and 2008, respectively.

An increase in loan costs and a high volatility of exchange rates due to the recent global financial crisis have affected the Turkish economy and the Turkish loan market. As the demand for short-term working capital loans increased during 2008 and 2009 and the demand for long-term investment loans decreased, Akbank managed to respond to its customers' changing demands by offering its customers low cost loans funded by the International Finance Corporation ("**IFC**"), the European Investment Bank ("**EIB**"), KfW Bankengruppe ("**KfW**"), Proparco (*Promotion et Participation pour la Coopération Economique*, a French development agency) ("**Proparco**") and the European Bank for Reconstruction and Development ("**EBRD**"). Over the course of 2010, Akbank continued to offer its customers low cost loans utilising the funds previously obtained from these institutions.

The funding initiative with EBRD is focused on financing private sector sustainable energy. Financing is provided for energy efficiency projects such as industrial energy efficiency, thermal rehabilitation of buildings and small scale renewable investments in geothermal, solar, biomass and biogas energy. Loans funded by EBRD and EIB are designed for general SME lending purposes. Loans funded by IFC and KfW are also designed for general SME lending purposes but with a geographic focus, with 75% of the IFC funding being used to finance loans in regions outside the three main urban centres of Turkey (Istanbul, Ankara and Izmir) and KfW funding being focused on specific rural parts of Turkey and in particular the south-east region.

These loans have helped Akbank to keep its interest rates at a reasonable level. At the same time, Akbank has managed to keep a fairly low non-performing loans ratio throughout this period thanks to an advanced risk management system. See "Risk Management".

Commercial Banking's and Small Business Banking's prudent, risk-based approach to loan pricing allowed the division to expand its client portfolio whilst maintaining a low non-performing loan ratio for SME loans of 2.8% as at 31 December 2010 (compared to 5.5% and 3.1% as at 31 December 2009 and 2008, respectively).

Small Business Banking

Small businesses are classified as those with an annual revenue of between TL500,000 and TL10 million.

As at 31 December 2010, Akbank had approximately 103,436 small business customers.

As at 31 December 2010, Akbank had a total of approximately 721 relationship managers for small business banking.

Akbank provides customised products to its small business banking customers and these are tailored to their particular industry sector. Small Business Banking offers customised banking packages consisting of banking transactions for customers from different segments, sectors and regions, such as Tourism, Pharmacy, Food Wholesaler, Construction Contracting, Franchise, Stationery and Transport Sector support packages. These packages contain various products and services including, but not limited to, cash and non-cash loans, cheque books, POS devices for credit card transactions, salary payments, tax and social insurance payments, bill payments, automatic payment/collection systems, company credit cards, treasury bills, mutual funds and foreign trade transactions. For example, Akbank offers a tourism-linked product which links repayments to seasonal cashflows, as well as offering, among other products, special rates for credit card transactions (due to the large volume of tourism related payments made by credit card).

Loans are priced in accordance with the risk profiles of individual customers. In 2009, the loan pricing process was automated and a Risk Adjusted Pricing Model was adopted. As part of this model, creditworthiness and previous behaviour of customers were analysed and reflected in the calculation of credit scores, and loan pricing for each customer is based on this analysis. As the introduction of this model is relatively recent and as the economic situation has improved in 2010 compared to the two previous years, it is difficult at this stage to determine how (if at all) this model has contributed to the decrease in NPL ratios for this business segment. For more details, see "Risk Management".

In 2009, funding totalling €20 million was secured by Akbank from KfW under the SELP II loan programme to finance SMEs in priority development provinces. The primary goal of this credit facility is to create employment. The credit is extended to small businesses that are located in priority development provinces such as Sınop and Tuncelı and meet the SELP II criteria.

In 2010, Akbank participated in different international and domestic credit programmes, the goal of which was to increase availability of funding to micro, small and medium sized enterprises.

Akbank worked in cooperation with the Small and Medium-Sized Industry Development Organisation (KOSGEB), a quasi-governmental institution affiliated to the Ministry of Industry and Trade of the Turkish Republic, on two models in order to increase the effectiveness and enhance the competitiveness of small and medium-sized firms. The first model provides interest-subsidised funding support up to TL80,000 for small and medium size firms. The second model offers interest-subsidised financing to export oriented small and medium-sized firms that meet the initial criteria for this loan. Qualifying firms can borrow up to US$300,000 with a maturity of 6 months. In addition to KOSGEB cooperation, Undersecretariat of Treasury and Akbank have implemented a support programme based on providing an interest subsidy for SME's financial needs up to TL500,000.

Akbank SME Banking had been offering enhanced funding activities and credit programmes to SMEs through cooperation with multilateral institutions. Under a newly signed loan agreement with EIB, the Bank provides €75 million support loan to SMEs in Turkey. The loans consist of a combination of EIB funds (80%) and European Union grants (20%) for concessional financing to smaller Turkish companies. EIB loans are designed to support funding needs of SMEs up to €5 million.

Another opportunity for financing SMEs through the multilateral funds is based on the loan agreement with IFC. The aim of the programme is to promote growth of SMEs at the current difficult global economic context, by providing loans up to US$2 million.

Treasury

Akbank's Treasury is based at Akbank's head office and provides Treasury Management services to domestic and foreign branches of Akbank. The Treasury consists of the Assets and Liabilities Management & FTP Division, Treasury Marketing Division, Treasury Management Division, Trading & Derivatives Division and Capital Markets Division. Akbank is dominant in both primary and secondary debt markets. Akbank's Treasury function engages in proprietary trading according to comprehensive VAR limits on the product types that the Board sets for.

FTP & Balance Sheet Management Division

The Division manages the balance sheet and off balance sheet interest rate exposure of the Bank in line with the medium term market view of the Bank determined by ALCO and the Senior Risk Management Committee risks and other limits by the Board.

In addition, the Division models and calculates Funds Transfer Prices for business units in the Bank. The department optimises profitability and risk management principles and directs Bank balance sheet and income statement.

Treasury Marketing Division

The Treasury Marketing Division prices and markets treasury products and financial solutions to corporate, commercial, private and retail customers by direct contact and through alternative delivery channels. These products include spot and forward foreign currency transactions, fixed-income products, derivatives, Turkish Lira and foreign currency deposits, and repos.

Competitive foreign currency pricing, in particular, has contributed to the steady rise in Akbank's market share in foreign trade related payment transactions.

Most customer-related derivatives business includes foreign currency forwards, foreign currency options-based products (such as plain vanilla options, collars, and binary options), interest rate swaps, and currency swaps. The Treasury Marketing Division analyses corporate/commercial customers' needs and creates products for corporate risk management. The Division offers return enhancing products, such as dual currency deposits for all of its clients.

The Treasury Marketing Division plays a key role in the pricing of both domestic and foreign currency deposits. In addition to providing regular updates on markets, the Treasury Marketing Division's sales section regularly visits existing and potential customers to introduce new products and services.

Treasury Management Division

The Treasury Management Division manages the foreign currency and Turkish Lira liquidity of the Bank. The Division engages in foreign currency and Turkish Lira borrowings and placements through domestic and international money markets.

The Division provides quotations in the interbank market and engages in FX and Turkish Lira OTC money market trading. Akbank is also active in participating open market operations of the Central Bank.

Treasury Management Division is responsible for management of the Bank's reserve requirement obligations. In this respect, the Bank's FX/TL reserve requirement obligations are met flexibly in accordance with the liquidity policy.

Trading and Derivatives Division.

The Trading and Derivatives Division's function is to provide competitive pricing through the markets for the products the Division is responsible for. The product range includes G7 currencies, domestic and international fixed income products, cross-currency and interest rate swaps, hard commodities and derivatives.

The Fixed Income Securities Management Section focuses on managing the fixed income portfolio of the Bank according to limits set by the Board. Akbank Treasury is the market leader in secondary fixed income market and a major counterparty for international banks for fixed income instruments.

The section engages in high volume transactions executed via the Istanbul Stock Exchange, OTC markets, brokers and electronic trading channels. The Bank is officially a primary dealer for domestic fixed income securities.

The Division increased its fixed income securities portfolio in 2010. In a low interest rate environment, Akbank has focused on high yielding products and shifting asset mix from securities to loans. Accordingly, over time, the Division expects to reduce the portfolio and increase funds made available for lending.

The Derivative Trading Section runs the Bank's option book and takes proprietary positions on FX options. It manages the option book taking account of the various price sensitivity measures. The section develops various structured products to meet the needs of corporate and commercial clients for tailor made financial solutions. Similarly it also designs plain vanilla products for retail and private banking customers.

The section provides liquidity by taking positions in foreign exchange contracts at Turkdex, Turkish Derivatives Exchange, in the name of the Bank. Akbank is one of the Primary Dealers at Turkdex Foreign Exchange Market.

Capital Markets Division

The Capital Markets Division consists of two units: Product Management and Akbank Investor Center.

Akbank Investor Center is a sale channel that acts as an intermediary on the domestic equity and futures markets for retail, private and corporate customers with an equity transaction volume over a certain threshold. Customers served by Akbank Investor Center are those who are looking for professional investment advice and recommendations in buy/sell decisions.

The Capital Markets Division's objective is to establish and develop an appropriate service model to increase the Bank's market share of equities and related products. The division sets up goals and strategies and also engages in product development.

Other responsibilities of the Capital Markets Division include facilitating coordination between subsidiaries operating in the capital markets and overseeing relations with regulators.

Private Banking

Akbank's Private Banking Unit was established in March 2001 to provide exclusive and customised banking and investment services for high net worth individuals. The minimum account-opening limit is TL500,000 of assets under management with Akbank for private banking customers. Akbank provides its private banking services through its nine dedicated branches (in the Etiler, Nişantaşı, Suadiye, Bakırköy and Kozyatağı districts of Istanbul as well as in Ankara, Izmir, Bursa and Adana) and the Unit is separated into a Marketing Group and an Investment Group. The Investment Group produces investment ideas, delivers new products designed in partnership with Akbank Treasury or Ak Asset Management and provides trade execution solutions to the Marketing Group. The Investment Group provides its clients with various financial and investment products and services both in local and international markets through customer relationship managers. Each customer relationship manager has a portfolio of up to 20 customers and, consequently, has the ability to provide high quality and effective service to each customer.

As at 31 December 2010, the total value of assets under the management of the Private Banking Unit amounted to approximately 19.9 billion, compared to 16.4 billlion and 14.1 billion million as at 31 December 2009 and 2008, respectively.

International Banking

Akbank's International Banking Unit manages the international fund raising activities of the Bank, as well as the Bank's correspondent banking relationships, and sets credit limits and risk management policies for financial institutions. In August 2010, the International Business Development department was established within the International Banking Unit. The main responsibilities of this department are to offer a complementary service to clients, to support their business activities internationally and to originate proprietary deals for the Bank. To achieve this, the department uses several methods, including but not limited to expanding the relationship between the Bank and FIs and corporates in those countries, strengthening the market share of the Bank in the foreign trade business, closely monitoring those countries to identify potential clients, referring the potential deals to the related business lines and even suggesting the Bank to establish a presence in that country as a representative office, a branch or a subsidiary if necessary. The Foreign Borrowings Division arranges the Bank's cross-border financing transactions and the Financial Institutions Marketing Division manages the Bank's correspondent banking relationships and is responsible for short term fund raising activities, including syndications. Akbank's international borrowing activities are aimed at obtaining long-term funding at competitive rates by using different borrowing instruments and diversifying sources of funding by reaching new investors. The cost advantage is then transferred to Akbank's customer base. The Limit and Risk Management Division is responsible for establishing and monitoring credit lines and risks for financial institutions relating to their customers' trade finance business and their daily treasury activities. All syndicated loans, multilateral loans and remittance-backed financing undertaken by the Bank requires the approval of the Board of Directors.

In November 1999, the Bank raised US$400 million through its foreign currency denominated present and future remittances (worker remittances, cash against goods, cash against documents, letters of credits, cheque remittances and other third party payment orders). A further US$3.9 billion was raised between 2000 and December 2010, including re-financings. As at 31 December 2010, the outstanding amount was US$1.9 billion. The purpose of this transaction was for the Bank to obtain long-term funding at competitive cost and improve its investor base. The final maturity date for this financing is in June 2018.

In December 2005, the Bank raised US$500 million through its foreign currency denominated present and future remittances from credit card payment associations. As at 31 December 2010, the outstanding amount was US$247 million. The purpose of this transaction was for the Bank to obtain long-term funding at competitive cost and improve its investor base. The final maturity date for this financing is in October 2013.

The International Banking Unit manages the Bank's correspondent banking relations, which are essential to the Bank's processing of cross-border payments to its customers and other payees in Turkey. The Unit provides support to customers in their foreign trade transactions and investment projects in the form of letters of credit, letters of guarantee and promissory notes with its comprehensive network of international correspondent banking spanning 116 countries and long-standing correspondent banking relationship, and provides long-term financing through export credit agencies. On 25 June 2009, Akbank signed a framework agreement with the Export Credit Bank of China for a loan facility of US$100 million to be used for financing trade transactions with the

People's Republic of China. On 9 October 2010 a framework agreement was signed between China Development Bank and Akbank for strategic cooperation on infrastructure projects, trade and corporate referrals. The main purpose of this framework agreement is to strengthen the business relations between the parties and to reciprocally serve their clients in infrastructure projects, trade, corporate referral businesses which involve Chinese and Turkish components.

In 2008, Akbank signed a loan agreement with Proparco for €50 million to support the Turkish SME sector. Akbank also signed two separate loan agreements with KfW. The first agreement was for €77 million to support Turkish SMEs and the other for €20 million to provide finance to Turkish small and micro businesses and entrepreneurs.

In 2009, Akbank signed two separate loan agreements with EIB for €100 million and €150 million, with maturities of eight and seven years, respectively. In 2010, Akbank signed two separate loan agreements with EIB for €50 million and €75 million respectively, each with a maturity of five years. As a result, the total funding Akbank has secured from EIB since 2007 reached €835 million.

In 2010 Akbank also signed separate loan agreements, one for US$75 million with IFC and the other for US$60 million with EBRD. These facilities allow Akbank to provide low-cost loans to small and medium-sized firms. The agreement for these loans includes provisions on economic growth, social welfare and environmental protection consistent with Akbank's corporate social responsibility policies.

In March 2010, the Bank signed a syndicated loan for US$1.2 billion. This loan has a maturity of one year. It includes the participation of 55 banks from 21 countries and consists of two tranches of €584.5 million and US$437.5 million and an all-in cost of Euribor + 1.5% and Libor + 1.5%, respectively. At maturity, Akbank is aiming to review this facility at reduced cost of Libor/Euribor + 1.1%. Akbank believes it will be able to obtain new short-term loans from its relationship banks when the current short-term loans mature.

On 22 July 2010, Akbank accessed the capital markets for its debut international bond issue and raised US$1 billion at a coupon rate of 5.125% for 5 years. Bank of America Merrill Lynch, Citi, JP Morgan and Standard Chartered Bank acted as Joint Lead Managers and Joint Bookrunners. The deal was rated by BBB- and Ba1 by Fitch and Moodys respectively. The transaction was structured as a direct issuance, unlike previous financial institution issuance which had been structured as loan participation notes. The direct issuance structure is simpler, it is in line with the Capital Markets Board guidelines and the decision to adopt the direct issuance approach anticipated the changes to rules over withholding-tax on securities investment in Turkey which have recently been made. The transaction was well distributed and substantially oversubscribed.

On 16 August 2010, Akbank issued an additional US$862 million under its future flow securitisation programme, comprising of US$304 million of fresh funding and US$557 million further advance for refinancing. The issued notes were privately placed with the European Investment Bank, the International Finance Corporation, Standard Chartered Bank, Wells Fargo and WestLB. This transaction was the first future flow transaction issued from the EMEA region since 2009. It was also the first IFC-supported future flow transaction in the EMEA region and the second time EIB has provided funding to Akbank through this programme.

On 17 August 2010, Akbank raised a €1 billion equivalent dual tenor, dual currency term loan facility, the largest syndicated credit transaction raised by a financial institution in a developing country in 2010 with the participation of 52 banks from 19 countries, consisting of €780 million one year tranche and €220 million two year tranche. The syndicated loan facility is the first two year Euro denominated loan by a Turkish bank since the onset of global financial crisis. All-in cost of the facility is Libor/Euribor + 1.30 for the 1 year tranche and Libor/Euribor + 1.75% for the 2 year tranche. At maturity Akbank is aiming to renew this facility at reduced cost. Akbank believes it will be able to obtain new short-term loans from its relationship banks when current short-term loans mature. With this transaction total funds raised through syndicated loans reached US$2.5 billion in 2010.

Akbank aims to roll over its syndicated loans in the future on terms to be determined by the Board of Directors.

As part of the Bank's international business development strategy, Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank T.A.Ş., was established in 2009 at the United Arab Emirates Dubai International Financial Center ("**DIFC**"). The banking licence was obtained on 8 November 2009 from the Dubai Financial Services Authority ("**DFSA**"), the agency responsible for regulating and overseeing financial services at the DIFC. Based on this licence, Akbank (Dubai) Limited is planning to undertake advisory services for financial products as well as brokerage services for credit and investment products and custody transactions. Through services such as intermediating in mergers and acquisitions, managing IPOs and dual listing of Turkish companies, selling Turkish equities and bonds, acting as placement agent or arranger for funds, raising debt for financing long and medium term projects in Turkey and providing private banking services in the GCC by using its expertise and knowledge, Akbank aims to expand its customer base in the region.

Capital Markets and Non-Banking Financial Activities

Akbank conducts its non-banking financial activities through its subsidiaries, namely AKSecurities, AKAssetManagement, AKInvestment Trust and AKLease. Product and service offerings of these subsidiaries are also marketed through Akbank branches.

AKSecurities

Founded in 1996 to provide brokerage services for capital markets, AKSecurities is a 99.8%-owned subsidiary of Akbank. At the end of 2009, all domestic custody accounts, together with all assets of investors of AKSecurities were transferred to Akbank. As at 1 January 2010, AKSecurities had transferred more than 200,000 domestic customer accounts to Akbank. The purpose of the transfer was primarily to improve cost efficiency by serving these customers using Akbank's existing infrastructure and create additional synergy by marketing other products of Akbank to these customers.

Domestic retail customers perform their transactions through Akbank's Private Banking branches, Akbank Capital Markets Unit and at more than 900 Akbank branches. In addition, customers have remote access for capital markets transactions on the internet 24 hours a day (www.akbank.com).

Through its International Institutional Sales Division, AKSecurities offers foreign institutional customers brokerage services for Turkish capital markets products.

With its team of experts, the Corporate Finance Department provides advisory services to domestic and foreign companies for public offerings, mergers and acquisitions and financial partnerships, as well as active advisory services on the buy-side or the sell-side in privatisation deals.

AKAssetManagement

Established in 2000 to provide asset management services for capital markets to institutional and individual investors, AKAssetManagement is a 99.99% owned subsidiary of Akbank.

As at 31 December 2010, AKAssetManagement handled the assets of 50 portfolios for three issuers, 28 mutual funds for Akbank, one mutual fund for AKSecurities, 18 funds for AvivaSA Pension, two funds for Akbank SICAV as well as the AKInvestment Trust. AKAssetManagement also provides discretionary asset management services for large individual investors as well as large institutional investors, tailored to their financial expectations and risk profiles. Total AUM increased to TL8 billion as at 31 December 2010 from TL6.3 billion as at 31 December 2009 which had in turn increased from TL5.0 billion as at 31 December 2008.

As at 31 December 2010, AKAssetManagement was Turkey's third largest mutual fund management company in terms of AUM according to the CMB. Total AUM of mutual fund portfolios managed by AKAssetManagement amounted to TL4 billion as at 31 December 2010 (compared to TL3.8 billion and TL3.4 billion as at 31 December 2009 and 2008, respectively), representing a market share of 12%.

AKAssetManagement is the leader in terms of AUM in the Turkish pension investment fund management sector according to the CMB. Total AUM of the pension investment fund portfolios managed by AKAssetManagement amounted to TL2.6 billion as at 31 December 2010 (compared to TL2.0 billion and TL1.4 billion as at 31 December 2009 and 2008, respectively), representing a market share of 21%.

Total AUM in the discretionary portfolio management business line amounted to TL1.27 billion as at 31 December 2010 (compared to TL528.0 million and TL222.4 million as at 31 December 2009 and 2008, respectively), representing a segment market share of 31% (*source: CMB*).

AKAssetManagement aims to be a leader and pioneer in the Turkish asset management market through innovative product design such as the gold and precious metal investment fund and the capital protected funds issued by Akbank T.A.Ş. and managed by AKAssetManagement.

AKInvestment

Founded in 1998 to manage a portfolio of capital markets instruments in the domestic and international markets within the framework of the Capital Markets Law and Capital Markets Communiqués, AKInvestment is a 70.04% owned subsidiary of Akbank. As at 31 December 2010, AKInvestment ranked sixth and third, in terms of issued capital and AUM, respectively, among 26 investment trusts in Turkey. As at 31 December 2010, AKInvestment had a 6.99% market share (*source: ISE*) and had achieved an annual return of 10.6% over the period from 1 January 2010 to 31 December 2010.

AKLease

A 99.99% owned Akbank subsidiary founded in 1988, AKLease provides leasing solutions for goods and equipment investments for companies. AKLease's services cover all of Turkey through AKLease's 9 branches.

As part of its risk management approach, AKLease generally works with reputable businesses in various sectors and segments and, in generating new business, AKLease has been focusing on the energy, infrastructure, health, commercial real estate, education and logistics sectors to achieve a good level of diversity. This, together with a focus on risk management, has enabled AKLease to maintain a low NPL ratio which, as at 31 December 2010, was almost a quarter of the average NPL ratio throughout the Turkish leasing industry. AKLease's NPL ratio was 3.2% as at 31 December 2010 and 4.2% and 4.3% as at 31 December 2009 and 2008, respectively, compared to the Turkish industry's average NPL ratio of 12.2%, 12.2% and 6.4% as at the same dates.

As at 31 December 2010, AKLease ranked third in the sector in terms of gross transaction volume according to FIDER, the Turkish Leasing Association. AKLease's net lease receivables were TL982.2 million as at 31 December 2010 (compared to TL962.7 million and TL908.9 million as at 31 December 2009 and 2008, respectively).

In terms of net lease receivables, AKLease's rank in the Turkish leasing industry has been raised from seventh position in 2008 to fourth in 2009 and to third in 2010. AKLease's market share of the Turkish leasing industry increased from 6.5% in 2008 and 8.9% in 2009 to 10.0% in December 2010 (*source: FIDER – Turkish Leasing Association*).

AKLease constantly works on developing new products to meet its customers' needs as well as offering financial models tailored to the unique characteristics of each customer. For instance, in greenfield energy projects, AKLease provides grace period arrangements covering the construction and installation period.

AKLease has also extended its activities to the aviation industry, a niche area for leasing as in many other industries, and has generated the highest volume of transactions in the sector, both in 2008 and in 2009 (*source: FIDER – Turkish Leasing Association*). AKLease's leasing business in the aviation industry covers both new and second-hand aircraft leasing. AKLease intends to continue to be actively involved in the investments of those SME, commercial and corporate segment customers which make significant contributions to Turkey's economic growth.

Other Business Units

Overview

Akbank's other business units are Information Technologies, the HR and Support Unit, the Operations Unit, the Financial Coordination Unit, the Payment Systems Unit and the Strategy Unit.

Information Technologies

Akbank's Information Technologies Unit is divided into four divisions dealing with project management, application development, operations and technical support and hardware maintenance. Due to the Bank's "Technology Transformation Programme" (which is being developed to enable sales orientation in all banking systems), growth in ATMs and POS machines and the Bank's commitment to provide newly available technology to customers for the use of its products and services, IT has become a significant investment for Akbank. Overall expenditure on IT, including infrastructure as well as software projects and new distribution channels, amounted to TL166 million for the period ended 31 December 2010 (compared to TL94.7 million and TL107.4 million for the same period in 2009 and 2008, respectively). Overall budgeted expenditure for IT in 2011 is TL205.4 million.

Akbank's IT production environment, which is located in Istanbul, is supported by a disaster recovery system in the disaster recovery centre managed by IBM, located in Izmir, approximately 400 km from İstanbul. In a disaster recovery situation, the disaster recovery system would serve as the Bank's production system, using the latest available data through digital lines. System tests and banking application tests at the disaster recovery centre are carried out twice a year. There has been no reported attack to the main system (including identity theft) in the last three years.

Akbank's IT projects are designed to improve customer service by integrating the branch network with the central IT processes and by making the Bank's services and products conveniently available to its customers through means such as ATMs, internet banking technology, the call centre, interactive voice-response system, WAP and mobile banking, and kiosks.

Akbank has been ISO 9001:2000 certified since 1999 and has complied with the Control Objectives for Information and related Technology ("**COBIT**") set of best practices for information technology, a bi-annual BRSA requirement since 2006. The Bank's COBIT assessment for the years 2006 up to 2010 was carried out by PricewaterhouseCoopers.

HR Unit

The HR Unit consists of the Personnel and Internal Services Division, Organizational Development, Recruitment, Training, Compensation and Performance Management units, and the Office of the Board of Directors.

Credit Follow-Up and Support Unit

The Credit Follow-Up and Support Unit consists of (i) three divisions: the Legal Advisory Division, the Non-Performing Loans Follow-Up Division and the Procurement Division; and (ii) one group, the Architecture Office. These units handle the Bank's own purchasing and architectural functions such as branch design and remodelling.

Operations Unit

The Operations Unit consists of five separate divisions: the Branch Operations Division, the Call Centre Division, the Treasury and Capital Markets Operation Division, the Credit Card Operations Division and the Quality and Process Management Division. Akbank has centralised its major operations functions since 2002. Today, many operational processes such as Money Transfers, Check and Bill Operations, Trade Finance Operations, Loan Operations, Archiving, Alternative Delivery Channel Services, Insurance Transactions and Account Openings are being handled at an operations centre located in Şekerpınar, İzmit. The rationale behind this process is to allow branches to run more efficiently and at lower cost and to focus on providing relationship management services by moving routine operations away from the branches.

Financial Coordination Unit

The Financial Coordination Unit is divided into the Financial Coordination and International Reporting Division, the Budgeting and Management Reporting Division, and the Investor Relations Division. The Financial Coordination Unit is mainly responsible for the preparation of statutory financial statements as well as reports to regulatory authorities, coordination of the Bank's financial accounting process, budget preparation, various management reports and coordination of relations with investors, analysts and rating agencies.

Payment Systems Unit

The Payment Systems Unit comprises the Debit and Credit Cards Division and the Merchant Relations Division.

The Debit and Credit Cards Division is in charge of managing the current card portfolio, improving the existing products and creating new products and/or product features. The Merchant Relations Division is responsible for the acquisition and relationship management of both key accounts and merchants.

Strategy Unit

The Strategy Unit consists of three separate divisions: the Strategy Division, the Product and Channel Development Division and the Customer Relationship Management Division (the "**CRM Division**").

Strategy Division

The Strategy Division consists of the Strategy Group and the Project Planning and Execution Group.

The Strategy Group manages the Bank's annual strategic planning cycle that starts in July and ends in January and involves all relevant parties and top management during the process as necessary. Outputs of the cycle include strategic priorities of the Bank and strategic initiatives to be implemented. Macroeconomic scenarios for the following year are set out by the Economic Research Group in July and August and are presented at the September Annual Strategy Meeting. At the September Annual Strategy Meeting, workshops and directed discussions on the following year's priorities and targets take place. In mid-October, the Board of Directors signs off the results of the September Annual Strategy Meeting and provides feedback on points such as highlights of the following year's strategy and mid-term vision and list of strategic initiatives. Meanwhile, the Financial Coordination Business Unit, together with all relevant business units and top management, prepares the budget in line with the strategies identified. Also, the Strategy Group, the Product and Channel Development Division, the Alternative Distribution Channels Division and all other relevant parties develop the distribution channel expansion strategies for the next three years and prepare detailed plans for the following year. These measures are then translated into strategy maps and corporate scorecards which are approved by the Board of Directors in December. The global strategy for the Bank is then disseminated throughout the Bank in January. The Strategy Group also acts as an internal management consulting group and carries out consulting projects for the Bank's top management and all business units.

The Project Planning and Execution Group manages the strategic initiatives that are identified as a result of the annual strategic planning cycle throughout the year. The Group is responsible for the planning, management and execution of the strategic initiatives. The Group organises workshops with the business units to set each project's scope, milestones and key performance indicators and to create a project plan. Through a project's lifecycle, the Group monitors and facilitates the implementation of project plans and reports progress to top management regularly. It also ensures that management consulting projects are executed in accordance with project contracts.

Product and Channel Development Division

The Product and Channel Development Division comprises the Channel Development Group and the Product Development Group.

The Channel Development Group is responsible for developing and overseeing expansion strategies for physical distribution channels (branches and ATMs) of the Bank. In the fourth quarter of each year, three-year branch and ATM expansion plans and high level investment budgets are determined based on three-year market forecasts, branch/ATM number market share targets and the strategic priorities of the Bank. City-by-city market share analyses of the Bank relative to the leading competitors are made in order to identify those cities where there is further expansion potential. More advanced studies, such as field visits, competition mapping, residential and industrial developments within the relevant city, are made for those target cities identified in the city-by-city market share analyses. More detailed city-by-city annual expansion plans and the related investment budgets are prepared and presented to the Board of Directors. Upon approval, the branch expansion plan, including finding the branch location, coordination of the involved parties for rent negotiations, construction, human resources allocation, is implemented. The implementation of ATM expansion is executed by the Alternative Distribution Channel Division. The expansion strategies and the annual implementation performance are reviewed twice a year.

Banks increasingly focus on how well the new product development process is working within their institutions. This interest in the new product development results from the combined pressures of increased competition, a rapidly changing marketplace, technological advancements and pending legislative changes.

The Product Development Group is responsible for the launch of new products and services. The Group aims to strengthen the Bank's awareness of the latest developments and trends in banking products and technologies, as well as customer trends and expectations. Product development process is a two-stage process: one involves idea generation, product design and detailed analysis; the other involves market research and marketing analysis. The Product Development Group identifies product areas with large market size and/or high growth potential and where the current market positioning of the Bank can be further improved. The new product development efforts are focused on those identified areas. All new product ideas generated either by the Product Development Group or by the other divisions are centralised and are prioritised according to profit, market share and image impact potential. Together with the Bank's marketing divisions (retail, commercial, private, corporate, alternative distribution channels, etc.), the Product Development Group prepares detailed marketing concepts and assesses the feasibility of the prioritised ideas. The product proposals are presented to the top management and the Board of Directors. Upon approval, detailed technical and business implementation of the selected concepts are executed in collaboration with the Bank's marketing divisions.

CRM Division

With a view to design a strategy aimed at creating competitive advantage in the market, the CRM Division comprises three groups in charge of setting up a comprehensive structure towards designing, planning, executing and monitoring customer relationship management systems. These groups are the CRM Strategic Development Group, the CRM Analytics and Automation Group, and the CRM Applications Group.

The CRM Strategic Development Group designs innovative CRM concepts and implements strategic CRM projects. The Group is also in charge of customer data quality management and the development and implementation of customer and portfolio oriented CRM applications.

The CRM Analytics Group concentrates on customer data mining, modelling and market segmentation. It also designs, implements and pilots new marketing and real time marketing automation systems, while enhancing existing applications according to business need.

The CRM Applications Group coordinates the CRM Adaptation Programme and the training of the sales force. Sales force feedbacks are consolidated and evaluated and CRM systems are monitored for the continuous development of sales automation applications according to business strategies.

Human Resources

As at 31 December 2010, Akbank had 15,330 employees, 10,110 of whom were based in regional directorates and branches. The following table sets out the number of domestic branch employees over the last three years.

	Number of Employees
31 December 2008	9,088
31 December 2009	8,653
31 December 2010	8,817

Akbank places emphasis on ensuring that employees have the level of education suitable for operational effectiveness and a career at Akbank. Akbank's training centre is used for numerous training programmes designed for all levels of the Bank's staff. Akbank's employees received comprehensive orientation and training regarding Akbank's strategy in an effort to enable them to gain an understanding, sense of ownership, and proficiency in the business of the Bank. In 2003, Akbank began "career training" programmes, designed to equip all branch staff with the knowledge and skills required by their positions.

Through 2010, a total of 14,877 employees took part in Akbank's various training programmes. During this period, each employee received 64.2 hours of training on average, including in-class, e-learning and on-the-job training. As at 31 December 20010, Akbank had invested TL5.5 million in training programmes.

As at 31 December 2010, Akbank had 15,530 employees on its payroll. Of these, 5,053 were employed at the Bank's headquarters, 343 in regional offices, and 8,827 at the branches. Akbank also employs 1,107 security officers. The average age of Akbank's employees is 32 years and, excluding security personnel, 92% of them hold at least one university degree.

For 2010, Akbank provisioned TL51.0 million for incentive compensation and performance bonus payments to employees.

Akbank Staff Pension Fund Trust (the "**Trust**") has focused its activities concerning the current (employed) and retired members on the provision of healthcare services in 2010. Highlights of operations are as follows:

- total assets of the Trust increased from TL854.2 million as at 31 December 2009 to TL886.2 million as at 31 December 2010;
- the number of retired members with allocated pensions rose from 11,261 as at 31 December 2009 to 11,422 as at 31 December 2010;

- in 2010, TL149.3 million was paid out to pensioners, the disabled, widows and orphans (compared to TL135.6 million as at 31 December 2009); and
- healthcare assistance increased from TL62.2 million in 2008 to TL71.9 million in 2009 and to TL80.6 million in November 2010.

The Trust is internally reviewed. There is currently no deficit in the Trust.

Subsidiaries and Affiliated Companies

The following table sets out Akbank's ownership interest in its subsidiaries and affiliates and the carrying value of those interests as at 31 December 2010:

	% of share	Carrying value in TL thousands	Business
Ak B Tipi Yatırım Ortaklığı A.Ş. (Ak Investment Fund)	70.04	24,584	Investment
Ak Portföy Yönetimi A.Ş. (Ak Asset Management)	99.99	3,592	Portfolio Management
Ak Global Funding B.V.	100.00	34	Fund Management
Ak Finansal Kiralama A.Ş. (AkLease)	99.99	121,088	Leasing
Ak Yatırım Menkul Değerler A.Ş. (Ak Investment)	99.80	61,400	Brokerage
Akbank N.V.	100.00	679,975	Banking
Akbank (Dubai) Limited	100.00	2,243	Banking

Akbank conducts overseas operations through its subsidiaries in the Netherlands (Akbank N.V.), Germany (Akbank AG) and Dubai (Akbank Dubai Limited) along with a branch in Malta.

Akbank N.V. a wholly-owned subsidiary of Akbank T.A.Ş., was established in 2001 as a Dutch bank under the Banking Law and Regulations of the Netherlands. Akbank N.V. is a commercial bank licensed to undertake all banking transactions under the supervision of the Dutch Central Bank and the Dutch Financial Markets Authority. In November 2008, Akbank N.V. relocated its head office from Rotterdam to Amsterdam. Akbank N.V. also covers Germany through its branch in Essen. Akbank N.V.'s core business areas include corporate, retail and private banking as well as treasury activities; the Bank is also an active player in trade finance. Akbank N.V. provides savings and deposit products for the Dutch and German retail markets.

Akbank AG is a wholly owned subsidiary of Akbank N.V. Akbank AG was initially founded as Akbank T.A.S. Niederlassung Deutschland, the German branch of the Bank. The branch received its full banking licence in 1998 from BaFin and provided retail and corporate banking services. In 2005, the management of Akbank decided to terminate its retail banking activities in Germany and focus solely on corporate banking. In line with this decision, Akbank AG was transferred to Akbank N.V. in May 2007. Akbank AG's core business lines include corporate lending and factoring.

As part of the Bank's international business development strategy, Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank T.A.Ş., was established in 2009 at the DIFC. For more information on Akbank (Dubai) Limited, see "Business of Akbank – Akbank's Business Segements – International Banking".

Akbank has also conducted overseas activities through its branch in Malta since 2001, concentrating on corporate banking services, mainly project financing, investment and working capital loans.

Competition

The banking industry in Turkey is highly competitive across each banking segment and sector, and international banks have been showing an increasing interest. Moreover, public banks, which typically focused on government and related projects are increasingly focused on the private sector, leading to increased competition and pressure on margins. HSBC Bank plc acquired, through its 2002 acquisition of Demirbank A.Ş., a broad network of branches in Turkey. UniCredito Italiano acquired 50% of the holding company of Koçbank in 2002 and, in February 2005, BNP Paribas acquired 50% of the shares of TEB Mali Yatırımlar A.Ş., which owns 84.3% of the shares of Türkiye Ekonomi Bankası A.Ş. In 2005, the Koçbank holding company (50% owned by UniCredito Italiano, as described above) acquired 57.4% of the shares of Yapı ve Kredi Bankası A.Ş. with the merger being completed in 2006. In the same year, Fortis Bank acquired 89.3% of the share capital of Türk Dış, Ticaret Bankası A.Ş. and General Electric Financial Services acquired 25.5% of the shares of Türkiye Garanti Bankası A.Ş. In 2006, the National Bank of Greece announced its acquisition of 46% of Finansbank from Finansbank's founding shareholder owners and Zorlu Holding sold its 75% stake in Denizbank to Dexia. Also in 2006, Şekerbank's owners, Şekerbank Social Security Fund and Şekerbank Personnel Fund, signed a share purchase agreement with Kazakh Turan Alem regarding the acquisition by Kazakh Turan Alem of a 34% stake of Şekerbank while Arap Bank Plc and Bank Med participated in the acquisition of 91% of MNG Bank. In 2007, Eurobank EFG Holding (Luxembourg) S.A. acquired a 70% stake in Tekfenbank A.Ş. The sale of 100% of the shares of Oyakbank to ING Bank of The Netherlands was approved by BRSA at the end of 2007. In 2007, Citigroup acquired a 20% stake in Akbank. On 2 November 2010, Banco Bilbao Vizcaya Argentaria entered into an agreement to acquire a 24.9% stake in Türkiye Garanti Bankası A.Ş comprising of 18.6% of the share capital of the bank held by General Electric Financial Services and 6.3% held by Dogus Holding A.Ş, together with an option to acquire further shares from Dogus Holdings in five years' time.

The Turkish banking sector has been restructured substantially and has been harmonising its legislation in line with EU standards. Capital adequacy standards, setting of related lending limits, regulation on accounting practices and ensuring transparency of financial reporting are among the regulations that have been adopted and are in compliance with EU principles. With regard to the state guarantee on deposits, the unlimited deposit guarantee has been lifted.

During the restructuring, the sector has undergone a substantial consolidation as the number of banks has declined from 84 in 1999 to 45 currently. As the legal framework for mergers and acquisitions is developed, further consolidation in the banking sector is expected by Akbank's management in the coming years. Overall, the banking system capital base has been strengthened, fragmentation has been decreased and market risks have been reduced. Akbank's management believes that it is well positioned to compete in the market due to its strong brand, robust capital structure, strong liquidity and conservative funding policy, the diversity and size of its customer portfolio and its widespread branch network.

Out of 45 banks that operate in the market, state banks represent approximately 33% of the sector's assets, the four largest private banks 47%, other medium size banks 12% and the smallest 30 banks 8% of the sector assets. This implies that there is room for further consolidation in the banking sector.

The savings deposit guarantee, although the coverage has been reduced, is still high. Since 1 January 2001, the previously unlimited deposit insurance scheme has been limited to approximately €24,213. Thus, the maximum level of government support in the case of a liquidity crisis is limited to €24,213 per account. Although the coverage limit is on average approximately €65,000 in Western European countries, the deposit insurance coverage limit in Turkey under the Regulation on Deposits and Participation Funds is in practice similar to the full deposit insurance coverage due to the low per capita income. As per capita income is lower, average savings per capita are lower and therefore the size of deposits is smaller and guarantee coverage is in relative terms higher. According to the BRSA's September report, almost 98% of total depositors have deposits of less than €24,213.

Properties

As at 31 December 2010, the total book value of the properties of Akbank (comprising land and buildings) was TL610.9 million compared to TL494.2 million and TL505.7 as at 31 December 2009 and 2008, respectively). 426 branches are located on sites owned by Akbank, and the remainder are leased by Akbank. In addition, Akbank owns its head office, which is valued in excess of TL228.7 million.

Legal Proceedings

Akbank, together with seven major banks operating in Turkey, is subject to investigation by the Competition Board.

Competition in Turkey is mainly regulated by Law No. 4054 on the Protection of Competition (the "**Competition Law**"). The Competition Law is enforced by the Competition Board, which has the power to investigate possible breaches and impose fines.

In August 2009, the Competition Board released a report announcing that it had initiated an investigation of eight major banks, including Akbank, Yapı ve Kredi Bankası, Garanti Bankası, Vakıfbank, Halkbank (the investigation against Halkbank was dropped, at a later stage, due to the expiry of the statute of limitations), Finansbank, İş Bank and Denizbank, regarding allegations of collusion between such banks in relation to the provision of promotions to public and private corporate customers while providing payroll deposit services, in breach of the Competition Law.

In connection with this investigation, the Turkish Competition Board has served the first report, the second report and the third report on the banks, and the banks that are under investigation have responded to each of these reports by rejecting the allegations. A meeting for raising oral defences has commenced on 1 March 2011, and the decision of the Competition Board will be issued following the end of such meeting. Such decision may be challenged before the State Council. To date, the investigation has not resulted in any fine being levied on any of the banks but it ultimately could result in substantial fines being imposed on the banks. Based on reports received from the Competition Board, Akbank does not believe that the investigation will have a significant impact on the Bank.

Internal Control

Internal control is carried out by the Division of Internal Control ("**DIC**") which is independent of all business and management units and reports directly to the Audit Committee. The DIC is intended to ensure that Akbank is able to achieve its goals and long term profitability targets in a safe, prudent and controllable manner by ensuring that business operations are efficient and effective, recorded transactions are accurate, financial and management reportings are reliable and complete and the Bank complies with applicable laws and regulations, internal policies and procedures. The DIC carries out its activities from its headquarters in İstanbul and Akbank's 20 regional offices throughout Turkey.

The DIC consists of three teams, namely Branch Controls, Head Office Controls and Information Systems Controls. DIC personnel comprise one Chairman, three Vice Chairmen, five managers and controllers.

Branch controls are carried out by the controllers who are mainly located in the 20 regional offices of the Bank. Controls are mainly carried out on recent transactions and also examine the control environment and the control efficiency of the branch itself. Transaction controls cover all types of services carried out in the areas of deposits and loans, investment products and operational systems.

Head office controls consist of the establishment and execution of an effective audit environment for the processes of the Bank, risk recognition and assessment, control activities, monitoring and remediation. Head office controllers are located at head office divisions and control the following Bank processes: deposit process, consumer/corporate credit process, accounting process, alternative distribution channels process, bank and credit cards process, financial reporting process, payment systems process, treasury/securities and fund management process. In addition to those processes, any amendment related to any work flow in Akbank is also audited by DIC controllers.

Compliance controls are currently carried out by all the controllers and compliance officers in Akbank's subsidiaries in the Netherlands and Germany (Akbank NV and Akbank AG) and by a controller located in the Malta Branch. Compliance controls consist of monitoring compliance with legislation (other than anti-money laundering regulations), informing concerned units of any non-compliance and monitoring compliance process. In addition to these controls, compliance controls include assessing internal circulars and new products and services.

The Information Systems Control Team carries out periodic controls on the information systems used by the Bank. These periodic controls are divided into two main categories: general and employee-based controls. General controls include reviewing critical changes on the Mainframe environment and checking the security settings of Windows servers, ATMs and kiosks. Employee-based controls, aimed to protect sensitive information, consist of monitoring email and internet traffic as well as scanning computers for unauthorised software. Detailed reviews of information systems or IT-related processes are performed in order to identify security weaknesses and assess compliance with laws and regulations. In addition to the information systems controls, periodic controls are carried out on the alternative distribution channels processes to ensure and maintain an effective control environment.

The Board of Internal Audit

Overview

The Board of Internal Audit ("**BIA**") audits the Bank's head office units, domestic and foreign branches and the companies under its control with respect to compliance with the Bank's mission, strategies and policies, as well as relevant laws and regulations. The BIA's function is to support the Bank and its subsidiaries by providing internal audit and consulting services in compliance with international standards and to ensure that the Board of Directors' objectives and policies prevail throughout the organisation.

The BIA reports directly to the Board of Directors through the Board Member in Charge of Internal Audit and Audit Committee, but also shares the findings of its audits with the top management and, unless confidential, with the audited units. The BIA also provides copies of auditor reports to the public authorities such as the BRSA. The BIA personnel comprise one Chief Audit Executive, five deputy heads, and 201 auditors.

The BIA evaluates risk management, internal control and governance processes in accordance with the BRSA directives and Audit Charter of Akbank.

Planning and performing its functions with a risk-oriented perspective, the BIA contributes to the Bank's operational and credit risk management, the conformity of activities with internal rules and regulations and the improvement of efficiency and service quality.

While auditing the Bank's branches in a risk-oriented manner, the Board of Internal Audit also examines many of the activities of the Bank's head office and subsidiaries. Additionally, the Central Auditing Unit identifies anomalies in the branches' accounts and transactions from the head office. The financial statements and accounting system are also reviewed through financial statement auditing. Furthermore, IT practices are audited through the evaluation of information and systems security.

The BIA is also responsible for conducting fraud investigations and inquiries. Additionally, physical inventory counts and reconciliations are undertaken in order to review the safeguarding of assets.

Evaluating the Loan Approval Processes

The audit procedures of the loan approval processes are as follows:

- *Process Audit*: the loans approval processes for corporate and SME loans approval and consumer loans and credit cards are evaluated and audited in terms of, among other things, policies and procedures and governance of human resources and organisation.
- *Department/Branch Audit*: departments and branches who are in charge of granting loans are evaluated and audited in terms of, among other things, governance, risk management, internal controls and the creditworthiness of the portfolio.
- *Model Audit*: scoring/rating models are evaluated and audited in terms of, among other things, managerial processes, strategy, policies, data collection, design, analysis, modeling, validation, calibration and reporting.
- *Portfolio Audit*: credit portfolio as a whole and/or sub-portfolios which have been broken down according to markets, regions, scores/ratings are evaluated and audited in terms of, among other things, credit worthiness, capability to be repaid and profitability.
- *Product and Campaign Audit*: products and campaigns which have been designed to promote the growth of loan portfolios are evaluated and audited based on the corresponding loan repayment schedules and compliance with existing criteria.

Evaluation of Internal Models

Akbank is currently reviewing its evaluation of internal risk models, including credit scoring models for SME and corporate lending. It also plans to review the remaining business lines. The review of risk management models (covering such risks as market risk or asset liability risk) is scheduled to be audited by the end of 2010 and concluded in June 2011.

Allegations of Illegal Conduct

A separate team in the BIA, Customer Complaints Management, deals with customer and/or employee complaints and whistleblowings, which may also be reported via a specially dedicated hotline. Complaints are processed according to their seriousness and importance. Independent of these, fraudulent activities and other forms of breaches of applicable rules and legislation are evaluated by internal auditors, following which further investigations and enquiries may be made.

Significant Outstanding Matters

Significant outstanding matters are categorised in terms of importance and risk level. Findings from department and subsidiary audits are categorised as low, moderate or high risk. Findings from branch audits are rated on a scale of 1-5 from very low risk to very high risk.

Outstanding matters categorised as "high" or "5" are processed as follows: (i) results of department/subsidiaries audits are reported via internal memorandum and executive summary to the Board of Directors; (ii) results of branch audits are reported, considering the control deficiencies and the importance of the findings, to the Board of Directors via executive summary; and (iii) results of investigations and enquires are reported to the Board of Directors via an internal memorandum.

These matters are also uploaded to an internal network (intranet) (which is an IBM Lotus based program used by the BIA to send reports, collect responses and monitor actions being taken), and the action dates given and uploaded to this intranet system by the relevant business lines and their progress is closely monitored. If necessary measures have not been taken, the reasons for not taking such measures are questioned and additional information is requested.

Following the meeting of the Audit Committee which takes place each quarter, the Board of Directors is informed of any outstanding high risk findings. The results of the actions taken or to be taken for significant outstanding matters are discussed by the Audit Study Groups (whose participants comprise the BIA and the business lines) in bimonthly or quarterly meetings.

RISK MANAGEMENT

General

Akbank's management believes that its assessment and control of risk is an essential component of the performance of the Bank. Akbank seeks to closely identify, measure, monitor and manage the risks arising from its operations. The principal risks inherent to its business are credit risk, liquidity risk, interest rate risk, market risk and operational risk. The objective of Akbank's asset and liability management and use of financial instruments is to limit Akbank's exposure to its inherent risks, whilst ensuring that Akbank has sufficient capital adequacy and is using its capital to maximise net interest income. In order to achieve this objective, Akbank monitors and manages the mismatch of maturities, the size and degree of its interest rate and exchange rate exposure and its counterparty credit quality. Akbank's system of risk control and risk management is designed to be fully integrated into its internal systems for planning, management and control.

The Board of Directors is responsible for Akbank's fundamental approach to risk, risk principles, and the determination of risk capacity. The Board of Directors manages risk through two committees, the Assets and Liabilities Committee (the "**ALCO**") and the Executive Risk Committee (the "**ERC**") supported by the Risk Management Division. Akbank's risk management function acts independently of the commercial business lines, but at the same time is integrated into the Bank's business processes.

Risk Management Organisation

The Board of Directors and senior management are responsible for developing risk management policies and strategies. The Board of Directors approves Akbank's general principles of risk control and risk management, its limits for all relevant risks and the procedures that the Bank applies in controlling and managing its risks. These policies are closely monitored and discussed during ALCO meetings, and are also reviewed periodically by the Board. Enforcement of these management strategies and policies is the responsibility of each Executive Vice President ("**EVP**"). The Chief Executive Officer ("**CEO**") of Akbank is responsible for ensuring that each EVP operates in line with policies and strategies determined by the Board of Directors. Additionally, Akbank has frequent internal control and periodic internal audit reviews to monitor compliance with risk management policies and procedures.

Executive Risk Committee

The ERC has ultimate responsibility for Risk Management and reports to the Board of Directors. The ERC meets periodically to review the Bank's position and other developments in the economy. The ERC is comprised of the three Executive Board Members and the CEO. The ERC establishes the policies, procedures, and rules for risk management of Akbank, and develops risk management strategies which are incorporated into the Bank's long-term strategy. Subject to the Board of Directors' approval, the ERC also sets risk limits for liquidity risk, credit risk, interest rate risk and currency risk. Through close monitoring of the markets and overall economy, the ERC changes such limits as necessary. Risk limits and the implementation of risk management policies are broken down to various levels of authority within relevant business units in order to enhance effectiveness. Akbank's risk positions are reported to the members of the ERC on a regular basis. Additionally, the ERC reviews the latest figures and projections for Akbank's profit and loss account and balance sheet, liquidity position, interest and foreign exchange exposures, as well as the latest analysis of yield and the macroeconomic environment.

Risk Management Division

The Risk Management Division, which directly reports to the Board of Directors, is responsible for identifying, measuring and managing credit risk, liquidity risk, interest rate risk, market risk and operational risk. The Division is also responsible for developing risk management systems and infrastructure, analysing results, and reporting on the management and integration of the risks. Additionally, the Division has responsibility for ongoing work within the framework of compliance with Basel II and for handling the Bank's relationships with the Turkish regulatory authorities, principally the BRSA and the Central Bank.

Assets and Liabilities Committee

The primary objective of Akbank's asset and liability management is to satisfy the dual requirements of controlling exposure to liquidity and market risks whilst maximising profitability by the appropriate holding of assets and liabilities. Akbank aims to maintain a structure of assets and liabilities that optimises both long-term and short-term profitability while minimising income volatility within the constraints of general market conditions. Akbank monitors and manages the mismatch of maturities in order to minimise the effect of these risks on profitability, while maintaining sufficient liquidity and capital adequacy. Through Akbank's asset and liability management, it structures its balance sheet taking into account interest rate, liquidity and foreign exchange risks as well as demands for credit, existing asset-liability positions, and general market conditions.

In order to achieve the primary objective of Akbank's asset and liability management, the ALCO manages the various departments of Akbank where risk limits apply to ensure that such limits are adhered to. The ALCO's responsibilities include developing investment, pricing and funding strategies and making decisions on day-to-day liquidity management. The ALCO consists of the CEO, the Deputy CEO in charge of Consumer Banking, the EVP in charge of Treasury, the CFO and each of the EVPs in charge of Retail Banking, SME Banking and Corporate Banking. The ALCO meets twice a week to review the latest data on its liquidity position, interest rate risk exposures, credit exposures and developments in the macroeconomic environment.

Credit Committee

The Credit Committee is comprised of three members of the Board of Directors and the CEO and is responsible for lending processes at the Bank. The Credit Committee has ultimate authority to ratify lending decisions and to assess the compliance of approved loan applications with the legislation, banking principles and objectives and the Bank's internal lending policies. The Credit Committee is supported by an Appraisal Committee which conducts an initial assessment of loan applications submitted by the branches.

Credit Risk

Credit risk is the risk that counterparties may be unable to meet their obligations in accordance with the terms of their agreements with the Bank.

Akbank's exposure to credit risk is concentrated in Turkey, where the majority of the Bank's 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. Credit risks are determined for each individual customer, enterprise and economic group separately. Credit risk is generally diversified due to the large number of entities comprising the customer base across the corporate and commercial and retail banking segments, and their diversification across different industries and geographic areas and by size.

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 lending limits where appropriate. Exposure to credit risk is also managed by obtaining collateral, corporate and personal guarantees, and other security where appropriate. For example, approximately 50% of Akbank's corporate portfolio and approximately 95% of its commercial and small business portfolios are collateralised, according to Akbank's management estimates.

Akbank has recently developed several rating models and behavioural scorecards which it uses internally to improve its loan evaluation and underwriting process. The models include a newly developed expert based corporate rating model and renewed statistic based commercial rating model, small business rating model, consumer rating model and credit cards rating model, some of which have been supplemented by newly developed behavioural models, renewed application models and decision trees. In 2008, Akbank renewed its rating models to reflect the effects of the global financial crisis. The performance of the rating models is reviewed annually. Akbank believes that by using these models it can better assess the creditworthiness of its loan customers.

Akbank uses expected loss as a measurement of potential credit risk loss within a one-year period based on the historical loss experience. During the analysis stage of the credit risk model, all the components of the expected loss and unexpected loss are generated by detailed statistical measurements. These components are probability of default, loss given default, and exposure at default. When calculating the expected loss, risk characteristics are taken into account such as collateral types, maturities, and amounts of different credit exposures.

Credit risk statistics are based on long term statistical averages (five years) of Akbank's own default experience and collateral history. The resulting average figures are measured against external benchmarks. Akbank's credit risk model has been developed in line with Credit Metrics and

Creditrisk+ methodologies. Economic capital calculations can also be used in risk based credit pricing for corporate, commercial, small business and retail customers.

See "Business of Akbank – Akbank's Segmented Customer Structure", "Business of Akbank – Credits: Credit Analysis Group, Credit Monitoring Group and Non-Performing Credits Group" and "Risk Factors – Credit Risks have materially adversely affected and could continue to materially adversely affect Akbank's business, financial conditions, results of operations and prospects."

Market Risk

Banks are exposed to market risk due to movements in foreign currency exchange rates, interest rates and market prices for stocks. Akbank believes that interest risk is the most important component of market risk that it faces.

Akbank measures market risk according to both the "Internal Model" and "Standard Model" (also known as the regulatory model).

Internal Model

The internal model calculates market risk on the basis of the value at risk ("**VaR**") methodology. The VaR is a risk measure used in relation to the market risk. Akbank uses the VaR to measure the potential loss in value of a particular asset or portfolio from adverse market movements over a specified period for a given confidence interval. For example, when the VaR on an asset is US$100 million at a one-week, 95% confidence level, it means that there is only a 5% chance that the value of the asset will decrease more than US$100 million over any given week.

Akbank applies three different VaR methods including variance-covariance, historical simulation and Monte Carlo simulation methods. Akbank uses software that can perform calculations with an advanced yield curve and volatility models. Akbank's VaR model is based on the assumptions of a 99% confidence interval and a ten day retention period. VaR is reported to senior management on a daily basis in order to assess the possible expected loss. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which can have a significant impact. Retrospective tests of model outputs are performed regularly.

The Bank's trading portfolio VaR table below sets out the maximum loss that has been encountered by the Bank in one day at 99% confidence level for the relevant period.

VaR methodology may not provide satisfactory results under severe crisis conditions. In order to calculate Akbank's economic capital under extreme market conditions and to limit the maximum risk carried by the Bank, Akbank's management relies upon historical stress-testing analyses, although there is no assurance that such VaR methodology or stress-testing will be adequate to account for all risks and contingencies in extreme or unusual market conditions.

Standard Model

For regulatory capital adequacy calculations, Akbank relies on its standard model which is, similarly to the capital adequacy framework commonly known as Basel I, designed to measure market risks on a monthly basis taking into account interest rate risks, currency risks, equity risks and specific risk.

The Risk Management Division prepares market risk analysis reports according to the standard model as required by the regulatory authority (BRSA).

Currency Risk

Foreign currency denominated assets and liabilities, together with forward 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 of Directors, taking into account the recommendations from the ERC, sets limits for the size of foreign exchange exposure, which are closely monitored by the ALCO.

Foreign exchange risk exposure is measured in terms of both aggregate foreign currency open position and foreign currency open position for each currency. There are separate limits for both these exposures set in conjunction with appropriate legal limits. According to the applicable regulatory limits, Akbank is required to maintain at all times a maximum limit of 20% net open position in each foreign currency and 20% of the aggregate net open position of all currencies relative to its capital base. However, since the beginning of 2009, Akbank's maximum level of open position has not exceeded 0.76% of its capital base.

The ERC sets the maximum foreign currency open position permissible (short or long). The ERC also determines under what circumstances the maximum amount can be utilised. This limit is generally broken down into two authority levels. Due to the market fluctuations a portion of the limit is used by the EVP in charge of Treasury in order to react to market movements; over that amount the ERC has the authority.

The tables below summarise Akbank's exposure to foreign currency exchange rate risk as at 31 December 2010, 2009 and 2008. Included in the table are Akbank's assets and liabilities and shareholders' equity shown at carrying amounts, categorised by currency.

	As at 31 December 2010				
	US$	**EUR**	**GBP**	**Other(1)**	**Total**
	(*thousands of Turkish Lira*)				
Cash and due from banks and balances with the Central Bank of Turkey*	2,472,700	3,264,467	10,743	82,911	5,830,821
Trading and investment securities	3,685,370	2,704,985	—	—	6,390,355
Derivative financial instruments	—	—	—	—	—
Loans and advances to customers	19,077,925	8,056,645	41,402	73,109	27,249,081
Property, plant and equipment	1,898	2,994	—	—	4,892
Intangible assets	211	68	—	—	279
Deferred tax assets	—	—	—	—	–
Other assets and pre-payments	14,234	40,910	252	21	55,417
Total assets	**25,252,338**	**14,070,069**	**52,397**	**156,041**	**39,530,845**
Customer deposits	17,061,068	12,089,122	831,701	511,724	30,493,615
Derivative financial instruments	—	—	—	—	—
Interbank money market deposits, funds borrowed and debt securities in issue	8,401,211	4,210,293	5,968	33,291	12,650,763
Income taxes payable	—	30,095	—	—	30,095
Other liabilities and accrued expenses	174,737	131,581	935	4,187	311,440
Deferred tax liability	—	16,902	—	—	16,902
Employment benefit obligations	—	345	—	—	345
Equity and minority interest	—	—	—	—	—
Total liabilities and equity	**25,637,016**	**16,478,338**	**838,604**	**549,202**	**43,503,160**
Net balance sheet position	**(384,678)**	**(2,408,269)**	**(786,207)**	**(393,161)**	**(3,972,315)**
Off-balance sheet derivative instruments net notional position	**452,963**	**2,625,873**	**787,355**	**398,940**	**4,265,131**

Note:

(1) "Other" includes JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

* The reserve requirements with the Central Bank of Turkey are shown separately in the 2009 and 2008 Financial Statements.

	As at 31 December 2009				
	US$	EUR	GBP	Other[(1)]	Total
	(*thousands of Turkish Lira*)				
Cash and due from banks	2,943,353	1,267,231	78,290	31,155	4,320,029
Trading and investment securities	5,910,034	3,065,704	—	—	8,975,738
Derivative financial instruments	—	—	—	—	—
Reserve requirements with the Central Bank of Turkey	423,821	924,680	—	—	1,348,501
Loans and advances to customers	14,557,460	7,342,220	13,900	159,590	22,073,170
Investment in associates	—	—	—	—	—
Property and equipment	2,593	4,298	96	—	6,987
Intangible assets	—	54	—	—	54
Deferred income tax assets	—	—	—	—	—
Other assets and pre-payments	7,507	10,932	77	1,835	20,351
Total assets	**23,844,768**	**12,615,119**	**92,363**	**192,580**	**36,744,830**
Customer deposits	14,641,328	11,919,870	786,360	233,184	27,580,742
Derivative financial instruments	—	—	—	—	—
Interbank money market deposits, funds borrowed and debt securities in issue	6,277,620	2,838,002	6,029	79,705	9,201,356
Income taxes payable	—	6,636	—	—	6,636
Other liabilities and accrued expenses	128,295	68,842	550	2,521	200,208
Employment benefit obligations	—	—	—	—	—
Equity and minority interest	—	—	—	—	—
Total liabilities and equity	**21,047,243**	**14,833,350**	**792,939**	**315,410**	**36,988,942**
Net balance sheet position	**2,797,525**	**(2,218,231)**	**(700,576)**	**(122,830)**	**(244,112)**
Off-balance sheet derivative instruments net notional position	**(2,883,008)**	**2,428,538**	**707,295**	**185,652**	**438,477**

Note:
(1) "Other" includes JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

	As at 31 December 2008				
	US$	EUR	GBP	Other[1]	Total
	(*thousands of Turkish Lira*)				
Cash and due from banks	2,336,990	3,797,104	137,938	98,977	6,371,009
Trading and investment securities	5,916,170	2,895,753	—	—	8,811,923
Derivative financial instruments	—	—	—	—	—
Reserve requirements with the Central Bank of Turkey	248,527	1,400,375	—	—	1,648,902
Loans and advances to customers	16,663,204	7,590,803	24,019	53,902	24,331,928
Investment in associates	—	—	—	—	—
Property and equipment	2,842	4,348	109	—	7,299
Intangible assets	—	101	—	—	101
Deferred income tax assets	—	—	—	—	—
Other assets and pre-payments	16,647	21,749	4,824	11,655	54,875
Total assets	**25,184,380**	**15,710,233**	**166,890**	**164,534**	**41,226,037**
Customer deposits	15,211,012	12,621,544	873,684	206,552	28,912,792
Derivative financial instruments	—	—	—	—	—
Interbank money market deposits, funds borrowed and debt securities in issue	6,679,815	5,411,742	11,292	17,864	12,120,713
Income taxes payable	—	10,754	—	—	10,754
Other liabilities and accrued expenses	131,368	57,436	3,456	12,104	204,364
Employment benefit obligations	—	—	—	—	—
Equity and minority interest	—	—	—	—	—
Total liabilities and equity	**22,022,195**	**18,101,476**	**888,432**	**236,520**	**41,248,623**
Net balance sheet position	**3,162,185**	**(2,391,243)**	**(721,542)**	**(71,986)**	**(22,586)**
Off-balance sheet derivative instruments net notional position	**(2,921,029)**	**2,105,851**	**738,685**	**102,958**	**26,465**

Note:
(1) "Other" includes JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

Interest Rate Risk

Akbank is exposed to interest rate risk either through market value fluctuations of balance sheet items, for example, price risk, or the impact of rate changes on interest-sensitive assets and liabilities. In Turkey, interest rates have been and may continue to be volatile. Therefore, interest rate risk is a key component of Akbank'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 interest rate risks. In January 2011, the Bank substantially revised its approach to monitoring interest rate risk, and adopted a system based on the anticipated net effect on economic value of its exposures rather than primarily limiting their maturity mismatch day count. This revised aproach mirrors policies adopted by the Bank's principal domestic competitors and the Turkish banking sector generally.

In 2008 and 2009, Akbank had a strategy of running a high level maturity mismatch in its TL portfolio with the expectation of falling interest rates. Consequently, Akbank has maintained a high level of interest income. Although Akbank continued to use this strategy throughout the first half of 2010, it expects TL maturity mismatch to decrease by gradually rebalancing the composition of the bond portfolio from 55/45% fixed/floating rate notes to 30/70%. In order to decrease TL maturity mismatch Akbank is considering selling bonds in its TL portfolio instead of entering the derivatives market because Akbank is of the view that interest rate swap costs make derivative hedging not commercially viable at this time.

The table below summarises Akbank's exposure to interest rate risks as at 31 December 2010, 2009 and 2008, respectively. Included in the table are Akbank's assets and liabilities shown at carrying amounts classified in terms of periods remaining to contractual repricing dates.

	As at 31 December 2010					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
			(thousands of Turkish Lira)			
Cash and due from banks and balances with the Central Bank of Turkey*	1,310,361	—	—	—	7,210,807	8,521,168
Trading and investment securities	13,057,459	21,318,247	12,064,662	3,978,476	127,514	50,546,358
Derivative financial instruments	333,676	120,186	17,179	—	—	471,041
Loans and advances to customers	28,155,434	15,888,724	12,700,761	1,452,205	—	58,197,124
Investment in associates						
Property, plant and equipment	—	—	—	—	901,341	901,341
Intangible assets	—	—	—	—	93,131	93,131
Deferred tax assets	—	—	—	—	201,873	201,873
Other assets and pre-payments	187,651	—	—	—	535,163	722,814
Total assets	**43,044,581**	**37,327,157**	**24,782,602**	**5,430,681**	**9,069,829**	**119,654,850**
Customer deposits	70,657,955	2,450,545	1,109,395	178,327	8,709,229	83,105,451
Derivative financial instruments	240,330	478,945	27,543	3,185	—	750,003
Interbank money market deposits, funds borrowed and debt securities in issue	9,385,695	3,246,752	1,780,328	6,655	—	14,419,430
Income taxes payable	—	—	—	—	290,507	290,507
Other liabilities and accrued expenses	100,156	30,359	56,385	59,915	2,694,177	2,940,992
Deferred Tax Liability	—	—	—	—	71,728	71,728
Employment benefit obligations	—	—	—	—	16,902	16,902
Total liabilities	**80,384,136**	**6,206,601**	**2,973,651**	**248,082**	**11,782,543**	**101,595,013**
Net repricing period gap	**(37,339,555)**	**31,120,556**	**21,808,951**	**5,182,599**	**(2,712,714)**	**18,059,837**
Off-balance sheet derivative instruments net notional position	**869,784**	**1,390,819**	**(1,409,620)**	**(647,525)**	**—**	**203,458**

Note:

* The reserve requirements with the Central Bank of Turkey are shown separately in the 2009 and 2008 Financial Statements.

	As at 31 December 2009					
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
			(*thousands of Turkish Lira*)			
Cash and due from banks	1,257,990	—	2,380	6,856	3,762,034	5,029,260
Trading and investment securities	17,505,238	14,467,905	11,685,345	2,987,002	80,860	46,726,350
Derivative financial instruments	104,762	126,549	10,483	3,326	—	245,120
Reserve requirements with the Central Bank of Turkey	3,464,090	—	—	—	—	3,464,090
Loans and advances to customers	24,247,820	12,304,491	7,601,301	896,205	—	45,049,817
Investment in associates	—	—	—	—	3,125	3,125
Property and equipment	—	—	—	—	805,457	805,457
Intangible assets	—	—	—	—	65,449	65,449
Deferred income tax assets	—	—	—	—	269,965	269,965
Other assets and pre-payments	223,446	—	—	—	504,204	727,650
Total assets	**46,803,346**	**26,898,945**	**19,299,509**	**3,893,389**	**5,491,094**	**102,386,283**
Customer deposits	63,040,524	3,095,906	618,488	138,679	7,807,687	74,701,284
Derivative financial instruments	210,979	206,135	351,538	3,091	—	771,743
Interbank money market deposits, funds borrowed and debt securities in issue	7,702,680	1,876,151	101,545	12,536	—	9,692,912
Income taxes payable	—	—	—	—	196,541	196,541
Other liabilities and accrued expenses	100,670	45,750	56,451	66,811	2,141,370	2,411,052
Employment benefit obligations	—	—	—	—	58,886	58,886
Total liabilities	**71,054,853**	**5,223,942**	**1,128,022**	**221,117**	**10,204,484**	**87,832,418**
Net repricing period gap	**(24,251,507)**	**21,675,003**	**18,171,487**	**3,672,272**	**(4,713,390)**	**14,553,865**
Off-balance sheet derivative instruments net notional position	**1,864,937**	**2,443,944**	**(3,681,309)**	**(572,200)**	**—**	**55,372**

	As at 31 December 2008					
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
	(*thousands of Turkish Lira*)					
Cash and due from banks	4,411,811	—	—	—	2,455,991	6,867,802
Trading and investment securities	8,291,526	8,483,898	9,174,688	2,281,389	57,085	28,288,586
Derivative financial instruments	58,225	21,874	20	102	—	80,221
Reserve requirements with the Central Bank of Turkey	6,265,872	—	—	—	—	6,265,872
Loans and advances to customers	26,467,271	15,329,268	6,761,787	931,799	10,364	49,500,489
Investment in associates	—	—	—	—	3,125	3,125
Property and equipment	—	—	—	—	815,399	815,399
Intangible assets	—	—	—	—	36,873	36,873
Deferred income tax assets	—	—	—	—	176,092	176,092
Other assets and pre-payments	75,173	—	—	—	573,882	649,055
Total assets	**45,569,878**	**23,835,040**	**15,936,495**	**3,213,290**	**4,128,811**	**92,683,514**
Customer deposits	54,092,157	3,012,102	332,763	224,850	8,516,015	66,177,887
Derivative financial instruments	209,049	101,798	1,332	2,126	—	314,305
Interbank money market deposits, funds borrowed and debt securities in issue	10,101,934	2,326,078	110,818	—	—	12,538,830
Income taxes payable	—	—	—	—	68,188	68,188
Other liabilities and accrued expenses	63,135	58,197	70,706	76,527	1,836,194	2,104,759
Employment benefit obligations	—	—	—	—	53,332	53,332
Total liabilities	**64,466,275**	**5,498,175**	**515,619**	**303,503**	**10,473,729**	**81,257,301**
Net repricing period gap	**(18,896,397)**	**18,336,865**	**15,420,876**	**2,909,787**	**(6,344,918)**	**11,426,213**
Off-balance sheet derivative instruments net notional position	**339,369**	**2,299,436**	**(1,833,853)**	**(804,898)**	**—**	**54**

The tables below summarise the range for effective average interest rates by major currencies for monetary financial instruments as at 31 December 2008, 2009 and 2010, respectively:

	As at 31 December 2010		
	US$(%)	**EUR(%)**	**TL(%)**
Assets			
Cash and due from banks and balance with the Central Bank of Turkey*:			
Time deposits in foreign banks	0.06	0.44	—
Time deposits in domestic banks	1.05	—	—
Interbank money market placements	—	—	7.12
Trading securities – debt securities	4.31	4.67	10.06
Loans and advances to customers	3.83	4.40	11.85
Investment securities:			
Available for sale	4.34	4.68	11.16
Held to maturity	6.58	7.34	11.16
Liabilities			
Customer deposits and interbank and money market deposits	2.47	2.05	7.04
Funds borrowed	2.12	1.83	7.14
Debt securities in issue	2.85	—	7.28

	As at 31 December 2009		
	US$(%)	**EUR(%)**	**TL(%)**
Assets			
Cash and due from banks:			
Time deposits in foreign banks	0.08	0.22	—
Time deposits in domestic banks	0.25	—	12.75
Interbank money market placements	—	—	6.76
Reserve requirements with the Central Bank of Turkey	—	—	5.20
Trading securities – debt securities	4.63	3.74	9.21
Loans and advances to customers	3.89	4.31	14.61
Investment securities	5.02	4.81	11.07
Liabilities			
Customer deposits	1.81	2.16	7.83
Funds borrowed	2.51	2.18	6.72
Debt securities in issue	1.40	—	—

	As at 31 December 2008		
	US$(%)	**EUR(%)**	**TL(%)**
Assets			
Cash and due from banks:			
Time deposits in foreign banks	0.15	1.84	14.94
Time deposits in domestic banks	0.20	—	21.09
Interbank money market placements	—	—	15.00
Reserve requirements with the Central Bank of Turkey	—	—	12.00
Trading securities – debt securities	7.57	6.58	17.88
Loans and advances to customers	4.81	6.76	21.76
Investment securities	5.48	6.64	19.53
Liabilities			
Customer deposits	4.59	4.52	16.76
Funds borrowed	3.61	3.90	15.79
Debt securities in issue	3.56	—	—

Note:

* The reserve requirements with the Central Bank of Turkey are shown separately in the 2009 and 2008 Financial Statements.

Liquidity Risk

Akbank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees as well as the Bank's own maturity exposures. A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available at all times to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. Akbank maintains cash and near cash resources to meet all of these needs.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of liquidity risk. The ability to fund Akbank's existing and prospective debt requirements is managed by seeking to maintain sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and a broad deposit base, and the ability to close out market positions. Akbank maintains additional resources to provide liquidity when necessary through allocated limits including TL792.7 million at the Central Bank, TL15,000 million at the ISE Money Market, TL250 million at the ISE Settlement and Custody Bank Money Market and other banks, and through a liquid marketable securities portfolio. Short term funding needs are provided using customer deposits. Long term funding is provided through deposits and long-term foreign funds. An unmatched position potentially 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 Akbank and its exposure to changes in interest rates and exchange rates.

Akbank has developed a policy that seeks to ensure strong liquidity levels and funds-management practices. In particular, the ERC sets limits for key risk indicators for liquidity risk management on the maturity mismatch of assets and liabilities. Akbank also seeks to maintain a very diversified deposit base. The Bank's loan to deposit ratio was approximately 70% as at 31 December 2010.

The tables below analyse assets and liabilities of Akbank into relevant maturity groupings based on the remaining period at the relevant balance sheet date to the contractual maturity dates.

	As at 31 December 2010					
	Demand and up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**No maturity**	**Total**
			(thousands of Turkish Lira)			
Cash and due from banks and balances with the Central Bank of Turkey*	8,521,168	—	—	—	—	8,521,168
Trading and investment securities	1,299,560	10,469,056	32,951,553	5,698,675	127,514	50,546,358
Derivative financial instruments	305,932	34,685	46,449	83,975	—	471,041
Loans and advances to customers	17,902,779	11,091,243	22,668,218	6,534,884	—	58,197,124
Property and equipment	—	—	—	—	901,341	901,341
Intangible assets	—	—	—	—	93,131	93,131
Other assets and pre-payments	543,988	—	—	—	178,826	722,814
Deferred income tax assets	—	—	201,873	—	—	201,873
Total assets	**28,573,427**	**21,594,984**	**55,868,093**	**12,317,534**	**1,300,812**	**119,654,850**
Customer deposits	79,371,496	2,447,456	1,104,302	182,197	—	83,105,451
Derivative financial instruments	63,566	140,199	393,021	153,217	—	750,003
Interbank money market deposits funds borrowed and debt securities in issue	3,689,399	4,510,325	5,328,415	891,291	—	14,419,430
Income taxes payable	—	290,507	—	—	—	290,507
Other liabilities and accrued expenses	2,453,537	90,044	56,385	59,915	281,111	2,940,992
Deferred tax Liability	—	—	16,902	—	—	16,902
Employment benefit obligations	—	—	—	—	71,728	71,728
Total liabilities	**85,577,998**	**7,478,531**	**6,899,025**	**1,286,620**	**352,839**	**101,595,013**
Net liquidity gap	**(57,004,571)**	**14,116,453**	**48,969,068**	**11,030,914**	**947,973**	**18,059,837**
Commitment and Contingencies	**426,999**	**1,976,681**	**2,492,450**	**5,445,772**	**—**	**10,341,902**

Note:

* The reserve requirements with the Central Bank of Turkey are shown separately in the 2009 and 2008 Financial Statements.

	As at 31 December 2009					
	Demand and up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**No maturity**	**Total**
			(*thousands of Turkish Lira*)			
Cash and due from banks	5,020,024	—	2,380	6,856	—	5,029,260
Trading and investment securities	7,297,266	10,175,768	26,185,454	2,987,002	80,860	46,726,350
Derivative financial instruments	101,036	59,549	25,704	58,831	—	245,120
Reserve requirements with the Central Bank of Turkey	3,464,090	—	—	—	—	3,464,090
Loans and advances to customers	15,513,474	10,982,927	15,234,145	3,319,271	—	45,049,817
Investment in associates	—	—	—	—	3,125	3,125
Property and equipment	—	—	—	—	805,457	805,457
Intangible assets	—	—	—	—	65,449	65,449
Deferred income tax assets	—	—	269,965	—	—	269,965
Other assets and pre-payments	396,666	—	—	—	330,984	727,650
Total assets	**31,792,556**	**21,218,244**	**41,717,648**	**6,371,960**	**1,285,875**	**102,386,283**
Customer deposits	70,760,192	3,065,029	743,400	132,663	—	74,701,284
Derivative financial instruments	100,799	52,840	168,234	438,455	11,415	771,743
Interbank money market deposits funds borrowed and debt securities in issue	2,031,373	3,634,700	2,723,162	1,303,677	—	9,692,912
Income taxes payable	—	196,541	—	—	—	196,541
Other liabilities and accrued expenses	2,186,078	108,116	28,110	66,811	21,937	2,411,052
Employment benefit obligations	—	—	58,886	—	—	58,886
Total liabilities	**75,078,442**	**7,057,226**	**3,721,792**	**1,941,606**	**33,352**	**87,832,418**
Net liquidity gap	**(43,285,886)**	**14,161,018**	**37,995,856**	**4,430,354**	**1,252,523**	**14,553,865**

	As at 31 December 2008					
	Demand and up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**No maturity**	**Total**
			(*thousands of Turkish Lira*)			
Cash and due from banks	6,867,802	—	—	—	—	6,867,802
Trading and investment securities	277,696	6,737,793	16,176,960	5,039,052	57,085	28,288,586
Derivative financial instruments	54,356	19,727	2,748	3,390	—	80,221
Reserve requirements with the Central Bank of Turkey	6,265,872	—	—	—	—	6,265,872
Loans and advances to customers	17,173,135	13,781,398	14,582,716	3,952,876	10,364	49,500,489
Investment in associates	—	—	—	—	3,125	3,125
Property and equipment	—	—	—	—	815,399	815,399
Intangible assets	—	—	—	—	36,873	36,873
Deferred income tax assets	—	—	176,092	—	—	176,092
Other assets and pre-payments	372,300	—	—	—	276,755	649,055
Total assets	**31,011,161**	**20,538,918**	**30,938,516**	**8,995,318**	**1,199,601**	**92,683,514**
Customer deposits	62,608,172	3,012,102	332,763	224,850	—	66,177,887
Derivative financial instruments	39,992	35,076	136,387	102,850	—	314,305
Interbank money market deposits funds borrowed and debt securities in issue	2,170,009	6,251,359	2,827,275	1,290,187	—	12,538,830
Income taxes payable	—	68,188	—	—	—	68,188
Other liabilities and accrued expenses	1,844,780	113,106	70,346	76,527	—	2,104,759
Employment benefit obligations	—	—	53,332	—	—	53,332
Total liabilities	**66,662,953**	**9,479,831**	**3,420,103**	**1,694,414**	**—-**	**81,257,301**
Net liquidity gap	**(35,651,792)**	**11,059,087**	**27,518,413**	**7,300,904**	**1,199,601**	**11,426,213**

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 Akbank, support management's view that these deposits will provide a long-term and stable source of funding for Akbank. The major part of mandatory cash balances with the Central Bank is included within the "up to three months" column, as the majority of liabilities to which these balances relate is also included in this category.

Operational Risk

The Basel committee defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Risk Management Division, Internal Audit, Internal Control, Compliance Unit and Operations Business Unit are responsible for the Bank's operational risk management framework. The Bank has implemented policies and procedures, control/check points in practice that have been developed by business units, internal audit department and internal control department.

The Bank uses Basel II definitions in identifying business lines and event types. The Bank's online internal data collection system was put into practice in September 2009.

For regulatory reporting, capital charge is calculated by the basic indicator approach based on the past three years' gross income. The table below sets out total risk weighted assets according to risk types. Operational risk is 11% of total risk weighted assets.

	For the year ended 31 December 2010	
	(thousands of Turkish Lira)	*%*
Credit Risk	72,654,302	83
Market Risk	5,513,788	6
Operational Risk	9,710,271	11
TOTAL	**87,878,361**	**100%**

Loan approval process

The credits approval group by which the credit approval process for a particular loan is managed depends largely on which segment the applicant falls under and the type of branch that prepares and submits the loan application to Akbank's headquarters.

Retail Banking

Loans to Individuals

The Consumer Credits Approval Group, a sub-division of the Consumer Credits and Credit Cards Approval Division is responsible for approval of loans to individuals. Loans to individuals comprise consumer loans, car loans and mortgage loans. For more information, see "Business of Akbank – Retail Banking – Consumer Banking."

Each application is reviewed in the first instance by the branch receiving the relevant application. Each applicant must provide information on his or her income and employment status and the purpose of the loan and, must submit various documents evidencing creditworthiness. The loan application is reviewed and verified by branch personnel.

The branch Relationship Manager enters information relating to the applicant into the loan application system. Applications are automatically assessed by the Strategyware decision support model. The system calculates the applicant's credit score using an application scorecard model and collects Central Bank and Central Credit Recording Bureau information. Finally, applications pass through a decision tree model. The decision tree model returns approve, decline or review (grey area) suggestions in line with Bank's policies. Consumer loans up to TL20,000 are automatically approved without manual evaluation if the suggestion of the decision model is "approve".

Branches can only grant car loans and mortgages that are approved by the decision model and within their approval authorities. Branch approval authority limits are TL40,000 for car loans and TL100,000 for mortgages.

All review applications and the ones that are over the branch authority limits are manually evaluated by the Consumer Credit Approval Group.

As a general policy, Akbank imposes a credit limit of 75% of the value of the asset for mortgages but the LTV can reach 100% in certain circumstances. The average LTV for mortgages was 66%, 62% and 67% for loans granted in 2008, 2009 and 2010, respectively. The Bank imposes no limit on credit value, but the average size of Akbank's mortgages as at 31 December 2010 was TL101,486. Maturity is generally between five to 10 years, 15 years being relatively uncommon. The average maturity in 2010 was 83 months.

As a general policy, Akbank imposes a credit limit of 80% of the value of the vehicle for car loans, but the LTV can reach up to 100% in certain circumstances. The average LTV for car loans was 67%, 60% and 65% for car loans granted in 2008, 2009 and 2010, respectively. There is no limit to the credit value but the average size of Akbank's car loans in 2010 was TL28,500. The maximum maturity is five years, with an average of 38 months. For both mortgages and car loans, the Bank requests full security over the relevant asset being financed. Consumer loans have a maximum maturity of 60 months, with an average maturity of 29 months. For consumer credits granted in 2010, the average limit was approximately TL9,700.

The collateral valuation processes for consumer loans depend on the nature of the loan.

For mortgages, branches request appraisal of collateral for loans of TL75,000 or above from the Appraisal Department. The Appraisal Department outsources real estate valuation to one of its contracted independent appraisal firms. It uses 29 appraisal firms, all of which have a valuation license from the Capital Markets Board of Turkey ("**CMB**"). The Appraisal Department employs 12 engineers who review all appraisal reports prepared by the contracted firms. These 12 engineers are also licensed by the CMB. All valuation reports are managed in the Bank's "EKON" digital system. All mortgage collateral values are fed from EKON into the control loan approval system. If the amount of the loan is below TL75,000 (or TL150,000 for branches located in Istanbul, Ankara and Izmir), branches have the authority to prepare appraisal reports themselves.

For car loans, the value of the vehicle pledged as collateral is taken from the published "insurance value list" and sales value (for new cars, this is the "invoice value"; for second-hand cars the "notary public dealing value"). Whichever value is lower is taken as the collateral value.

All mortgages are fixed rate and all loans to individuals are denominated in Turkish Lira, since Turkish law prohibits the use of floating rate mortgages and foreign currency loans to individuals.

Akbank uses "behavioural" and "application" scorecard models for both credit cards and loans to individuals. The application scorecard model estimates the future performance of the applicant, based on the information obtained during the application and from other sources, such as the Central Credit Recording Bureau. The score by itself is not the sole deciding factor in the evaluation process. Akbank also uses a statistical behavioural scorecard model to provide early identification of borrowers considered to present a risk and to assess the ability of customers to maintain additional debt.

To maximise the efficiency of credit application decisions and to manage customer risk efficiently, Akbank uses internationally recognised decision making systems, such as "StrategyWare" and "Triad", designed by Fair Isaac Corporation.

Credit Cards

The Consumer Credits and Credit Cards Approval Division is responsible for the assessment of Mastercard and Visa card credit card applications by individuals. Credit card applications are made either through the branch or alternative channels, such as the internet.

When applying at a branch, an applicant must fill in a credit card application form and provide identification. Verification of the information is carried out by the Credit Card Operations Group at the Bank's centralised operation centre and the relevant data is then entered into an automated evaluation system.

Applications are subject to automatic evaluation by the decision support model (StrategyWare). If the applicant is an existing Akbank customer, the delinquency statuses of his or her credit products (such as credit cards, overdraft and loans) are checked. For all applicants, a Credit Bureau inquiry is made to check the applicant's credit card, individual loan products usage and payment performance with other banks. An application score is then calculated using the credit card scoring model. If the score is above a certain threshold, applications pass through to the next stage of the decision process. In some cases the decision process requires verification of the applicant's occupation, length of employment and monthly net income by the Credit Card Operations Group. The decision process returns automatic approval or decline decisions and sends the remaining applications for final manual evaluation by the Credit Card Approval Group.

Applications can also be made through alternative delivery channels such as the internet. The approval process is similar to that carried out at branch level, although the scorecard system is not used. This is due to the fact that applications from alternative channels are processed with insufficient information to produce applicable scores. As a consequence, evaluation policies are mostly based on the Central Credit Recording Bureau information. These applications pass through another decision tree and are also automatically evaluated in line with bank's policies. In addition to Credit Bureau inquiry, if the applicant is an existing Akbank customer, his or her deposit and credit products are checked. Some applications require employment verification as part of the process. After verification, the decision tree model returns automatic approval or decline decisions and sends the remaining applications for final manual evaluation by the Credit Card Approval Group.

Akbank also uses the Triad decision support tool for credit card limit management. Akbank reviews all cardholders' past behaviours (by using the credit card behaviour score model) on a monthly basis to decide whether to increase or decrease their current credit limits.

Loans to Micro Business Customers

The Micro Credits Approval Group, a sub-division of the Consumer Credits and Credit Cards Approval Division, is responsible for assessing credit applications submitted by branches.

Akbank uses scorecard and decision models to evaluate micro loan applications. Application scorecards are developed in conjunction with Experian Decision Analytics. The application scorecard evaluates application information using the Bank's data and relevant information from external sources in order to grade customers at the point of application. The scoring system takes into account both financial and non-financial factors, as well as the customer's relationship history with Akbank.

In addition to application scorecards, behavioural scorecards are used to manage existing customers. Behavioural scorecards are developed in conjunction with Oliver Wyman, an international management consulting firm.

Credit limits and collateral levels are set according to the outcome of these scoring models.

Regions have no authorisation limits for loans in the micro segment. The authorisation limits for Branch Managers are as shown below:

	Overdraft	**Credit Cards**	**Cheque Credits**	**Overdraft Credit Cards Cheque Credits**	**Cash Collateral**
			(*Turkish Lira*)		
Segment: Micro	5,000	3,000	30,000	30,000	100,000

Corporate and SME Banking

The SME Credits Approval Group has been responsible for assessing loan applications submitted by SME dedicated branches since January 2010. Applications by micro business customers are dealt with by the relevant credit approval group of the Retail Banking Unit (see "Retail Banking Unit – Consumer Loans Approval Process – Loans to Micro Business Customers"). Applications by corporate and commercial customers are mostly processed by the corporate and commercial branches and are therefore assessed by the Corporate and Commercial Credits Approval Group. However, in exceptional cases, when a loan application by a commercial customer is processed by an SME branch because of the geographic location of the applicant and/or at the applicant's request, the application is assessed by the SME Credits Approval Group.

Corporate and Commercial Loans Approval Process

In order to segregate credit analysis and approval processes from credit marketing activities and to provide more objective credit risk evaluation, the credit function for corporate and commercial customers is managed by the Corporate and Commercial Credits Approval Group.

All applications for commercial and corporate credits are initially submitted to a local Akbank branch. The relevant branch's customer relations managers undertake a detailed loan analysis, including feasibility studies, analysis of financial standing, reputation and experience of the potential borrower. A credit file based upon the results of the analysis is then prepared for each applicant. The credit file is then typically reviewed by the manager of the relevant branch, which prepares its opinion on each application in terms of overall risks related to the project, the borrower and the related industry. The application is reviewed by the relevant branch and, depending on the amount and the borrower, by the Corporate and Commercial Credits Approval Group.

Depending on the type of collateral and the amount of the loan, in general, applications for loans of more than TL700,000 without any tangible security and loans of more than TL1,500,000 with tangible security must be submitted for review by the Corporate and Commercial Credits Approval Group.

Akbank uses different rating models to evaluate loan applications from customers in different segments within Corporate and SME Banking. For the SME segment, it uses a full statistical rating model with the aim of standardising and improving the consistency of credit rating processes for commercial borrowers. It is designed to rate standard commercial borrowers, defined by turnover and sector. For the Corporate segment, it uses an expert-based model that is designed to rate the standard Corporate borrowers, defined by turnover and sector.

If collateral is a land pledge, Akbank's internal policy requires that an outside firm make an independent assessment of the collateral being offered, including valuation, legality and enforceability. Akbank also engages independent legal advisers, from time to time, to review the loan agreements and other legal documentation involved in the lending process, although typically a review of the legal documentation is undertaken by Akbank's in-house legal department.

Akbank undertakes extensive credit analysis and uses conservative provisioning standards and credit scoring systems in order to maintain a high quality loan portfolio, and obtains collateral for a significant proportion of its cash loan portfolio in order to minimise the amount of non-performing loans.

The Corporate and Commercial Credits Approval Group is the main group under the Credits Division. The Group consists of three teams which are responsible for assessing credit applications submitted by corporate and commercial branches.

One of the three teams is responsible for assessing the applications sent by seven corporate branches. The other two teams are responsible for evaluating the credit applications sent by the twenty two commercial branches. Every team is managed by a vice-president. The teams evaluate prospective customers in terms of their financial standing and credit history as well as their market position. Depending on the type of application (the term of the loan and the borrower's profile), the Group requests additional reports from its support groups, for instance a financial analysis report from the Credit Analysis Group or an intelligence report from the Intelligence Group. The teams within the Group are also responsible for monitoring the performance of borrowers in their portfolio based on the various reports, including notes, cheque performance reports and overdue repayment reports by the Credit Monitoring Group. After their assessment, the teams present the credit applications to the Bank's approval authorities or credit committees for final approval with their recommendations and views.

The Corporate and Commercial Credits Approval Group includes the Sector Analysis Division and the SME Credits Approval Group includes the Intelligence Division. The Sector Analysis Division prepares reports on the Turkish economy, foreign markets and different sectors. The Financial Analysis Group prepares reports on customers upon the request of a relevant credit group or department and the Intelligence Group collects information from the press and other sources about a particular client or segment.

Authorisation limits for Branch Managers are summarised in the table below.

	Collateral[1]			
	Group I	**Group II**	**Group III**	**Group IV**
	(*thousands of Turkish Lira*)			
Authorisation Limit	3,000	1,500	700	300

Notes:

(1) Collaterals for each of the groups:

Group I: Cash Collateral, Treasury Bonds, L/G (Risk rating note would be at least A of S&P)

Group II: L/G (Risk rating note would be at least BBB of S&P), L/C, land pledges, stock (IMKB30), Private Sector bonds and notes (limited by policy), maritime lien

Group III: Car or machine pledges, other stock

Group IV: Leases, Letter of Comfort, Letter of Support

SME Loans Approval Process

The SME customer segment was redefined in January 2010 when Small Business Banking and Commercial Banking were merged to form the SME Banking Division. The SME Credit Approval Division at HQ and Regional Directorates for Credit Approvals fulfil the credit allocation and monitoring functions for small and medium sized companies, having regard to their authorisation limits. Authorisation limits for Regional Managers are summarised in the table below.

	Collateral(1)		
	Group I	**Group II**	**Groups III and IV**
	(thousands of Turkish Lira)		
Regional Credit Manager and Regional Manager for Marketing	7,500	4,000	2,000
Regional Credit Manager	5,000	3,000	1,500

These are the maximum authorisation limits and can differ for each Regional Manager.

Note:

(1) Collaterals for each of the groups:

Group I: Cash Collateral, Treasury Bonds, L/G (Risk rating note would be at least A of S&P)

Group II: L/G (Risk rating note would be at least BBB of S&P), L/C, land pledges, stock (IMKB30), Private Sector bonds and notes (limited by policy), maritime lien

Group III: Car or machine pledges, other stock

Group IV: Leases, Letter of Comfort, Letter of Support

The credit application process begins at branch level, similar to the corporate and commercial loans approval process. However, after the branch phase, credit applications are transmitted to the relevant Regional Directorate or to the General Directorate depending on the authorisation limits and the proposed collateral.

The scorecard system for small enterprises is based on the same scorecard system as that used for loan applications by micro business customers (see "Retail Banking – Loans to Micro Business Customers"). For medium sized enterprises, the scorecard used is the same as that used for the Corporate and Commercial Credits Department.

There are two different scoring systems – "behavioural" and "application". The behavioural scorecard ranks current customers from 1 to 24 measuring customers' risk using the Bank's data. This model utilises historic business data and has several credit quality categories.

An application scorecard is used to evaluate application information, using the Bank's data and relevant third party information in order to grade customers at the point of application. This scorecard also ranks customers from 1 to 24. The scoring system takes into account both financial and non-financial factors, as well as the relationship history of the customer with Akbank. Branch Managers cannot override the application scores notified in policy documents.

In principle, the LTV ratio will be 100% if the Bank takes a land pledge as collateral for working capital credits, and 75% for investment loans. However, this principle can be varied according to the customer base under the authority of any level up to the maximum approval limits.

The distribution of "Secured Loans/Tangible Collateral" ratio for the Corporate, Commercial, SME and Micro segments, as at 31 December 2010, is shown below. It should be noted that the ratio includes collateralised cash and non-cash credits and the ratio does not accurately represent the "LTV" ratio.

Customer Segment	Secured Loans/Tangible Collateral(1)
Corporate	65%
Commercial	63%
SME	58%
Micro	44%

Note:

(1) Tangible collateral includes cash collaterals, land pledges and other pledges.

Classification of Loans and Provisioning

Classification of Loans and Other Receivables

Akbank monitors loans and other receivables according to the categories set out below which reflect respective recovery capabilities and debtors' creditworthiness levels, having regard to the procedures and principles established by Turkish law:

- Group One – Loans of a Standard Nature and Other Receivables ("**Group One Loans**"): this group includes loans and other receivables showing no signs of weakness or deterioration.
- Group Two – Loans and Other Receivables Under Close Monitoring (Watchlist) ("**Group Two Loans**"): this group includes loans and other receivables which do not presently show any problems in terms of principal and/or interest payments but which require close monitoring due to reasons such as observation of negative trends in the debtor's payment capability or cash flow positions or where repayment is highly likely but capital and/or interest payments are delayed for more than 30 days.

  Akbank's current policy is more conservative than BRSA requirements in this respect and puts loans on watch when payment of principal and/or interest is overdue for more than five days for the Corporate and Commercial segment, 10 days for the SME segment and 15 days for the Retail segment.
- Group Three – Loans and Other Receivables with Limited Recovery ("**Group Three Loans**"): this group includes loans and other receivables with limited potential for total recovery of payments due thereunder either because the debtor's equity or guarantee is considered inadequate to cover payment or because payment is likely to be delayed by more than 90 days due to various reasons, such as problems encountered by the debtor over its operating capital, financing or ability to create additional liquidity.
- Group Four – Loans and Other Receivables with Suspicious Recovery ("**Group Four Loans**"): this group includes loans and other receivables for which repayment is considered unlikely or for which the delay of recovery of principal and/or interest exceeds 180 days but does not exceed one year.
- Group Five – Loans and Other Receivables Having the Nature of Loss ("**Group Five Loans**"): this group includes loans and other receivables for which repayment is considered impossible or for which the delay of recovery of principal and/or interest exceeds one year.

Provisioning

General provisions apply to Group One and Group Two Loans and special provisions to Group Three to Five Loans.

General Provisions (BRSA requirements)

In relation to Group One Loans, Akbank allocates general provisions at a rate of 1% of the total amount of cash credits of a standard nature and 0.2% of the total amount of letters of guarantee, sureties and other non-cash loans.

In relation to Group Two Loans, Akbank allocates general provisions at a rate of 2% of the total cash loans which are closely monitored and 0.4% of the total amount of letters of guarantee, sureties and other non-cash loans.

Special Provisions (BRSA requirements)

Under Turkish law, the minimum special provision rates applicable to Group Three to Five Loans are 20% from the date of inclusion into Group Three, 50% from the date of inclusion into Group Four and 100% from the date of inclusion into Group Five. These special provisions are calculated by reducing the amounts of the guarantees for these loans at the following rates:

- Group One guarantees: 100%;
- Group Two guarantees: 75%;
- Group Three guarantees: 50%; and
- Group Four guarantees: 25%.

In contrast, Akbank allocates a 100% provision rate for all Group Three to Five Loans from the date of inclusion into Group Three, irrespective of the amounts of the guarantees for these loans. See "Selected Statistical and Other Information – Loan and Guarantee Portfolio."

Identification and Remediation of Problem Loans

General

Identification and remediation of problem loans throughout the Bank's business units is organised according to classification of Loans.

1) Group Two – Loans and Other Receivables Under Close Monitoring (Watchlist) – is executed by three separate credit monitoring groups covering each of SME, Retail and Corporate/ Commercial.

2) Group Three, Four and Five are executed by the Non-Performing Loans Follow-Up Division covering all segments.

Credit Monitoring Groups

The Corporate/Commercial/SME Credits Monitoring Division and Retail Credits Monitoring Division are organised according to customers' segment division. The Corporate/Commercial/SME Credits Monitoring Division is composed of three Monitoring Groups.

— The Corporate/Commercial/Credits Monitoring Group, which monitors corporate and commercial clients

— The SME Credits Monitoring Group, which monitors SME clients; and

— Project Finance Loans Monitoring Group which monitors the credit facilities involved in the project finance line allocations.

Each division and group is responsible for the identification and remediation of loans of the relevant segments that have shown indications of potential problems, and are classified under Group Two. The main goal of the Project Finance Loans Monitoring Group is to monitor the financed projects proactively, irrespective of segmentation. There are also regional monitoring teams who are principally responsible for monitoring SME credit clients.

A common monitoring system is used by the three Credit Monitoring Groups with parametric monitoring triggers in the system designed to take into account the peculiarities of each segment. Problem loans are identified automatically by Akbank's Monitoring computer system which monitors using internal or external data resources on a daily basis. Akbank's Credit Monitoring software monitors all overdue interest, commission and principal repayments, unpaid cheques, fraud records and sequestration records on a daily basis.

If a problem is identified, the input is classified by the system as pre-monitoring, blocked pre-monitoring or close monitoring for each segment peculiarity. Pre-monitoring is considered to be an early indication of a potential problem and does not have any effect on the existing credit lines. Blocked pre-monitoring is evaluated as a more serious early indication and credit lines are blocked from additional limit utilisation. Close monitoring – Group Two – indicates that the customer has internal or external weakness that carries potential risk of default. These customers are also blocked by the system from utilising any additional limits. In addition to the automatic identification of problem loans, indicators that cannot be identified by the monitoring system, such as audit reports and market intelligence, are also reviewed daily by members of the Credit Monitoring Group, and are manually put on credit watch if necessary.

All clients, regardless of the segment, are subject to the same risk controls. However because of the number of clients in the retail segment, the process is carried out at the Head Office by Retail Credits Monitoring and Call Centre. Branches are also involved in the process. In contrast, in SME Credit Monitoring, Regional Monitoring Teams support the Head Office in monitoring and work with the customers to ensure loan repayment and that the arrears are cleared in coordination with the related Akbank branches. A repayment plan is negotiated with the customer and set up if necessary. If this process is not successful in clearing the arrears, legal action is taken and the matter is referred to the Non-Performing Loans Follow-Up Group.

The Project Finance Loans Monitoring Group is organised in order to monitor the credit facilities involved in project finance line allocations. The main goal of the group is to proactively monitor projects which have been financed by Akbank. Hence, collecting and examining up-to-date financial and nonfinancial data of projects periodically, comparing the previous cash flows and the real performance of the projects and testing the covenants in the loan documentation are the main responsibilities of the Project Finance Loans Monitoring Group. Also, for proactive monitoring, client visits are key when considering the forthcoming circumstances. Project monitoring staff visit the clients and report the findings to the related business units in the Bank.

Non-Performing Loans Follow-Up Group

The Non-Performing Loans Follow-Up Group deals with non-performing loans. The Non-Performing Credits Group, together with the Legal Advisory Group, deals with Group Three to Five Loans ("**non-performing loans**"). The Non-Performing Loans Follow-Up Group negotiates with the customer regarding repayment of the loan including possible restructuring of the debt, or if necessary, liaises with the Legal Advisory Group to have the collateral liquidated or to take other legal action. Amounts due below a certain threshold after taking into account associated legal costs may be written off in full.

Anti-Money Laundering Policies

Overview

Turkey has adopted anti-money laundering laws and regulations in compliance with the 40 Recommendations of the Financial Action Task Force (the "**FATF**"). Formed by the G7 Economic Summit in 1989, the FATF comprises 26 countries, including the United States and Turkey, as well as international organisations such as the European Commission and the Gulf Cooperation Council. The FATF is dedicated to promoting the development of effective anti-money laundering controls and enhanced co-operation in counter-money laundering efforts among its membership and around the world. Its 40 recommendations issued in 1990 are designed to provide countries with a blueprint for the establishment and implementation of anti-money laundering laws and programmes.

Turkish anti-money laundering legislation requires financial institutions in Turkey to identify their customers when (i) starting customer relationships, (ii) the amount of a single transaction or the total amount of multiple linked transactions is an amount equivalent to TL20,000 or more, (iii) the amount of a single wire transfer transaction or the total amount of multiple linked transactions is an amount equivalent to TL2.000 or more, (iv) regardless of the monetary amount in cases requiring suspicious transaction reporting, and (v) regardless of the monetary amounts in cases where there is suspicion about the adequacy and the accuracy of previously acquired identification information. Such financial institutions in Turkey are required to maintain and record certain official identification documents, to provide all relevant information and documents requested by the officers of the Turkish Financial Crimes Investigation Council (the "**FCIC**") for a period of eight years, and to gather available information on, and report to the FCIC, all transactions suspected of involving funds stemming from illegal activities. In addition to money transfers of TL20,000 and above, the Bank's policies on customer identification are applied to safe deposit box rentals, insurance and leasing transactions, and account openings. The principal requirements, obligations and penalties are contained in Law No. 5549 on Prevention of Laundering Proceeds of Crime and the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

Akbank has established internal anti-money laundering programmes, policies and procedures pursuant to both domestic legislation and international anti-money laundering standards. All Akbank's branches and subsidiaries, regardless of their geographic location, must comply with such programmes, policies and procedures. Akbank has instituted procedures to "know your customer" ("**KYC**"), to record the identity of Akbank's customers when conducting transactions, to maintain copies or records of official identification documents for a period of eight years, to identify and report to the relevant Turkish authorities suspicious transactions, to co-operate with law enforcement agencies, and to establish internal training programmes for Akbank's employees. The Bank's policies require account officers to take into account the customer's background, country of origin, business activities, and other risk indicators. Akbank's anti-money laundering policies and procedures also include procedures to identify and verify the source of requests to make outgoing international funds transfers.

Akbank continues to seek new methods of improving its anti-money laundering standards. The Bank is developing a software solution designed to detect suspicious activity in customer accounts automatically. Akbank uses the "Actimize" software system. This software is composed of two modules: the Suspicious Activity Monitoring Module ("**SAM Module**") and the Watch List Filtering Module ("**WLF Module**"). The WLF Module is used for all kinds of cross-border wire transfers. This software screens the Bank's customers and transactions according to watch lists of individuals, companies, or geographic locations issued by authorities such as OFAC, the UN, the EU or the HMT. If any party in a transaction falls within any of the watch lists, the system creates an alert and automatically forwards this transaction to the Bank's Compliance Department. The SAM Module monitors transactional and customer data on a scenario basis and provides coverage to identify and report suspicious transactions related to money laundering and terrorist financing. In implementing this approach, the Bank drew on the experience provided by other available analytical models used by other banks in supporting European, US and Turkish anti-money laundering policies. As part of the pre-accession preparations for EU membership, Akbank is participating in a joint Italian-Turkish project to develop new techniques to combat money laundering and to prepare written guidelines for submission to the participating governments.

Scope of Akbank's Policies and Procedures

Akbank's anti-money laundering ("**AML**") and KYC standards policy is based on (i) compliance with AML and combating financing of terrorism ("**CFT**") laws and regulations, including local laws (Turkish AML Act and Criminal Act) and regulatory guidance, UN Security Council Resolutions, EU Directives and the USA Patriot Act; (ii) FATF recommendations for standards on AML and CFT as well as application methodology criteria; and (iii) evaluation of KYC principles and customer identification regulations, such as the Basel Principles (customer due diligence for banks), the Wolfsberg Principles and the Turkish Banking Association Local Industry Guidance and Best Practices.

The objectives of the policy are to ensure that the Bank complies with obligations regarding the prevention of laundering proceeds of crime and financing of terrorism and to establish strategies to mitigate potential risks, as well as setting internal controls, measures and operating rules. The Bank aims to discharge its responsibilities through a risk-based evaluation of its customers, transactions, products and services. It also develops and raises awareness among its existing and new employees on matters relating to its AML and KYC standards policy.

AML/CFT Programme and Applications

Akbank has put in place procedures designed to control activities to comply with applicable laws and regulations in Turkey as well as international standards and has put in place systems and controls to mitigate the risk of the Bank being used to facilitate financial crime. Akbank's AML/CFT programme includes (i) having a designated AML compliance officer; (ii) written policies, procedures and guidelines; (iii) risk based controls, including an AML software program that monitors ongoing transactions and customer account activities and screens existing and prospective customers for AML and CFT purposes; (iv) procedures for reporting suspicious activity internally and to the relevant law enforcement authority; (v) record keeping obligations in accordance with local laws; (vi) ongoing training in order to improve existing and new employees' awareness of how the Bank's products and services may be used to facilitate money laundering or terrorist financing and to enhance existing and to raise new employees' awareness of their legal obligations; and (vii) internal audit and independent audit testing.

Customer Acceptance Policy

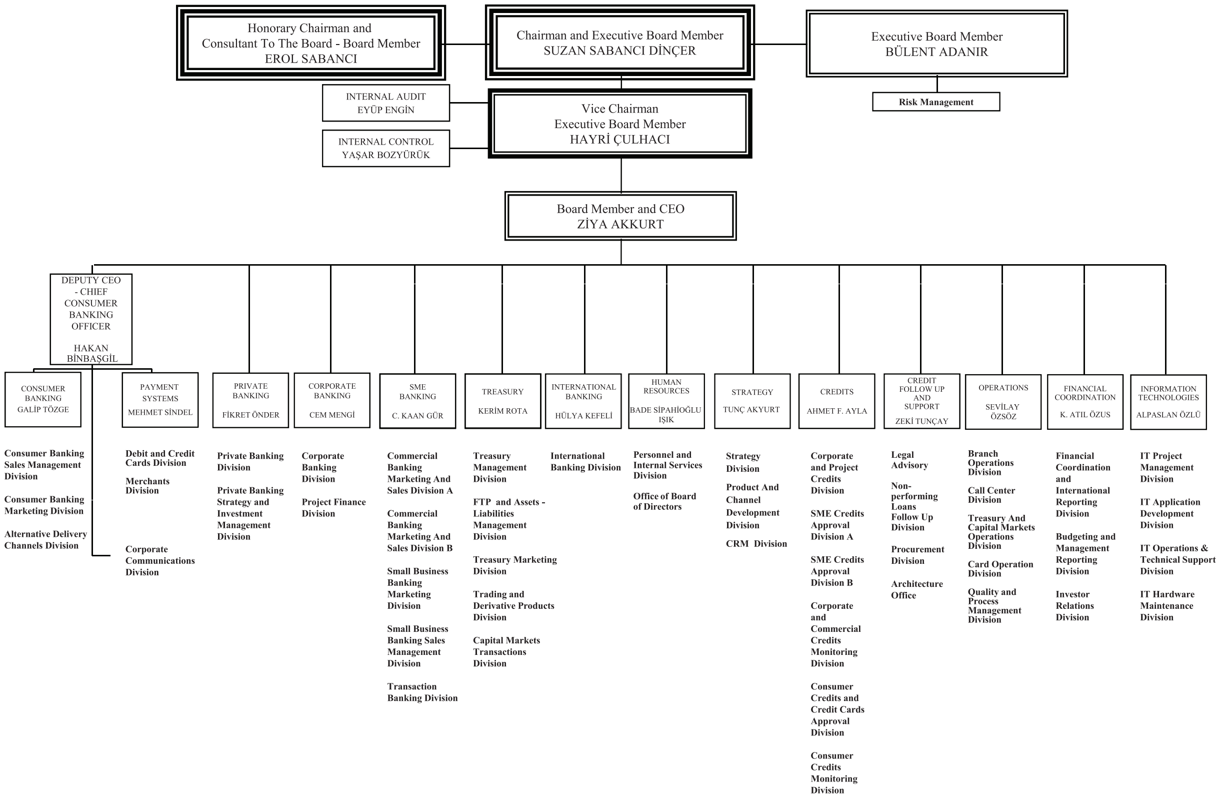
Akbank's customer acceptance policy contains KYC procedures meeting national and international regulations for compliance with the prevention of money laundering and CFT. The Bank's KYC procedures require customers to provide identification when accepting or delivering cash. The Bank is also required to establish the ultimate beneficiary of an account and has defined record making and record keeping duties as well as internal security measures. It also has specific account opening requirements. In the case of an individual, the Bank will require an official identity document, as well as the individual's ID number. In the case of a corporation and other legal entities, the Bank will require the customer's name, details of its legal form, address, list of directors and shareholders, as well as the corporate bylaws, powers of attorney, any other reliable identifying information and their tax number.

Under the Bank's "Customer Acceptance Policy", it does not accept (i) customers who refuse to provide the required information and documentation; (ii) customers with businesses that make it impossible to verify the legitimacy of their activities or the source of funds; (iii) shell banks; (iv) anonymous accounts or accounts using fictitious names; (v) customers who are included in lists prepared by international institutions and organisations showing money launderers and supporters of terrorism financing, such as OFAC, the EU, the UN or the HMT; and (vi) customers who have a negative record in the Bank's internal intelligence system for money laundering, financing of terrorism and financial crimes, such as fraud, counterfeiting, organised crime and similar activities.

Within the framework of the Bank's risk-based approach, transactions are categorised into High Risk Products and Services; High Risk Customers; and High-Risk Geographical Locations. High Risk Products and Services include (i) funds transfers, electronic fund transfers, money transfer orders and international transfers; (ii) cash transactions, such as cash deposits and withdrawals; and (iii) "non-face-to-face banking services", such as transactions conducted via internet banking, ATM or telephone banking and credit allocation transactions. Enhanced due diligence procedures are applied to High Risk Customers at account opening. High Risk Customers include (i) associations, foundations, charities and other non-governmental organisations; (ii) off-shore banks; (iii) companies established in "risky" regions and countries; (iv) citizens of "risky" countries; (v) businesses dealing with high amounts of cash; (vi) private banking customers; (vii) correspondent banks; (viii) politically exposed persons; and (ix) persons or entities listed under Article 2 of Law No. 5549 on Prevention of Laundering Proceeds of Crime. Finally, High-Risk Geographical locations include (i) tax havens (according to FATF criteria); (ii) countries subject to partial or complete embargo by the EU; (iii) countries subject to embargo by OFAC; (iv) countries and regions included in the list of countries and regions refusing cooperation with FATF; and (v) countries specified in the FINCEN list.

MANAGEMENT

An overview of the Bank's organisational structure is set out below:



The Board of Directors

Akbank is managed by its Board of Directors. The Board of Directors makes all major decisions affecting Akbank and acts as a supervisory body for Akbank's activities. It meets at least monthly according to the Bank's Articles of Association. The minimum number of directors required by Turkish Banking Law is five. The maximum number of directors is ten according to the Bank's Articles of Association. A meeting of the Board of Directors has a quorum if at least six of its members are present. Akbank's Board of Directors is also responsible for Akbank's vision, mission and short- and long-term strategic targets. Pursuant to the shareholders' agreement between Sabancı and Citigroup, Citigroup has the right to nominate one non-executive director to Akbank's Board of Directors. The remaining nine directors are nominated by Sabancı.

The following individuals are currently members of the Board of Directors:

Name	Position	Year first appointed to the Board of Directors	Term expires
Suzan Sabancı Dinçer	Chairman of the Board of Directors and Executive Member of Board of Directors	1997	2013
Erol Sabancı	Honorary Chairman and Consultant to the Board of Directors	1967	2013
Hayri Çulhacı	Executive Member of Board of Directors and Vice Chairman of the Board of Directors	2009	2013
Bülent Adanır	Executive Member of Board of Directors	2007	2013
Hikmet Bayar	Member of Board of Directors	1996	2013
Şakir Yaman Törüner	Member of Board of Directors	1998	2013
William J. Mills	Member of Board of Directors	2008	2013
Emre Derman	Member of Board of Directors	2010	2013
Ziya Akkurt	Member of Board of Directors and CEO	2009	2013

The address of the Board of Directors is Akbank T.A.Ş. Genel Müdürlüğü Sabancı Center 34330 4. Levent/İstanbul.

The following individuals have been members of the Board of Directors for the last three years: Suzan Sabancı Dinçer, Erol Sabancı, Bülent Adanır, Hikmet Bayar and Yaman Törüner.

The following individuals are former members of the Board of Directors who left the office within the last three years: Akın Kozanoğlu, Sir Winfried Bischoff, Aydın Günter, Özen Göksel and Zafur Kurtul.

Set forth below is brief biographical information on the members of Akbank's Board of Directors.

Suzan Sabancı Dinçer (age 46): Suzan Sabancı Dinçer was elected Chairman of the Board of Directors on 28 March 2008. Suzan Sabancı Dinçer was appointed Senior Vice President of the Akbank Treasury Department in 1989, promoted to Executive Vice President in charge of Treasury in 1994, appointed to the Board of Directors as Executive Board Member in charge of Treasury and International Relations in 1997, and as Executive Board Member in charge of all matters of the Board of Directors in 2000. Suzan Sabancı Dinçer received her undergraduate degree in Finance and International Marketing from Richmond College in the United Kingdom and earned her MBA at Boston University in the United States. Suzan Sabancı Dinçer is the Honorary Consul of Luxembourg as well as a member of Citigroup's International Advisory Board, the National Bank of Kuwait's International Advisory Board, Blackstone's International Advisory Board, the Chatham House Panel of Senior Advisors, the Institute of International Finance Board of Directors and Emerging Markets Relations Board of Turkey (DEIK), the Global Relations Forum Board of Directors and the Forum Istanbul Honorary Advisory Board.

Erol Sabancı (age 73): Having served as a member of the Akbank Board of Directors since 1967, for a decade beginning from March 1998 Erol Sabancı served as the Chairman of the Board of Directors. Elected Honorary Chairman and Consultant to the Board on 28 March 2008, Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

Hayri Çulhacı (age 55): Hayri Çulhacı joined Akbank in 1990 as an Executive Vice President. Throughout his tenure at Akbank, he was consecutively appointed in 1990 as an Executive Vice President in charge of Corporate Communications, Investor Relations and Strategy; as Advisor to the Chairman (June 2008); and as Executive Board Member in charge of Investor Relations, Corporate Communications and Corporate Social Responsibility (March 2009). Prior to joining Akbank, Hayri Çulhacı worked as a civil servant in the Ministry of Finance. He obtained his MBA degree from Northeastern University in the USA and BA degree in Economics from the Faculty of Political Sciences, Ankara University. Hayri Çulhacı is also Chairman of Ak Securities A.Ş, Chairman of Ak Portfolio Management A.Ş., a member of the Board of Trustees of Sabancı Foundation and the Board of Trustees of Sabancı University, a Board Member of Aksigorta A.Ş, Teknosa A.Ş and Carrefoursa A.Ş., an Executive Board Member of Turkish-American Business Council (TAIK) and a member of TÜSİAD (Turkish Industrialists' and Business Association).

Bülent Adanır (age 57): Serving on the Akbank Board of Directors as an Executive Board Member responsible for risk management and international operations since November 2007, Bülent Adanır is also in charge of all of Akbank's overseas subsidiaries and serves as the Chairman of the Board of Directors for these subsidiaries. Prior to joining Akbank, Bülent Adanır spent 26 years at Citigroup holding numerous international responsibilities, with the last ten years spent in Citigroup's London office as Portfolio Manager in charge of Europe, Middle East, and Africa. Bülent Adanır completed both his undergraduate and masters degrees in the United States and received a graduate degree in applied economics from Rutgers State University.

Hikmet Bayar (age 79): Hikmet Bayar joined the Akbank Board of Directors after retiring from the Turkish Armed Forces in 1996. Having served in various command positions until his retirement from the Turkish Army, Hikmet Bayar was Chief of the Turkish Land Forces between 1994 and 1996.

Ş. Yaman Törüner (age 62): Yaman Törüner became a member of the Board of Directors in March 1998. Having served as a Member of Parliament between 1995 and 1999, Ş. Yaman Törüner also served as a Minister of State in 1996. Between 1990 and 1994, Ş. Yaman Törüner served as the President of the Istanbul Stock Exchange and from 1972 until 1990 he worked in various administrative positions within the Central Bank of Turkey, also serving as the Governor of the Central Bank of Turkey.

William J. Mills (age 56): Citi Europe, Middle East and Africa (EMEA) region CEO William J. Mills previously served as CEO and member of the Board of Directors of Salomon Smith Barney Asia Pacific. With over 20 years experience in investment banking, Mr. Mills served as co-head of the

Global Investment Banking Division of Citigroup based in New York between 1994 and 1999. On 28 March 2008, William J. Mills was elected as a member of the Akbank Board of Directors to fill the seat vacated by the resignation of Sir Winfried Bischoff. William J. Mills received his undergraduate degree in 1977 from Denison University.

Emre Derman (age 44): Emre Derman was elected to the Board of Directors in March 2010. A corporate lawyer by training, between 1989 and 2008 Emre Derman worked in the Istanbul, New York and London offices of White & Case LLP, and for a year in 1994 at the European Bank of Reconstruction and Development in London. In 2008 he resigned as the Executive Partner of the Istanbul Office of White & Case LLP and is now a freelance consultant. Emre Derman holds an LLB from the Istanbul University Law School and an LLM from Harvard Law School.

Ziya Akkurt (age 50): Ziya Akkurt joined Akbank in 1996 as Vice President of the Corporate Banking Department and was promoted to Executive Vice President in 1997. In 2008, Ziya Akkurt was appointed General Manager of AKInvestment, elected Deputy CEO in charge of the Corporate and Commercial Banking Business Units at Akbank in April 2009 and appointed Chief Executive Officer in June 2009. Before joining Akbank, Ziya Akkurt held managerial positions at various commercial banks including Osmanlı Bank and Banque Paribas/Paris. Ziya Akkurt is a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences. Ziya Akkurt is a member of the Institut International d' Etudes Bancaires.

Senior Management

Each Corporate Management Unit and each Business Unit is managed by an Executive Vice President that reports to the CEO. Set forth below is brief biographical information regarding Akbank's Executive Vice Presidents:

The address of the Senior Management is Akbank T.A.Ş. Genel Müdürlüğü Sabancı Center 34330 4. Levent/Istanbul.

Ziya Akkurt: see "Management – the Board of Directors".

Hakan Binbaşgil (age 51): Deputy CEO – Consumer Banking and Corporate Communications: Hakan Binbaşgil joined Akbank as Executive Vice President in charge of Change Management in October 2002. He was appointed as Executive Vice President in charge of Retail Banking in October 2003, as Deputy CEO in charge of Retail Banking in May 2008 and as Deputy CEO in charge of Consumer Banking and Corporate Communications in January 2010. A graduate of Boğaziçi University, Faculty of Mechanical Engineering, Hakan Binbaşgil also has an MBA in management and finance from LSU-Baton Rouge. In addition to having worked as a management consultant in the London and Istanbul offices of Accenture and as Executive Vice President in charge of Retail Banking at Pamukbank, Binbaşgil also served on the board of directors of numerous companies.

Zeki Tuncay (age 56): Executive Vice President – Credit Follow-up and Support Services: Zeki Tuncay joined Akbank in 1980 as an assistant internal auditor and, after serving as the Head of Personnel, was appointed as Executive Vice President in charge of in 1994. Zeki Tuncay continues to serve as Executive Vice President in charge of Human Resources, Credit Follow-Up and Support Services. Zeki Tuncay is a graduate of the Academy of Economics and Commercial Sciences in Ankara.

M. Fikret Önder (age 58): Executive Vice President – Private Banking: M. Fikret Önder joined Akbank in July 2000 as Executive Vice President in charge of Private Banking, having previously held managerial positions at various banks abroad. Before joining Akbank, M. Fikret Önder served as Senior Portfolio Manager and Executive Vice President in charge of Private Banking at Bank Julius Baer & Co. in London. He is a graduate of the University of Bonn, Department of Economics.

Sevilay Özsöz (age 54): Executive Vice President – Operations: Sevilay Özsöz joined Akbank as an Adviser to the CEO in December 2001 and was subsequently appointed as Executive Vice President in April 2002. Before joining Akbank, Sevilay Özsöz held various managerial positions at Garanti Bank and Osmanlı Bank. Sevilay Özsöz is a graduate of Istanbul University, Faculty of Economics.

Alpaslan Özlü (age 56): Executive Vice President – Information Technologies: Alpaslan Özlü joined Akbank in March 2006 as Executive Vice President in charge of Information Technology. A graduate of Middle East Technical University, Faculty of Arts and Sciences, Alpaslan Özlü also holds an MSc in computer engineering from the same university. Before joining Akbank, Alpaslan Özlü served as an Executive Vice President at Yapı Kredi Bank.

Ahmet Fuat Ayla (age 46): Executive Vice President – Credits: Ahmet Fuat Ayla joined Akbank as Corporate Branch Manager in 2002, became the Senior Vice President in charge of Corporate and Commercial Credits Approval Unit in 2005 and was appointed Executive Vice President in charge of Corporate and Commercial Credits Approval in 2007. Ahmet Fuat Ayla is responsible for the approval of consumer, corporate, commercial and retail loans. Beginning his career in the management trainee programme at Interbank, Ahmet Fuat Ayla later served as the Head of the Marketing Department at Finansbank and as Marketing Department Manager at Osmanlı Bank. Ahmet Fuat Ayla is a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration.

Hülya Kefeli (age 51): Executive Vice President – International Banking: Hülya Kefeli has been with Akbank since 1983 and has held various positions in the Foreign Relations and International Banking Divisions of the Bank. In 2007, she was appointed as Executive Vice President in charge of International Banking. Hülya Kefeli is a graduate of Istanbul Technical University, Faculty of Business Administration and Engineering.

K. Atıl Özus (age 41): Executive Vice President – Financial Coordination: K. Atıl Özus joined Akbank in November 2000 as Vice President of Financial Control and Risk Management, after which he was promoted as Senior Vice President. In December 2007, he was appointed as CFO and Executive Vice President. Before joining Akbank, K. Atıl Özus was an audit manager at Ernst & Young. K. Atıl Özus is a graduate of Boğaziçi University, Department of Business Administration.

A. Galip Tözge (age 44): Executive Vice President – Consumer Banking : A. Galip Tözge joined Akbank in September 2002 as Senior Vice President in charge of Retail Banking Distribution Channels and was appointed as Executive Vice President in December 2007. Before joining Akbank, A. Galip Tözge served as Executive Vice President at Citibank, Turkey. A graduate of Marmara University, Department of Business Administration, A. Galip Tözge holds an MBA degree from the University of Missouri.

Cem Mengi (age 46)*: Executive Vice President – Corporate Banking: Cem Mengi joined Akbank in 2001 as Senior Vice President in charge of Corporate Banking and Project Finance and was appointed as Executive Vice President in 2008. Cem Mengi previously worked at Finansbank, Interbank, Körfezbank and finally as Executive Vice President at Rabobank International. Cem Mengi completed his A Levels in mathematics and physics in England and holds a degree in Management Information Systems (MIS) from International University. Cem Mengi continues to serve as a member of TÜSİAD and GYİAD.

* Cem Mengi resigned his position in January 2011.

Tunç Akyurt (age 40): Executive Vice President – Strategy: Tunç Akyurt joined Akbank in February 2010 as Executive Vice President in charge of Strategy, CRM and Product & Channel Development. He is a graduate of the Industrial Engineering Department at Boğaziçi University and holds a masters degree in Management Systems Engineering at Virginia Tech. Before joining Akbank, Tunç Akyurt worked at Capital One Bank/USA, McKinsey & Company/Istanbul and Finansbank, holding various managerial positions.

Bade Sipahoğlu Işık (age 40): Executive Vice President – Human Resources: Bade Sipahioğlu Işık joined Akbank in 2001 as Human Resources Planning Vice President. After serving as Human Resources and Organization Senior Vice President, she was appointed Executive Vice President in charge of Human Resources in September 2010. Bade Sipahioğlu Işık is a graduate of Marmara University, Department of Public Relations and has a masters degree in business management from Institut Des Etudes Politiques in France. Prior to Akbank, she held various positions in the field of human resources at Intertech, Garanti Bank, Humanitas A.S. and Osmanlı Bank.

Mehmet Sindel (age 41): Executive Vice President – Payment Systems: Mehmet Sindel joined Akbank on November 1, 2010 as Executive Vice President in charge of Payment Systems. Sindel previously worked at Citibank, Garanti Bank's Credit Card Marketing & Sales Divisions and finally as Personel Financial Services, Marketing Group Head at HSBC. Mehmet Sindel is a graduate of Boğaziçi University, Faculty of Business Administration.

Kerim Rota (age 47): Executive Vice President – Treasury: Kerim Rota joined Akbank in November 2010 as Executive Vice President in charge of Treasury. Before joining Akbank, Kerim Rota served as Executive Vice President at Finansbank and Alternatifbank. He is a graduate of Gazi University, Faculty of Engineering.

Cenk Kaan Gür (age 47): Executive Vice President – SME Banking: C. Kaan Gür joined Akbank in January 2011 as Executive Vice President in charge of SME Banking. Prior to Akbank, he was the

SME Marketing Coordinator in Garanti Bank. Gür also held managerial positions at Garanti Teknoloji A.S and Garanti Konut Finans Danış Hizmetleri A.S. He is a graduate of Gazi University, Banking and Insurance Department.

Conflict of Interests

There is no actual or potential conflict of interests between the duties of any of the members of the Board of Directors and the Senior Management team and their respective private interests or other duties.

Remuneration and Related Party Transactions

The members of the Board of Directors receive a fee for attending Board meetings. In addition, a maximum of 2% of the distributable profits remaining after taxes, legal reserves and a first dividend to shareholders may be distributed to members of the Board. The average percentage of such distributions in the last five years was 0.02%.

The aggregate amount of the remuneration paid and benefits in hand granted to the Directors and senior management for the year ended 31 December 2010 was approximately TL23,092,000. The aggregate amount of the remuneration paid and benefits in hand granted to the Directors and senior management for the year ended 31 December 2009 was approximately TL19,611,000.

Akbank does not have any loans outstanding to its Directors or officers. None of the Directors or executive officers has or has had any interest in any transaction effected by Akbank and which are or were unusual in their nature or conditions or significant to the business of Akbank and which were effected during the current or immediately preceding financial year or were effected during an earlier financial year and remain in any respect outstanding or unperformed.

Corporate Governance

The Bank recognises the importance of maintaining sound corporate governance practices. The relationship between Akbank's management, shareholders, employees and third parties including customers, legal authorities, suppliers and various other individuals and institutions with whom the Bank does business are based on fundamental governance principles including integrity, credibility, non-discrimination, compliance, confidentiality, transparency and sustainability.

Akbank complies with the Capital Markets Legislation and the regulations of the Capital Markets Board (CMB) and the Istanbul Stock Exchange (ISE) in the matter of public disclosure and expends maximum effort to implement the principles stipulated in the CMB Corporate Governance Principles. The Corporate Governance Principles stipulated by the CMB and consisting of four major sections are implemented by Akbank in general.

The Board has established an Executive Management Committee, an Audit Committee, a Corporate Governance and Social Responsibility Committee, a Credit Committee and an Executive Risk Committee.

Executive Management Committee

The Executive Management Committee evaluates the Bank's financial data, profitability of the business lines, the Bank's position in the industry and recent business developments. The time and agenda for the Committee meetings are arranged on an annual basis. The members of the Executive Management Committee include:

- Suzan Sabancı Dinçer, Chairman (Chairman and Executive Board Member)
- Hayri Çulhacı, Member (Vice Chairman and Executive Board Member)
- Bülent Adanır, Member (Executive Board Member)
- Ziya Akkurt, Member (Board Member and CEO)

Audit Committee

Responsible for assisting the Board of Directors in its auditing and supervision activities, the Audit Committee is charged with overseeing the functioning and adequacy of the internal systems as well as the accounting and reporting systems. The members of the Audit Committee include:

- Bülent Adanır, Chairman (Executive Board Member)
- Hikmet Bayar, Member (Board Member)

Corporate Governance and Social Responsibility Committee

Akbank established the Corporate Governance and Social Responsibility Committee in 2009 to monitor the Bank's compliance with corporate governance principles, to oversee the administration of corporate social responsibility activities and to promote the integration of ethical, environmental, and social policies with the Bank's lending and other activities. The members of the Corporate Governance and Social Responsibility Committee include:

- Hayri Çulhacı, Chairman (Vice Chairman and Executive Board Member)
- Suzan Sabancı Dinçer, Member (Chairman and Executive Board Member)
- Ziya Akkurt, Member (Board Member and CEO)
- Hakan Binbaşgil, Member (Deputy CEO – Consumer Banking and Corporate Communications)
- Bade S Işik, Member (Executive Vice President – Human Resources)
- Atıl Özus, Member (CFO)
- Cenk Göksan, Member (Senior Vice President – Investor Relations)
- Derya Bigalı, Member (Head of Akbank Art Center)

Credit Committee

The Credit Committee is the ultimate decision-making body for loan allocation and reviews loan applications over certain amounts to ensure that decisions conform to legislation and regulations, banking principles and the Bank's goals and loan policies. The members of the Credit Committee include:

- Erol Sabancı, Chairman (Honorary Chairman and Consultant to the Board – Board Member)
- Bülent Adanır, Member (Executive Board Member)
- Ziya Akkurt, (Board Member and CEO)

Executive Risk Committee

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of risk, setting commensurate risk limits and monitoring their performance. All risk policies formulated are documented in writing and incorporated in the overall long-term strategy of the Bank. The members of the Executive Risk Committee include:

- Bülent Adanır, Chairman (Executive Board Member)
- Suzan Sabancı Dinçer, Member (Chairman and Executive Board Member)
- Hayri Çulhaci, Member (Vice Chairman and Executive Board Member)
- Ziya Akkurt, Member (Board Member and CEO)

OWNERSHIP

Share Capital of Akbank

As at 31 December 2010, the issued and paid-in share capital of Akbank was TL4,000,000,000 consisting of 400,000,000,000 shares each with a nominal value of TL0.01. Consolidated total shareholders' equity as at 31 December 2010 amounted to TL18,046,903,000.

Pursuant to the Banks Act, shares are issued in registered form.

In April 1998, 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 Depository Receipt ("**ADR**"). As at 31 December 2010, approximately 29% of the shares are publicly traded, including the ADRs. As at 31 December 2010, Akbank's market capitalisation was US$22,320 million.

Principal Shareholders

Registered ordinary shareholdings in Akbank as at 31 December 2010 are set forth below.

	Number of Ordinary Shares	Percentage of Outstanding Shares
Hacı Ömer Sabancı Holding A.Ş. (including affiliated companies) and the Sabancı family	2,046,646,933.03	51.16
Citibank Overseas Investment Corp.[1]	799,999,979.99	20.00
Other	1,153,353,086.98	28.84

Note:

(1) Citigroup Inc. and its subsidiaries and affiliates ("**Citigroup**") holds 799,999,979.99 registered ordinary shares of the Issuer (20% of the Issuer's total issued share capital) which are held through Citigroup's wholly-owned subsidiary Citibank Overseas Investment Corp. Citigroup is represented on the Issuer's management board by William J. Mills (see "Management – The Board of Directors"). All transactions entered into with Citigroup are on an arms-length basis.

Controlling Shareholders

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 51.16% of the outstanding share capital of Akbank as at 31 December 2010. The Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There are no other parties who exercise or could exercise control over Akbank.

Related Party Exposure

Akbank primarily has four types of exposure to companies owned directly or indirectly by Sabancı Holding and the Sabancı Group: (i) loans that Akbank makes to Sabancı Group companies; (ii) guarantees that Akbank has assumed on behalf of Sabancı Group companies; (iii) deposits that Akbank receives from Sabancı Group companies; and (iv) derivative transactions made by Sabancı Group companies.

Turkish banking regulations limit exposure to related companies, and Akbank's exposure to Sabancı Group companies is within the limit permitted by the regulations as at 31 December 2010. See "Appendix C: Regulatory Environment". As at 31 December 2010 Akbank has not entered into any material transactions with any other member of the Sabancı Group except for certain cash and non-cash credits that Akbank has provided to members of the Sabancı Group as set out below. Akbank enters into credit transactions with other members of the Sabancı Group in the ordinary course of business and on an arms-length basis and expects to continue to do so in the future. Akbank's loans and advances to related parties were TL951,107,000 and TL635,235,000 for 31 December 2010 and 31 December 2009, respectively. These amounts account for approximately 1.6% of Akbank's total loans for 31 December 2010 and 1.4% for 31 December 2009. Loans provided to employees were TL75,462,000 and TL67,005,000, respectively at 31 December 2010 and 31 December 2009, respectively.

The following table indicates the level of Akbank's relationships (on a consolidated basis) with other members of the Sabancı Group as at 31 December 2008, 2009 and 2010, respectively.

	For the years ended 31 December		
	2010	**2009**	**2008**
	(*TL thousands except percentages*)		
Cash loans	951,107	635,235	870,542
As a % of assets	0.79%	0.62%	0.94%
As a % of total cash loans	1.63%	1.41%	1.76%
As a % of shareholders' equity	5.27%	4.36%	7.62%
Non-cash credits(1)	397,262	747,911	460,241
As a % of assets	0.33%	0.73%	0.50%
As a % of non-cash loans	3.84%	9.67%	6.79%
As a % of shareholders' equity	2.20%	5.14%	4.03%
Total group exposure	**1,348,369**	**1,383,146**	**1,330,783**

Note:

(1) Non-cash credits consist primarily of letters of credit issued or confirmed and exposures under guarantees and performance bonds.

Akbank (on a consolidated basis) had deposits from members of the Sabancı Group as follows as at 31 December 2010, 2009 and 2008, respectively.

	For the years ended 31 December		
	2010	**2009**	**2008**
	(*TL thousands*)		
Deposits (including cash collateral)	6,370,538	6,191,548	5,857,241

THE SABANCI GROUP

Sabancı Holding is the parent company of the Sabancı Group, one of Turkey's leading industrial and financial conglomerates.

Hacı Ömer Sabancı, the founder of many of the financial and industrial companies within the Sabancı Group, started business in the 1920s in the cotton trade. From this business, he expanded into various other sectors, including the food sector with the acquisition of Marsa in 1946, the financial services sector with the establishment of Akbank in 1948, and the textile sector with the establishment and expansion of Bossa in the 1950s. After the death of Hacı Ömer Sabancı in 1966, his six sons continued his legacy through the establishment of Sabancı Holding in 1967. Sabancı Holding has become the principal vehicle through which the Sabancı family has acquired and holds interests in many sectors of the Turkish economy. Sabancı Holding has always been controlled by the Sabancı family, certain members of which as at 31 December 2010 owned in the aggregate 60.6% of its issued share capital.

The Sabancı Group is composed of 74 companies many of which are recognised market leaders in their respective sectors and 12 of which are listed on the Istanbul Stock Exchange. Sabancı Holding's main business ventures are widely diversified, encompassing financial services, which include banking and insurance, as well as energy, retail, cement, automotive, tyre and tyre reinforcement materials, paper and packaging materials, information technology, tourism and international trading.

The companies of the Sabancı Group currently operate in 18 foreign countries and market their products in various parts of Europe, the Middle East, Asia, North Africa and North and South America. Capitalising on its strong reputation and name recognition, in addition to its positive local relationships and knowledge of and experience in the Turkish market, the Sabancı Group has grown through the expansion of existing core businesses and the formation of joint ventures. Sabancı Holding's multinational business partners include such prominent companies as Bridgestone, Heidelberg Cement, Carrefour, Dia, Hilton International, Mitsubishi Motor Co., International Paper, Philip Morris and Verbund.

In addition to coordinating of finance, planning and human resources functions, Sabancı Holding determines the Group's vision and strategies, thus creating shareholder value through synergies across the Group Companies. As of 30 September 2010, the consolidated revenues of Sabancı Holding were US$9.5 billion and net income was US$784 million. The Sabancı family is collectively Sabancı Holding's major shareholder with 60.6% of the share capital. Sabancı Holding shares are traded on the Istanbul Stock Exchange with a free float of 39.4% and depository receipts are quoted on SEAQ International and PORTAL.

In addition to its interest in Akbank, Sabancı Holding's principal investments are listed below.

Financial Services

Aksigorta. Established in 1960, Aksigorta ranks as one of Turkey's leading non-life insurance companies in terms of premium generation and financial strength. On 18 February 2011, Sabanci Holding announced that it had entered into a contract to sell 50% of its shares in AkSigorta to Ageas Insurance International N.V. AkSigorta will be jointly controlled by Sabanci Holding and Ageas Insurance International N.V. once the sale is completed.

Avivasa. After completion of legal procedures following the merger of Ak Emeklilik and Aviva Hayat ve Emeklilik, announced to the public on 8 June 2007, Avivasa Emeklilik ve Hayat began operating as one of Turkey's leading individual pension and life insurance companies. According to the Pension Monitoring Center's data of 24 December 2010, Avivasa Emeklilik ve Hayat is the leader in the sector in terms of individual pension fund size and market share of 21.3%.

Other Financial Services Companies. The Sabancı Group's other financial services interests are held by Akbank and are described under "Business of Akbank – Subsidiaries and Affiliated Companies."

Tyres, Tyre Reinforcement Materials and Automotive

Brisá. Established in 1974, Brisa (formerly known as Lassa) began to produce tyres under licence from B.F. Goodrich of the USA. In 1988, Brisa was established as a 50-50 joint venture between the Sabancı Group and Bridgestone Corporation of Japan, a prominent tyre and rubber goods manufacturing company.

Temsa. Temsa, established in 1968, began its automotive sector business operations in 1984 by signing technical license and distributorship agreements with Mitsubishi Motors Corporation of Japan.

Kordsa. Kordsa Global is the world's leading producer of nylon and polyester yarns, cord fabric and single end cord, and provides services to the tyre reinforcement and mechanical rubber markets. With its 11 facilities located in nine countries across five continents and a 4,500-strong workforce, the company has maintained its position as a global leader.

Food and Retailing

Carrefoursa. Carrefour, a global player in modern retailing, opened its first store in Turkey in 1993 in Içerenköy-Istanbul. Sabancı Holding combined forces with Carrefour through a joint venture in 1996, and Carrefoursa was established. Carrefoursa has differentiated itself from local retailers with its broad range of high quality products and lower prices.

Diasa. Spain's leading discount market chain Dia became part of Carrefour Group as a result of a global merger between Carrefour and Promodes in 2000. Immediately afterwards, Sabancı Holding signed a joint venture agreement with Dia in Turkey to establish Diasa and gain a foothold in the increasingly important discount food retailing segment.

Teknosa. Teknosa started its operations in 2000 to serve Turkish consumers in information technology, electrical appliances, home electronics, and optical products. In 2010, the company owned 256 stores, with operations in 68 cities.

Energy

Enerjisa Power Generation (Genco). Enerjisa GenCo was founded in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and competent supplier of energy to its customers. Enerjisa GenCo has a combined operating capacity of 456 MW and its licensed portfolio reached 3,200 MW including existing power plants, projects under construction and projects with ongoing engineering works at the end of 2009. In addition to this portfolio, projects with a total capacity of nearly 1,070 MW are at the licence application stage.

Enerjisa Electricity Distribution (Disco). Enerjisa DisCo participated in the privatisation tender for the block sale of 100% of the shares in Başkent Electricity Distribution Company (Başkent EDAŞ) and won the tender offering the highest bid at US$1,225 million on 1 July 2008. Başkent EDAŞ builds, maintains and operates the electric distribution grid and provides electric retail services as well as additional services to 3.2 million customers.

Enerjisa Electricity Trading (TradeCo). Enerjisa TradeCo was founded in 2004 to operate in the electricity wholesale market. Enerjisa TradeCo trades in electricity and/or capacity in accordance with the limits set by market regulation.

Cement

Akçansa. Akçansa's history dates back to the founding of two companies, Akçimento and Çanakkale Çimento, in 1967 and 1974, respectively. Through the merger of these two entities in 1996, Akçansa became the leading cement producer in Turkey. Akçansa is currently a Sabancı Holding and Heidelberg Cement joint venture.

Çimsa. Çimsa was established in Mersin in 1972, with production beginning three years later. In 1990, Çimsa established one of the most modern white cement production lines in the world.

Chemicals and International Trade

Advansa. Sabancı Holding purchased Dupont's 50% stake in Dupontsa in 2004 and subsequently changed the Company's name to Advansa BV is Europe's leading integrated polyester manufacturer of polyester staple fibre and yarn with a shifting focus on specialty polymers and chemicals at its facilities in Turkey and Germany.

Exsa (UK) Limited. Established in London in 1988, Exsa (UK) Limited is a leader in international trading and business development.

Exsa. Established in Turkey in 1972, Exsa Export serves the foreign trade needs of many of the Sabancı Group companies in over 100 countries, including free trade zone operations in Mersin and Istanbul.

Textiles

Yünsa. Established in 1973, Yünsa is Turkey's largest worsted wool fabric producer/exporter and ranks among the world's top ten producers of worsted fabric.

TURKISH BANKING SYSTEM

The Turkish financial sector has gone through major structural changes as a result of the financial liberalisation programme that started in the early 1980s. The abolition of directed credit policies, liberalisation of deposit and credit interest rates and liberal exchange rate policies as well as the adoption of international best standard banking regulations have accelerated the structural transformation of the Turkish banking sector. Since the 1980s, the Turkish banking sector has experienced a significant expansion and development in the number of banks, employment in the sector, diversification of services and technological infrastructure. The significant volatility in the Turkish currency and foreign exchange markets experienced in 1994, 1998 and 2001, combined with the short foreign exchange positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several institutions. The banking sector also experienced a sharp reduction in shareholders' equity in 2001, with the capital for 22 private sector banks declining to US$7,727 million at the end of 2001 from US$8,551 million for 28 banks at the end of 2000, according to the Central Bank.

The Turkish money markets and foreign exchange markets have stabilised since 2001. In order to enhance disclosure and require management to maintain adequate capital, the BRSA required banks to undergo a three-part audit during the end of 2001 and the first half of 2002. Following the audit, all private commercial banks were either found to be in compliance with the 8% minimum capital requirement (which was the case for Akbank, as declared by the BRSA in mid 2002), transferred to the Savings Depositary Insurance Fund (the "**SDIF**") or asked to increase their capital level. For further discussion, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Adequacy."

According to SDIF's official data, since 1994, a total of 25 private banks have been transferred to the SDIF due to, among other things, weakened financial stability and liquidity. The transparency of the system has improved along with the establishment of an independent supervisory and regulatory framework and new disclosure requirements. Structural changes undertaken have strengthened the private banking sector and resulted in a level playing field among banks. Unfair competition from state banks was diminished while the efficiency of the system increased in general as a result of consolidation. Efforts are continuing on the resolution of the SDIF banks while restructuring and privatisation of the state banks is progressing.

This restructuring in the Turkish financial sector has been significantly aided through the three-stage audit process referred to above. According to Provisional Article 11 of the Banking Law, Provisional Article 4 added to the Banking Law (Law No. 4389) (the "**Banks Act**") through Act No. 4743 will remain applicable until the collection of receivables and finalisation of procedures against the banks taken over by the SDIF. Pursuant to Provisional Article 4 mentioned above, privately-owned deposit banks (including Akbank) under the scope of the programme went through the above-mentioned three-stage audit process. Banks appointed their own independent audit companies of each bank to conduct the first audit. To ensure that the first audit was undertaken according to agreed-upon principles, a different independent audit company appointed by the BRSA carried out the second audit. The Sworn Bank Auditors of the BRSA conducted the third and final audit. This multi-phase auditing procedure was applied so as to minimise conflicts and increase reliability in the Turkish banking system. The "audit and assessment" phase of the programme was successfully completed through close cooperation with banks and independent audit institutions. The audit and assessment phase carried out within the framework of the programme not only increased the chances of success of the programme, but also brought about positive long-term effects on the Turkish banking system. First, the transparency of the banking sector increased. Announcements made by the BRSA regarding aggregate figures and the bank-specific information to be provided by banks after their general assemblies provided a platform for the sharing of reliable information, including group risks, open positions and in-kind credit risks. As a result, the true financial health of Turkish banks has become more transparent. Second, with the success of the audit and assessment phase, the ability of the Turkish public authorities to design and apply sound policies towards the establishment of a healthy and efficient banking sector was strengthened.

In August 2004, in an attempt to reduce the regulatory costs inherent in the Turkish banking system, the government reduced the rate of the Resource Utilisation Support Fund ("**RUSF**") applicable on short term foreign currency commercial loans lent by banks domiciled in Turkey to zero. However, the 3% RUSF charge for some types of loans provided by banks outside of Turkey with an average repayment term of less than one year remains valid. The government also increased the RUSF charged on interest of foreign currency-denominated retail loans from 10% to 15% in order to curb domestic demand fuelled by credit, which was in turn perceived to be adversely affecting Turkey's current account balance. The Council of Ministers determined RUSF charged on consumer credits to be utilised by individuals (for non-commercial utilisation) at 15% with its decision numbered 2010/974 which was published in the Official Gazette dated 28 October 2010 and numbered 27743.

In accordance with the regulations of the BRSA made in 2003 (decision of BRSA dated 3 July 2003 and numbered 1084), the practice of a full insurance guarantee over savings deposits was removed on 5 July 2004. Under the new limited deposit guarantee scheme that replaced the full insurance guarantee, Turkish Lira and foreign exchange-denominated savings deposits up to TL50,000 opened by any natural person customer in each bank are under the insurance guarantee of SDIF. Transition from full deposit insurance guarantee to limited deposit insurance guarantee in July 2004 was the result of the positive developments realised in the economy and the financial sector and is considered a new stage in the improvement of the Turkish banking sector.

TURKISH REGULATORY ENVIRONMENT

Turkish banking legislation has changed substantially in the last decade and the Banking Law abolishing and replacing Banks Act No. 4389 (as amended by Laws No. 4491, 4672, 4684, 4743, 4842, 5020, 5189 and 5228) came into force upon publication thereof in the Official Gazette dated 1 November 2005. The purpose of enacting a new Banking Law is to establish confidence and stability in financial markets, to ensure efficient operation of the credit system and to protect the rights and interests of the depositors. The Banking Law should be regarded as a positive progress due to its provisions regarding capital adequacy, efficiency of the control and audit to be carried out by public authority, creation of a market discipline by prevention of the possible lack of control, and enforcement of the obligation of the liability insurance.

Turkish banks and also branches in Turkey of foreign banks established abroad are governed by two primary regulatory authorities in Turkey, the Banking Regulation and Supervision Agency ("**BRSA**") and the Central Bank.

The Role of BRSA

In June 1999, the Banks Act No. 4389 established the BRSA which ensures that banks observe banking legislation, supervises the application of banking legislation and monitors the banking system. The BRSA has administrative and financial autonomy, and its head office is in Ankara.

Articles 82 and 93 of the Banking Law state that the BRSA, having the status of a public legal entity with administrative and financial autonomy, was established in order to ensure application of the Banking Law and other relevant acts, to ensure that savings are protected and to carry out other activities as necessary by issuing regulations within the limits of authority granted to it by the Banking Law. The BRSA is obliged and authorised to take and implement any decisions and measures in order to prevent any transaction or action which could jeopardise the rights of depositors and the regular and secure operation of banks, and lead to substantial damages to the national economy, and to ensure efficient functioning of the credit system.

By law, the BRSA has responsibility for all banks operating in Turkey, including foreign banks and participation banks. The BRSA sets various mandatory ratios such as capital adequacy and liquidity ratios. In addition, all banks must provide the BRSA, on a regular and timely basis, with information adequate to permit off-site analysis by the BRSA of such bank's financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditors' reports. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and annual basis, depending on the nature of the information to be reported.

The BRSA conducts both on-site and off-site audit and supervises implementation of the provisions of the Banking Law and other legislation, examination of all banking operations and analysis of the relationship and balance between assets, receivables, equity capital, liabilities, profit and loss accounts and all other factors affecting a bank's financial structure.

Pursuant to the Regulation regarding the Internal Systems of Banks, as issued by the BRSA and published in the Official Gazette dated 1 November 2006 and numbered 26333, the banks are obliged to establish, manage and develop (for themselves, all their branches and units and all of their consolidated affiliates) internal audit and risk management systems in line with the scope and structure of their organisations, in compliance with the provisions of such regulation. Pursuant to such regulation, the internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such departments report to the bank's board of directors. To achieve this, according to the regulation, the internal audit personnel cannot also be appointed to work in a role conflicting with their internal audit duties.

On 1 November 2006, the BRSA issued the final regulation on the new accounting standards to ensure that the year-end balance sheets of all banks comply with International Accounting Standards.

The Role of the Central Bank

The Central Bank was founded in 1930 and performs the traditional functions of a Central Bank, including the issuance of bank notes, provision of price stability and its continuity, regulation of the money supply, management of official gold and foreign exchange reserves, monitoring of the financial system and advising the government on financial matters. The Central Bank exercises its powers independently. The Central Bank is empowered to determine the inflation target together with the government, and to adopt a monetary policy in compliance with such target. The Central Bank is the only authorised and responsible institution for the implementation of such monetary policy.

The Central Bank has responsibility for all banks operating in Turkey, including foreign banks. The Central Bank sets mandatory reserve levels and liquidity ratios. In addition, as per the Turkish Central Bank Law, all banks which are operating in Turkey must provide the Central Bank with their balance sheets and profit and loss accounts together with their auditor's report within one month of their general assembly meeting, and audit reports to be prepared by independent audit companies within one month of their preparation. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and semi-annual basis, depending on the nature of the information to be reported.

Finally, the Turkish Banks Association acts as an organisation with limited supervision and coordination. All banks in Turkey are obliged to become members of this association. As the representative body of the banking sector, the association aims to examine, protect and promote its members' professional interests. However, despite its regulatory and disciplinary functions, it does not possess any of the powers to regulate banking as the BRSA does.

Shareholding

The direct or indirect acquisition of shares, which represent 10% or more of the share capital of any bank, or the direct or indirect acquisition or transfer of shares resulting in the total number of shares held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the above thresholds, an assignment and transfer of privileged shares with the right to nominate a member to the board of directors or audit committee or issuance of new shares with such privileges is also subject to the authorisation of the BRSA. In the absence of such authorisation for the share transfers, a holder of such thresholds of shares cannot be registered in the share register, which effectively deprives such shareholder of the ability to participate in shareholder meetings or to exercise voting or other shareholders' rights with respect to the shares, but not of the right to collect dividends declared on such shares.

Lending Limits

In the context of the implementation of Article 48 of the Banking Law, cash credits and non-cash credits such as letters of guarantee, counter-guarantees, sureties, avals, endorsements and acceptances extended by a bank and undertakings having this qualification, bonds and similar capital market instruments purchased by it, loans it will lend by depositing or otherwise, receivables arising from the future sales of assets, overdue cash credits, interests accrued but not collected, amounts of non-cash credits converted into cash and futures and options contracts and other similar contracts, partnership interests and shareholding interests are considered as a credit irrespective of the account through which they are traced. Credits directly or indirectly extended to, and avals and sureties accepted from, a real person or legal entity which represents 10% or more of the Bank's equity capital shall be considered major credits and the total of such major credits, except for the avals and sureties, cannot exceed eight times its equity capital.

The Banking Law restricts the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group directly or indirectly to 25% of its equity capital. In calculating such limit, a credit extended to a partnership is deemed to be extended to the partners in proportion to their liabilities.

A natural person, his or her spouse and children and a partnership (i) in which he or she together with his or her spouse and children is a member of the board of directors or the general manager and (ii) that are, directly or indirectly, controlled by any one of such persons or a legal entity, either individually or jointly with third parties or in which any one of such persons participate with unlimited liability, constitutes a risk group. Furthermore, a bank, its shareholders holding 10% or more voting rights or the right to nominate board members, its board members, general manager and partnerships directly or indirectly, individually or jointly, controlled by any of these persons constitute a risk group, for which the lending limits are reduced to 20% of a bank's equity capital.

Loans made available to a bank's controlling shareholders or registered shareholders holding 1% or more than 1% of the share capital of the bank may not exceed 50% of its capital equity.

Non-cash loans, futures and option contracts and other similar contracts, avals, guarantees and suretyships, transactions carried out with credit institutions and financial institutions, transactions carried out with the central governments, central banks and banks of countries to be accepted by the BRSA, as well as bills, bonds and similar capital market instruments issued and guaranteed to be paid by them, and transactions carried out pursuant to such guarantees are taken into account by the framework for calculating loan limits set by the BRSA.

The following credits are exempt from the above-mentioned lending limits:

(a) transactions backed by cash, cash-like instruments, and precious metals;

(b) transactions made with the Treasury, the Central Bank, the Privatisation Administration and the Housing Development Administration of Turkey or against bonds and bills issued or payment of which is guaranteed by these institutions;

(c) transactions carried out in markets established by the Central Bank or pursuant to special laws;

(d) any increase in a credit resulting from an increase in the value of the respective currency and interests accrued and other charges on overdue credits provided that subsequently allocated credits in a foreign currency shall be taken into consideration at the exchange rate applied on the date of utilisation thereof for calculation of lines of credit in the event a new credit is allocated to the same person;

(e) equity participations acquired at no cost and any increase in the value of equity participations not requiring any payment;

(f) transactions carried out amongst banks on the basis set out by the BRSA;

(g) equity participations acquired through underwriting commitments in public offerings provided that such participations are disposed of in a manner and at a time determined by the BRSA;

(h) transactions which are taken into account as deductibles in calculation of own funds; and

(i) other transactions to be determined by the BRSA.

Loan Loss Reserves

Pursuant to Article 53 of the Banking Law, banks must formulate, implement and regularly review policies regarding: compensation for losses that have arisen or are likely to arise in connection with loans and other receivables and to reserve adequate level of provisions against impairment in the value of other assets and receipt of guarantees and measurement of their value and reliability. In addition, such policies must address issues such as monitoring the loans, follow-up procedures and the repayment of overdue loans. Banks are under an obligation to establish and operate systems performing all of the foregoing.

Procedures relating to loan loss reserves for non-performing loans are set out in regulations issued by the BRSA. Pursuant to the Regulation on the Principles and Procedures Related to the Determination of Qualifications of the Loans and other Receivables by Banks and the Provisions to be Set Aside in relation thereto published in the Official Gazette No. 26333 dated 1 November 2006, banks are required to classify their loans and receivables in one of the following groups:

I. Loans of a Standard Nature and Other Receivables – *This group involves loans and other receivables:*

    (1) which have been disbursed to natural persons and legal entities with financial creditworthiness;

    (2) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor;

    (3) the reimbursement of which has been made within specified periods, for which no reimbursement problems are expected in the future and which can be fully collected; or

    (4) for which no weakening of the creditworthiness of the debtor concerned has been found.

II. Loans and Other Receivables Under Close Monitoring – *This group involves loans and other receivables:*

(1) which have been disbursed to natural persons and legal entities with financial creditworthiness and for the principal and interest payments of which there is no problem at present, but which need to be monitored closely due to reasons such as negative changes in the solvency or cash flow of the debtor, or anticipation of probable materialisation of the latter or, significant financial risk carried by the person utilising the loan;

(2) whose principal and interest payments according to the conditions of the loan agreement are not likely to be repaid according to the terms of the loan agreement and where the persistence of such problems might result in partial or full non-reimbursement risk;

(3) which are very likely to be repaid, but the due dates are delayed for more than 30 days in the collection of the principal and interest payments due to justifiable reasons, however, which cannot be considered as loans or other receivables with limited recovery; or

(4) although the standing of the debtor has not weakened, there is a high likelihood of weakening due to the debtor's irregular cash flow which is difficult to control.

III. Loans and Other Receivables with Limited Recovery – *This group involves loans and other receivables:*

(1) with limited collectability due to the resources of, or the securities furnished by, the debtor being found insufficient to meet the debt on the due date, and where the problems observed are not eliminated, they are likely to cause loss;

(2) the credibility of whose debtor has weakened and where the loan is deemed to have weakened;

(3) collection of whose principal or interest or both, has been delayed for more than 90 days but not more than 180 days from the due date; or

(4) in connection with which, the bank is of the opinion that collection by the bank of the principal or interest of the loan or both will be delayed for more than 90 days from the due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity.

IV. Loans and Other Receivables with Suspicious Recovery – *This group involves loans and other receivables*:

(1) which seem unlikely to be repaid or liquidated under existing conditions;

(2) in connection with which there is a strong likelihood that the bank will not be able to collect the full loan amount that has become due or payable, under the terms stated in the loan agreement;

(3) whose debtor's creditworthiness is deemed to have significantly weakened but which are not yet completely considered as an actual loss due to the expected contribution of such other factors as a merger, the possibility of finding new financing or a capital increase and improvement in the debtor's creditworthiness and collectability of loans; or

(4) there is a delay of more than 180 days but not more than one year from the due date in the collection of the principal or interest or both.

V. Loans and Other Receivables Considered as Losses – *This group involves loans and other receivables*:

(1) which are deemed to be uncollectible;

(2) collection of whose principal or interest or both has been delayed by one year or more from the due date; or

(3) for which, although sharing the characteristics stated in the third and fourth categories, the bank is of the opinion that they have become weakened and that the debtor has completely lost his creditworthiness, due to the strong possibility that it will not be possible to fully collect the amounts that have become due and payable within a period of over one year.

Such Regulation requires Turkish banks to provide general provisions calculated at:

a. 1% of the loan cash portfolio plus 0.2% of the non-cash loan portfolio (letters of guarantee, aval, sureties and other non-cash loans classified in group I above); and

b. 2% of the closely monitored loan portfolio plus 0.4% of the non-cash loan portfolio (letters of guarantee, aval, sureties and other non-cash loans classified in group II above).

In addition, special provisions must be set aside for non-performing loans and receivables in groups III, IV and V described above, in the amounts of 20%, 50% and 100%, respectively, of the relevant loan or receivable.

Pursuant to the same regulation, all loans and receivables in groups III, IV and V above, irrespective of whether any interest or other similar obligations of the debtor are applicable on the principal or whether the receivables have been refinanced, are defined as non-performing loans ("**NPL**"). If several loans have been extended to a loan customer by the same bank and if any of these loans is considered as a NPL, then all outstanding risks of such loan customer are classified in the same group as the NPL even if such loans would not otherwise fall under the same group as such NPL. If a NPL is repaid in full, the other loans of the loan customer may be re-classified into the applicable group as if there were no related NPL.

However, pursuant to provisional Article 2 of the said Regulation, until 1 March 2011, banks have been authorised: (a) to choose whether or not to set aside special provisions for any loan of a loan customer which is classified as a NPL in respect of which that customer has not been in default but which is classified as a NPL purely on the basis that another loan (or loans) of such loan customer has been classified as a NPL; and (b) if an overdue amount under NPL and other receivables is collected, to treat other loans and receivables of the relevant customer within the concept of article 4 of the said Regulation and to classify them within group I after they are observed in group II for a period of at least six months; provided that no conditions that require such loans and receivables to be classified as NPL exist.

Banks must also monitor the following types of security based on their classification:

I. Category I Collateral –

   a. cash, deposit, profit sharing fund and gold deposit accounts provided that they are secured with pledge or assignment agreements, promissory notes, debenture bonds and similar securities issued directly or guaranteed by the Central Bank, the Treasury, the Mass Housing Development Administration of Turkey or the Privatisation Administration and funds gained from repurchase transactions over similar securities and B-type investment profit sharing funds, member firm receivables arising out of credit cards and gold reserved within the Bank;

   b. transactions executed with the Treasury, Central Bank, the Privatisation Administration and the Mass Housing Administration and the transactions made against promissory notes, debenture bonds and similar securities issued directly or guaranteed by such institutions;

   c. securities issued directly by, or under the surety of, the central governments or central banks of countries that are members of OECD or guarantees and sureties given by them;

   d. guarantees and sureties given by the banks operating in OECD member states;

   e. securities issued directly or guarantees and sureties given by the European Central Bank; and

   f. sureties and letters of guarantee, aval, acceptance and endorsements issued by banks operating in Turkey in compliance with their maximum lending limits.

II. Category II Collateral –

   a. precious metals other than gold;

   b. shares quoted on a stock exchange and A-type investment profit sharing funds;

   c. asset-backed securities and private sector bonds except the ones issued by the borrower;

   d. credit derivatives providing protection against credit risk;

   e. the assignment or pledge of accrued entitlements of real and legal persons with public agencies;

   f. liquid securities, negotiable instruments representing commodities, other types of commodities and movables pledged at market value;

   g. mortgages on real property registered with the land registry and mortgages on real property built on allocated real estate provided that their appraised value is sufficient; and

h. export documents appurtenant to a bill of lading or carrier's receipt or insured within the scope of export credit insurance policy; and

i. negotiable instruments obtained from real and legal persons based on actual commercial relationships.

III. Category III Collateral –

a. commercial enterprise pledges;

b. other export documents;

c. vehicle pledges, including pledges of commercial vehicle lines and plate;

d. mortgages on aircraft or ships;

e. sureties from real or legal persons, creditworthiness of which is higher than the debtor; and

f. promissory notes of real and legal persons.

IV. Category IV Collateral – Any other security not otherwise included in Category I, II or III.

When calculating the special reserve requirements for non-performing loans, the value of collateral received from the borrower is deducted from the borrower's loans and receivables in Categories III, IV and V above in the following proportions in order to determine the amount of the required reserves:

	Discount Ratio %
Category I Collateral	100
Category II Collateral	75
Category III Collateral	50
Category IV Collateral	25

If the value of the collateral exceeds the amount of the non-performing loan, the above-mentioned rates of consideration are applied only to the portion of the collateral which is equal to the amount of the NPL.

According to article 11 of such regulation, in the event of the borrower's failure to repay the loans or any other receivables, including deferred interests, due to a temporary lack of liquidity that the borrower is facing, the bank is allowed to refinance the borrower with additional funding in order to strengthen its liquidity position or to structure a new repayment plan. Such loans and other receivables are required to remain in their current loan Categories III, IV or V for at least the next six-month period and, within such period, provisions continue to be set aside at the special provisions rate applicable to the relevant group. Following this six month period, if total collections reach at least 15% of the total receivables for restructured loans, the remaining receivables are reclassified to the "Refinanced/Restructured Loans and Receivables" account. The bank may refinance the borrower for a second time if the borrower fails to repay the refinanced loan, provided that 20% of the principal is collected on a yearly basis.

Provisional article 3 of such Regulation amends the application of the above-mentioned article 11 such that it may be applied as follows until 1 March 2011: the loans and other receivables classified as Closely Monitored Loans and Other Receivables (group II) may be restructured twice. Loans and other receivables subject to a new redemption plan may be classified as Standard Loans and Other Receivables, provided that at least 10% of the total sum of receivables has been repaid. In the event that loans and other receivables are subject to a redemption plan for the second time by extending new loans, then the relevant loans and receivables are classified as Loans and Other Receivables with Limited Collectability until 5% of the total sum of receivables has been repaid and it is in banks' discretion to set aside special provisions for those, provided that the sum equivalent to the indicated portion of the payments foreseen in the redemption plan is repaid within the payment periods envisaged for Loans and Other Receivables with Limited Collectability. Pursuant to such provisional article 3, in the event of a borrower's failure to repay loans or any other receivables, including deferred interest, which are classified in groups III, IV, and V resulting from a temporary lack of liquidity, a bank is allowed to refinance the borrower with additional funding in order to strengthen the borrower's liquidity position or to structure a new repayment plan up to three times until 1 March 2011, provided that the classification methods as set out in the applicable regulation are complied with. Any restructured loans and any other receivables may be transferred to "Account of

Loans Restructured and Tied to a Redemption Plan'' if the repayments are made in accordance with repayment plan and:

- 5% of the total sum of receivables in the first restructuring has been repaid and they have been monitored under the groups under which they have been monitored for a period of three months;
- 10% of the total sum of receivables in the second restructuring has been repaid and they have been monitored under the groups under which they have been monitored for a period of six months; and
- 15% of the total sum of receivables in the third restructuring has been repaid and they have been monitored under the groups under which they have been monitored for a period of one year.

Capital Adequacy

In November 2006 ''Regulation on Measurement and Assessment of Capital Adequacy of Banks'' was published in Official Gazette No. 26333. Article 45 of the Banking Law defines ''Capital Adequacy'' as having adequate equity against losses that could arise from the risks encountered. Pursuant to the same article, banks must calculate, achieve, perpetuate and report their capital adequacy ratio, which, within the framework of the BRSA's regulations, cannot be less than 8%. Despite the 8% capital adequacy ratio, the BRSA has declared in 2009 in the press that its approach is, and will continue to be, to prohibit banks having a capital adequacy ratio of less than 12% from opening new branches.

The BRSB is authorised to increase the minimum capital adequacy ratio, to set different ratios for each bank and to revise the risk weights of assets that are based on participation accounts, taking into account each bank's internal system as well as its asset and financial structure.

Under the Regulation on Equities of Banks published in the same Official Gazette No. 26333 dated 1 November 2006, subordinated loans are grouped into ''primary subordinated loans'' and ''secondary subordinated loans'', which are listed as items constituting supplementary capital (i.e., ''Tier II'' capital). The portion of primary subordinated loans equal to 15% of core capital is included in the calculation of core capital.

Under such Regulation, credits obtained from certain institutions except the affiliates and subsidiaries of the respective bank, or debt instruments issued to certain institutions and registered to the CMB are considered to be secondary subordinated loans and must meet the following qualifications:

(a) They must have an initial maturity of at least five years and, within the first five years, there may be no repayment of principal or early repayment option;

(b) There may be no more than one repayment option before the maturity of the loan and, if there is a repayment option before maturity, the date of exercising the option must be clearly defined;

(c) The lenders or investors must accept that such loan shall be paid immediately prior to shares and primary subordinated loans and after all other loans in the event of the liquidation of banks;

(d) If utilised as a loan they are utilised as one single payment, and wholly collected in cash if in the form of a debt instrument;

(e) It must be stated in writing that they are not related to any derivative operation or contract violating the condition stated in clause (c) or tied to a guarantee, in one way or another, directly or indirectly, and they cannot be assigned to affiliates and subsidiaries of the bank; and

(f) Payment before maturity is subject to the approval of the BRSA.

If the interest rates applied to secondary subordinated loans are not explicitly indicated in the credit agreement or the text of the debt instrument, or if the interest rate is excessively high compared to that of similar loans or debt instruments, the BRSA may not authorise the inclusion of the loan or debt instrument in the calculation of ''Tier II'' capital.

In the event that the aggregate ''Tier II'' capital exceeds 100% of the core capital of a bank, such excess is not taken into account when calculating the capital of such bank. In the event that the aggregate secondary subordinated loans exceed 50% of the core capital and the portion of general reserves exceed 125 per 10,000 of the total of the sum as a basis for credit risk, market risk and operational risk, such excess is not taken into consideration when calculating the Tier-II capital.

According to this regulation, banks may only consider "Tier III" capital for the purpose of calculating their capital adequacy standard ratio. The concept of "Tier III" capital is defined to include: (a) the amount of supplementary capital that is above core capital; (b) loans or debt instruments which are issued by the banks and registered with the CMB having an original term of at least two years, and that, except with respect to their maturity, carry all other specifications of secondary subordinated loans.

Banks will be entitled to use "Tier III" capital solely to support market risk. "Tier III" capital will be limited to 250% of a bank's capital that is used for market risk, and not credit risk.

Liquidity and Reserve Requirements

"Regulation on Measurement and Assessment of Liquidity Adequacy of Banks" was issued by the BRSA and announced in the Official Gazette dated 1 November 2006, No. 26333.

According to the regulation, the liquidity adequacy ratio is the ratio of liquid reserves to liabilities of the bank. The banks are liable to maintain a weekly arithmetic average of 100% adequacy before the first maturity period (0-7 days before the maturity date of liabilities on a weekly average as defined by the regulation) and second maturity period (0-31 before the maturity date of liabilities on a monthly average) for aggregate liabilities and 80% adequacy for foreign currency liabilities.

According to the regulation on foreign exchange net position/capital base issued by the BRSA and published in the Official Gazette dated 1 November 2006 and numbered 26333, for both the bank-only and consolidated financial statements, the ratio of a bank's foreign exchange net position to its capital base should not exceed (+/-) 20%, which shall be calculated on a weekly basis. The net foreign exchange position is the difference between the Turkish Lira equivalent of a bank's foreign exchange assets and foreign exchange liabilities. For the purpose of computing the net foreign exchange position, foreign exchange assets include all active foreign exchange accounts held by a bank and its foreign branches, its foreign exchange indexed assets and its subscribed forward foreign exchange purchases; for the purpose of computing the net foreign exchange position, foreign exchange liabilities include all passive foreign exchange accounts held by a bank and its foreign branches, its subscribed foreign exchange indexed liabilities and its subscribed forward foreign exchange sales. If the ratio of a bank's net foreign exchange position to its capital base exceeds (+/-) 20%, the bank is required to overcome the excess within two weeks of the bank's calculation period. Banks are permitted to exceed the legal net foreign exchange position to capital base ratio once per calendar year.

Audit of Banks

Pursuant to Article 24 of the Banking Law, a bank's board of directors shall establish an audit committee for the execution of the audit and monitoring functions of the board of directors. Audit committees shall consist of a minimum of two members who must be appointed from among the members of the board of directors who do not have executive duties. The duties and responsibilities of the audit committee include the supervision of the efficiency and adequacy of the banks' internal control, risk management and internal audit systems, functioning of these systems and accounting and reporting systems within the framework of the Banking Law and the relevant legislation, and integrity of the information produced; conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors; regularly monitoring the activities of independent audit firms selected by the board of directors; and, in the case of parent undertakings covered by the Banking Law, ensuring that the internal audit functions of the relevant institutions are carried out in a consolidated and coordinated manner, on behalf of the board of directors.

The BRSA, as the principal regulatory authority, has the right to monitor banks' compliance with the relevant legislation.

As part of exercising this right, the BRSA reviews audit reports prepared for banks by their independent auditing firms. Banks are required to select an independent audit firm in accordance with the Regulation Regarding the Authorisation and Activities of Incorporations that Will Perform Independent Audit at Banks, published in the Official Gazette on 1 November 2006, numbered 26333 (as amended by the Regulation published in the Official Gazette dated 24 July 2007 and numbered 26592). Independent auditors are held liable for certain liabilities defined in the regulations. Professional liability insurance is required for independent auditors, evaluators, rating agencies and certain other support services. Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited, whereas other quarters' consolidated interim financial statements are subject only to a limited review by independent audit firms.

The reports prepared by independent audit firms are also filed with the CMB if the banks' shares are quoted on the ISE. The CMB has the right to inspect the accounts and transaction records of any publicly traded company. In addition, quarterly reports that are subject to limited review must also be filed with the CMB.

All banks (public and private) also undergo annual and interim audits by the BRSA. Prior to the enactment of the Banks Act No. 4389, the supervision used to be carried out by the Treasury and the Central Bank. Annual audits encompass all aspects of a bank's operations, its financial statements and other matters affecting the bank's financial position, including its domestic banking activities, foreign exchange transactions and tax liabilities. Additionally, such audits seek to ensure compliance with applicable laws and constitutional documents of the bank. The Central Bank has the right to monitor compliance by banks with the Central Bank's regulations through off-site examinations.

Pursuant to the Regulation regarding the Internal Systems of Banks, as issued by the BRSA and published in the Official Gazette dated 1 November 2006 and numbered 26333, banks are required to establish, manage and develop (for themselves and all of their consolidated affiliates) internal audit and risk management systems commensurate with the scope and structure of their activities, in compliance with the provisions of the regulation. Pursuant to such regulation, the internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such department reports to the bank's board of directors. To achieve this, according to the regulation, the internal control personnel cannot also be appointed to work in a role conflicting with their internal control duties.

Savings Deposit Insurance Fund

Article 111 of the Banking Law relates to the SDIF and its principles. The SDIF has been established to develop trust and stability in the banking sector by strengthening the financial structures of Turkish banks, restructuring Turkish banks as needed, and insuring the savings deposits held by Turkish banks. The SDIF is a public legal entity set up to insure savings deposits held by banks. The SDIF is responsible for and authorised to take measures to restructure, transfer to third parties and strengthen the financial structures of banks, the shares of which and/or the management and control of which have been transferred to the SDIF in accordance with Article 71 of the Banking Law, to restructure such banks and to transfer them to third persons, as well as other duties imposed on it.

The main powers and duties of the SDIF pursuant to the SDIF regulation published in the Official Gazette dated 25 March 2006 and numbered 26119, are as follows:

(a) Ensuring the enforcement of the SDIF Board's decisions;

(b) Establishing the human resources policies of the SDIF;

(c) Becoming members of international financial, economic and professional organisations, in which domestic and foreign equivalent agencies participate, and signing memoranda of understanding with the authorised bodies of foreign countries regarding the matters that fall under the SDIF's span of duty;

(d) To insure the savings deposit and participation funds in the credit institutions;

(e) To determine the scope and amount of the savings deposit and participation funds which are subject to insurance with the opinion of the Central Bank, BRSA and Treasury Undersecretaries, to determine risk based insurance premiums timetable, collection time and form and other issues in cooperation with the opinion of BRSA;

(f) To pay the insured deposits and participation funds from its sources, in the credit institutions whose operating permission have been revoked, directly or through another bank;

(g) To fulfil the necessary operations regarding the transfer, sale and merger of the banks whose shareholder rights except dividends and management and supervision transferred to the SDIF by BRSA, with the condition that the losses of the partners are reduced from the capital;

(h) To take management and control of the banks whose operating permission has revoked and fulfil the necessary operations regarding the bankruptcy and liquidation of them;

(i) To request from the public institutions and agencies and real persons and legal entities to provide the all information, document and book, continuously, regularly and timely for the SDIF in the framework of the Article 123 of the Law with the charged personnel or official inscription;

(j) To make regulations and communique's for the enforcement of the Law with SDIF Board's decision; and

(k) To fulfil the other duties that the Law and other related legislation assign.

Premiums paid by a bank into the SDIF are to be treated as an expense in the calculation of that bank's corporate tax.

In the event of the bankruptcy of a bank, the SDIF is a privileged creditor and may liquidate the bank under the provisions of the Execution and Bankruptcy Law No. 2004, exercising the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration.

The owners of deposits and participation funds are treated as privileged creditors with respect to the part of their accounts not subject to insurance, pursuant to article 206, line 3 of the Execution and Bankruptcy Law no. 2004, and receive their receivables after the payment of the receivables of the SDIF and the claims of the state and social security organisations covered by the Law No. 6183 in the case of the bankruptcy of credit institutions.

The resources available to the SDIF pursuant to Article 130 of the Banking Law are: (a) insurance premiums paid by banks; (b) deposits, custody accounts, contributions/funds and claims that have been prescribed; (c) contributions deposited by the founders of a bank in an amount equal to 10% of the minimum capital deposited within one year following the commencement of their activities; (d) if permission is granted by the BRSA for the acquisition of shares beyond the limits set forth in the Banking Law, 1% of the nominal or market value of all allocated shares; (e) 50% of judicial and 90% of administrative fines imposed on account of violation of the provisions of the Banking Law; (f) revenue from the assets of the SDIF and other revenues; and (g) the funds to be transferred to the SDIF and not sought by their owners for ten years (whereas a certain notification procedure is followed by SDIF annually) following a voluntary liquidation of a bank in accordance with the Banking Law.

Under Article 131 of the Banking Law, the SDIF may, in extraordinary situations, borrow with the authorisation of the Treasury or borrow long-term government securities from the Treasury. Principles and procedures regarding government securities, including interest rates and terms and conditions of repayments to the Treasury, are determined jointly by the Treasury and the SDIF.

Cancellation of Banking License

According to Article 67 of Banking Law, if the results of consolidated and unconsolidated audits show that:

- the assets of a bank are likely to become insufficient to cover its obligations as they become due;
- the bank is not complying with liquidity requirements;
- the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between the expenses and profit;
- the regulatory equity capital of such bank is not sufficient or is likely to become insufficient;
- the quality of assets of such bank have been impaired in a manner potentially weakening its financial structure;
- the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA;
- such bank fails to establish internal audit, supervision and risk management systems or to effectively and sufficiently conduct such systems or any factor impedes the audit; or
- imprudent acts of such bank's management materially increase the risks stipulated under the Banking Law and relevant legislation or potentially weaken the bank's financial structure,

then, depending on which events listed above are applicable, the BRSA may require the board of directors of such bank to take one or more of the following actions:

- to increase its equity capital;

- not to distribute dividends for a temporary period and to transfer its distributable dividend to the reserve fund;
- to increase its loan provisions;
- to stop extension of loans to its shareholders,
- to dispose of its assets in order to strengthen its liquidity;
- to limit or stop its new investments;
- to limit its salary and other payments;
- to cease its long-term investments;
- to comply with the relevant banking legislation;
- to cease its risky transactions by re-evaluating its credit policy; and/or
- to take all actions to decrease any maturity, foreign exchange and interest rate risks,

for a period determined by the BRSA and in accordance with a plan approved by the BRSA.

In the event the aforementioned actions are not taken by that bank or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking such actions will not lead to a result, then the BRSA may require such bank:

- to strengthen its financial structure, increase its liquidity and/or capital adequacy;
- to dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA;
- to decrease its operational and management costs;
- to postpone its payments under any name whatsoever, excluding the regular payments to be made to its members;
- to limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors;
- to convene an extraordinary general assembly in order to change the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for the failure to comply with the relevant legislation or the increase in risk as set out above; and/or
- to implement short-, medium- or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank, and the members of the board of directors and the shareholders with qualified shares must agree to the implementation of such plan in writing.

In the event that the aforementioned actions are not taken by that bank, or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking these actions will not lead to a result, then the BRSA may require such bank:

- to limit or cease its business or its whole organisation by its field of activity for a temporary period, including its relations with its local or foreign branches and correspondents;
- to apply various restrictions, including restrictions on rate ratio and maturity with respect to resource collection and utilisation;
- to remove from office (in whole or in part) its members of the board of directors, general manager and deputy general managers and department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace these;
- to make available long-term loans, provided that these will not exceed the amount of deposit or participation funds subject to insurance, and be served by the shares of other assets of the controlling shareholders;
- to limit or cease its non-performing operations and to dispose of its non-performing assets;
- to merge with one or several banks;
- to provide new shareholders in order to increase its equity capital; and/or
- to cover its losses with its equity capital.

In the event that: (a) the aforementioned actions are not (in whole or in part) taken by such bank within a period of time stipulated by the BRSA or in any case within twelve months; (b) the financial structure of such bank has not been strengthened despite the fact that such actions have been taken; (c) the BRSA determines that taking these actions will not strengthen the bank's financial structure; (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation fund owners and the security and stability of the financial system; (e) such bank cannot cover its liabilities as they become due; (f) the total amount of the liabilities of such bank exceeds the total amount of its assets; or (g) the controlling shareholders or managers of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the licence of such bank to engage in banking operations and/or accept deposits, and transfer the management, supervision and control of the shareholding rights (excluding dividends) of such bank to the SDIF for the purpose of the whole or partial transfer or sale of such bank to third persons or merger thereof, provided that the loss is deducted from the share capital of the current shareholders.

In the event that the licence of a bank to engage in banking operations and/or to accept deposits is revoked, then that bank's management and audit will be taken over by the SDIF. Any and all execution and bankruptcy proceedings (including preliminary injunction) against such bank would be discontinued as from the date on which the BRSA's decision to revoke such bank's licence is published in the Official Gazette. From the date of revocation of such bank's licence, the creditors of such bank may not assign their rights or take any action that could lead to the assignment of their rights. The SDIF must take measures to protect the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. In practice, the SDIF may designate another bank that is under its control. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking licence is revoked.

Annual Reporting

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (that are established in consultation with the Turkish Accounting Standards Board and international standards) when preparing their annual reports. In addition, they must ensure uniformity in their accounting systems, correctly record all their transactions and prepare timely and accurate financial reports in a format that is clear, reliable and comparable, as well as suitable for auditing, analysis and interpretation.

Banks cannot settle their balance sheets without ensuring reconciliation with the legal and auxiliary books and records of its branches and domestic and foreign correspondents.

The BRSA is authorised to take necessary measures where it is determined that a bank's financial statements are misrepresented.

When presenting a bank's financial reports to the approval of the board of directors, the chairman of the board, audit committee, general manager, deputy general manager responsible for financial reporting and the relevant unit manager (or equivalent authorities) must sign the reports indicating their full names and titles and declare that the financial report complies with relevant legislation and accounting records. In addition, foreign banks must have the members of the board of managers of their Turkish branches sign the annual reports.

Independent auditors must approve all annual reports that banks present to their general assemblies.

Banks are required to submit their financial reports to related authorities and publish them in accordance with the BRSA's principles and procedures.

Further, banks are required to submit and publish activity reports that comply with the BRSA's established guidelines. These reports include the following information: management and organisation structures, human resources, activities, financial situations, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

Regulation on Procedures and Principles of Preparation and Publication of Annual Activity Reports by the Banks regulates the procedures and principles regarding the annual activity reports of banks to be published at the end of each fiscal year. According to the regulation, among other things, a bank's financial performance and the risks that it faces need to be assessed in the annual activity report. The annual activity report is subject to the approval of the board of directors and must be submitted to shareholders at least 15 days before the annual general assembly of the bank. Each bank must keep a copy of such report in its headquarters and each branch and publish it on its website at the latest by the end of May following the end of relevant fiscal year.

Financial Services Fee

Pursuant to Tariff 8 of the Law on Fees No. 492, as amended by the Law No. 5951, banks are required to pay a financial services fee for each of their branches each year. The amount of the fee is determined by reference to the population of the district in which the relevant branch is located.

TURKISH SECURITIES MARKET

Introduction

There has been an organised securities market in Turkey since 1866, although by the late 1970s the market had been substantially dormant for many years. In 1981, the Capital Markets Law was enacted, which established the CMB as the main regulatory body with responsibility for supervision and regulation of the Turkish securities markets. The Istanbul Stock Exchange was re-established in 1985 and recommenced operations in early 1986.

The Role of the CMB

The principal function of the CMB is to assist the development of the securities markets in Turkey and thereby contribute to the efficient allocation of financial resources in the Turkish economy and to ensure adequate protection for investors. The CMB supervises and regulates, among others, public companies, banks and other financial intermediaries, mutual funds, investment corporations, investment consulting firms and rating firms that offer their services to institutions operating in the capital markets. CMB is authorised to request any kind of information and documents to determine their compliance with the Capital Market Law, CMB's regulations, communiqués, decisions and other relevant legislation.

The Istanbul Stock Exchange

Governance

The Istanbul Stock Exchange is governed by a board of directors composed of five members. After nomination by the CMB, the Chairman of the board of directors, who also acts as the chief executive officer, is appointed by the Government. Four other members of the board of directors represent the three categories of the ISE members: the investment and the development banks; the commercial banks and the brokerage houses. The ISE is the only stock exchange in Turkey.

Turkish Derivatives Exchange (TurkDEX)

The Turkish Derivatives Exchange (TurkDEX) is the first and only private derivatives exchange in Turkey on which futures and option contracts are traded, with a licence from the CMB to trade derivative instruments. TurkDEX started its operation in 2001 following a resolution by the State Ministry and Cabinet. TurkDEX is based in İzmir. Currently there are 30 index contracts trading on TurkDEX.

The shareholders of TurkDEX are the Union of Chambers and Commodity Exchanges of Turkey, the Istanbul Stock Exchange, Izmir Mercantile Exchange, Yapi ve Kredi Bankası A.Ş. Akbank T.A.Ş. Vakıf Investment Securities, Türkiye Garanti Bankası A.Ş., Is Investment Securities, the Association of Capital Market Intermediary Institutions of Turkey, ISE Settlement and Custody Bank and the Industrial Development Bank of Turkey.

On TurkDEX, through "leveraging", an investor is able to take larger trading positions without having to invest the full amount of a contract by putting up the initial margin that is required for it. Investors on TurkDEX can make "short sales" (selling securities, commodities, etc. that they do not yet actually own), and contracts on TurkDEX have been subject to no withholding tax since 1 March 2007.

Public Disclosure Platform

All listed companies are required to disclose their financial statements, explanatory notes, material events and all other disclosures through the "Public Disclosure Platform" (valid from 1 June 2009) which is an electronic system developed jointly by the CMB, the ISE and TUBITAK (The Scientific and Technological Research Council of Turkey) that uses internet and electronic signature technologies. The system is operated and managed by the ISE.

The system enables all users to access both current and past notifications of a listed company, to obtain current announcements and up-to-date general information about listed companies in an open and timely manner and to make basic comparisons among and analysis of listed companies.

The internet address of the system is www.kap.gov.tr. While for the time being the website is only in Turkish, an English version is being developed.

Disclosure Requirements

Companies whose shares are listed on the ISE are required to comply with the information and disclosure requirements thereof. There are two types of disclosure requirements, one relating to financial statements and the other relating to material events.

Disclosure of Financial Statements

Disclosure requirements regarding financial statements are set out below:

- Financial statements must be presented on a quarterly basis according to CMB standards.
- Audited year-end financial statements and reports prepared in accordance with CMB accounting standards must be submitted to the ISE within a period of ten weeks following the end of the accounting period.
- Reviewed six-month results must be submitted to the ISE within eight weeks following the end of the accounting period.
- Reviewed first quarter and third quarter financial statements must be submitted within six weeks following the end of the accounting period.
- The CMB has issued Communiqué no. XI 29 "Communiqué on Principles on Financial Reporting in Capital Markets" which sets out a comprehensive set of accounting principles. In this Communiqué, the CMB stated that, accounting standards prescribed by the IASB and International Accounting Standards Consultancy shall be applied as CMB Accounting Standards.
- All listed companies are required to comply with the CMB regulations.

Disclosure of Material Events

Under Communiqué No. VIII/54 Regarding Public Disclosure of Material Events dated 6 February 2009, listed companies must disclose continuous information and insider information to the public.

Insider Information: Insider information is defined as "information which may affect investment decisions of investors and prices of capital market instruments and which has not yet been disclosed to the public". Under the Guideline prepared in accordance with the respective Communiqué, insider information should:

- be related to an actual event;
- be material enough to be considered relevant by a reasonable investor when making its investment decisions;
- be related to the issues, which are not disclosed to public yet;
- provide advantages to its user as compared to those who are not aware of such information when used in purchase or sale of securities; and
- potentially affect the trading price of the relevant security or the investment decisions of the investors when disclosed to public.

As per the respective Communiqué, a company may, at its own risk, choose to delay disclosure of insider information to protect its legitimate interests, provided that such delay does not mislead the public and the company remains able to keep such information confidential. As soon as the reason for delay in disclosure disappears, the company is obliged to disclose the insider information, as required by the Communiqué, stating the decision for delay and its grounds. These companies or real persons or legal entities acting for or on behalf of the companies must prepare a list of persons who have access to insider information either as a result of their employment with the company or by other means, deliver such list to the CMB and the relevant stock exchange if required and keep this list updated.

Pursuant to the new arrangement under the Communiqué on Principles Regarding Sale Methods of Capital Market Instruments through Public Offering which came into effect on 3 April 2010, the names of: (a) the managers of the issuer or any intermediary institution who is likely to have access to insider information that may affect the value of the offered shares and (b) shareholders of the issuer with at least 5% shareholding in the share capital, shall be disclosed in the prospectus along with a list of persons or entities which have provided services to the issuer during the public offering process. The Communiqué, prior to its amendment, prohibited the chairman and board members, legal auditors, executive directors, chief executive officers and executive vice presidents and the employees of a company who have access to insider information (as well as those of intermediary institutions taking part in a public offering) and their respective spouses, next of kin and marital relatives from directly or indirectly purchasing the capital market instruments offered to the public during an offering of shares of such company.

Continuous Information

Continuous information is defined as all information other than insider information subject to public disclosure as outlined under the provisions of the law (what constitutes continuous information is set out in the bullet points below). The requirement relating to the disclosure of continuous information to the market is borne by:

- shareholders (whether real persons or legal entities or other real persons or legal entities acting in concert with this real person or legal entity) in circumstances in which the shares or voting rights held by them (individually or with other real persons or legal entities acting in concert), directly or indirectly, equal, exceed or fall below (having previously exceeded) 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, and 75% of the aggregate share capital or total voting rights; and
- the founding shareholders in circumstances in which the shares or voting rights of the investment funds of a founder, directly or indirectly, are equal to or exceed 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, and 75% of the share capital or total voting rights or decrease below such ratios

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

Until 1983, when Turkish citizens were granted limited rights to hold and trade foreign currencies, Turkish exchange regulations strictly controlled exchange movements. After the establishment of a foreign exchange market in August 1988, the exchange rate of the Turkish Lira began to be determined by market forces. Since August 1989, the methods applicable to the determination of the value of Turkish currency against foreign exchange are determined by the Central Bank. Pursuant to the Circular No.1 M issued by the Central Bank, banks can freely determine the value of convertible foreign currency. Accordingly, today, banks in Turkey set their own foreign exchange rates independently of those announced by the Central Bank. Pursuant to Decree 32, issued in August 1989, the Government abolished restrictions on the convertibility of the Turkish Lira by facilitating exchange of the proceeds of transactions in Turkish securities by foreign investors, enabling Turkish citizens to purchase securities on foreign securities exchanges, permitting residents and non-residents to buy foreign exchange without limitation and to transfer such foreign exchange abroad and permitting Turkish companies to invest abroad, without ministerial approval. However, such transfers should be notified to the Undersecreteriat of Treasury in accordance with the Circular on Capital Movements issued by Central Bank. Decree 32 also permitted persons not resident in Turkey to purchase and sell shares of Turkish companies, provided that such transactions were effected through a Turkish bank or broker as per applicable Turkish capital market legislation and the relevant gains and the purchase price were transferred via a bank or special financial institution licensed in Turkey.

Law No. 4875 on Direct Foreign Investments, effective as of 17 June 2003, defines foreign direct investment as, among other things, share acquisitions outside the stock exchange or through a stock exchange where the foreign investor owns 10% or more of the shares or voting power. Pursuant to Law No. 4875, foreign investment in Turkey is no longer subject to prior approval. Previously, foreign investors were required to invest a minimum amount of US$50,000 per foreign shareholder, submit a number of documents evidencing the status of the foreign investor and obtain the prior approval of the Foreign Investment Directorate. As a result of the adoption of Law No. 4875, and subject to the provisions of Decree 32, foreign investors are now subject to the same requirements as domestic investors when investing in a Turkish company.

However, Turkish companies with foreign shareholders are subject to certain restrictions imposed by various laws and regulations including, amongst others, the Title Deed Law (Law No. 2644). Pursuant to the Regulation on Acquisition of Real Estate by Companies with Foreign Share Capital and Circular numbered 2008/21 and dated 2 December 2008 issued by the General Directorate of Land Registry, companies with foreign capital are required to obtain the permission of the relevant governorship for the acquisition of or establishment of limited in rem rights over real estate.

Law No. 4875 provides that a non-resident person may freely repatriate dividends received and the proceeds from the sale of shares, and that such dividends and proceeds should be transferred through Turkish banks or special financial institutions.

Law No. 4875 requires a public Turkish company to notify the Foreign Investment Directorate in the event a non-resident holder acquires 10% or more of the share capital or voting rights of such public company. Also, the Capital Market Law requires shareholders that become direct or indirect holders of 10% or more of the issued share capital or voting rights of a public company in Turkey to notify the CMB and the ISE of such acquisition. Such investors are also required to report subsequent transactions in the shares or voting rights of the company where the total number of shares or voting rights held in the traded company falls below or exceeds the statutory thresholds. The names and domicile of the investor and the number of shares or voting rights purchased by such investor must be provided to the CMB and the ISE. The identity of such investors is publicly disclosed in Turkey by the ISE.

Under Turkish law, Turkish citizens are permitted to buy and hold unlimited amounts of foreign currency. Capital transfers outside of Turkey for the purpose of setting up a representative office, branch or subsidiary or participating in an existing company are also permitted; however, notification to the relevant State Ministry is required.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on the Certificates issued in respect of the Notes:

NOTEHOLDERS ARE ADVISED THAT THE TERMS AND CONDITIONS OF THE NOTES DIFFER FROM THE TERMS AND CONDITIONS OF THE ISSUER'S US$1,000,000,000 PRINCIPAL AMOUNT OF 5.125% NOTES DUE 2015. IN PARTICULAR, NOTEHOLDERS SHOULD REVIEW CAREFULLY THE TERMS OF THE TAX REDEMPTION AND GROSS UP PROVISIONS – SEE CONDITIONS 8.2 AND 9.

The US$500,000,000 6.50% Notes due 2018 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Akbank T.A.Ş. (the "**Issuer**") are issued subject to and with the benefit of an Agency Agreement dated 9 March 2011 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**"), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**") and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the "**Paying Agents**") and the other agents named in it (together with the Fiscal Agent, the Registrar and the other Paying Agents, the "**Agents**"). The holders of the Notes (the "**Noteholders**") are entitled to the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 9 March 2011 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the Noteholders at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

*The owners shown in the records of Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and the Depository Trust Company ("**DTC**") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of US$150,000 (referred to as the "**principal amount**" of a Note) and in integral multiples of US$1,000 thereafter. A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar and at the registered office of the Issuer. The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6267), the Capital Markets Law (Law No. 2499) and Articles 6 and 25 of the Communiqué Serial II, No. 22 of the Capital Markets Board on Registration and Sale of Debt Instruments.

The Notes are not issuable in bearer form.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Book-Entry Clearance Systems".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see "Transfer Restrictions".

2.2 Delivery of new Certificates

Each new Certificate to be issued upon a transfer of the Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Global Certificates – Registration of Title"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement and, in the case of Rule 144A Notes, compliance with the Securities Act Legend.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal, premium or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS

The Notes are senior direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant

Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of the Noteholders.

Nothing in this Condition 4 shall prevent the Issuer from creating or permitting to subsist any Security Interest upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to (i) a bond, note or similar instrument whereby the payment obligations are secured on a segregated pool of assets (whether held by the Issuer or any third party guarantor) (any such instrument, a "**Covered Bond**"), or (ii) any securitisation of receivables, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest are to be discharged solely from such assets or revenues (or in the case of Direct Recourse Securities, by direct unsecured recourse to the Issuer), provided that the aggregate value of assets or revenues subject to any Security Interest created in respect of an issuance of (A) Covered Bonds and (B) any other secured Relevant Indebtedness (other than Direct Recourse Securities) of the Issuer, when added to the nominal amount of any outstanding Direct Recourse Securities, does not, at any time, exceed 15% of consolidated total assets of the Issuer and its Subsidiaries (as shown in the most recent audited consolidated financial statements of the Issuer prepared in accordance with IFRS).

4.2 Interpretation

For the purposes of these Conditions:

"**Direct Recourse Securities**" means securities issued in connection with any securitisation of receivables, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest are to be discharged solely from such assets or revenues, or by direct unsecured recourse to the Issuer; and

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and having a maturity in excess of 365 days or any loan disbursed to the Issuer as a borrower under a loan participation note or similar transaction and (ii) any guarantee or indemnity of any such indebtedness.

5. COVENANTS

5.1 Maintenance of Authorisations

So long as any Notes remain outstanding (as defined in the Agency Agreement), the Issuer shall take all necessary action to maintain, obtain and promptly renew, and do or cause to be done all things reasonably necessary to ensure the continuance of, all consents, permissions, licences, approvals and authorisations, and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in the Republic of Turkey (including, for the avoidance of doubt, with the Capital Markets Board (in Turkish: *Sermaye Piyasasi Kurulu*) (the "**CMB**") and the Banking Regulatory and Supervisory Authority) (in Turkish: *Bankacilik Duzenleme ve Denetleme Kurumu*) (the "**BRSA**")) for (i) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant and the Notes or for the validity or enforceability thereof, or (ii) the conduct by it of the Permitted Business.

5.2 Transactions with Affiliates

The Issuer shall not, and shall not permit any of its Material Subsidiaries to, in any twelve month period, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties, revenues or assets to, or purchase any properties or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance, indemnity or guarantee (whether related or not) which has or in the aggregate have a value in excess of US$50,000,000 with or for the benefit of, any Affiliate (each, an "**Affiliate Transaction**") unless such Affiliate Transaction is on terms that are no less favourable to the Issuer or the relevant Material Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Material Subsidiary with an unrelated Person (as defined in the Agency Agreement).

5.3 Financial Reporting

So long as the Notes remain outstanding (as defined in the Agency Agreement), the Issuer shall deliver to the Fiscal Agent:

(a) not later than six months after the end of the Issuer's financial year, copies of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the report of the auditors thereon; and

(b) not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies of its unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period.

For the purposes of this Condition 5:

"**Affiliate**" in respect of any specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, and, in the case of a natural Person, any immediate family member of such Person. For purposes of this definition, "**control**", as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "**controlling**", "**controlled by**" and "**under common control with**" shall have correlative meanings.

"**Permitted Business**" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer on the Issue Date (as defined below).

6. INTEREST

6.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 9 March 2011 (the "**Issue Date**") at the rate of 6.50% per annum, payable semi-annually in arrear on 9 September and 9 March in each year (each an "**Interest Payment Date**"). The first payment (for the period from and including 9 March 2011 to but excluding 9 September 2011 and amounting to US$32.50 per US$1,000 principal amount of each Note) shall be made on 9 September 2011.

6.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six-month interest period, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

7. PAYMENTS

7.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. Dollar cheque drawn on a bank that processes payments in US Dollar mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Noteholder's registered account means the US Dollar account maintained by or on behalf of it with a bank that processes payments in US Dollar, details of which appear on the register of Noteholders at the close of business, in the case of principal, on the second business day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

7.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9.

7.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

7.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York, London and Istanbul and, in the case of presentation of a Note Certificate, in the place in which the Note Certificate is presented.

7.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

7.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) there will at all times be an Agent (which may be the Fiscal Agent) having a specified office in a European city which so long as the Notes are admitted to official listing on the London Stock Exchange, shall be London or such other place as the UK Listing Authority may approve;

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and

(e) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 13.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 9 March 2018.

8.2 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 7 March 2011, on the next Interest Payment Date:

  (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 9; and

  (ii) the Issuer would be required to make any incremental withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, beyond the prevailing applicable rates on the Issue Date; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

8.3 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

8.4 Notices Final

Upon the expiry of any notice as is referred to in paragraph 8.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment in the Republic of Turkey; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day (as defined in Condition 7).

9.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and

(b) **Relevant Jurisdiction** means the Republic of Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

9.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

10. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 9.

11. EVENTS OF DEFAULT

11.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of principal or seven days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 14 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment, subject to any applicable grace period; (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries; or

(e) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of Noteholders, or the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) the Issuer or any of its Material Subsidiaries becomes or is declared insolvent, or the Issuer or any of its Material Subsidiaries suspends payment of its debts or is unable or admits in writing its inability to pay its debts as they fall due; or

(g) if the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) if the banking licence of the Issuer is temporarily or permanently revoked or the Issuer is transferred to the Savings and Deposit Insurance Fund under the provisions of Banking Law (Law No. 5411).

11.2 Interpretation

For the purposes of this Condition:

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of:

(a) any notes, bonds, debentures, debenture stock, loan stock or other securities; or

(b) any borrowed money; or

(c) any liability under or in respect of any acceptance or acceptance credit,

the aggregate principal amount of which exceeds US$50,000,000 (or its equivalent in any other currency or currencies).

"**Material Subsidiary**" means at any time a Subsidiary of the Issuer:

(a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries relate, are equal to) not less than 10% of consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited IFRS financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, PROVIDED THAT:

  (i) if the then latest audited consolidated accounts of the Issuer and its Subsidiaries show negative assets at the end of the relevant financial period, the financial statements shall be read as if words "net assets" were substituted by the words "total assets", for the purposes of this definition; and

(ii) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary pursuant to this subparagraph (b) but shall cease to be a Material Subsidiary on the date of publication of its next audited IFRS financial statements unless it would then be a Material Subsidiary under (a) above; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represented (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries relate, represent) not less than 10% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole (calculated as set out in subparagraph (a) above), provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer, its assets represent not less than 10% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole (calculated as set out in subparagraph (a) above), and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on the publication of its next audited IFRS financial statements, save that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report by the auditors of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Subsidiary**" means, in relation to the Issuer, any company (a) in which the Issuer holds a majority of the voting rights; or (b) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors; or (c) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

14.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

14.2 Modification

The Fiscal Agent may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein; or (b) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Agency Agreement, the Deed of Covenant and the Notes are, and any non-contractual obligations arising therefrom will be, governed by and will be construed in accordance with, English law.

16.2 Jurisdiction of English courts

The Issuer has irrevocably agreed for the benefit of the Noteholders that the courts of London, England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer has waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders may take any suit, action or proceeding arising out of or in connection with the Notes (together referred to as "**Proceedings**") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the English courts according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in Turkey in connection with the Notes, any final judgment obtained in the courts of England in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer, pursuant to the provisions of the second sentence of Article 287 of the Civil Procedure Code of Turkey (Law No. 1086) and Article 59 of the International Private and Procedural Law of Turkey (Law No. 5718).

16.4 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Exsa (UK) Limited at 29 Marylebone Road London NW1 5JX for the time being as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

16.5 Other Documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions of the Notes have the same meaning in paragraphs 1 to 6 below.

1. ACCOUNTHOLDERS

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Note following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

3. PAYMENTS

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes will be credited, to the extent received by the Fiscal Agent, to DTC which is expected to credit the accounts of the specialised depositaries for Euroclear and Clearstream, Luxembourg, which in turn are expected to distribute such amounts to their participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

4. NOTICES

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 13. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to DTC.

Whilst any of the Notes held by a Noteholder are represented by a Global Certificate registered in the name of DTC or its nominee, notices to be given by such Noteholder must be given by such Noteholder in accordance with DTC's operational procedures.

5. REGISTRATION OF TITLE

Registration of title to Notes in a name other than that of DTC or its nominee will not be permitted unless DTC, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Certificate or, DTC ceases to be a clearing agency registered under the US Securities Exchange Act of 1934, and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from DTC or becoming aware that DTC is no longer so registered. In these circumstances title to a Note may be transferred into the names of holders notified by DTC in accordance with the Conditions of the Notes, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

If only one of the Global Certificates (the "**Exchanged Global Certificate**") becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

6. TRANSFERS

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under "Clearing and Settlement Arrangements".

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of each of DTC and Euroclear currently in effect. The information in this section concerning DTC and Euroclear has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer nor any Initial Purchaser takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of DTC or Euroclear are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities.

None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of DTC or Euroclear or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that Direct DTC Participants deposit with DTC. DTC also facilitates the settlement among Direct DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to Indirect DTC Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of notes ("**DTC Notes**") among Direct DTC Participants on whose behalf it acts with respect to notes accepted into DTC's book-entry settlement system as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Direct DTC Participants and Indirect DTC Participants with which actual purchasers of DTC Notes ("**DTC Beneficial Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective DTC Beneficial Owners. Accordingly, although DTC Beneficial Owners who hold DTC Notes through Direct DTC Participants or Indirect DTC Participants will not possess Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct DTC Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes. Purchases of DTC Notes under the DTC system must be made by or through Direct DTC Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each DTC Beneficial Owner is in turn to be recorded on the relevant Direct DTC Participant's or Indirect DTC Participant's records. DTC Beneficial Owners will not receive written confirmation from DTC of their purchases, but DTC Beneficial Owners are expected to receive written confirmations providing details of each transaction, as well as periodic statements of their holdings, from the Direct DTC Participant or Indirect DTC Participant through which the DTC Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Direct DTC Participants acting on behalf of DTC Beneficial Owners. DTC Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued. To facilitate subsequent transfers, all DTC Notes deposited by Direct DTC Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual DTC Beneficial Owners; DTC's records reflect only the identity of the Direct DTC Participants to whose accounts such DTC Notes are credited, which may or may not be the DTC Beneficial Owners. The Direct DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct DTC Participants, by Direct DTC Participants to Indirect DTC Participants, and by Direct DTC Participants and Indirect DTC Participants to DTC Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to Cede & Co.

If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct DTC Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct DTC Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct DTC Participants' accounts on the due date for payment in accordance with the final Report to Paying Agent, a report transmitted by DTC to the Paying Agent prior to each Interest Payment Date setting forth each DTC Participant's position in the Notes. Payments by Direct DTC Participants to DTC Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such Direct DTC Participant and not of DTC, the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct DTC Participants is the responsibility of DTC and disbursement of such payments to the DTC Beneficial Owners is the responsibility of Direct DTC Participants and Indirect DTC Participants. Under certain circumstances, DTC will exchange the DTC Notes for definitive Notes, which it will distribute to its Direct DTC Participants in accordance with their requests and proportionate entitlements and which, if representing interests in a Rule 144A Global Certificate, will be legended as described under "Transfer Restrictions." Since DTC may only act on behalf of Direct DTC Participants, who in turn act on behalf of Indirect DTC Participants, any DTC Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to effect such pledge through DTC and its participants.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its accountholders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with direct participants in Euroclear. In respect of the Global Certificates, which will be registered in the name of DTC's nominee, Euroclear will act only as an Indirect DTC Participant and not as a depositary or clearing agent.

Book-Entry Ownership of and Payments in Respect of Notes Represented by the Global Certificates

The Issuer has applied to DTC to have Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Initial Purchaser. Ownership of beneficial interests in such a Global Certificate will be limited to Direct DTC Participants or Indirect DTC Participants, including Euroclear. Ownership of beneficial interests in a Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct DTC Participants) and the records of Direct DTC Participants (with respect to interests of Indirect DTC Participants).

Payments in US dollars of principal and interest in respect of a Global Certificate registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. The Issuer expects DTC to credit accounts of Direct DTC Participants on the applicable Interest Payment Date in accordance with the final Report to Paying Agent. The Issuer also expects that payments by Direct DTC Participants to DTC Beneficial Owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct DTC Participant and not the responsibility of

DTC, the Principal Paying Agent, the Registrar (as defined in "Terms and Conditions of the Notes"), or the Issuer. Payments of principal, premium, if any, and interest on the Notes to DTC is the responsibility of the Issuer. Transfers of Notes represented by the Global Certificates or transfers of any interests in Notes represented by a Global Certificate within DTC will be effected in accordance with applicable law and the operating procedures of DTC. Because DTC can only act on behalf of Direct DTC Participants in the DTC system who in turn act on behalf of Indirect DTC Participants, the ability of a person having an interest in Notes represented by a Global Certificate to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to effect such pledge or delivery through the national system for settlement and clearance in the United States. The ability of any holder of Notes represented by a Global Certificate to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct DTC Participant or Indirect DTC Participant in the DTC system. Subject to compliance with the transfer restrictions applicable to the Notes described under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and the custodian with whom the Global Certificates have been deposited ("**Custodian**"). On or after the Issue Date, transfers of Notes will generally have a settlement date three business days after the trade date (T+3).

Because of the time zone differences, the securities account of a Euroclear participant purchasing an interest in a Global Certificate from any other DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear) immediately following the DTC settlement date, and such credit of any DTC participant's interests in the Global Certificate settled during such processing day will be reported to the relevant Euroclear participant on such day. Cash received in Euroclear as a result of sales of interests in the Global Certificate by or through a Euroclear participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear cash account only as of the applicable business day following settlement in DTC. Transfers between holders of Regulation S Notes and Rule 144A Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Settlement between such a buyer and seller cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents (as defined in "Terms and Conditions of the Notes") and any Initial Purchaser will be responsible for any performance by DTC or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

This is a general summary of certain United States federal, United Kingdom and Turkish income tax considerations in connection with an investment in the Notes. This summary does not address all aspects of United States federal, United Kingdom and Turkish income tax laws and does not discuss any state or local tax considerations. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Offering Memorandum, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. **Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by a Note Owner of beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction.**

Certain US Federal Income Tax Consequences

PURSUANT TO IRS CIRCULAR 230 THE BANK HEREBY INFORMS YOU THAT THE DISCUSSION HEREIN WITH RESPECT TO UNITED STATES FEDERAL TAX ISSUES IS NOT INTENDED OR WRITTEN BY THE ISSUER, THE BANK, THEIR RESPECTIVE COUNSEL OR THE US TAX COUNSEL TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER US TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. THE DISCUSSION IS LIMITED TO THE TAX ISSUES DESCRIBED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED UPON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

The following is a general summary of certain material US federal income tax consequences of the acquisition, ownership and retirement or other disposition of Notes by a holder thereof. This summary is not a complete analysis or description of all potential US federal income tax consequences to holders, and does not address state, local, foreign, or other tax laws. This summary does not address aspects of US federal income taxation that may be applicable to holders that are subject to special tax rules, such as US expatriates, "dual resident" companies, banks, thrifts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations or investors, dealers or traders in securities, commodities or currencies, or holders who own (directly, indirectly or by attribution) 10% or more of the Issuer's voting stock, or to holders that will hold a Note as part of a position in a "straddle" or as part of a "synthetic security" or as part of a "hedging", "conversion", "integrated" or constructive sale transaction for US federal income tax purposes or that have a "functional currency" other than the US dollar, or holders otherwise subject to special tax rules. Moreover, this summary does not address the US federal estate and gift or alternative minimum tax consequences of the acquisition, ownership, retirement or other disposition of Notes and does not address the US federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at the initial issue price (defined below). Each prospective purchaser should consult its tax adviser with respect to the US federal, state, local and foreign tax consequences of acquiring, holding, retiring or other disposition of Notes.

This summary is based on the US Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions and existing and proposed US Treasury Regulations, in each case, as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretation, which could apply retroactively and affect the tax consequences described herein.

For purposes of this summary, a "**US Holder**" is a beneficial owner of Notes that (a) purchases Notes in the offering at the initial issue price; (b) holds Notes as capital assets; and (c) is, for US federal income tax purposes:

(i) a citizen or individual resident of the United States;

(ii) a corporation organised in or under the laws of the United States or any state thereof (including the District of Columbia);

(iii) an estate the income of which is subject to US federal income taxation regardless of its source; or

(iv) a trust (1) that validly elects to be treated as a United States person within the meaning of section 7701(a)(30) of the Code for US federal income tax purposes or (2) (a) over the administration of which a US court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control.

If a partnership (or any other entity treated as a partnership for US federal income tax purposes) holds Notes, the US federal income tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax adviser as to the US federal income tax consequences of acquiring, holding, retiring or other disposition of Notes.

A "**Non-US Holder**" is a beneficial owner of Notes other than a US Holder.

The "initial issue price" of a Note will equal the initial offering price to the public (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCE TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

It is anticipated and the following discussion assumes that the Notes will not be issued with more than a *de minimis* amount of original issue discount.

Interest paid on a Note and additional amounts (if any) will be included in a US Holder's gross income (without reduction for withholding taxes, if any) as ordinary interest income at the time it is received or accrued in accordance with the US Holder's usual method of tax accounting. Interest on the Notes will be treated as foreign source income for US federal income tax purposes, including US foreign tax credit limitation purposes. The limitation on foreign taxes eligible for the US foreign tax credit is calculated separately with respect to specific "baskets" of income. Interest on the Notes should generally constitute "passive category income", or in the case of certain US Holders, "general category income." As an alternative to the tax credit, a US Holder may elect to deduct any foreign taxes (the election would then apply to all foreign income taxes such US Holder paid in that taxable year). The rules relating to foreign tax credits and the timing thereof are complex and US Holders should consult their own tax advisers regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situation.

Subject to the discussion below under "Taxation – US Backup Withholding Tax and Information Reporting", payments of interest on a Note to a Non-US Holder generally will not be subject to US federal income tax unless such income is effectively connected with the conduct by such Non-US Holder of a trade or business in the United States.

Sale, Exchange or Retirement

Upon the sale, exchange, retirement or other disposition of a Note, a US Holder will generally recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange or retirement (other than amounts attributable to accrued but unpaid interest, which will be taxable as such) and the US Holder's adjusted tax basis in such Note. A US Holder's adjusted tax basis in a Note generally will equal the US dollar cost of such Note to the US Holder less any principal payments received on the Note. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if such US Holder's holding period for such Notes exceeds one year. Certain US Holders (including individuals) are eligible for preferential rates of US federal income tax in respect of long-term capital gain. Any gain or loss realised on the sale, exchange, retirement or other disposition by a US Holder of a Note generally will be treated as US source gain or loss, as the case may be. The deductibility of capital losses is subject to substantial limitations.

Subject to the discussion below under "Taxation – US Backup Withholding Tax and Information Reporting," any gain realised by a Non-US Holder upon the sale, exchange, retirement or other disposition of a Note generally will not be subject to US federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-US Holder of a trade or business in the United States or (ii) in the case of any gain realised by an individual Non-US Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition, and certain other conditions are met.

US Backup Withholding Tax and Information Reporting

A backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of the notes that are US persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a US payor or US middleman, on a Note to a holder of a Note that is a US person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a US payor or US middleman, of principal, interest and proceeds of sale to a holder of a Note that is not a US person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding tax is not an additional tax. A holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's US federal income tax liability and may be entitled to a refund provided the required information is furnished to the US tax authorities in a timely manner.

Beginning in 2011, recently enacted legislation may require individual U.S. Holders to report to the IRS certain information with respect to their beneficial ownership of the Notes not held through an account with a financial institution. Investors who fail to report required information could be subject to substantial penalties.

The above description is not intended to constitute a complete analysis of all US tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of their particular situations.

Certain United Kingdom Tax Considerations

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers) to whom special rules may apply.

The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax. However, Noteholders may wish to note that, in certain circumstances, HM Revenue & Customs ("**HMRC**") has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

United Kingdom Corporation Tax Payers

In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (including fluctuations attributable to exchange rates) broadly in accordance with their statutory accounting treatment.

Taxation of Chargeable Gains

A disposal of Notes by an individual Noteholder who is resident or ordinarily resident in the United Kingdom, or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains.

Accrued Income Scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No stamp duty or SDRT is payable on the issue of the Notes or on a transfer of the Notes by delivery.

Certain Turkish Tax Considerations

The following taxation section describes the principal tax consequences of an investment in the Notes by a person who is not a resident of Turkey and will not hold the Notes or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Turkey. This summary does not intend to be a comprehensive description of all of the tax considerations that may be relevant to a decision to make an investment in the Notes. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Turkey or (b) applicable to a resident of Turkey or with a fixed base or permanent establishment in Turkey.

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its world-wide income, whereas a non-resident legal entity is only liable to the Turkish taxes for the trading income made through a permanent establishment or a permanent representative, or for the income sourced in Turkey otherwise. A natural person is a resident of Turkey if such person has established domicile in Turkey, or stays in Turkey more than six months in a calendar year. On the other hand, foreigners who stay in Turkey for six months or more for a specific job or business or particular purposes which are specified in the Income Tax Law are not treated as a resident of Turkey. A resident individual is liable for Turkish taxes on his world-wide income, while a non-resident individual is only liable for Turkish taxes on his income sourced in Turkey. Trading income is deemed as sourced in Turkey when it is provided through a permanent establishment or permanent representative. Income from movable capital investment is deemed as sourced in Turkey when capital is invested in Turkey. Capital gain is deemed as sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term "**accounted for**" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Capital gains obtained by a non-resident individual/corporation may be subject to income tax/corporate tax if the notes are sold to a resident of Turkey by the non-resident holder depending on the holding period of the notes before sale and the Double Tax Treaty status of the Noteholders. The current rate of corporate tax is 20%. The corporate profit remaining after-tax of the non-resident corporate tax payers would also be subject to 15% withholding tax when such profits are transferred from Turkey to abroad. Current income tax rate for individuals ranges between 15% and 35% depending on the level of income. The holding period criteria for taxation varies upon the Double Tax Treaties concluded between Turkey. If the notes are transferred between the non-residents regardless of the holding period there would be no taxation on the capital gains in Turkey.

Withholding Tax in Turkey

The withholding tax rate on interest payments in respect of Turkish bonds issued outside of Turkey vary depending on the original maturity of such bonds as specified under decree numbered 2010/1182 dated 20 December 2010 (the "Decree"). Pursuant to the Decree, with respect to bonds with a maturity of between 3 years and 4 years 364 days, the withholding tax rate on interest is 3 per cent. and for bonds with a maturity of 5 years or more the withholding tax rate is 0 per cent. Accordingly, the withholding tax rate on interest on the Notes is 0 per cent.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State.

However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE INVESTMENT IN THE NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

CERTAIN ERISA CONSIDERATIONS

PURSUANT TO IRS CIRCULAR 230 THE BANK HEREBY INFORMS YOU THAT THE DISCUSSION HEREIN WITH RESPECT TO ERISA CONSIDERATIONS IS NOT INTENDED OR WRITTEN BY THE ISSUER, THE BANK, THEIR RESPECTIVE COUNSEL OR THE U.S. TAX COUNSEL TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER U.S. TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. THIS DISCUSSION IS LIMITED TO THE TAX ISSUES DESCRIBED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED UPON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER CONCERNING THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

The following description is general in nature, is not intended to be all-inclusive, and is based on the law and practice in force at the date of this document and is subject to any subsequent changes therein. In view of the individual nature of ERISA, Code and Similar Law consequences, each potential investor that is a Benefit Plan (as defined below) or any plan subject to Similar Law is advised to consult its own legal adviser with respect to the specific ERISA, Code and Similar Law consequences of investing in the Notes and to make its own independent decision with respect to any such investment. The following is merely a summary and should not be construed as legal advice.

Subject to the following discussion, the Notes may be acquired by pension, profit-sharing or other employee benefit plans subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, as well as individual retirement accounts, Keogh plans and other plans covered by Section 4975 of the Code, as well as entities deemed to hold "plan assets" of any of the foregoing under the Plan Asset Regulation (each such entity, a "**Benefit Plan**"). Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of the Benefit Plan. In addition, Title I of ERISA also requires fiduciaries of a Benefit Plan subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents.

If the assets of the Issuer were deemed to be plan assets of Benefit Plans that purchased Notes: (a) if any such Benefit Plans are subject to ERISA, ERISA's fiduciary standards would apply to the Issuer and might materially affect the operations of the Issuer, and (b) any transactions involving the Issuer could be deemed a transaction with each Benefit Plan and may cause certain transactions into which the Issuer might enter in the ordinary course of business to constitute prohibited transactions under ERISA and/or Section 4975 of the Code. Under the Plan Asset Regulation, the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquired an "equity interest" in the Issuer and none of the exceptions to holding plan assets contained in the Plan Asset Regulation were applicable. An equity interest is defined under the Plan Asset Regulation as an interest other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although there is little guidance on the subject, at the time of their initial issuance, the Notes should be treated as indebtedness under applicable local law without substantial equity features for this purpose. This determination is based in part upon the traditional debt features of the Notes, including the reasonable expectation of purchasers of the Notes that the Notes will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. However, since the Plan Asset Regulation does not specify what constitutes a substantial equity feature, there can be no assurance that the Notes will be treated as indebtedness under applicable local law without substantial equity features for purposes of the Plan Asset Regulation.

However, without regard to whether the Notes are treated as an equity interest for purposes of the Plan Asset Regulation, the acquisition or holding of Notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, the Initial Purchasers, the Fiscal Agent or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Benefit Plan depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes. Included among these exemptions are: Prohibited Transaction Class Exemption ("**PTCE**") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, as modified, regarding investments by insurance company general accounts; PTCE 91-38, as modified, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, as modified, regarding transactions effected by "qualified professional asset managers." In addition to the class exemptions listed above, there are statutory exemptions under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for prohibited transactions between a Benefit Plan and a person or entity that is a party in interest to such Benefit Plan solely by reason of providing services to the Benefit Plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the Benefit Plan involved in the transaction), provided that there is adequate consideration for the transaction. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts that might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes and prospective purchasers that are Benefit Plans should consult with their advisers regarding the applicability of any such exemption.

By acquiring a Note (or a beneficial interest therein), each purchaser and transferee will be deemed to represent and warrant that: (a) either: (i) the funds used for such acquisition do not constitute the assets of any "employee benefit plan" as defined in Section 3(3) of ERISA, that is subject to the provisions of part 4 of Subtitle B of Title I of ERISA, any plan to which Section 4975 of the Code applies, any entity whose underlying assets include "plan assets" of any of the foregoing under the Plan Asset Regulation, or a governmental, church or non-U.S. plan subject to any Similar Law, or (ii) the acquisition, holding and disposition of such Note (or a beneficial interest therein) does not and will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of a governmental, church, or non-U.S. plan, a violation of any Similar Laws), and (b) it agrees not to sell or otherwise transfer any interest in the Notes otherwise than to an acquirer or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and employee benefit plans subject to non-US law are not subject to ERISA's requirements, although they may be subject to similar provisions under Similar Law. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA considerations discussed above, subject to the provisions of Similar Law.

A FIDUCIARY OF A BENEFIT PLAN CONSIDERING THE PURCHASE OF NOTES (OR A BENEFICIAL INTEREST THEREIN) SHOULD CONSULT ITS LEGAL ADVISERS REGARDING WHETHER THE ASSETS OF THE ISSUER WOULD BE CONSIDERED PLAN ASSETS, THE POSSIBILITY OF EXEMPTIVE RELIEF FROM THE PROHIBITED TRANSACTION RULES, WHETHER THE NOTES WOULD BE AN APPROPRIATE INVESTMENT FOR THE BENEFIT PLAN UNDER ERISA AND THE CODE AND OTHER ISSUES AND THEIR POTENTIAL CONSEQUENCES. A FIDUCIARY OF A PLAN SUBJECT TO SIMILAR LAW CONSIDERING THE PURCHASE OF NOTES (OR A BENEFICIAL INTEREST THEREIN) SHOULD CONSULT ITS LEGAL ADVISERS REGARDING THE APPLICABILITY OF THE PROVISIONS OF SIMILAR LAW AND WHETHER THE NOTES WOULD BE AN APPROPRIATE INVESTMENT FOR THE PLAN UNDER SIMILAR LAW. THE SALE OF NOTES TO A BENEFIT PLAN OR TO A PLAN SUBJECT TO SIMILAR LAW IS IN NO RESPECT A REPRESENTATION BY THE ISSUER THAT THIS INVESTMENT MEETS ALL THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENT BY BENEFIT PLANS OR PLANS SUBJECT TO SIMILAR LAW GENERALLY OR BY ANY PARTICULAR BENEFIT PLAN OR PLAN SUBJECT TO SIMILAR LAW, OR THAT THIS INVESTMENT IS APPROPRIATE FOR BENEFIT PLANS OR PLANS SUBJECT TO SIMILAR LAW GENERALLY OR FOR ANY PARTICULAR BENEFIT PLAN OR PLAN SUBJECT TO SIMILAR LAW.

PLAN OF DISTRIBUTION

The Issuer intends to offer the Notes through the Initial Purchasers and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated 7 March 2011 (the "**Subscription Agreement**"), among the Initial Purchasers and the Issuer, each of the Initial Purchasers has severally agreed to purchase, and the Issuer has agreed to sell to each of the Initial Purchasers, the principal amount of the Notes set forth opposite each Initial Purchaser's name below.

Initial Purchasers	**Principal Amount of Notes**
Citigroup Global Markets Limited	$125,000,000
Crédit Agricole Corporate and Investment Bank	$125,000,000
HSBC Bank plc	$125,000,000
Standard Chartered Bank	$125,000,000
TOTAL	**$500,000,000**

The Subscription Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the Notes if they purchase any of the Notes. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The Issuer has been informed that the Initial Purchasers propose to resell the Notes at the offering prices set forth on the cover page of this Offering Memorandum within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance upon Rule 144A, and to non-U.S. persons outside the United States in reliance upon Regulation S. See "Transfer Restrictions". The prices at which the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Initial Purchasers or their affiliates that are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions".

Accordingly, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Notes will constitute a new class of securities of Akbank with no established trading market. The Bank cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Initial Purchasers have advised the Bank that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, the Bank cannot assure you as to the liquidity of or the trading market for the Notes.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes in excess of the principal amount of Notes to be purchased by the Initial Purchasers in this offering, which creates a short position for the Initial Purchasers. Covering transactions involve the purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

The Issuer expects that delivery of the Notes will be made against payment therefor on the closing date specified on the cover page of this Offering Memorandum, which will be the fourth New York business day following the date of this Offering Memorandum (this settlement cycle being referred to as "T+4"). Under Rule 15c6-l of the Exchange Act, trades in the secondary market generally are required to settle in three New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this Offering Memorandum or the next succeeding New York business days will be required, by virtue of the fact that the Notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of this Offering Memorandum or the next succeeding New York business days should consult their own adviser.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates may have performed investment banking and advisory services for the Issuer and its affiliates from time to time for which they may have received customary fees and expenses. The Initial Purchasers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Issuer and its affiliates in the ordinary course of their business.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer. For information on Citibank Overseas Investment Corp. as a principal shareholder in Akbank, see "Ownership – Principal Shareholders".

The Issuer has agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of those liabilities.

ADDITIONAL SELLING RESTRICTIONS

NOTICE TO RESIDENTS OF TURKEY

THE INTERNATIONAL OFFERING OF THE NOTES WILL ONLY BE REGISTERED WITH THE CMB UNDER THE PROVISIONS OF DECREE 32, BANKING REGULATIONS, THE CAPITAL MARKETS LAW AND THE COMMUNIQUÉ FOR THE PURPOSE OF SALE OF THE NOTES OUTSIDE TURKEY. THE NOTES (OR BENEFICIAL INTERESTS THEREIN) WILL NEITHER BE OFFERED OR SOLD TO TURKISH RESIDENTS IN ACCORDANCE WITH THE DECISION OF THE BRSA NOR WILL THEY BE OFFERED OR SOLD WITHIN TURKEY UNDER CURRENT CAPITAL MARKETS REGULATIONS.

The decision of the BRSA only applies to the initial offer and sale of the Notes by Akbank at the time of their issue, and Turkish residents will be permitted under such decision to purchase or to sell the Notes in the secondary markets. This has been confirmed by the respective authority in writing upon Akbank's application to clarify the scope of the restriction.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

In the United Kingdom, this Offering Memorandum is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (b) high net worth bodies corporate falling within Article 49(2) of the Order and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Each Initial Purchaser has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, purchasers of the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes.

According to Article 15 d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents in Turkey shall be free to purchase and sell securities and other capital market instruments traded on financial markets outside of Turkey, and to transfer their purchasing proceeds abroad through banks and the intermediary institutions authorised in accordance with capital market legislation.

The Bank has not registered the Notes under the Securities Act or the laws of any state securities commission and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (1) to persons reasonably believed to be "**qualified institutional buyers**" (as defined in Rule 144A under the Securities Act), commonly referred to as "**QIBs**", in compliance with Rule 144A under the Securities Act and (2) to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act.

If you purchase the Notes, you will be deemed to have acknowledged, represented and agreed with the Initial Purchasers and the Bank as follows:

(1) You understand and acknowledge that the Notes have not been registered under the Securities Act or any other applicable securities law and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, or pursuant to an exemption therefrom or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not an "**affiliate**" (as defined in Rule 144 under the Securities Act) of Akbank and you are not acting on the Bank's or their behalf and you are either (i) a QIB and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB or (ii) not a "**U.S. person**" (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(3) You acknowledge that none of Akbank or the Initial Purchasers, or any person representing Akbank or the Initial Purchasers, has made any representation to you with respect to Akbank or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning Akbank and the Notes as you have deemed necessary in connection with your decision to purchase the Notes, including an opportunity to ask questions of and request information from Akbank and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x), the date which is one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of the Notes and the last date on which the Bank or any affiliate of the Bank was the owner of such Notes (or any predecessor thereto), or (y), such later date, if any, as may be required by applicable law (the "**Resale Restriction Termination Date**"), only (a) to Akbank, (b) pursuant to a registration

statement which has been declared effective under the Securities Act, (c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A, (d) in an offshore transaction complying with Rule 903 or 904 of Regulation S under the Securities Act or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that the Bank reserves the right prior to any offer, sale or other transfer of the Notes pursuant to clause (d) or (e) above, to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Bank.

Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT PRIOR TO (X), THE DATE WHICH IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE THEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE (AS DEFINED IN RULE 144) OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE), OR (Y), SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH THE RELEVANT SECURITIES LAWS OF ANY OTHER JURISDICTION, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTICE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER AND THE ISSUING AND PAYING AGENT SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) OR (E) ABOVE, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION REASONABLY SATISFACTORY TO THE ISSUER AND THE ISSUING AND PAYING AGENT. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(5) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act.

(6) If you purchase the Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes as well as to holders of the Notes.

(7) You acknowledge that the registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Bank and the registrar that the restrictions set forth herein have been complied with.

(8) You acknowledge that:

  (a) Akbank, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify Akbank and the Initial Purchasers promptly in writing; and

  (b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

    (i) you have sole investment discretion; and

    (ii) you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account and that each such investment account is eligible to purchase the Notes.

(9) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of the Notes.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by Akbank or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to Akbank or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Transfer Restrictions" and "Selling Restrictions".

Each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), any plan, individual retirement account or other arrangement subject to section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, or any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or (ii) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable similar law.

LEGAL MATTERS

The validity of the Notes and certain other matters relating to the issuance of the Notes will be passed upon for the Bank by Baker & McKenzie LLP, as to matters of U.S law, and by Cerrahoğlu Avukatlik Bürosu as to matters of Turkish law. Certain matters as to U.S. and English law will be passed upon for the Initial Purchasers by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Initial Purchasers by Paksoy Ortak Avukatlik Bürosu.

GENERAL INFORMATION

Authorisation

The issuance and sale of the Notes by the Issuer and the execution and delivery by the Issuer of the Transaction Documents have been authorised pursuant to the authority of the officers of the Issuer under resolutions of its Board of Directors dated 12 January 2011 and 4 March 2011.

Listing

Application has been made to the UK Listing Authority for the Notes to be admitted to listing on the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that admission to the Official List and to trading on the London Stock Exchange's Regulated Market will be granted on or about 10 March 2011, subject only to the issue of the Notes. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules.

Clearing Systems

The Global Certificates have been accepted into DTC's book-entry settlement system and the applicable systems used by Euroclear and Clearstream (CUSIP number 00971YAB6, ISIN code US00971YAB65 and Common Code number 060369992 with respect to the Rule 144A Note, and CUSIP number M0300LAC0, ISIN code USM0300LAC02 and Common Code number 060370320 with respect to the Regulation S Note).

Interest Payments

The Issuer has been advised by DTC that through DTC's accounting and payment procedures DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based on DTC participant holdings of the Notes on the close of business on the New York Business Day immediately preceding each such Interest Payment Date. A "**New York Business Day**" is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York are authorised or required by law or executive order to close.

Significant or Material Change

There has been no significant change in the financial or trading position and no material change in the prospects of the Bank since 31 December 2010, being the end of the last financial period for which the Bank's Audited Financial Statements have been published and there has been no material adverse change in the prospects of the Bank since 31 December 2010, being the date of the Bank's last published audited financial statements.

Interests of Natural and Legal Persons Involved in the Issue

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

Accounts and Auditors

The Annual Financial Statements as at 31 December 2008 and 2009 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.S, a member of PricewaterhouseCoopers ("**PwC**"), independent certified public accountants in Turkey, located at PricewaterhouseCoopers, Süleyman Seba Cad. BJK Plaza No:48 B Blok, Kat 9 Akaretler 34357 Besiktas, Istanbul, as stated in the report appearing herein. PwC is an institution authorised by the BRSA to conduct independent audits of banks in Turkey. The Annual Financial Statements as at 31

December 2010 have been audited by Ernst & Young ("**E&Y**"), independent certified public accountants in Turkey, located at Ernst & Young Büyükdere Cad. Beytem Plaza Kat 9-10 Istanbul 34381 Turkey, is an institution authorised by BRSA to conduct independent audits of banks in Turkey. Akbank's accounts are prepared on a quarterly, semi-annual and annual basis in accordance with BRSA and on a semi-annual and annual basis in accordance with IFRS.

Litigation

Save as disclosed in this Offering Memorandum (see "Business of Akbank – Legal Proceedings" and "Risk Factors – Akbank is subject to investigation by the Competition Board which may result in fines being imposed on the Bank") there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had, during the 12 months prior to the date of this Offering Memorandum, a significant effect on the Bank's consolidated financial position.

Documents

The Bank produces audited consolidated annual and unaudited consolidated and unconsolidated quarterly interim financial statements. Copies of the latest audited annual and unaudited quarterly interim reports of the Bank (in English) delivered by the Bank pursuant to Condition 5 may be obtained and copies (with certified English translations where the documents at issue are not in English) of the Bank's articles of association and of its audited financial statements as at and for the years ended 31 December 2008, 2009 and 2010, and copies of the Transaction Documents referred to herein (including the forms of the Notes) will be available for inspection, at the offices of the Issuer and the Fiscal Agent.

Material Contracts

Save as disclosed in this Offering Memorandum under "Business of Akbank", the Bank has not entered into any material contract outside the ordinary course of its business, which could result in the Bank being under an obligation or entitlement that is material to its ability to meet its obligations in respect of the Notes.

ISSUER

AKBANK T.A.Ş.
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İstanbul
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INITIAL PURCHASERS

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United Kingdom

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5 Appold Street
London EC2A 2DA
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

FISCAL AGENT

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United Kingdom

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LEGAL COUNSEL TO THE ISSUER AS TO TURKISH LAW

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Cerrahoglu Binası, Balmumcu,
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Istanbul
Turkey

AUDITORS TO THE ISSUER

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Süleyman Seba Cad. BJK Plaza No:48
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34357 Beşiktaş İstanbul
Turkey

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AKBANK T.A.Ş.

US$500,000,000 6.50% Notes due 2018

OFFERING MEMORANDUM

7 March 2011

Citi

Crédit Agricole CIB

HSBC

Standard Chartered Bank

Joint Lead Managers