AKBANK T.A.Ş.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012 TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Akbank T.A.Ş. and its subsidiaries ("the Group") as at 30 June 2012, comprising of interim consolidated statement of financial position as at 30 June 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard 34, *"Interim financial reporting"* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

17 August 2012
İstanbul, Turkey

AKBANK T.A.Ş.

INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Notes	Unaudited 30 June 2012	Audited 31 December 2011
ASSETS			
Cash and due from banks and balances with the Central Bank of Turkey	6	11,595,487	17,341,692
Trading securities	7	136,366	164,563
Derivative financial instruments	8	544,146	826,711
Loans and advances to customers	9	83,562,836	74,957,927
Investment securities:			
- Available-for-sale	10	41,661,101	38,972,208
- Held-to-maturity	10	4,587,728	4,824,470
Property and equipment	11	766,419	790,661
Intangible assets	11	112,269	102,215
Deferred income tax assets		305,314	279,095
Other assets and pre-payments		991,846	997,639
Total assets		**144,263,512**	**139,257,181**
LIABILITIES			
Customer deposits	12	98,840,995	93,192,092
Interbank money market deposits	13	167,508	640,869
Derivative financial instruments	8	1,008,643	892,886
Funds borrowed	13	12,456,996	14,319,746
Debt securities in issue	13	8,309,271	8,229,379
Income taxes payable		205,784	108,047
Other liabilities and accrued expenses		3,549,955	3,477,928
Employment benefit obligations	14	82,467	77,611
Deferred tax liabilities		25,420	24,757
Total liabilities		**124,647,039**	**120,963,315**
EQUITY			
Capital and reserves attributable to the equity holders of the parent:			
- Share capital	15	4,000,000	4,000,000
- Adjustment to share capital	15	1,534,393	1,534,393
Total paid-in share capital	15	5,534,393	5,534,393
Share premium		1,709,128	1,709,128
Translation reserve		114,929	270,882
Other reserves		240,065	(510,843)
Retained earnings		12,007,484	11,280,544
		19,605,999	**18,284,104**
Non-controlling interest		10,474	9,762
Total equity		**19,616,473**	**18,293,866**
Total liabilities and equity		**144,263,512**	**139,257,181**

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Notes	Unaudited 30 June 2012	Unaudited 30 June 2011
Interest income		5,706,208	4,398,586
Interest expense		(3,293,958)	(2,408,383)
Net interest income		**2,412,250**	**1,990,203**
Fee and commission income	16	1,037,913	954,271
Fee and commission expense	16	(166,683)	(127,165)
Net fee and commission income		**871,230**	**827,106**
Impairment losses on loans and credit related commitments, net	9	(351,411)	(100,609)
Foreign exchange gains and losses, net		(13,308)	50,518
Trading gains and losses, net		(132,284)	72,465
Dividend income		726	3,008
Other operating income		105,483	197,486
Operating income		**2,892,686**	**3,040,177**
Operating expenses	17	(1,457,480)	(1,273,776)
Profit before income taxes		**1,435,206**	**1,766,401**
Income taxes			
Current		(393,698)	(400,081)
Deferred		104,782	54,906
Profit for the period		**1,146,290**	**1,421,226**
Attributable to:			
Equity holders of the Group		1,145,535	1,421,555
Non controlling interest		755	(329)
		1,146,290	**1,421,226**
Basic and diluted earnings per share (expressed in TL, full amount, per share)	4	0.0029	0.0036

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Unaudited 30 June 2012	Unaudited 30 June 2011
Net profit for the period	**1,146,290**	**1,421,226**
Other comprehensive income		
Available for sale financial assets	1,343,942	(1,190,818)
Foreign exchange differences on translation of foreign operations	(155,953)	122,678
Gain/(Loss) from cash flow hedges (effective part of fair value changes)	(46,452)	102,295
Gain/(Loss) from net foreign investment hedges (effective part of exchange difference on borrowings)	146,809	(95,308)
Tax related to gains and losses recognized directly in equity (*)	(288,860)	236,766
	999,486	**(824,387)**
Available for sale financial assets, net of tax	(442,655)	(304,574)
Cash flow hedges, net of tax	38,203	45,004
Other, net of taxes	(79)	829
Net gains/losses transferred to income statement	**(404,531)**	**(258,741)**
Other comprehensive income	**594,955**	**(1,083,128)**
Total comprehensive income	**1,741,245**	**338,098**
Attributable to:		
Equity holders of the Group	1,740,490	338,427
Non-controlling interest	755	(329)

(*) Tax effects of additions to marketable securities valuation differences from available for sale financial assets, gain/(loss) from cash flow hedge (effective part of fair value changes), gain/(loss) from net foreign investment hedge (effective part of exchange difference on borrowings) amount to TL 268,788, TL (9,290) and TL 29,362 respectively (30 June 2011: TL (238,164), TL 20,459 and TL(19,062)).

AKBANK T.A.Ş.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Attributable to equity holders of the Group									
	Share capital									
	Share capital	**Adjustment to share capital**	**Total paid-in share capital**	**Share premium**	**Translation reserve**	**AFS reserves**	**Hedge reserves**	**Retained earnings**	**Non controlling interest**	**Total**
Balance at 1 January 2011	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**102,020**	**1,816,306**	**(379,253)**	**9,264,309**	**12,934**	**18,059,837**
Effect of a subsidiary consolidated in 2011	-	-	-	-	-	-	-	-	-	-
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Net unrealised market value gains(losses) from AFS portfolio	-	-	-	-	-	(952,655)		-	-	(952,655)
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(304,574)		-	-	(304,574)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio	-	-	-	-	-	829		-	-	829
Cash flow hedges, net of tax	-	-	-	-	-	-	126,840	-	-	126,840
Translation reserve	-	-	-	-	122,678	-		-	-	122,678
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-		-	(76,246)	-	-	(76,246)
Other comprehensive income (expense)	-	-	-	-	122,678	(1,256,400)	50,594	-	-	(1,083,128)
Profit for the period	-	-	-	-	-	-	-	1,421,555	(329)	1,421,226
Total comprehensive income for the period	-	-	-	-	122,678	(1,256,400)	50,594	1,421,555	(329)	338,098
Dividends paid	-	-	-	-	-	-	-	(570,620)	(1,922)	(572,542)
Balance at 30 June 2011	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**224,698**	**559,906**	**(328,659)**	**10,115,244**	**10,683**	**17,825,393**
Balance at 1 January 2012	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**270,882**	**(163,311)**	**(347,532)**	**11,280,544**	**9,762**	**18,293,866**
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Net unrealised market value gains(losses) from AFS portfolio	-	-	-	-	-	1,075,152	-	-	-	1,075,152
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(442,655)	-	-	-	(442,655)
Net gains and losses recycled to the income statement	-	-	-	-	-	(79)	-	-	-	(79)
due to transfer of AFS into held-to-maturity portfolio	-	-	-	-	-	-	-	-	-	-
Cash flow hedges, net of tax	-	-	-	-	-	-	1,043	-	-	1,043
Translation reserve	-	-	-	-	(155,953)	-	-	-	-	(155,953)
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-	-	-	117,447	-	-	117,447
Other comprehensive income (expense)	-	-	-	-	(155,953)	632,418	118,490	-	-	594,955
Profit for the period	-	-	-	-	-	-	-	1,145,535	755	1,146,290
Total comprehensive income for the period	-	-	-	-	(155,953)	632,418	118,490	1,145,535	755	1,741,245
Dividends paid	-	-	-	-	-	-	-	(418,595)	(43)	(418,638)
Balance at 30 June 2012	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**114,929**	**469,107**	**(229,042)**	**12,007,484**	**10,474**	**19,616,473**

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Notes	Unaudited 30 June 2012	Unaudited 30 June 2011
Cash flows from operating activities:			
Profit before income tax		1,435,206	1,766,401
Non cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	17	56,898	56,352
Amortisation of intangible assets	17	19,300	14,921
Provision for loan losses, write off and net of recoveries		257,262	43,928
Employment termination benefits and other short-term employee benefits	14	4,856	(52,486)
Gain on derivative financial instruments		398,322	(20,786)
Income/expense accruals (net)		687,327	1,964,990
Other non cash items		72,868	(47,532)
Operating profit before changes in operating assets and liabilities		**2,932,039**	**3,725,788**
Net increase in reserve requirements with the Central Bank of Turkey and restricted cash		5,140,761	(5,641,062)
Net increase/decrease in loans and advances to customers		(8,945,189)	(11,424,905)
Net increase/decrease in trading securities		26,056	(1,513,257)
Net increase/decrease in other assets and prepayments		5,793	(458,621)
Net increase in other liabilities and accrued expenses		72,027	566,457
Net increase/decrease in customer deposits and interbank money market deposits		5,034,891	5,741,176
Taxes paid		(405,217)	(296,733)
Net cash from operating activities		**929,122**	**(13,026,945)**
Cash flows from/(used in) investing activities:			
Purchase of property and equipment, net	11	(32,656)	83,150
Purchase of other intangible assets, net	11	(29,354)	(10,241)
Proceeds from investment securities		17,764,692	26,971,968
Purchase of investment securities		(19,823,652)	(20,234,461)
Net cash used in investing activities		**(2,120,970)**	**6,810,416**
Cash flows from financing activities:			
Proceeds from borrowed funds and debt securities in issue		8,676,308	6,107,607
Payments of borrowed funds and debt securities in issue		(10,449,562)	(2,723,791)
Dividends paid to equity holders	15	(418,638)	(572,542)
Net cash (used in)/from financing activities		**(2,191,892)**	**2,811,274**
Effect of exchange rates on cash and cash equivalents		**(153,743)**	**168,640**
Net increase/(decrease) in cash and cash equivalents		**(605,444)**	**489,173**
Cash and cash equivalents at the beginning of the period	**6**	**3,702,574**	**2,511,715**
Cash and cash equivalents at the end of the period	**6**	**3,097,130**	**3,000,888**
Interest received		6,262,488	6,245,152
Interest paid		3,148,146	2,272,665

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

NOTE 1 - PRINCIPAL ACTIVITIES

Akbank T.A.Ş. ("the Bank" or "Akbank" or together with its subsidiaries referred to as "the Group" in these consolidated financial statements) was formed in 1948 and is a member of the Sabancı Group of companies which is incorporated and domiciled in Turkey. The Bank's head offices are located at Sabancı Center 4. Levent Istanbul/Turkey. As of 30 June 2012, the Bank has 950 branches dispersed throughout the country and 1 branch operating outside the country (2011: 926 branches and 1 branch operating outside the country). As at 30 June 2012, the Group employed 16.259 people (2011: 15.548 people). In addition to regular banking operations, the Group also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. The Group's operations are carried out substantially in one geographical segment (Turkey) and in business segments including retail banking, corporate banking, commercial and SME banking, private banking, treasury activities, international banking and other activities through its subsidiaries (i.e. leasing, brokerage and portfolio management).

The Bank's shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1990. 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"). On 25 May 2012, Citigroup Inc. ("Citigroup") which indirectly owned 20% of the Bank, has sold approximately 10,1% of its share capital (approximately 404.000.000 lots) in Akbank as a result of the decision taken to decrease its ownership in the Bank in connection with its ongoing capital planning preparation for implementation of Basel III regulatory requirements. As a result of this sale transaction Citigroup's share in Akbank has decreased to 9.9%. As of 30 June 2012, approximately 41 % of the shares are publicly traded, including the ADRs (2011: 31%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

The consolidated financial statements as at and for the period ended 30 June 2012 have been approved for issue on 17 August 2012 by S. Hakan Binbaşgil, the Chief Executive Officer and by Atıl Özus, the Chief Financial Officer of Akbank T.A.Ş..

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2012 have been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2011.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for held for trading and available for sale financial instruments and derivatives which have all been measured at fair value.

The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The interim condensed consolidated financial statements are presented in the national currency of the Republic of Turkey, the Turkish lira ("TL").

The Bank maintains its books of accounts and prepares its 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 (with its new corporate name Public Oversignt Accounting and Auditing Standards Authority "POAASA") 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 subsidiaries maintain their books of accounts based on statutory rules and regulations applicable in their jurisdictions.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Judgments and estimates mainly include the fair value calculation, amortized cost calculation of inflation indexed bonds and impairment of financial instruments and are regularly monitored and assessed when necessary. Effects of changes in estimates are reflected into consolidated income statement. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in accounting policy and disclosures:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2012. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions

are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have an impact on the financial position or performance of the Group since subsidiaries are fully owned by the Bank.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Transition guidance will not have an impact on the financial position or performance of the Group since IFRS 10,11,12 will not have an impact on the financial position or performance of the Group.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the project on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

(b) Consolidation

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Non-controlling interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the parent of the Group and presented separately in the Group's income statement. Non controlling interests are presented separately under equity in the consolidated balance sheet.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Bank and its direct and indirect subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Finansal Kiralama A.Ş., Ak Portföy Yönetimi A.Ş., Ak B Tipi Yatırım Ortaklığı A.Ş., Akbank (Dubai) Limited, Akbank AG, Ak Receivables Corporation and A.R.T.S. Ltd., in which the Bank has no equity interest, but 100% control power due to the reason that these companies are "Special Purpose Entities", have been included in the scope of consolidation.

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ak Portföy Yonetimi A.Ş was established at 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş., pension funds of AvivaSa Emeklilik ve Hayat A.Ş. and portfolios of the Ak Yatırım Ortaklığı A.Ş..

Ak B Tipi Yatırım Ortaklığı A.Ş. was established on 18 September 1998 as Ak Yatırım Ortaklığı A.Ş. to manage portfolio with the trading of capital market instruments. The Company is the subsidiary of the Bank with the rate of 70,04%. The Company name has been changed as Ak B Tipi Yatırım Ortaklığı A.Ş. and published on Trade Registry Gazette on December 7, 2010. On 5 April 2012, a Share Purchase Agreement has been signed between the Bank and Egeli & Co. Yatırım Holding A.Ş. in connection with the transfer of all A and B type shares of Ak B Tipi Yatırım Ortaklığı A.Ş. held by the Bank. Share transfer has been completed on 3 July 2012 upon the legal approvals of Capital Markets Board and other authorities. Sale price of the shares has been calculated before the share transfer based on the Total Value, which has been declared in the weekly Portfolio Value Table by Ak B Tipi Yatırım Ortaklığı A.Ş.by deducting provisions where necessary.

The Bank's Frankfurt Branch was established on 5 April 1998 for banking operations abroad. As of 1 September 2006, the Frankfurt Branch has been converted to a 100% subsidiary of the Bank. As of 31 May 2007, shares of Akbank AG were transferred to Akbank N.V resident in the Netherlands, which was 100% subsidiary of the Parent Bank, through capital in kind. Based on restructuring of Bank's foreign subsidiaries, Akbank NV, 100% direct subsidiary founded in Netherlands and Akbank AG, 100% direct subsidiary of Akbank NV founded in Germany have merged in Akbank AG with the discontinuation of activities of Akbank N.V effective from 15 June 2012.

Akbank (Dubai) Limited was established in December 2009 in Dubai International Finance Center (DIFC) to serve delivering intermediary services on acquisition and mergers, consultancy about financial instruments, intermediary services on loan and investment instruments.

Ak Receivables Corporation and A.R.T.S Ltd. are "Special Purpose Entities" established in July 1998 and November 1999, respectively, in connection with raising long-term financing.

The list of consolidated subsidiary undertakings is set out below:

		Shareholding %	
Name of subsidiary	**Country of incorporation**	**2012**	**2011**
Ak Yatırım Menkul Değerler A.Ş.	Turkey	99.80	99.80
Ak Finansal Kiralama A.Ş.	Turkey	99.99	99.99
Ak Portföy Yönetimi A.Ş.	Turkey	99.99	99.99
Ak B Tipi Yatırım Ortaklığı A.Ş.	Turkey	70.04	70.04
Akbank AG	Germany	100.00	100.00
Akbank NV	Netherlands	-	100.00
Akbank (Dubai) Limited	The United Arab Emirates	100.00	100.00
A.R.T.S. Ltd.	Jersey, Channel Islands	-	-
Ak Receivable Corporation	Cayman Islands	-	-

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Investment Hedge

The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the "Translation reserve" account under shareholders' equity.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Turkish lira, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity under translation reserve.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. 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). 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 is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 30 June 2011. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative financial instruments are classified as held for trading, unless they are designated as hedging instruments

(i) Fair Value and Cash flow hedges

The Group hedges its cash flow risk arising from TL and foreign currency floating rate borrowings through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under "Hedging reserves" within equity. Ineffective portion of the fair value changes of the hedging instrument is recognized in the income statement as "net trading gains and losses'.When the cash flows (interest expenses) relating to hedged item affect the income statement, hedging gains/losses that were accumulated under equity are recycled to the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged cash flows are recognized in the income statement.

In accordance with IAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. Fair value changes of the hedged item is disclosed together with its related asset in the balance sheet for TL denominated fixed rate mortgage loans whereas for TL denominated fixed rate available for sale financial assets, the fair value change of the hedged item is classified from equity to income statement as long as the hedge relationship is effective.

For fair value hedges, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement under net trading gains and losses.

Embedded derivatives are separated from the host contract and accounted for as a derivative in accordance with IAS 39, if and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

If an embedded derivative is separated, the host contract is accounted for under IAS 39 if it is a financial instrument and in accordance with other appropriate standards if it is not a financial instrument. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and accounted according to the standard applied to the host contract.

(e) 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest and similar income". If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement is removed from equity and recognized in the income statement.

Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized directly in equity.

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

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

The Group has Consumer Price Index (''CPI'') linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates together with the changes in the CPI references calculated by using an estimated inflation rate. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two month before. The Group determines the estimated inflation rates in line with this. Estimated inflation rate is to be updated during the year when necessary.

(f) Financial assets at fair value through profit or loss:

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. At 30 June 2012, the Group has not classified any financial asset as financial assets designated 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 categorized as held for trading unless they are designated as hedging instruments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trading assets are initially recognized and subsequently re-measured at fair value. All related realized and unrealized fair value gains and losses are included in net trading gains and losses. 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 recognized at the settlement date, which is the date that the asset is delivered to/by the Group.

(g) Loans and advances to customers and provisions for loan impairment

Loans and advances granted by the Group are carried initially at fair value including the transaction costs and subsequently recognized at the amortized cost value, less any provision for loan losses.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. 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.

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.

(h) Sale and repurchase agreements

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

(i) Fee and commission income and expenses

Fee and commission income and expenses are recognized on an accrual basis except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Borrowing fees and commissions expenses paid to other financial institutions are recognized as transaction costs and recorded using the "Effective interest rate method". Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method based on the actual purchase price until, in management's estimates and judgment, 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 recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(k) Related parties

Parties are considered related to the Group if below conditions are met;

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(l) Financial liabilities

Financial liabilities including customer deposits, debt securities in issue and funds borrowed are recognized initially at cost net of transaction costs. Subsequently, financial liabilities are stated at amortized cost including transaction costs and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the financial liability using the effective interest rate method.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Accounting for leases

(i) A group company is the lessee

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

The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) A group company is the lessor

When assets are sold under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(n) Provisions, contingent assets and contingent liabilities

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(o) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, therefore the related assets and liabilities are presented gross in the statements of financial position.

(p) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash, cash due from banks and balances with central bank excluding reserve requirements and restricted balances, trading securities and investment securities with original maturity periods of less than three months (Note 6).

(r) Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Other credit-related commitments

In the normal course of business, the Group enters into other credit-related commitments including loan commitments, letters of credit and guarantees. These are reported as off-balance sheet items at their notional amounts and are assessed using the same criteria as loans and receivables. Specific provisions are therefore established when losses are considered probable and recorded as other liabilities.

(t) Acceptances

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

(u) Comparatives

In order to be consistent with the presentation of financial statements dated 30 June 2012, there are certain reclassifications made on consolidated statement of comprehensive income and statement of cash flows as of 30 June 2011.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The most significant uses of judgments, estimates and assumptions include fair value of financial instruments, impairment for financial assets and valuation of inflation indexed government bonds. Please refer to 'Note 2 (e)' for explanation related to the use of estimates in valuation of the inflation indexed government bonds.

NOTE 4 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income is determined by dividing the net income attributable to the equity holders of the Group by the weighted average number of ordinary shares outstanding during the period concerned.

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

There is no bonus share issuance as at 30 June 2012 (31 December 2011: None).

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 4 - EARNINGS PER SHARE (Continued)

The earnings attributable to basic shares for each period are as follows:

	Unaudited 30 June 2012	Unaudited 30 June 2011
Profit attributable to equity holders of the Group	1,145,535	1,421,555
Weighted average number of ordinary shares in issue (1 Kr each)	400,000,000,000	400,000,000,000
Basic earnings per share (expressed in TL, full amount, per share)	**0.0029**	**0.0036**

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

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

The Group also seeks to raise its interest margins by obtaining above-average margins, net of provisions, through lending to borrowers with a range of credit standing. Such exposures involve not only on-balance sheet loans and advances but also entering into guarantees and other commitments such as letters of credit. The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in the bond markets and in currency and interest rates.

The Group's risk management is under the responsibility of the "Executive Risk Committee ("the ERC")" which reports to the Board of Directors. The ERC is comprised of the Chairman, 2 Executive Board Members and the Chief Executive Officer. The ERC establishes policies, procedures and rules for risk management of the Bank and develops risk management strategies. The ERC also sets critical risk limits and parameters for liquidity risk, credit risk, foreign exchange risk and interest rate risk and; through close monitoring of the markets and overall economy, such limits are changed as necessary. These limits and implementation of policies are broken down to various levels of authorities in order to enhance control effectiveness. The Bank's risk positions are reported to the ERC members on a regular basis. Additionally, the ERC reviews the latest figures and projections for the Bank's profit and loss accounts and balance sheet, liquidity position, interest and foreign exchange exposures, as well as yield analysis and the macroeconomic environment.

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

In addition to the limits set by the ERC, the Board of Directors also sets some limits and parameters for the transactions and areas having significant and critical implications on the Bank's operations.

The Assets and Liabilities Committee ("ALCO") manages the various departments of the Bank by applying risk limits. ALCO consists of the Chief Executive Officer, each of the Executive Vice Presidents in charge of the Bank's marketing, lending, treasury, and financial coordination departments and Senior Vice President of the Bank's risk management department. ALCO meets twice a week to review the latest figures on liquidity position, interest rate risk exposures, foreign exchange risk exposure, capital adequacy, risk limits and the macroeconomic environment.

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

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The credit risk management and control are centralized in credit risk management team of the Group which reports to the Board of Directors and head of each business unit regularly.

The credit 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, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

Non-cash loans liquidated into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

The Bank's credit risk measurement techniques and informaton on the rating of securities and loan portfolio are as follows:

Bank's rating system:

The Bank has internal debt rating model for each segment in order to assess the credit quality of all borrowers.

The default probabilities of each obligor is calculated by using scorecards tailored to various categories of counterparty and derived from the credit rating system of corporate and commercial, SME, consumer and credit card loan portfolios. Both behavioral and application scorecards are taken into consideration in default probability estimations.

Collateral structure of each portfolio is considered in order to determine the realized loss in case default occurs. Default probabilities and realized loss values are combined in order to account for expected loss and unexpected loss values over time and to encourage risk adjusted pricing.

Risk limits are set both at customer and group level and monitored by the ERC in terms of sectors, tenor and concentration. The ERC regularly follows up risk limits and make limit updates when required.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit ratings of its counterparties are continuously monitored. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) Market risk

The major measurement techniques used to measure and control market risk are outlined below.

(i) Value-at-risk

Market risk is measured with Value at Risk (VaR) approach. In VaR calculations, variance-covariance, historical simulation and Monte Carlo simulation methods are used. The software used can perform calculations with advanced yield curve and volatility models. VaR model is based on the assumption of a 99% confidence interval and a 10 day holding period. VaR analyses are reported daily to senior management and are also used for the limit management of trading positions. Limits are revised regularly and depending on the market conditions limits may be adjusted in order to increase the control efficiency. Reinforced with scenario analyses and stress testing, VaR analyses also take into consideration the impact of events and market fluctuations that are unexpected and highly improbable but engender great consequences. The outputs of the model are regularly checked by back-tests.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in various conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of the Group, include interest rate stress testing. The results of the stress tests are reviewed by the ALCO. As at 30 June 2012 and 2011, assuming that all other variables are constant, and TL and FC interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

	Impact on income		**Impact on other reserves**	
Change in interest rates	**2012**	**2011**	**2012**	**2011 (*)**
(+) 1 %	(313,374)	(216,730)	(589,351)	(528,311)
(-) 1 %	323,983	227,297	622,755	562,100

(*) Represents 31 December 2011 results.

Asset and liability risk is managed in accordance with decisions made at ALCO's daily/weekly meetings. Repricing and duration gap analysis, market value of equity, income simulations are used to monitor asset and liability risk. The ALCO develops hedging strategies to respond to unexpected and adverse changes.

(d) Currency risk

Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities and the remaining 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, taking into account the recommendations by the ERC, sets a limit for the size of foreign exchange exposure, which is closely monitored by ALCO.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table summarizes the Group's assets and liabilities and equity at carrying amounts and derivatives at notional amounts categorized by currency.

	Unaudited 30 June 2012					
	Foreign currency					
	EUR	**USD**	**GBP**	**Other**	**TL**	**Total**
Cash and due from banks and balances with the Central Bank of Turkey	5,395,446	4,073,582	36,660	967,356	1,122,443	11,595,487
Trading and investment securities	2,913,869	6,462,508	-	-	37,008,818	46,385,195
Derivative financial instruments	-	-	-	-	544,146	544,146
Loans and advances to customers	10,085,341	25,687,243	40,361	53,451	47,696,440	83,562,836
Property, plant and equipment	903	1,872	-	-	763,644	766,419
Intangible assets	362	104	-	-	111,803	112,269
Deferred tax assets	5,239	-	-	-	300,075	305,314
Other assets and pre-payment	53,218	35,488	527	1,392	901,221	991,846
Total assets	**18,454,378**	**36,260,797**	**77,548**	**1,022,199**	**88,448,590**	**144,263,512**
Customer deposits	14,743,571	32,889,015	784,515	1,366,559	49,057,335	98,840,995
Derivative financial instruments	-	-	-	-	1,008,643	1,008,643
Interbank money market deposits, funds borrowed and debt securities in issue	5,521,776	12,224,639	7,144	24,448	3,155,768	20,933,775
Income taxes payable	14,875	1,172	-	-	189,737	205,784
Other liabilities and accrued expenses	210,123	134,986	1,395	11,693	3,191,758	3,549,955
Employment benefit obligations	155	-	-	-	82,312	82,467
Deferred tax liability	25,420	-	-	-	-	25,420
Equity and non controlling interest	-	-	-	-	19,616,473	19,616,473
Total liabilities and equity	**20,515,920**	**45,249,812**	**793,054**	**1,402,700**	**76,302,026**	**144,263,512**
Net balance sheet position	**(2,061,542)**	**(8,989,015)**	**(715,506)**	**(380,501)**	**12,146,564**	**-**
Off-balance sheet derivative instruments net notional position	**2,447,819**	**9,024,987**	**716,433**	**372,530**	**(12,778,124)**	**(216,355)**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

	Audited 31 December 2011					
	Foreign currency					
	EUR	**USD**	**GBP**	**Other**	**TL**	**Total**
Cash and due from banks and balances with the Central Bank of Turkey	1,583,173	10,233,518	19,450	538,743	4,966,808	17,341,692
Trading and investment securities	3,409,830	3,923,564	-	-	36,627,847	43,961,241
Derivative financial instruments	-	-	-	-	826,711	826,711
Loans and advances to customers	10,359,784	24,473,407	41,238	63,470	40,020,028	74,957,927
Property, plant and equipment	1,733	1,864	-	-	787,064	790,661
Intangible assets	882	131	-	-	101,202	102,215
Deferred tax assets	3,779	-	-	-	275,316	279,095
Other assets and pre-payment	48,469	59,198	236	61	889,675	997,639
Total assets	**15,407,650**	**38,691,682**	**60,924**	**602,274**	**84,494,651**	**139,257,181**
Customer deposits	13,398,336	29,335,094	806,782	692,900	48,958,980	93,192,092
Derivative financial instruments	-	-	-	-	892,886	892,886
Interbank money market deposits, funds borrowed and debt securities in issue	5,437,653	15,471,037	7,337	25,700	2,248,267	23,189,994
Income taxes payable	11,751	3,979	-	-	92,317	108,047
Other liabilities and accrued expenses	320,770	83,963	3,391	14,319	3,055,485	3,477,928
Deferred tax liability	24,757	-	-	-	-	24,757
Employment benefit obligations	477	-	-	-	77,134	77,611
Equity and non-controlling interest	-	-	-	-	18,293,866	18,293,866
Total liabilities and equity	**19,193,744**	**44,894,073**	**817,510**	**732,919**	**73,618,935**	**139,257,181**
Net balance sheet position	**(3,786,094)**	**(6,202,391)**	**(756,586)**	**(130,645)**	**10,875,716**	**-**
Off-balance sheet derivative instruments net notional position	**3,954,376**	**6,382,269**	**756,744**	**130,928**	**(11,155,554)**	**68,763**

At 30 June 2012, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL 1.8065 =US$ 1 (31 December 2011: TL 1.8889= US$ 1) and TL 2.2742 =EUR 1 (31 December 2011: TL 2.4439 =EUR 1).

(e) Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest-sensitive assets and liabilities. Interest rate risk is the key component of the Group's asset and liability management. Interest rate risk is managed on a portfolio basis by applying different strategies such as using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, or building hedge relationships in order to minimize the effects of changes in interest rates. Special emphasis is given to providing a balance between the duration of assets and liabilities. Repricing/duration, gap, sensitivity and scenario analysis are the main methods used to manage the risks.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The tables below summaries the Group's exposure to interest rate risks at 30 June 2012 and 31 December 2011. Included in the tables are the Group's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

	Unaudited 30 June 2012					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
Cash and due from banks and balances with the Central Bank of Turkey	1,238,416	1,715	-	-	10,355,356	11,595,487
Trading and investment securities	15,494,104	13,315,558	10,456,525	6,887,714	231,294	46,385,195
Derivative financial instruments	172,134	319,899	34,196	17,917	-	544,146
Loans and advances to customers	42,098,250	23,235,154	15,578,884	2,558,827	91,721	83,562,836
Property, plant and equipment	-	-	-	-	766,419	766,419
Intangible assets	-	-	-	-	112,269	112,269
Deferred tax assets	-	-	-	-	305,314	305,314
Other assets and pre-payments	435,591	-	-	-	556,255	991,846
Total assets	**59,438,495**	**36,872,326**	**26,069,605**	**9,464,458**	**12,418,628**	**144,263,512**
Customer deposits	76,557,345	6,803,160	2,143,792	2,156,648	11,180,050	98,840,995
Interbank money market deposits, funds borrowed and debt securities in issue	13,781,079	3,286,794	2,821,555	1,044,347	-	20,933,775
Derivative financial instruments	549,604	395,553	46,236	17,250	-	1,008,643
Income taxes payable	-	-	-	-	205,784	205,784
Other liabilities and accrued Expenses	127,213	82,546	28,495	32,556	3,279,145	3,549,955
Employment benefit obligations	-	-	-	-	82,467	82,467
Deferred tax liability	-	-	-	-	25,420	25,420
Total liabilities	**91,015,241**	**10,568,053**	**5,040,078**	**3,250,801**	**14,772,866**	**124,647,039**
Net repricing period gap	**(31,576,746)**	**26,304,273**	**21,029,527**	**6,213,657**	**(2,354,238)**	**19,616,473**
Off-balance sheet derivative instruments net notional position	**4,270,689**	**140,045**	**(2,742,972)**	**(1,883,666)**	**-**	**(215,904)**

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

	Audited 31 December 2011					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
Cash and due from banks and balances with the Central Bank of Turkey	1,980,559	64	2,000	-	15,359,069	17,341,692
Trading and investment securities	12,256,580	13,344,930	13,960,271	4,188,565	210,895	43,961,241
Derivative financial instruments	469,274	312,327	45,110	-	-	826,711
Loans and advances to customers	36,498,997	21,713,044	14,388,113	2,265,930	91,843	74,957,927
Property, plant and equipment	-	-	-	-	790,661	790,661
Intangible assets	-	-	-	-	102,215	102,215
Deferred income tax assets	-	-	-	-	279,095	279,095
Other assets and pre-payments	513,336	-	-	-	484,303	997,639
Total assets	**51,718,746**	**35,370,365**	**28,395,494**	**6,454,495**	**17,318,081**	**139,257,181**
Customer deposits	75,853,773	6,192,860	904,628	576,421	9,664,410	93,192,092
Interbank money market deposits, funds borrowed and debt securities in issue	14,446,139	5,305,125	2,493,855	944,875	-	23,189,994
Derivative financial instruments	369,525	477,812	38,236	7,313	-	892,886
Income taxes payable	-	-	-	-	108,047	108,047
Other liabilities and accrued expenses	57,006	25,731	71,680	47,805	3,275,706	3,477,928
Employment benefit obligations	-	-	-	-	77,611	77,611
Deferred tax liability	-	-	-	-	24,757	24,757
Total liabilities	**90,726,443**	**12,001,528**	**3,508,399**	**1,576,414**	**13,150,531**	**120,963,315**
Net repricing period gap	**(39,007,697)**	**23,368,837**	**24,887,095**	**4,878,081**	**4,167,550**	**18,293,866**
Off-balance sheet derivative instruments net notional position	**3,145,351**	**651,293**	**(2,809,494)**	**(912,013)**	**-**	**75,137**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The tables below summarize the effective average interest rates by major currencies for monetary financial instruments at 30 June 2012 and 31 December 2011:

	Unaudited 30 June 2012			Audited 31 December 2011		
Assets	**USD (%)**	**EUR (%)**	**TL (%)**	**USD (%)**	**EUR (%)**	**TL (%)**
Cash and due from banks:						
-Time deposits in foreign banks	0.02	0.27	-	0.08	0.36	-
-Time deposits in domestic banks	0.81	0.70	11.67	0.45	4.79	11.78
-Interbank money market placements	-	-	10.80	-	-	10.76
-Reserve requirements with the Central Bank of Turkey	-	-	-	-	-	-
Trading securities	4.72	4.06	6.76	5.09	4.46	11.09
Loans and advances to customers	5.15	5.04	14.00	4.68	5.10	13.03
Investment securities:						
-Available for sale	4.49	3.94	11.19	4.45	4.62	10.15
-Held to maturity	7.05	7.34	11.81	7.05	7.34	11.11
Liabilities						
Customer deposits and interbank and -Money market deposits	2.69	2.79	9.08	3.25	2.88	8.98
Funds borrowed	2.22	1.63	8.92	2.06	1.99	7.62
Debt securities in issue	3.35	-	10.49	3.21	-	10.21

(f) Liquidity risk

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

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. 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 the Group and its exposure to changes in interest rates and exchange rates. The ERC sets limits on the key liquidity ratios and funding gap and these limits are closely monitored.

In accordance with the "Communiqué on the Measurement and Assessment of Liquidity of the Banks" published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%.

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Unaudited 30 June 2012					
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	Total
Cash and due from banks						
With the Central Bank of Turkey	11,593,772	1,715	-	-	-	11,595,487
Trading and investment securities	643,433	4,197,175	26,622,776	14,690,517	231,294	46,385,195
Derivative financial instruments	91,408	121,609	122,756	208,373	-	544,146
Loans and advances to customers	26,612,578	21,122,995	26,548,149	9,187,393	91,721	83,562,836
Property and equipment	-	-	-	-	766,419	766,419
Intangible assets	-	-	-	-	112,269	112,269
Other assets and pre-payments	775,884	-	-	-	215,962	991,846
Deferred tax assets	-	-	305,314	-	-	305,314
Total assets	**39,717,075**	**25,443,494**	**53,598,995**	**24,086,283**	**1,417,665**	**144,263,512**
Customer deposits	87,851,795	6,695,300	2,137,252	2,156,648	-	98,840,995
Derivative financial instruments	155,706	179,542	289,593	383,802	-	1,008,643
Interbank money market deposits funds borrowed and debt securities in issue	7,519,172	5,655,234	6,364,277	1,395,092	-	20,933,775
Income taxes payable	-	205,784	-	-	-	205,784
Other liabilities and accrued expenses	3,179,454	133,314	28,494	32,556	176,137	3,549,955
Employment benefit obligations	-	-	-	-	82,467	82,467
Deferred tax liability	-	-	25,420	-	-	25,420
Total liabilities	**98,706,127**	**12,869,174**	**8,845,036**	**3,968,098**	**258,604**	**124,647,039**
Net liquidity gap	**(58,989,052)**	**12,574,320**	**44,753,959**	**20,118,185**	**1,159,061**	**19,616,473**

	Audited 31 December 2011					
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	Total
Total assets	**44,718,157**	**18,389,106**	**58,939,066**	**16,073,503**	**1,137,349**	**139,257,181**
Total liabilities	**95,376,409**	**15,265,859**	**7,566,040**	**2,436,211**	**318,796**	**120,963,315**
Net liquidity gap	**(50,658,252)**	**3,123,247**	**51,373,026**	**13,637,292**	**818,553**	**18,293,866**

The most important funding resources of the Bank are the shareholders' equity, the diversified and steady deposit base and the long-term funds borrowed from international institutions which are mainly placed in interest earning assets. In spite of a substantial portion of deposits from individuals being short-term, deposits are diversified by number and type, and maturities of a large portion of deposits are renewed, which indicates that these deposits will provide a long-term and stable source of funding for the Bank. The major part of mandatory cash balances with the Central Bank of Turkey are included within the "up to three months" column as the majority of liabilities to which these balances relate are also included in this category.

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

Undiscounted cash flows of the liabilities of the Group are as follows:

	Unaudited 30 June 2012				
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	72,569,453	15,496,000	7,004,600	2,293,022	2,419,691
Funds borrowed and debt securities in issue	1,903,026	4,838,387	6,956,307	7,774,466	1,499,321
Interbank money market deposits	168,818	-	-	-	-
Guarantees and warranties (*)	13,940	263,160	4,037,393	4,663,585	7,655,372

(*) Undiscounted maturities of letter of guarantees represent the contractual maturities whereas such balances have demand nature due to their callable status until maturity.

	Audited 31 December 20111				
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	72,364,966	13,525,663	6,488,536	989,173	652,889
Funds borrowed and debt securities in issue	2,388,454	3,884,574	9,137,351	7,491,001	1,614,786
Interbank money market deposits	640,869	-	-	-	-
Guarantees and warranties (*)	7,361	1,327,047	2,964,776	4,106,717	6,041,982

(*) Undiscounted maturities of letter of guarantees represent the contractual maturities whereas such balances have demand nature due to their callable status until maturity.

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

Undiscounted cash flows of derivative financial instruments of the Group are as follows:

			Unaudited 30 June 2012			
Derivatives held for trading	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**	**Total**
Foreign exchange derivatives:	(78,281)	(137,016)	(46,328)	(193,954)	(22,255)	(477,834)
– Inflow	10,490,442	3,144,003	2,341,229	790,808	442,110	17,208,592
– Outflow	(10,568,723)	(3,281,019)	(2,387,557)	(984,762)	(464,365)	(17,686,426)
Interest rate derivatives:	(4,166)	1,277	3,376	30,150	(1,933)	28,704
– Inflow	9,892	22,004	269,378	870,697	157,042	1,329,013
– Outflow	(14,058)	(20,727)	(266,002)	(840,547)	(158,975)	(1,300,309)
Derivatives held for hedging:						
Foreign exchange derivatives:	(31,214)	672	(143,707)	(700,858)	(107,749)	(982,856)
– Inflow	4,468	672	21,375	2,065,993	823,693	2,916,201
– Outflow	(35,682)	-	(165,082)	(2,766,851)	(931,442)	(3,899,057)
Interest rate derivatives:	(5,524)	(21,193)	(68,855)	(266,783)	(26,676)	(389,031)
– Inflow	4,590	7,386	88,708	177,582	18,962	297,228
– Outflow	(10,114)	(28,579)	(157,563)	(444,365)	(45,638)	(686,259)
Total inflow	**10,509,392**	**3,174,065**	**2,720,690**	**3,905,080**	**1,441,807**	**21,751,034**
Total outflow	**(10,628,577)**	**(3,330,325)**	**(2,976,204)**	**(5,036,525)**	**(1,600,420)**	**(23,572,051)**

			31 December 2011			
Derivatives held for trading	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**	**Total**
Foreign exchange derivatives:	1,131,062	489,460	(63,082)	(1,439,843)	(86,611)	30,986
– Inflow	11,419,950	6,910,623	3,800,448	261,419	134,078	22,526,518
– Outflow	(10,288,888)	(6,421,163)	(3,863,530)	(1,701,262)	(220,689)	(22,495,532)
Interest rate derivatives:	(7,971)	(1,088)	(77,431)	(195,637)	10,112	(272,015)
– Inflow	9,235	13,066	152,183	689,108	118,285	981,877
– Outflow	(17,206)	(14,154)	(229,614)	(884,745)	(108,173)	(1,253,892)
Derivatives held for hedging:						
Interest rate derivatives:	(21,521)	(37,136)	(124,187)	(292,162)	(42,829)	(517,835)
– Inflow	11,229	16,560	96,261	261,894	48,271	434,215
– Outflow	(32,750)	(53,696)	(220,448)	(554,056)	(91,100)	(952,050)
Total inflow	**11,440,414**	**6,940,249**	**4,048,892**	**1,212,421**	**300,634**	**23,942,610**
(Total out flow)	**10,338,844**	**6,489,013**	**4,313,592**	**3,140,063**	**419,962**	**24,701,474**

(g) Operational risk

The "Basic Indicator Method" is used in the operational risk calculation of the Bank. The amount subject to the operational risk is calculated by using the gross income of the Bank in 2011, 2010, and 2009 in accordance with part 4 "Calculation of the Amount Subject to Operational Risk" of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006. In the scope of "Capital Adequacy Ratio", the amount subject to operational risk is TL 10,732,015; capital liability of operational risk is TL 858,561.

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(h) Fiduciary activities

The Group provides custody services to third parties which involve the Group in the making of allocation, purchase and sale decisions. Assets held in a fiduciary capacity are not included in these financial statements. At 30 June 2012, the Group has custody accounts amounting to TL 40,150,627 in nominal value (31 December 2011: TL 32,412,290).

NOTE 6 - CASH AND DUE FROM BANKS

Cash and due from banks comprises as follows:

	Unaudited 30 June 2012	Audited 31 December 2011
Cash funds:		
Cash on hand	967,385	1,041,148
Cash in transit	118,230	1,664
Purchased cheques	106	34
	1,085,721	**1,042,846**
Current accounts and demand deposits:		
Central Bank of Turkey (Note 9)	7,651,400	12,835,843
Foreign banks	1,617,936	1,451,888
Domestic banks	300	28,508
	9,269,636	**14,316,239**
Time deposits:		
Foreign banks	485,497	1,556,582
Domestic banks	513,085	417,815
	998,582	**1,974,397**
Interbank money market placements	**241,548**	**8,210**
Total cash and due from banks and the balances with the Central Bank of Turkey	**11,595,487**	**17,341,692**

Cash and cash equivalents included in the statements of cash flows for the six-month period ended 30 June 2012 and 30 June 2011 are as follows:

	Unaudited 30 June 2012	Unaudited 30 June 2011
Cash and due from banks excluding accrued interest	2,628,686	2,997,481
Trading and investment securities with original maturities of less than three months excluding accrued interest	468,444	3,407
	3,097,130	**3,000,888**

(Currency - in Thousands of Turkish Lira (“TL”) unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 6 - CASH AND DUE FROM BANKS (continued)

The lawsuit opened against CBRT regarding a judgmental difference between the Bank and the CBRT with respect to the reserve requirements for syndication loans borrowed by Malta Branch has been dismissed by Ankara 10th Administrative Court. According to this decision, Bank has been required to maintain additional reserves at CBRT amounting to USD 742 million on average for approximately 3.5 years. This reserve has been started to be maintained at CBRT and will have no effect on the financial statements and operations of the Bank. A new lawsuit has been appealed the motion for the stay of this decision.

NOTE 7 - TRADING SECURITIES

The breakdown of trading securities is as follows:

	Unaudited 30 June 2012	**Audited 31 December 2011**
Government bonds	118,244	119,144
Eurobonds	3,358	26,876
Government bonds denominated in foreign currency	-	2,317
Treasury bills	-	-
Share certificates	13,642	14,249
Other	1,122	1,977
	136,366	**164,563**

Trading securities amounting to TL 932 (31 December 2011: TL 8.609) have been pledged as collateral to financial institutions and there are no trading securities pledged under repurchase agreements.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into the following derivative financial instruments:

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

“Currency and interest rate options” are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

“Currency and interest rate swaps” are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates. The Group’s “credit risks”

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

represent the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held at 30 June 2012 and 31 December 2011 are set out in the following table.

	Unaudited 30 June 2012 Fair values		Audited 31 December 2011 Fair values	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives held for trading:				
Currency and interest rate swap purchases and sales	394,612	(413,112)	647,922	(502,462)
Options purchases and sales	82,515	(94,611)	71,569	(76,104)
Currency and interest rate futures purchases and sales	40,053	(31,715)	54,569	(35,946)
Forward currency purchases and sales	26,713	(76,108)	52,651	(58,523)
Derivatives held for hedging:				
Interest rate swap purchases and sales	253	(393,097)	-	(219,851)
Total derivative assets/(liabilities)	**544,146**	**1,008,643**	**826,711**	**(892,886)**

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

The notional amounts of derivative transactions are explained in detail in Note 18.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS

	Unaudited 30 June 2012	Audited 31 December 2011
Consumer loans	17,953,901	15,590,959
- Mortgage	8,495,454	7,470,948
- General purpose	7,931,995	6,648,192
- Automobile	877,879	865,906
- Other	648,573	605,913
Credit cards	12,652,310	9,924,373
- Retail	12,034,286	9,550,188
- Corporate	618,024	374,185
Corporate, commercial and small business loans	53,863,756	50,138,954
- Export financing loans	6,316,585	4,997,529
- Loans to financial institutions	668,228	1,606,307
- Leasing receivables	1,665,928	1,391,576
- Discount and purchase notes	275,758	236,695
- Project finance loans	11,423,562	10,154,619
- Commercial installment loans	7,189,368	6,163,727
- Other	26,324,327	25,588,501
Performing loans	84,469,967	75,654,286
Impaired loans	1,362,794	1,316,304
Total loans and advances to customers	85,832,761	76,970,590
Provision for impairment	(2,269,925)	(2,012,663)
Net loans and advances to customers	**83,562,836**	**74,957,927**

The loans and advances to customers include finance lease receivables, as shown below:

	Unaudited 30 June 2012	Audited 31 December 2011
Gross investment in finance leases	1,943,245	1,649,372
Less: Unearned finance income	(246,001)	(204,151)
Total investment in finance leases	1,697,244	1,445,221
Provision for impairment	(23,021)	(36,237)
Net investment in finance leases	**1,674,223**	**1,408,984**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Gross lease rentals receivable and the net investment in direct financing leases have the following collection schedules:

	Unaudited 30 June 2012		Audited 31 December 2011	
Period ending	**Gross investment in finance leases**	**Total investment in finance leases**	**Gross investment in finance leases**	**Total investment in finance leases**
2012	546,779	535,304	674,777	626,838
2013	458,547	373,214	329,625	275,449
2014	305,827	252,609	216,037	181,028
2015	218,779	182,841	143,160	119,380
2016	153,451	129,806	97,751	81,480
2017 (*)	259,862	223,470	188,022	161,046
	1,943,245	**1,697,244**	**1,649,372**	**1,445,221**

(*) Balances include the year 2017 and after.

Movements in the provision for loan losses are as follows:

	Unaudited 30 June 2012	**Unaudited 30 June 2011**
Balance at beginning of period	2,012,663	1,832,301
- Charge for the period/year	495,328	305,266
- Recoveries	(143,917)	(204,657)
Net provision for the period	351,411	100,609
Written-off	(94,140)	(56,695)
Exchange differences	(9)	14
Balance at the end of period	**2,269,925**	**1,876,229**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 10 - INVESTMENT SECURITIES

(a) Securities available-for-sale

	Unaudited 30 June 2012	Audited 31 December 2011
Debt securities		
- Government bonds	33,234,590	32,635,168
- Eurobonds	7,002,299	4,063,238
- Treasury bills	-	-
- Government bonds denominated in foreign currency	-	646,297
- Other bonds	1,206,561	1,430,858
Equity securities		
- Listed	-	-
- Unlisted	10,630	10,630
- Mutual Funds	207,021	186,017
Total securities available-for-sale	**41,661,101**	**38,972,208**

Unrealized gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognized as "other reserves" in other comprehensive income unless there is objective evidence that the asset is impaired in which case the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss.

The Bank has Consumer Price Index (''CPI'') linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. Bank determines the estimated inflation rates in line with this. In this context, as of 30 June 2012 annual estimated inflation rate used for the valuation of such securities is 8.70%. Should the Bank used reference index applicable as of 30 June 2012, marketable securities valuation difference under equity would decrease by TL 155 million and net period income would increase by TL 158 million and would be TL 1,304 million.

(b) Securities held-to-maturity

	Unaudited 30 June 2012	Audited 31 December 2011
Debt securities		
- Government bonds	3,650,780	3,807,724
- Government bonds denominated in foreign currency	-	-
- Eurobonds	936,036	1,015,839
- Other bonds	912	907
Total securities held-to-maturity	**4,587,728**	**4,824,470**

Investment securities amounting to TL 8,685,625 have been pledged as collateral to various institutions at 30 June 2012 (2011: TL 9,112,284) and securities amounting to 15,082,433 TL (2011: TL 14,007,640) are pledged under repurchase agreements.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 10 - INVESTMENT SECURITIES (continued)

Government bonds, Eurobonds and treasury bills under trading and investment securities are issued by the Government of the Republic of Turkey. Other bonds mainly represent bonds issued by corporate and other financial institutions.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the six months period ended 30 June 2012 amounts to TL 63,483 (30 June 2011: TL 24,080).

The cost of tangible and intangible assets sold during the six months period ended 30 June 2012 amounts to TL 1,697 (30 June 2011: TL 97,427).

NOTE 12 - CUSTOMER DEPOSITS

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

	Unaudited 30 June 2012			**Audited 31 December 2011**		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	4,009,247	41,285,413	45,294,660	3,903,466	40,858,803	44,762,269
Commercial deposits	5,867,111	21,072,915	26,940,026	5,146,930	19,325,458	24,472,388
Funds deposited under repurchase agreements	-	13,279,619	13,279,619	-	12,421,275	12,421,275
Bank deposits	216,516	9,686,824	9,903,340	392,604	9,893,214	10,285,818
Other	1,087,176	2,336,174	3,423,350	221,410	1,028,932	1,250,342
	11,180,050	**87,660,945**	**98,840,995**	**9,664,410**	**83,527,682**	**93,192,092**

NOTE 13 – INTERBANK MONEY MARKET DEPOSITS, FUNDS BORROWED AND DEBT SECURITIES IN ISSUE

	Unaudited 30 June 2012	**Audited 31 December 2011**
Interbank money market deposits	**167,508**	**640,869**
Domestic banks		
- TL	237,376	183,910
- Foreign currency	344,701	492,428
Foreign institutions	11,874,919	13,643,408
Funds borrowed	**12,456,996**	**14,319,746**

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

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

As of 30 June 2012, there are three outstanding syndicated loan facilities.

NOTE 13 – INTERBANK MONEY MARKET DEPOSITS, FUNDS BORROWED AND DEBT SECURITIES IN ISSUE (Continued)

• First outstanding syndicated loan facility is the two year tranche of the Facility that was signed on 17 August 2010. EUR 204,3 million portion of the two year tranche was raised at an all-in cost of Euribor + 1.75% per annum, whereas remaining USD 17,3 million was secured at an all-in cost of Libor+1.75% per annum. Two year facility was provided by 14 international banks.

• Second outstanding syndicated loan facility of EUR 708,5 million and USD 422 million was provided by 44 international banks and was signed on August 17, 2011. The facility was raised at an all-in cost of Euribor + 1% per annum for the EUR tranche, and Libor + 1% per annum for the USD tranche both having a maturity of 1 year.

• Third outstanding syndicated loan facility reached EUR 795 million and USD 146 million provided by 42 international banks and was signed on March 20, 2012. The facility was raised at an all-in cost of Euribor + 1.45% per annum for the EUR tranche, and Libor + 1.45% per annum for the USD tranche both having a maturity of 1 year.

Debt securities in issue

Debt securities consist of USD and TL denominated securities.

The repayment schedule of the total USD denominated notes in issue is as follows:

	Unaudited 30 June 2012		Audited 31 December 2011	
	USD (000)	**TL Equivalent**	**USD (000)**	**TL Equivalent**
2012 (*)	251,260	453,902	542,560	1,024,841
2013	630,228	1,138,507	619,349	1,169,889
2014	460,162	831,283	449,413	848,895
2015	1,132,955	2,046,683	1,100,006	2,077,802
2016	192,825	348,338	187,442	354,060
2017	124,168	224,309	118,837	224,471
2018	395,705	714,841	381,949	721,463
Total	**3,187,303**	**5,757,863**	**3,399,556**	**6,421,421**

(*) Repayments include accrued interest payables in the amount

The balance amounting to US$(000) 3,187,303 consists of securitization deals and USD denominated securities issued by the Bank. As of 30 June 2012, the outstanding TL denominated bonds are with the maturity of 3 months and 3 years amounting to TL 1,245,026 and TL 1,229,160 respectively.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 14- EMPLOYMENT BENEFIT OBLIGATIONS

	Unaudited 30 June 2012	Audited 31 December 2011
Balance sheet obligations for:		
- Reserve for employment termination benefits	45,037	42,456
- Accrual for unused vacation	37,430	35,155
- Post-employment benefits (pension and medical)	-	-
	82,467	**77,611**

There are no amounts recognized in the balance sheet for post-employment benefits since fair value of the Fund's plan assets compensate defined benefit obligations as of 30 June 2012.

(a) Post-employment benefits (pension and medical)

The Bank's personnel are members of the "Akbank T.A.Ş. Tekaüt Sandığı" ("Pension Fund") established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article as of year ends.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette No 25983 dated 1 November 2005 envisaged that Banks would transfer their funds to the Social Security Institution within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the Grand National Assembly on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette dated 28 December 2011 and numbered 28156.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Under secretariat of Treasury, Under secretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9.8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid

NOTE 14- EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. The transfer should be completed until 8 May 2013. With the change in first clause of 20nd provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the postponement right of the Council of Ministers has been extended from two years to four years.

According to the New Law, following the transfer of the members of the fund, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

With respect to that, according to the technical balance sheet report as at 31 December 2011 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with IAS 19 for the non-transferrable social benefits and payments which are included in the articles of association and audited within the framework stated in the first paragraph above, the fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for the Bank.

(b) Employment termination benefits

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, who dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 2,917.27 in full TL amount (31 December 2011: TL 2,731.85 in full TL amount) for each year of service. As the maximum liability is revised semi-annually, the maximum amount of TL 3,033.98 (1 January 2012: TL 2,917.27) effective from 1 January 2012 has been taken into consideration in calculating the reserve for employee termination benefits.

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

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

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 15 - SHARE CAPITAL

The historic amount of share capital of the Group is TL 4,000,000 (31 December 2011: TL 4,000,000) and consists of 400,000,000,000 (31 December 2011: 400,000,000,000) authorized shares with a nominal value of Kr 1 each.

At 30 June 2012 and 31 December 2011, the issued and fully paid-in share capital held is as follows:

	Unaudited 30 June 2012		**Audited 31 December 2011**	
	Share (%)	**TL**	**Share (%)**	**TL**
Total Sabancı Group, affiliated companies and family	49.03	1,961,178	48.99	1,959,523
Citibank Overseas Investment Corporation	9.9	396,000	20.00	800,000
Other	41.07	1,642,822	31.01	1,240,477
Historical share capital	100.00	4,000,000	100.00	4,000,000
Adjustment to share capital	-	1,534,393	-	1,534,393
Total paid-in share capital		**5,534,393**		**5,534,393**

The adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in terms of equivalent purchasing power at 31 December 2004 after elimination of the accumulated deficit of TL 1,464,503.

For the interim period ending 30 June 2012, the Bank has paid dividend payment in cash with respect to 2011 net distributable profit after the transfer of first and legal reserves amounting to TL 418,595 (TL 0.0010 per share).

For the interim period ending 30 June 2011, the Bank has paid dividend payment in cash with respect to 2010 net distributable profit after the transfer of first and legal reserves amounting to TL 570,620 (TL 0.0014 per share).

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 16 - NET FEES AND COMMISSION INCOME

	Unaudited 1 January- 30 June 2012	Unaudited 1 January- 30 June 2011
Fee and commission income on:		
Credit cards	630,124	467,920
Retail and commercial banking operations	116,415	180,897
Mutual fund management fee	32,449	66,846
Brokerage	25,085	31,125
Non-cash loans	44,116	33,032
Insurance intermediary	62,832	49,211
Money transfers	29,374	28,826
Other	97,518	96,414
	1,037,913	**954,271**
Fee and commission expense on:		
Credit cards	(147,294)	(102,084)
Other	(19,389)	(25,081)
	(166,683)	**(127,165)**
Net fee and commission income	**871,230**	**827,106**

NOTE 17 - OPERATING EXPENSES

	Unaudited 1 January- 30 June 2012	Unaudited 1 January- 30 June 2011
Employee costs	593,642	501,522
Credit card and banking services	167,947	170,616
Legal expenses	48,715	49,266
Depreciation charges of property and equipment	56,898	56,352
Communication expenses	62,852	49,680
Information technology	63,980	52,385
Marketing and advertisement expenses	58,493	43,839
Saving deposits insurance fund	42,836	36,485
Sundry taxes and duties	78,066	71,041
Heating, lighting and water expenses	19,375	17,179
Repair and maintenance expenses	9,145	9,012
Amortisation of intangible assets	19,300	14,921
Stationery expenses	5,088	5,396
Other	231,143	196,082
	1,457,480	**1,273,776**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 18 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Competition Board has initiated an investigation in accordance with Law No. 4054 on the Protection of Competition, with its decision dated November 2, 2011 and numbered 11-55/1438 – M, against 12 banks and 2 firms in the financial services industry, including the Bank to determine whether the 4th clause of the aforementioned Law was violated through agreements limiting competition. The investigation is still continuing and the Bank does not foresee any effects on the financial statements.

(a) Commitments under derivative instruments

The breakdown of notional amounts of derivative transactions at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	581,719	1,269,727	16,381	-	782,066	2,649,893
Swap transactions	16,930,006	6,496,135	720,494	635,329	842,997	25,624,961
- Currency rate swaps	10,620,642	2,232,120	720,494	635,329	283,414	14,491,999
- Interest rate swaps	6,309,364	4,264,015	-	-	559,583	11,132,962
Spot transactions	1,483,705	760,814	1,410	23,611	1,506,777	3,776,317
Option transactions	3,219,212	1,409,307	36,675	73,191	2,992,730	7,731,115
Future transactions	-	-	-	-	-	-
Other Derivative Instruments	357,523	-	-	-	-	357,523
Derivatives held for hedging:						
Swap transactions	3,320,106	-	-	-	1,030,000	4,350,106
- Currency rate swaps	2,732,993	-	-	-	-	2,732,993
- Interest rate swaps	587,113	-	-	-	1,030,000	1,617,113
Total purchases	**25,892,271**	**9,935,983**	**774,960**	**732,131**	**7,154,570**	**44,489,915**
Derivatives held for trading:						
Currency forward transactions	867,147	357,580	8,445	98,471	1,377,804	2,709,447
Swap transactions	9,615,069	5,170,203	6,351	35,594	10,879,104	25,706,321
- Currency rate swaps	3.305,229	906,664	6,351	35,594	10,319,521	14,573,359
- Interest rate swaps	6,309,840	4,263,539	-	-	559,583	11,132,962
Spot transactions	2,216,581	551,106	7,056	7,297	994,710	3,776,750
Option transactions	3,365,582	1,409,275	36,675	73,658	2,825,014	7,710,204
Future transactions	-	-	-	-	70,612	70,612
Other Derivative Instruments	215,792	-	-	144,581	-	360,373
Derivatives held for hedging:						
Swap transactions	587,113	-	-	-	3,785,450	4,372,563
- Currency rate swaps	-	-	-	-	2,755,450	2,755,450
- Interest rate swaps	587,113	-	-	-	1,030,000	1,617,113
Total sales	**16,867,284**	**7,488,164**	**58,527**	**359,601**	**19,932,694**	**44,706,270**
Off-balance sheet net notional position (Note 5)	**9,024,987**	**2,447,819**	**716,433**	**372,530**	**(12,778,124)**	**(216,355)**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 18 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

	31 December 2011					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	353,776	1,270,957	9,848	6,092	589,240	2,229,913
Swap transactions	17,620,966	7,948,044	774,053	651,071	927,363	27,921,497
- Currency rate swaps	12,523,271	4,239,745	774,053	651,071	347,780	18,535,920
- Interest rate swaps	5,097,695	3,708,299	-	-	579,583	9,385,577
Spot transactions	584,596	215,677	2,918	31,685	1,003,634	1,838,510
Option transactions	4,094,762	1,682,023	18,983	116,598	2,696,190	8,608,556
Future transactions	-	-	-	-	-	-
Other Derivative Instruments	541,123	-	-	-	-	541,123
Derivatives held for hedging:						
Swap transactions	613,893	-	-	-	1,665,000	2,278,893
- Interest rate swaps	613,893	-	-	-	1,665,000	2,278,893
Total purchases	**23,809,116**	**11,116,701**	**805,802**	**805,446**	**6,881,427**	**43,418,492**
Derivatives held for trading:						
Currency forward transactions	928,543	564,388	10,626	38,608	705,311	2,247,476
Swap transactions	10,646,764	4,709,339	805	47,495	12,406,186	27,810,589
- Currency rate swaps	5,549,069	1,001,040	805	47,495	11,826,603	18,425,012
- Interest rate swaps	5,097,695	3,708,299	-	-	579,583	9,385,577
Spot transactions	1,187,108	206,571	18,644	25,734	406,826	1,844,883
Option transactions	3,998,493	1,682,027	18,983	116,570	2,799,493	8,615,566
Future transactions	-	-	-	-	54,165	54,165
Other Derivative Instruments	52,046	-	-	446,111	-	498,157
Derivatives held for hedging:						
Swap transactions	613,893	-	-	-	1,665,000	2,278,893
- Interest rate swaps	613,893	-	-	-	1,665,000	2,278,893
Total sales	**17,426,847**	**7,162,325**	**49,058**	**674,518**	**18,036,981**	**43,349,729**
Off-balance sheet net notional position (Note 5)	**6,382,269**	**3,954,376**	**756,744**	**130,928**	**(11,155,554)**	**68,763**

The above tables summarize the Group's derivative transactions. Each derivative transaction represents a simultaneous receivable and payable to be received and paid, on a future date. Accordingly, the difference between the "sale" and "purchase" transactions represents the net exposure of the Group with respect to commitments arising from these transactions.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 18- COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(b) Credit related commitments

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

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

The following table shows the outstanding credit related commitments of the Group at 30 June 2012 and 31 December 2011:

	Unaudited 30 June 2012			Audited 31 December 2011		
	Up to 1 year	**Over 1 year**	**Total**	**Up to 1 year**	**Over 1 year**	**Total**
Letters of guarantee issued by the Group						
- Turkish lira	470,931	5,222,596	5,693,527	355,077	4,506,245	4,861,322
- Foreign currency	286,497	4,125,338	4,411,835	181,309	3,921,343	4,102,652
Acceptance credits						
- Turkish lira	-	15	15	-	15	15
- Foreign currency	43,452	30,540	73,992	81,337	39,399	120,736
Letter of credit						
- Turkish lira	1,176	386	1,562	901	1,328	2,229
- Foreign currency	2,780,226	1,565,825	4,346,051	3,008,191	1,061,008	4,069,199
Other guarantees						
- Turkish lira	2,019	815,107	817,126	262,100	384,339	646,439
- Foreign currency	730,193	559,149	1,289,342	410,269	235,022	645,291
	4,314,494	**12,318,956**	**16,633,450**	**4,299,184**	**10,148,699**	**14,447,883**

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 19 - MUTUAL FUNDS

At 30 June 2012, the Group manages 40 (31 December 2011: 40) mutual funds and 18 (31 December 2011: 19) mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 30 June 2012, the Funds' investment portfolio includes government bonds, treasury bills and share certificates amounting to TL 7,107,170 (31 December 2011: TL 6,951,505). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0.0000274% to 0.0001% on daily basis over portfolio value. At 30 June 2012, management fees earned by the Group amounted to TL 32,449 (30 June 2011: TL 66,846).

NOTE 20 - RELATED PARTY TRANSACTIONS

A number of transactions were entered into with related parties in the normal course of business.

Balances with related parties:

	Unaudited 30 June 2012	Audited 31 December 2011
Loans and receivables, net	2,085,834	1,640,514
Finance lease receivables	4,932	3,097
Total Assets	**2,090,766**	**1,643,611**
Customer Deposit	5,854,410	7,708,925
Total Liabilities	**5,854,410**	**7,708,925**
Credit related commitments	296,019	455,978
Commitment under derivative instruments (*)	3,266,441	4,757,261
Total Commitments and contingent liabilities	**3,562,460**	**5,213,239**

Transactions with related parties:

	Unaudited 30 June 2012	Unaudited 30 June 2011
Total interest income	60,244	29,668
Total interest expense	254,121	230,853
Trading (losses)/gains	(22,218)	(13,871)

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

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 20 - RELATED PARTY TRANSACTIONS (Continued)

Balances with senior management and Board of Directors and their related parties:

	Unaudited 30 June 2012	**Audited 31 December 2011**
Customer Deposit	896,977	875,303
Total due to customers	**896,977**	**875,303**

Key management personnel compensation:

For the period ended 30 June 2012, total remuneration of the senior management and Board of Directors amounted to TL 15,291 (30 June 2011: TL 14,954).

As at 30 June 2012 and 2011, other balances with directors and other key management personnel are immaterial.

NOTE 21 - SEGMENT REPORTING

The Group operates in five main business segments including retail banking, corporate and SME banking, treasury activities, private banking and international banking. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account, customer, customer relationship manager, branch, segment and product. This information is made available to the branch and Head Office personnel through a web based management reporting system.

In scope of retail banking, the Group offers a variety of retail services such as deposit accounts, consumer loans, commercial installment loans, credit cards, insurance products and asset management services. The retail banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate banking and Commercial and SME banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans, financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Group provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 21 - SEGMENT REPORTING (Continued)

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Private banking serves the members of the upper-income groups who have expectations for upper class service quality both in banking and investment transactions.

International Banking activities are managed by International Banking Unit. The Group provides services for foreign trade financing, foreign currency and TL clearances, and money transfers through agent financial institutions. The international banking unit serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

Other activities including leasing services provided by Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş.,Ak Portföy Yönetim A.Ş., Ak B Tipi Yatırım Ortaklığı A.Ş., Akbank (Dubai) Limited which are the consolidated subsidiaries of the Bank.

Segment information regarding the balance sheets at 30 June 2012 and 31 December 2011 and the income statements for the six-month periods ended 30 June 2012 and 2011 are as follows:

	Unaudited 30 June 2012						
	Retail banking	**Corporate and SME banking**	**Private banking**	**Treasury activities**	**International banking**	**Other**	**Total**
Segment information regarding the balance sheet:							
Segment assets	32,695,018	53,629,491	441,319	49,766,837	2,786,851	1,737,096	141,056,612
Equity securities	-	-	-	-	-	-	10,630
Unallocated assets	-	-	-	-	-	-	3,196,270
Total assets	**32,695,018**	**53,629,491**	**441,319**	**49,766,837**	**2,786,851**	**1,737,096**	**144,263,512**
Segment liabilities	44,128,038	26,504,286	13,516,699	27,076,287	8,568,119	1,122,817	120,916,246
Unallocated liabilities	-	-	-	-	-	-	3,730,793
Equity	-	-	-	-	-	-	19,616,473
Total liabilities and equity	**44,128,038**	**26,504,286**	**13,516,699**	**27,076,287**	**8,568,119**	**1,122,817**	**144,263,512**
Segment information regarding the income statement:							
Segment revenue	962,569	833,184	150,545	854,186	49,215	42,261	2,891,960
Segment result	262,600	514,063	90,267	572,179	31,351	(35,980)	1,434,480
Dividend income	-	-	-	-	-	726	726
Income taxes						(288,916)	(288,916)
Profit for the period	**262,600**	**514,063**	**90,267**	**572,179**	**31,351**	**(324,170)**	**1,146,290**
Other segment items:							
Capital expenditure	18,203	28	146	2,363	-	42,743	63,483
Depreciation and amortization	(43,970)	(3,649)	(585)	(689)	(133)	(27,172)	(76,198)
Other non-cash expenses	(172,348)	(281,421)	(105)	(59,336)	(5)	(3,270)	(516,485)

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

NOTE 21 - SEGMENT REPORTING (Continued)

	31 December 2011						
	Retail banking	Corporate and SME banking	Private banking	Treasury activities	International banking	Other	Total
Segment information regarding the balance sheet:							
Segment assets	30,682,331	51,667,646	1,039,784	48,251,821	2,954,609	1,502,949	136,099,140
Equity securities	-	-	-	-	-	-	10,630
Unallocated assets	-	-	-	-	-	-	3,147,411
Total assets	**30,682,331**	**51,667,646**	**1,039,784**	**48,251,821**	**2,954,609**	**1,502,949**	**139,257,181**
Segment liabilities	44,847,078	21,666,518	12,760,965	27,577,625	9,471,893	1,054,643	117,378,722
Unallocated liabilities	-	-	-	-	-	-	3,584,593
Equity	-	-	-	-	-	-	18,293,866
Total liabilities and equity	**44,847,078**	**21,666,518**	**12,760,965**	**27,577,625**	**9,471,893**	**1,054,643**	**139,257,181**

	30 June 2011						
	Retail banking	Corporate and SME banking	Private banking	Treasury activities	International banking	Other	Total
Segment information regarding the income statement:							
Segment revenue	1,019,281	710,896	66,625	1,123,793	24,237	95,345	3,040,177
Segment result	266,210	474,518	46,382	933,907	21,454	20,922	1,763,393
Dividend income	-	-	-	-	-	3,008	3,008
Income taxes						(345,175)	(345,175)
Profit for the period	266,210	474,518	46,382	933,907	21,454	(321,245)	1,421,226
Other segment items:							
Capital expenditure	12,317	293	98	899	-	10,473	24,080
Depreciation and amortization	(41,031)	(2,692)	(452)	(454)	(145)	(26,499)	(71,273)
Other non-cash expenses	(84,212)	(144,288)	(1,722)	(95,258)	(3,025)	(2,764)	(331,269)

NOTE 22 - SUBSEQUENT EVENTS

On 3 July 2012, the Bank has sold all its shares of Ak B Tipi Yatırım Ortaklığı A.Ş., 70.04% direct subsidiary of Akbank, to Egeli & Co.Yatırım Holding A.Ş. at an amount of TL 28,542.

The international rating agency Moody's has raised the Bank's foreign currency debt rating to Baa2, investment grade, from Ba1. Furthermore, as a result of the change in Moody's methodology, it has been published that Moody's has dropped the long term global local currency rating to Baa2 from Baa1, the long term foreign currency deposit rating to Ba2 from Ba3, the financial strength rating to D plus from C minus, the Baseline Credit Assessment rating to Ba1 from Baa1 and the outlook on all ratings is stated as "Stable" and confirmed the Bank's short-term Turkish Lira rating as P-2 and foreign currency credit rating as NP.

Akbank secured a USD 1.5 billion equivalent Syndicated Loan Facility from the international markets, structured in two tranches of USD 450 million and EUR 857 million with one year maturity. The Facility agreement was signed on 16 August 2012. The loan which will be used towards general trade finance purposes has an all-in pricing of Libor+1.35% and Euribor+1.35% respectively.