AKBANK T.A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2009
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. ("the Bank") and its subsidiaries (together, "the Group") which comprise the consolidated balance sheet as of 31 December 2009 and the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Cansen Başaran Symes, SMMM
Partner

Istanbul, 24 February 2010

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

AKBANK T.A.Ş.

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish lira ("TL"))

	Notes	2009	2008
ASSETS			
Cash and due from banks	6	5,029,260	6,867,802
Trading securities	7	159,786	162,931
Derivative financial instruments	8	245,120	80,221
Reserve requirements with the Central Bank of Turkey	9	3,464,090	6,265,872
Loans and advances to customers	10	45,049,817	49,500,489
Investment securities:			
- Available-for-sale	11	30,726,800	7,564,893
- Held-to-maturity	11	15,839,764	20,560,762
Investment in associates	12	3,125	3,125
Property and equipment	13	805,457	815,399
Intangible assets	14	65,449	36,873
Deferred income tax assets	18	269,965	176,092
Other assets and pre-payments	15	727,650	649,055
Total assets		**102,386,283**	**92,683,514**
LIABILITIES			
Customer deposits	16	74,701,284	66,177,887
Interbank money market deposits	17	483,572	227,819
Derivative financial instruments	8	771,743	314,305
Funds borrowed	17	5,881,999	8,331,238
Debt securities in issue	17	3,327,341	3,979,773
Income taxes payable	18	196,541	68,188
Other liabilities and accrued expenses	19	2,411,052	2,104,759
Employment benefit obligations	20	58,886	53,332
Total liabilities		**87,832,418**	**81,257,301**
EQUITY			
Capital and reserves attributable to the equity holders:			
- Share capital	21	3,000,000	3,000,000
- Adjustment to share capital	21	2,029,151	2,029,151
Total paid-in share capital	21	5,029,151	5,029,151
Share premium		1,709,098	1,709,098
Translation reserve		23,435	18,723
Other reserves		505,752	(244,103)
Retained earnings		7,286,224	4,913,113
		14,553,660	**11,425,982**
Minority interest		205	231
Total equity		**14,553,865**	**11,426,213**
Total liabilities and equity		**102,386,283**	**92,683,514**
Commitments, contingent liabilities and assets	28		

The consolidated financial statements as at and for the year ended 31 December 2009 have been approved for issue by the Board of Directors on 24 February 2010 and signed on its behalf by Ziya Akkurt, the Chief Executive Officer and by Atıl Özus, the Chief Financial Officer of Akbank T.A.Ş..

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish lira ("TL"))

	Notes	2009	2008
Interest income	23	9,549,763	10,126,457
Interest expense	23	(4,825,073)	(6,486,070)
Net interest income		**4,724,690**	**3,640,387**
Fee and commission income	24	1,542,129	1,406,387
Fee and commission expense	24	(207,392)	(244,345)
Net fee and commission income		**1,334,737**	**1,162,042**
Impairment losses on loans and credit related commitments, net	10	(813,194)	(879,622)
Foreign exchange gains and losses, net		87,501	37,719
Trading gains and losses, net	25	25,838	27,698
Dividend income		1,391	4,351
Other operating income		189,419	196,443
Operating income		**5,550,382**	**4,189,018**
Operating expenses	26	(2,261,343)	(2,262,011)
Profit before income taxes and tax case		**3,289,039**	**1,927,007**
Income taxes	18	(555,338)	(332,710)
Gain on tax case	18	-	224,709
Profit for the year		**2,733,701**	**1,819,006**
Attributable to:			
Equity holders of the Group		2,733,661	1,818,978
Minority interest		40	28
		2,733,701	**1,819,006**
Earnings per share (expressed in TL, full amount, per share)	2 (t)	0.0091	0.0061

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

AKBANK T.A.Ş.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish lira ("TL"))

	2009	2008
Net profit for the period	**2,733,701**	**1,819,006**
Other comprehensive income:		
Gains/losses recognised directly in equity:		
Available-for-sale financial assets	1,373,079	(306,075)
Foreign exchange differences on translation of foreign operations	7,205	153,025
Loss from cash flow hedges (effective part of fair value changes)	(318,541)	(181,625)
Loss from net foreign investment hedges (effective part of exchange difference on borrowings)	(3,116)	(135,444)
Tax related to gains and losses recognized directly in equity	(210,284)	124,629
Effect of addition to scope of consolidation	-	10,479
	848,343	**(335,011)**
Net gains/losses transferred to income statement:		
Available-for-sale financial assets, net of tax	(186,701)	(43,875)
Cash flow hedges, net of tax	43,995	-
Other, net of taxes	48,930	15,465
	(93,776)	**(28,410)**
Other comprehensive income	**754,567**	**(363,421)**
Total comprehensive income	**3,488,268**	**1,455,585**
Attributable to:		
Equity holders of the Group	3,488,228	1,455,557
Minority interest	40	28
	3,488,268	**1,455,585**

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

AKBANK T.A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish lira ("TL"))

	Notes	2009	2008
Cash flows from operating activities:			
Net profit for the year		2,733,661	1,818,978
Adjustments for:			
Depreciation of property and equipment	13	105,850	100,405
Amortisation of intangible assets	14	15,784	12,715
Provision for loan losses	10	1,459,437	1,464,507
Employment benefit obligations	20	15,045	16,158
Minority interest		(26)	(8)
Add back dividend income		(1,391)	(4,351)
Add back income taxes	18	555,338	332,710
Add back gain on tax case	18	-	(224,709)
Remeasurement of derivative financial instruments at fair value		292,539	209,775
Unearned commission income		(36,926)	80,431
Interest income, net		(4,724,690)	(3,640,387)
Interest paid		(5,068,848)	(6,289,197)
Interest received		8,065,117	10,423,372
Other reserves		749,855	(418,570)
Translation reserve		4,712	44,670
Effect of exchange rates on cash and cash equivalents		38,693	(545,650)
Operating profit before changes in operating assets and liabilities		**4,204,150**	**3,380,849**
Net decrease/(increase) in reserve requirements with the Central Bank of Turkey		2,762,718	(4,584,554)
Net decrease/(increase) in loans and advances to customers		2,523,829	(10,424,230)
Net (increase)/decrease in trading securities		(2,128)	4,517,632
Net increase in other assets and prepayments		(78,595)	(93,716)
Net increase/(decrease) in other liabilities and accrued expenses		333,728	(274,825)
Net increase in customer deposits		8,698,236	17,601,526
		18,441,938	**10,122,682**
Income taxes paid		(520,858)	(810,919)
Net cash from operating activities		**17,921,080**	**9,311,763**
Cash flows from/(used in) investing activities:			
Purchase of property and equipment, net	13	(95,908)	(185,291)
Purchase of other intangible assets, net	14	(44,360)	(17,617)
Net (increase)/decrease in investment securities		(16,520,228)	(7,597,426)
Dividends received from investment securities		1,391	4,351
Net cash used in investing activities		**(16,659,105)**	**(7,795,983)**
Cash flows from financing activities:			
(Repayments of)/ Proceeds from borrowed funds and debt securities, net		(2,776,982)	2,854,874
Dividends paid		(360,550)	(720,511)
Addition to scope of consolidation		-	10,479
Net cash from financing activities		**(3,137,532)**	**2,144,842**
Effect of exchange rates on cash and cash equivalents		**(38,693)**	**545,650**
Net (decrease)/increase in cash and cash equivalents		**(1,914,250)**	**4,206,272**
Cash and cash equivalents at the beginning of the year	6	**6,877,681**	**2,671,409**
Cash and cash equivalents at the end of the year	6	**4,963,431**	**6,877,681**

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

AKBANK T.A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(Amounts expressed in thousands of Turkish lira ("TL"))

	Attributable to equity holders of the Group								
	Share capital								
	Share capital	**Adjustment to share capital**	**Total paid-in share capital**	**Share premium**	**Translation reserve**	**Other reserves**	**Retained earnings**	**Minority interest**	**Total**
Balance at 1 January 2008	**3,000,000**	**2,029,151**	**5,029,151**	**1,709,098**	**(25,947)**	**174,467**	**3,804,167**	**239**	**10,691,175**
Net unrealised market value gains from available-for-sale portfolio ("AFS")	-	-	-	-	-	(244,860)	-	-	(244,860)
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(43,875)	-	-	(43,875)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio (Note 11)	-	-	-	-	-	15,465	-	-	15,465
Cash flow hedges, net of tax						(145,300)			(145,300)
Translation reserve	-	-	-	-	153,025	-	-	-	153,025
Gains on hedges of a net investment in a foreign operation	-	-	-	-	(108,355)	-	-	-	(108,355)
Effect of addition to scope of consolidation (Note 2-b)	-	-	-	-	-	-	10,479	-	10,479
Net income recognised directly in equity	-	-	-	-	44,670	(418,570)	10,479	-	(363,421)
Profit for the period	-	-	-	-	-	-	1,818,978	28	1,819,006
Total recognised income for the period	-	-	-	-	44,670	(418,570)	1,829,457	28	1,455,585
Cash dividends	-	-	-	-	-	-	(720,511)	(36)	(720,547)
Balance at 31 December 2008	**3,000,000**	**2,029,151**	**5,029,151**	**1,709,098**	**18,723**	**(244,103)**	**4,913,113**	**231**	**11,426,213**
Balance at 1 January 2009	**3,000,000**	**2,029,151**	**5,029,151**	**1,709,098**	**18,723**	**(244,103)**	**4,913,113**	**231**	**11,426,213**
Net unrealised market value gains from AFS portfolio	-	-	-	-	-	1,098,464	-	-	1,098,464
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(186,701)	-	-	(186,701)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio (Note 11)	-	-	-	-	-	48,930	-	-	48,930
Cash flow hedges, net of tax	-	-	-	-	-	(210,838)	-	-	(210,838)
Translation reserve	-	-	-	-	7,205	-	-	-	7,205
Gains on hedges of a net investment in a foreign operation	-	-	-	-	(2,493)	-	-	-	(2,493)
Net income recognised directly in equity	-	-	-	-	4,712	749,855	-	-	754,567
Profit for the period	-	-	-	-	-	-	2,733,661	40	2,733,701
Total recognised income for the period	-	-	-	-	4,712	749,855	2,733,661	40	3,488,268
Cash dividends	-	-	-	-	-	-	(360,550)	(66)	(360,616)
Balance at 31 December 2009	**3,000,000**	**2,029,151**	**5,029,151**	**1,709,098**	**23,435**	**505,752**	**7,286,224**	**205**	**14,553,865**

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

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 31 December 2009, the Bank has 877 branches dispersed throughout the country and 1 branch operating outside the country (2008: 867 branches and 1 branch operating outside the country). As at 31 December 2009, the Group employed 14,936 people (2008: 15,464 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, private banking, treasury activities, international banking and other activities through its subsidiaries (i.e. leasing, brokerage and portfolio management) (Note 5).

Some of the Bank's shares have been quoted on the Istanbul Stock Exchange 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"). As of 31 December 2009, approximately 29% of the shares are publicly traded, including the ADRs (2008: 25%).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Index to significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of presentation of these financial statements

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB").

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 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 consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, trading securities and all derivative contracts.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards, amendments and interpretations effective on or after 1 January 2009

The following standards, amendments and interpretations, which became effective in 2009 are relevant to the Group:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 7	Improving disclosures about financial instruments	1 January 2009
IFRS 8	Operating segments	1 January 2009
IAS 1	Presentation of financial statements	1 January 2009

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

• *Amendments to IFRS 7, 'Financial instruments: Disclosures'*

The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the Group.

• *IFRS 8, 'Operating segments'*

IFRS 8 was issued in November 2006 and excluding early adoption would first be required to be applied to the Group's accounting period beginning on 1 January 2009. The standard replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the revised standard, the Group's external segment reporting will be based on the internal reporting to the group executive board (in its function as the chief operating decision maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effect for the Group.

• *IAS 1 (revised), 'Presentation of financial statements'*

A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods and are expected to be relevant to the Group:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 1 and IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 July 2009
IFRS 3	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRS 9	Financial instruments part 1: Classification and Measurement	1 January 2013

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

• *IFRS 9, 'Financial instruments part 1: Classification and measurement'*

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

- While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. However, European Financial Reporting Advisory Group has not endorsed IFRS 9 yet.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

Early adoption of standards

The Group did not early-adopt new or amended standards in 2009.

(b) Consolidation

Subsidiary undertakings (including special purpose entities "SPEs"), over which the Group has the power to govern the financial and operating policies are generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The list of consolidated subsidiary undertakings is set out below:

		Shareholding %	
Name of subsidiary	**Country of incorporation**	**2009**	**2008**
Ak Yatırım Menkul Değerler A.Ş.	Turkey	99.80	99.80
Akbank N.V.	The Netherlands	100.00	100.00
Akbank AG	Germany	100.00	100.00
Ak Finansal Kiralama A.Ş.	Turkey	99.99	99.99
Ak Portföy Yönetimi A.Ş.	Turkey	99.99	99.99
A.R.T.S. Ltd.	Jersey, Channel Islands	-	-
Ak Receivable Corporation	Cayman Islands	-	-

The principal activities of Ak Yatırım Menkul Değerler A.Ş. are related to brokerage, investment banking and mutual fund management. Paid-in capital of Ak Yatırım Menkul Değerler A.Ş. has been decreased from TL50 million to TL30 million as of 25 November 2009.

Akbank N.V. was established in 2000 for banking operations in the Netherlands.

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 is 100% subsidiary of the Parent Bank.

Ak Finansal Kiralama A.Ş. is a financial leasing company incorporated in Turkey.

Ak Portföy Yönetimi A.Ş, which is included in the scope of consolidation in 2008, was established on 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 portfolio of the Ak Yatırım Ortaklığı A.Ş..

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ak Receivable Corporation was established in July 1998 in connection with the issue of floating-rate notes amounting to US$250 million. A.R.T.S. Ltd. was established in November 1999 in connection with raising long-term financing amounting to US$400 million. Both entities have lent the funds raised to the Group, which controls the SPEs (Note 17).

Sabancı Bank plc., based in London was established in 1983 with the purpose of engaging in banking activities abroad, and all its assets and liabilities related to banking transactions were transferred to the London Branch of Akbank N.V., the Bank's subsidiary in the Netherlands, as of 6 September 2007. The income statement of Sabancı Bank plc. was included in the Bank's consolidated financial statements between 1 January and 6 September 2007. Following the transfer of all its assets and liabilities, Sabancı Bank plc., was renamed as Finsbury Pavement Limited. The liquidation procedures of the related institution are completed as of 3 September 2009.

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 recognised 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 recognised 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 recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. Fair value of over-the-counter ("OTC") forward foreign exchange contracts and foreign exchange option contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2009. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Derivative financial instruments are classified as held for trading, unless they are designated as hedging instruments.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement – 'net trading gains and losses'.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged cash flows affects profit or loss.

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 recognised when the hedged cash flows are recognised in the income statement.

The Bank hedges cash flow risk arising from local 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 "Other reserves" within equity.

(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 recognised immediately in the income statement under net trading income.

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 recognised 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).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

If an embedded derivative is separated, the host contract shall be 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. IAS 39 does not address whether an embedded derivative shall be presented separately on the face of the financial statements.

(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.

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

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

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

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date, which is the date that the asset is delivered to/from the Group.

(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 31 December 2009, 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 categorised as held for trading unless they are designated as hedging instruments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All purchases and sales of trading assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date, which is the date that the asset is delivered to/by the Group.

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

(g) Sale and repurchase agreements

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

(h) Fee and commission income and expenses

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

(i) Interest income and expense

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

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

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

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provision made during the year is charged against the profit for the year. Loans that can not be recovered are written-off and charged against the allowance for loan losses. Such loans are written-off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year (Note 10).

(k) Financial liabilities

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

(l) Property and equipment

All property and equipment carried at cost less accumulated depreciation and permanent impairment if any. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings	50 years
Equipment	5 years
Leasehold improvements	7 years

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

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

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

(m) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (not exceeding a period of five years).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Accounting for leases

(i) A group company is the lessee

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to income. Depreciation on the leased asset is also charged to income on a straight-line basis over the 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 recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(o) Impairment of assets

At each reporting date, the Group evaluates whether there is any impairment indication on the asset. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognised immediately in the consolidated income statement. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss recognised in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognised. Such a reversal amount cannot be higher than the previously recognised impairment and is recognised as income in the consolidated financial statements.

(p) Taxation on income

(i) Income taxes currently payable

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Taxes other than on income are recorded within operating expenses (Note 26).

(ii) Deferred income taxes

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal temporary differences arise from the difference between the carrying value and tax base of property and equipment, valuation difference on trading and investment securities, remeasurement of financial assets and liabilities at fair value, reversal of country risk provision, provision for loan losses and provision for employment termination benefits. Deferred income tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Group. Deferred income tax assets resulting from temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deferred income tax asset can be utilized (Note 18).

Deferred income tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

(q) Retirement benefit obligations

(i) Pension and other post-employment obligations

Akbank T.A.Ş. Tekaüt Sandığı Vakfı ("the Fund") is a separate legal entity and a foundation recognised by an official decree, providing all qualified Bank employees with pension and post-retirement medical benefits. This scheme is funded through payments of both the employees and the employer as required by Social Security Law Numbered 506 and are as follows:

	2009 (%)	2008 (%)
Pension benefit contributions-employer	13	13
Pension benefit contributions-employee	9	9
Medical benefit contributions-employer	8.5	8.5
Medical benefit contributions-employee	5	5

Pension benefit contributions-employer includes 2% additional contribution provided by the Bank above the requirement of the related law.

The Group's obligation in respect of the Fund has been determined as the total of the following:

(1) Obligation for post-employment benefits transferrable to Social Security Institution ("SSI")

The Group's obligation regarding post-employment benefits transferrable to SSI has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the "Law regarding the changes in Social Insurance and General Health Insurance Law ("New Law") and other related laws and regulations" (Note 20). The disclosures set out in Note 20 for post-employment benefits transferrable to SSI therefore reflect the actuarial parameters and results in accordance with the New Law provisions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Obligation for other benefits

The present value of the Group's obligation regarding pension benefits which are not transferrable to SSI in accordance with the New Law is calculated in accordance with IAS 19 employee benefits using the projected unit credit method.

The obligation for pension benefits transferrable to SSI and other benefits are calculated annually by an independent actuary who is registered with the Turkish Undersecretariat of the Treasury.

The liability to be recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The Group does not have a legal right to access to the present value of any economic benefits available in the form of refunds from the Fund or reductions in future contributions to the plan, and therefore no assets are recognised in the balance sheet.

(ii) Employment termination benefits

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

(iii) Short-term employee benefits

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with IAS 19, "Employee benefits".

(r) Provisions, contingent assets and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(s) Offsetting

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

(t) 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.

The Bank has not issued any share attributable to transfers to share capital from retained earnings during 2009 (2008: (-)).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The earnings attributable to ordinary shares for each year are as follows:

	2009	**2008**
Profit attributable to equity holders of the Group	2,733,661	1,818,978
Weighted average number of ordinary shares in issue (1 Kr each)	300,000,000,000	300,000,000,000
Earnings per share (expressed in TL, full amount, per share)	**0.0091**	**0.0061**

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.

(u) Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/affiliated with them, associated companies and other companies within the Sabancı 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.

(v) Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Share premium

When shares are issued, the excess of contributions received over the nominal value of the shares issued is recorded as share premium in equity.

(iii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 (Note 28).

(x) 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 (Note 28).

(y) Reporting of cash flows

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

(z) Cash and cash equivalents

The cash and cash equivalents comprise balances with less than 90 days' maturity including cash and balances with the central banks excluding reserve requirements and amounts loans and advances to banks (Note 6).

(aa)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 5).

(ab)Comparatives

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

NOTE 3 - USE OF FINANCIAL INSTRUMENTS

Index to use of financial instruments

(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 Market Risk Committee ("the EMRC")" which reports to the Board of Directors. The EMRC is comprised of the Chairman and Managing Director, Managing Director and the Chief Executive Officer. The EMRC establishes policies, procedures, parameters and rules for risk management of the Bank and develops risk management strategies. The EMRC 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 EMRC members on a regular basis. Additionally, the EMRC 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.

In addition to the limits set by the EMRC, 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 where risk limits apply to ensure that these limits are adhered to. ALCO consists of the Chief Executive Officer and each of the Executive Vice Presidents in charge of the Bank's marketing, lending, treasury, and financial coordination departments. ALCO meets weekly to review the latest figures on liquidity position, interest rate risk exposures, foreign exchange risk exposure, capital adequacy 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 maximise net interest income.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a 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 centralised in credit risk management team of Group and reported to the Board of Directors and head of each business unit regularly.

Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, 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.

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

Non-cash loans transformed 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.

Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

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 Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies. When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

Bank's rating system:

The Bank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for 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 EMRC in terms of sectors, tenor and concentration. EMRC regularly follow up risk limits and make limit updates when required.

The Bank's rating tool concentration by risk classes as of 31 December 2009 and 2008 is as follows:

	2009	**2008**
Above average	30.62%	36.34%
Average	45.76%	43.62%
Below average	18.98%	17.61%
Unrated	4.64%	2.43%

The Group has an effective credit risk policy for the leasing receivables. 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 and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Loans and advances to customers:

The internal rating systems explained in the bank's rating system focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. The credit risk classification of the Group with the outstanding balances of each asset class is as the following:

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2009			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	28,435,840	13,481,189	952,670	42,869,699
Close monitoring loans	1,090,655	1,596,060	13,251	2,699,966
Impaired loans	979,834	804,845	39,613	1,824,292
Gross	**30,506,329**	**15,882,094**	**1,005,534**	**47,393,957**
Provisions	**(1,311,711)**	**(989,597)**	**(42,832)**	**(2,344,140)**
Net	**29,194,618**	**14,892,497**	**962,702**	**45,049,817**

	2008			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	32,806,173	12,599,851	887,431	46,293,455
Close monitoring loans	1,797,393	1,850,346	17,416	3,665,155
Impaired loans	702,639	436,228	38,961	1,177,828
Gross	**35,306,205**	**14,886,425**	**943,808**	**51,136,438**
Provisions	**(1,028,664)**	**(572,374)**	**(34,911)**	**(1,635,949)**
Net	**34,277,541**	**14,314,051**	**908,897**	**49,500,489**

The details of the close monitoring loans are as follows:

	2009			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Past due up to 30 days	799,194	1,118,140	3,811	1,921,145
Past due 30-60 days	162,758	361,324	3,207	527,289
Past due 60-90 days	128,703	116,596	2,837	248,136
Lease receivables (Uninvoiced)	-	-	3,396	3,396
	1,090,655	**1,596,060**	**13,251**	**2,699,966**

	2008			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Past due up to 30 days	1,340,597	1,287,556	5,800	2,633,953
Past due 30-60 days	288,456	403,017	3,774	695,247
Past due 60-90 days	168,340	159,773	2,327	330,440
Lease receivables (Uninvoiced)	-	-	5,515	5,515
	1,797,393	**1,850,346**	**17,416**	**3,665,155**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

The Group's main policy is holding appropriate collateral for each loan according to its specified risk. The collateral strategy is differentiating the collateral type based on the customers' rating and term of the loan. As the risk level of loan increased, the collateralized portion of loan should also be increased. The Group follows similar strategies when collateralizing consumer, commercial and corporate loans.

The estimated fair values of collaterals held for standard loans, close monitoring loans and impaired loans are as follows:

	2009			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	25,112,872	4,591,813	133,637	29,838,322
Close monitoring loans	2,177,889	514,562	30,755	2,723,206
Impaired loans	867,832	249,624	20,925	1,138,381
	28,158,593	**5,355,999**	**185,317**	**33,699,909**

	2008			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	25,602,637	5,071,665	61,539	30,735,841
Close monitoring loans	2,220,363	568,335	44,612	2,833,310
Impaired loans	949,304	273,059	24,569	1,246,932
	28,772,304	**5,913,059**	**130,720**	**34,816,083**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Debt securities, treasury bills and other eligible bills:

For debt securities and other bills, external rating such as Moody's rating or their equivalents are used by Group Treasury for management of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

	2009			
Moody's Rating	**Trading**	**Available-for- sale**	**Held-to-maturity**	**Total**
Aaa	-	216,833	-	216,833
A1;A2;A3	-	296,376	-	296,376
Baa1;Baa2;Baa3	-	94,898	-	94,898
Ba1	-	-	-	-
Ba3 (*)	158,049	30,039,570	15,839,764	46,037,383
C	-	-	-	-
	158,049	**30,647,677**	**15,839,764**	**46,645,490**

(*) Government bond and t-bills of Turkish Treasury.

	2008			
Moody's Rating	**Trading**	**Available-for- sale**	**Held-to-maturity**	**Total**
Aaa	-	7,583	-	7,583
A1;A2;A3	-	135,992	-	135,992
Baa1;Baa2;Baa3	-	57,119	-	57,119
Ba1	-	-	-	-
Ba3 (*)	153,175	7,309,924	20,560,762	28,023,861
C	-	6,946	-	6,946
	153,175	**7,517,564**	**20,560,762**	**28,231,501**

(*) Government bond and t-bills of Turkish Treasury.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Maximum exposure to credit risk:

	2009	2008
Credit risk exposures relating to on-balance sheet assets:	**96,150,140**	**83,581,496**
Loans and advances to banks	3,753,255	5,449,849
Loans and advances to customers	45,049,817	49,500,489
- Commercial loans	29,194,618	34,277,541
- Consumer loans and credit cards	14,892,497	14,314,051
- Financial lease receivables	962,702	908,897
Trading assets:	159,786	162,931
- Government debt securities	158,049	153,175
- Share certificates	387	9,685
- Other marketable securities	1,350	71
Derivative financial instruments	245,120	80,221
Investment securities	46,566,564	28,125,655
- Government debt securities	45,827,646	27,662,503
- Equity securities	28,974	11,937
- Other marketable securities	709,944	451,215
Other assets	375,598	262,351
Credit risk exposures relating to off-balance sheet items:	**7,735,153**	**6,774,529**
- Financial guarantees	5,467,212	4,671,603
- Loan commitments and other credit related liabilities	2,267,941	2,102,926
	103,885,293	**90,356,025**

The above table represents a worse case scenario of credit risk exposure to the Group at 31 December 2009 and 2008, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Industry sectors:

	Financial Institutions	Public sector	Wholesale and retail trade	Manufacturing	Other industries	Individuals	Total
Loans and advances to banks	**3,753,255**	**-**	**-**	**-**	**-**	**-**	**3,753,255**
Loans and advances to customers	**3,984,697**	**1,645,432**	**4,549,421**	**7,712,659**	**12,265,111**	**14,892,497**	**45,049,817**
- Commercial loans	3,021,995	1,645,432	4,549,421	7,712,659	12,265,111	-	29,194,618
- Consumer loans and credit cards	-	-	-	-	-	14,892,497	14,892,497
- Financial lease receivables	962,702	-	-	-	-	-	962,702
Trading assets:	**1,737**	**158,049**	**-**	**-**	**-**	**-**	**159,786**
- Government debt securities	-	158,049	-	-	-	-	158,049
- Share certificates	387	-	-	-	-	-	387
- Other marketable securities	1,350	-	-	-	-	-	1,350
Trading derivative financial instruments	**243,172**	**-**	**-**	**-**	**-**	**1,948**	**245,120**
Investment securities	**569,587**	**45,827,646**	**-**	**-**	**169,331**	**-**	**46,566,564**
- Government debt securities	-	45,827,646	-	-	-	-	45,827,646
- Equity securities	28,974	-	-	-	-	-	28,974
- Other marketable securities	540,613	-	-	-	169,331	-	709,944
Other assets	**289,805**	**-**	**-**	**-**	**-**	**85,793**	**375,598**
As at 31 December 2009	**8,842,253**	**47,631,127**	**4,549,421**	**7,712,659**	**12,434,442**	**14,980,238**	**96,150,140**
As at 31 December 2008	**10,085,802**	**30,489,744**	**6,301,207**	**10,230,838**	**12,099,236**	**14,374,669**	**83,581,496**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Geographical Distribution:

	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	**445,132**	**662,553**	**2,633,989**	**11,581**	**3,753,255**
Loans and advances to customers	**44,027,524**	**3,471**	**684,366**	**334,456**	**45,049,817**
- Commercial loans	28,172,325	3,471	684,366	334,456	29,194,618
- Consumer loans and credit cards	14,892,497	-	-	-	14,892,497
- Financial lease receivables	962,702	-	-	-	962,702
Trading assets:	**159,786**	**-**	**-**	**-**	**159,786**
- Government debt securities	158,049	-	-	-	158,049
- Share certificates	387	-	-	-	387
- Other marketable securities	1,350	-	-	-	1,350
Trading derivative financial instruments	**122,709**	**105**	**122,304**	**2**	**245,120**
Investment securities	**45,856,469**	**151**	**709,944**	**-**	**46,566,564**
- Government debt securities	45,827,646	-	-	-	45,827,646
- Equity securities	28,823	151	-	-	28,974
- Other marketable securities	-	-	709,944	-	709,944
Other assets	**333,322**	**-**	**42,276**	**-**	**375,598**
As at 31 December 2009	**90,944,942**	**666,280**	**4,192,879**	**346,039**	**96,150,140**
As at 31 December 2008	**77,021,316**	**1,061,638**	**5,103,085**	**395,457**	**83,581,496**

(c) Market risk

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

(i) Value-at-risk

The market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models.

The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. 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.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(ii) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme 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 31 December 2009 and 2008, 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	**2009**	**2008**	**2009**	**2008**
(+)1 %	(66,313)	(135,000)	(263,333)	(49,111)
(-) 1 %	66,598	127,000	275,457	35,220

Regulatory reports for market risk in capital adequacy calculations are prepared using standard model. According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management. Results for current and previous period are given below:

	31 December 2009			31 December 2008		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest rate risk	176,346	267,905	118,162	154,327	188,238	97,312
Currency risk	22,383	15,784	29,101	29,610	19,730	34,010
Share certificate risk	1,139	1,828	629	787	686	1,211
Total amount subject to risk	**199,868**	**285,517**	**147,892**	**184,724**	**208,654**	**132,533**

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 EMRC, sets a limit for the size of foreign exchange exposure, which is closely monitored by ALCO.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (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 overleaf summarizes the Group's exposures to foreign currency exchange rate risk at 31 December 2009 and 2008. Included in the table are the Group's assets and liabilities and equity at carrying amounts, categorised by currency.

	2009						
	Foreign currency						
	US$	**EUR**	**GBP**	**Other**	**Total**	**TL**	**Total**
Cash and due from banks	2,943,353	1,267,231	78,290	31,155	4,320,029	709,231	5,029,260
Trading and investment securities	5,910,034	3,065,704	-	-	8,975,738	37,750,612	46,726,350
Derivative financial instruments	-	-	-	-	-	245,120	245,120
Reserve requirements with the Central Bank of Turkey	423,821	924,680	-	-	1,348,501	2,115,589	3,464,090
Loans and advances to customers	14,557,460	7,342,220	13,900	159,590	22,073,170	22,976,647	45,049,817
Investment in associates	-	-	-	-	-	3,125	3,125
Property and equipment	2,593	4,298	96	-	6,987	798,470	805,457
Intangible assets	-	54	-	-	54	65,395	65,449
Deferred income tax assets	-	-	-	-	-	269,965	269,965
Other assets and pre-payments	7,507	10,932	77	1,835	20,351	707,299	727,650
Total assets	**23,844,768**	**12,615,119**	**92,363**	**192,580**	**36,744,830**	**65,641,453**	**102,386,283**
Customer deposits	14,641,328	11,919,870	786,360	233,184	27,580,742	47,120,542	74,701,284
Derivative financial instruments	-	-	-	-	-	771,743	771,743
Interbank money market deposits, funds borrowed and debt securities in issue	6,277,620	2,838,002	6,029	79,705	9,201,356	491,556	9,692,912
Income taxes payable	-	6,636	-	-	6,636	189,905	196,541
Other liabilities and accrued expenses	128,295	68,842	550	2,521	200,208	2,210,844	2,411,052
Employment benefit obligations	-	-	-	-	-	58,886	58,886
Equity and minority interest	-	-	-	-	-	14,553,865	14,553,865
Total liabilities and equity	**21,047,243**	**14,833,350**	**792,939**	**315,410**	**36,988,942**	**65,397,341**	**102,386,283**
Net balance sheet position	**2,797,525**	**(2,218,231)**	**(700,576)**	**(122,830)**	**(244,112)**	**244,112**	**-**
Off-balance sheet derivative instruments net notional position	**(2,883,008)**	**2,428,538**	**707,295**	**185,652**	**438,477**	**(383,105)**	**55,372**

TL(267,873) of net forward currency, swap currency and interest rate swap purchase transactions outstanding at 31 December 2009 have been made with related parties (Note 28).

At 31 December 2009, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1.4873 =US$1 and TL2.1426 =EUR1.

Since the Bank's exposure to foreign currency exchange rate risk is at an immaterial level, the fluctuations in exchange rates do not have material impact on the Bank's financial statements.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2008						
	Foreign currency						
	US$	**EUR**	**GBP**	**Other**	**Total**	**TL**	**Total**
Cash and due from banks	2,336,990	3,797,104	137,938	98,977	6,371,009	496,793	6,867,802
Trading and investment securities	5,916,170	2,895,753	-	-	8,811,923	19,476,663	28,288,586
Derivative financial instruments	-	-	-	-	-	80,221	80,221
Reserve requirements with the Central Bank of Turkey	248,527	1,400,375	-	-	1,648,902	4,616,970	6,265,872
Loans and advances to customers	16,663,204	7,590,803	24,019	53,902	24,331,928	25,168,561	49,500,489
Investment in associates	-	-	-	-	-	3,125	3,125
Property and equipment	2,842	4,348	109	-	7,299	808,100	815,399
Intangible assets	-	101	-	-	101	36,772	36,873
Deferred income tax assets	-	-	-	-	-	176,092	176,092
Other assets and pre-payments	16,647	21,749	4,824	11,655	54,875	594,180	649,055
Total assets	**25,184,380**	**15,710,233**	**166,890**	**164,534**	**41,226,037**	**51,457,477**	**92,683,514**
Customer deposits	15,211,012	12,621,544	873,684	206,552	28,912,792	37,265,095	66,177,887
Derivative financial instruments	-	-	-	-	-	314,305	314,305
Interbank money market deposits, funds borrowed and debt securities in issue	6,679,815	5,411,742	11,292	17,864	12,120,713	418,117	12,538,830
Income taxes payable	-	10,754	-	-	10,754	57,434	68,188
Other liabilities and accrued expenses	131,368	57,436	3,456	12,104	204,364	1,900,395	2,104,759
Employment benefit obligations	-	-	-	-	-	53,332	53,332
Equity and minority interest	-	-	-	-	-	11,426,213	11,426,213
Total liabilities and equity	**22,022,195**	**18,101,476**	**888,432**	**236,520**	**41,248,623**	**51,434,891**	**92,683,514**
Net balance sheet position	**3,162,185**	**(2,391,243)**	**(721,542)**	**(71,986)**	**(22,586)**	**22,586**	**-**
Off-balance sheet derivative instruments net notional position	**(2,921,029)**	**2,105,851**	**738,685**	**102,958**	**26,465**	**(26,411)**	**54**

TL(3,893) of net forward currency, swap currency and interest rate swap purchase transactions outstanding at 31 December 2008 have been made with related parties (Note 28).

At 31 December 2008, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1.5218 =US$1 and TL2.1333 =EUR1.

(Amounts expressed in thousands of Turkish lira (“TL”)

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(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 as explained in detail in Note 2 (d-(i)). Special emphasis is given to providing a balance between the duration of assets and liabilities. Duration, gap and sensitivity analysis are the main methods used to manage the risks.

The tables below summarise the Group’s exposure to interest rate risks at 31 December 2009 and 2008. Included in the tables are the Group’s assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

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

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(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 EMRC sets limits on the maturity mismatch of assets and liabilities and these limits are changed as necessary.

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%. Liquidity ratios as at 31 December 2009 and 2008 are presented below:

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
2009	**Foreign currency**	**Foreign currency and TL**	**Foreign currency**	**Foreign currency and TL**
Average (%)	274.5	246.5	117.1	143.0
Maximum (%)	337.7	317.2	154.5	164.2
Minimum (%)	191.6	206.2	87.5	131.4

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
2008	**Foreign currency**	**Foreign currency and TL**	**Foreign currency**	**Foreign currency and TL**
Average (%)	320.6	253.9	155.3	149.6
Maximum (%)	637.4	306.9	230.6	174.9
Minimum (%)	204.5	201.5	100.3	130.3

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

	2009					
	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	5,020,024	-	2,380	6,856	-	5,029,260
Trading and investment securities	7,297,266	10,175,768	26,185,454	2,987,002	80,860	46,726,350
Derivative financial instruments	101,036	59,549	25,704	58,831	-	245,120
Reserve requirements with the Central Bank of Turkey	3,464,090	-	-	-	-	3,464,090
Loans and advances to customers	15,513,474	10,982,927	15,234,145	3,319,271	-	45,049,817
Investment in associates	-	-	-	-	3,125	3,125
Property and equipment	-	-	-	-	805,457	805,457
Intangible assets	-	-	-	-	65,449	65,449
Deferred income tax assets	-	-	269,965	-	-	269,965
Other assets and pre-payments	396,666	-	-	-	330,984	727,650
Total assets	**31,792,556**	**21,218,244**	**41,717,648**	**6,371,960**	**1,285,875**	**102,386,283**
Customer deposits	70,760,192	3,065,029	743,400	132,663	-	74,701,284
Derivative financial instruments	100,799	52,840	168,234	438,455	11,415	771,743
Interbank money market deposits funds borrowed and debt securities in issue	2,031,373	3,634,700	2,723,162	1,303,677	-	9,692,912
Income taxes payable	-	196,541	-	-	-	196,541
Other liabilities and accrued expenses	2,186,078	108,116	28,110	66,811	21,937	2,411,052
Employment benefit obligations	-	-	58,886	-	-	58,886
Total liabilities	**75,078,442**	**7,057,226**	**3,721,792**	**1,941,606**	**33,352**	**87,832,418**
Net liquidity gap	**(43,285,886)**	**14,161,018**	**37,995,856**	**4,430,354**	**1,252,523**	**14,553,865**

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.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2008					
	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	6,867,802	-	-	-	-	6,867,802
Trading and investment securities	277,696	6,737,793	16,176,960	5,039,052	57,085	28,288,586
Derivative financial instruments	54,356	19,727	2,748	3,390	-	80,221
Reserve requirements with the Central Bank of Turkey	6,265,872	-	-	-	-	6,265,872
Loans and advances to customers	17,173,135	13,781,398	14,582,716	3,952,876	10,364	49,500,489
Investment in associates	-	-	-	-	3,125	3,125
Property and equipment	-	-	-	-	815,399	815,399
Intangible assets	-	-	-	-	36,873	36,873
Deferred income tax assets	-	-	176,092	-	-	176,092
Other assets and pre-payments	372,300	-	-	-	276,755	649,055
Total assets	**31,011,161**	**20,538,918**	**30,938,516**	**8,995,318**	**1,199,601**	**92,683,514**
Customer deposits	62,608,172	3,012,102	332,763	224,850	-	66,177,887
Derivative financial instruments	39,992	35,076	136,387	102,850	-	314,305
Interbank money market deposits funds borrowed and debt securities in issue	2,170,009	6,251,359	2,827,275	1,290,187	-	12,538,830
Income taxes payable	-	68,188	-	-	-	68,188
Other liabilities and accrued expenses	1,844,780	113,106	70,346	76,527	-	2,104,759
Employment benefit obligations	-	-	53,332	-	-	53,332
Total liabilities	**66,662,953**	**9,479,831**	**3,420,103**	**1,694,414**	**-**	**81,257,301**
Net liquidity gap	**(35,651,792)**	**11,059,087**	**27,518,413**	**7,300,904**	**1,199,601**	**11,426,213**

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

	2009				
Liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	58,908,511	12,020,794	3,174,095	807,611	164,165
Funds borrowed and debt securities in issue	739,203	860,625	3,921,254	2,770,323	1,353,391
Interbank money market deposits	483,572	-	-	-	-
	60,131,286	**12,881,419**	**7,095,349**	**3,577,934**	**1,517,556**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2008				
Liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	56,713,208	6,521,939	3,619,294	73,764	250,712
Funds borrowed and debt securities in issue	591,754	1,376,626	6,260,902	2,901,999	1,409,101
Interbank money market deposits	353,575	5,355	78	-	-
	57,658,537	**7,903,920**	**9,880,274**	**2,975,763**	**1,659,813**

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

	2009				
Derivatives held for trading:	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Foreign exchange derivatives:	80,843	32,857	(1,785)	(66,376)	9,632
- Inflow	1,993,188	1,745,274	1,896,164	329,702	99,226
- Outflow	(1,912,345)	(1,712,417)	(1,897,949)	(396,078)	(89,594)
Interest rate derivatives:	(23,028)	(9,446)	(39,797)	(57,866)	(63,096)
- Inflow	1,240,294	76,829	284,910	1,622,200	670,491
- Outflow	(1,263,322)	(86,275)	(324,707)	(1,680,066)	(733,587)
Derivatives held for hedging:					
Interest rate derivatives:	(18,659)	(17,319)	(187,031)	(425,383)	(6,189)
- Inflow	53,910	17,636	198,417	2,960,840	66,311
- Outflow	(72,569)	(34,955)	(385,448)	(3,386,223)	(72,500)
Total inflow	**3,287,392**	**1,839,739**	**2,379,491**	**4,912,742**	**836,028**
Total outflow	**(3,248,236)**	**(1,833,647)**	**(2,608,104)**	**(5,462,367)**	**(895,681)**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2008				
Derivatives held for trading:	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Foreign exchange derivatives:	95,591	18,073	140,098	(65,506)	(7,008)
- Inflow	2,357,060	551,111	1,273,689	50,796	110,367
- Outflow	(2,261,469)	(533,038)	(1,133,591)	(116,302)	(117,375)
Interest rate derivatives:	7,652	(1,327)	(30,785)	(40,819)	15,258
- Inflow	28,604	48,491	380,755	1,009,075	364,007
- Outflow	(20,952)	(49,818)	(411,540)	(1,049,894)	(348,749)
Derivatives held for hedging:					
Interest rate derivatives:	(10,245)	(22,158)	(14,787)	(184,256)	(58,794)
- Inflow	51,376	34,199	377,725	4,836,539	618,021
- Outflow	(61,621)	(56,357)	(392,512)	(5,020,795)	(676,815)
Total inflow	**2,437,040**	**633,801**	**2,032,169**	**5,896,410**	**1,092,395**
Total outflow	**(2,344,042)**	**(639,213)**	**(1,937,643)**	**(6,186,991)**	**(1,142,939)**

(g) Operational risk

The "Basic indicator method" is used in the operational risk calculation of the Group. The amount subject to the operational risk is calculated through the use of the gross income of the Group in 2008, 2007, and 2006 in accordance to the "Calculation of the Operational Risk" applicable from 1 June 2007, which is the 4th part 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. Not all of the TL8,621,035 used in the calculation of operational risk in the scope of "Capital adequacy standard ratio", but only the TL689,683, corresponding to the 8%, represents the operational risk to be exposed to. TL689,683 also represents the minimum capital amount required to remove the related risk.

(h) Fair value of financial instruments

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

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated balance sheets at their fair values at 31 December 2009 and 2008:

	2009		2008	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and due from banks	5,029,260	5,029,260	6,867,802	6,867,802
Loans and advances to customers	45,049,817	46,179,027	49,500,489	48,483,574
Investment securities	46,566,564	47,205,341	28,125,655	28,128,690
Financial liabilities				
Customer deposits	74,701,284	74,794,187	66,177,887	65,979,605
Interbank money market deposits, funds borrowed and debt securities in issue	9,692,912	9,510,098	12,538,830	11,976,225

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

(i) Financial assets

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

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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

(ii) Financial liabilities

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount of repayable on demand.

The estimated fair value of interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Financial liabilities including due to other banks, debt securities in issue and funds borrowed are recognised initially at cost net of transaction costs. Subsequently, financial liabilities are stated at amortised cost including transaction costs and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method.

The estimated fair values of due to other banks, debt securities in issue and funds borrowed represents the discounted amount of future cash flows expected to be paid.

(iii) Derivative financial instruments

The fair values of forward foreign exchange contracts, currency/interest rate swaps and foreign exchange option contracts have been estimated based on quoted market rates prevailing at the balance sheet date (Notes 8 and 28).

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value hierarchy:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	152,604	7,182	-	159,786
- Government bonds	79,042	-	-	79,042
- Eurobonds	69,475	-	-	69,475
- Government bonds denominated in foreign currency	-	7,182	-	7,182
- Treasury bills	2,350	-	-	2,350
- Share certificates	387	-	-	387
- Other bonds	1,350	-	-	1,350
Derivative financial instruments	44,328	200,792	-	245,120
Securities available-for-sale	30,586,719	132,788	-	30,719,507
- Government bonds	26,958,500	-	-	26,958,500
- Eurobonds	2,196,482	-	-	2,196,482
- Treasury bills	808,211	-	-	808,211
- Government bonds denominated in foreign currency	-	24,689	-	24,689
- Mutual funds	50,149	-	-	50,149
- Listed equity securities	21,681	-	-	21,681
- Other Bonds	551,696	108,099	-	659,795
Total assets	**30,783,651**	**340,762**	**-**	**31,124,413**
Trading derivative financial instruments	25,973	355,309	-	381,282
Hedging derivative financial instruments	-	390,461	-	390,461
Total liabilities	**25,973**	**745,770**	**-**	**771,743**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

As explained in the Note 2-e, share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

There are no transfers between the first and the second levels in the current year.

(j) Capital management

Banks in Turkey are required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the Bank of International Settlements ("BIS"). These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets and off-balance sheet exposures.

A bank's capital adequacy ratio is calculated by taking the aggregate of its Tier I capital (which comprises paid-in capital, reserves, retained earnings and profit for the current periods minus period loss (if any)) its Tier II capital (which comprises general loan and free reserves, revaluation funds and subordinated loans obtained) and its Tier III capital (which comprises certain qualified subordinated loans) minus deductions (which comprises participations to financial institutions, special and preliminary and pre-paid expenses, negative differences between fair and book values of subsidiaries, subordinated loans extended, goodwill and capitalized costs), and dividing this aggregate by risk weighted assets, which reflect both credit risk, market risk and operational risk. In accordance with these guidelines, banks must maintain a total capital adequacy ratio of a minimum of 8%.

The Bank and its individually regulated operations have complied with externally imposed capital requirements throughout the period.

The Bank's and its affiliates' regulatory capital position on a consolidated basis at 31 December 2009 and 2008 were as follows:

	2009	2008
Tier I capital	13,797,258	11,568,299
Tier II capital	797,424	339,670
Deductions	(24,738)	(293,719)
Total regulatory capital	14,569,944	11,614,250
Risk-weighted assets (including market and operational risk)	69,243,324	68,405,883
Capital adequacy ratio (%)	**21.04%**	**16.98%**

(k) 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 31 December 2009, the Group has custody accounts amounting to TL23,792,023 in nominal value (2008: TL25,422,947).

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

(b) Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

(c) Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(d) Held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

(e) Pension obligation

The Group determines the present value of funded benefit obligations transferrable to SSI in accordance with New Law by using several critical actuarial assumptions, including the discount rate, mortality rate, and medical costs as disclosed in Note 20. This approach recognises the obligations of the Group to make payments to SSI in respect of the benefits which will be transferred to SSI rather than an obligation to make benefit payments to individuals.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTE 5 - SEGMENT ANALYSIS

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

(i) Retail banking - The Group offers a variety of retail services such as deposit accounts, consumer loans, small business loans, credit cards, insurance products and wealth management services. The Group's line of retail banking products and services also includes bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

(ii) Corporate and commercial banking - Corporate and commercial banking serves financial solutions and banking services to large scale corporate and commercial customers. Among the products and services offered to corporate and commercial customers are Turkish lira and foreign currency denominated working capital loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, the Group provides timely and permanent solutions for corporate customers' working capital management, delivering 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.

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

(iv) Treasury activities - Treasury activities are performed by the Treasury Unit. The Treasury Unit trade in Turkish Lira and foreign currency instruments on a spot and forward basis, and trade in treasury bills, bonds and other domestic securities together with foreign securities with AAA rating. The Marketing Group carries out marketing activities of treasury products and derivative financial products for customers.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 5 - SEGMENT ANALYSIS (Continued)

(v) International banking - International Banking activities are managed by the International Banking Unit. The Group provides services for foreign trade financing, foreign currency and Turkish lira 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.

(vi) Other - Other activities include leasing services provided by Ak Finansal Kiralama A.Ş. and other financial services of brokerage and portfolio management provided by Ak Yatırım Menkul Değerler A.Ş. and Ak Portföy Yönetimi A.Ş. which are the consolidated subsidiaries of the Bank.

Segment information at 31 December 2009 and 2008 is as follows:

	2009						
	Retail banking	**Corporate banking**	**Private banking**	**Treasury activities**	**International banking**	**Other**	**Total**
Segment information regarding the balance sheet:							
Segment assets	19,779,752	27,260,216	246,446	50,655,555	316,127	968,160	99,226,256
Equity securities							28,974
Unallocated assets							3,131,053
Total assets							**102,386,283**
Segment liabilities	38,511,649	15,313,621	6,673,413	18,355,843	5,873,714	470,251	85,198,491
Unallocated liabilities							2,633,927
Equity							14,553,865
Total liabilities and equity							**102,386,283**
Segment information regarding the income statement:							
Segment revenue	2,989,826	839,246	105,059	2,287,713	74,758	69,677	6,366,279
Segment result	566,711	669,924	76,169	2,082,856	61,725	(169,737)	3,287,648
Dividend income							1,391
Total profit from operations before tax and minority interest							3,289,039
Income taxes							(555,338)
Gain on tax case							-
Minority interest							(40)
Profit for the year							**2,733,661**
Other segment items:							
Capital expenditure	(51,058)	(2,184)	(902)	(3,248)	(4)	(86,460)	(143,856)
Depreciation and amortisation	(61,692)	(5,441)	(755)	(585)	(200)	(53,255)	(121,928)
Other non-cash expenses	(329,346)	(489,996)	(58)	(578)	(21)	-	(819,999)

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 5 - SEGMENT ANALYSIS (Continued)

	2008						
	Retail banking	**Corporate banking**	**Private banking**	**Treasury activities**	**International banking**	**Other**	**Total**
Segment information regarding the balance sheet:							
Segment assets	23,574,302	30,505,585	348,181	34,026,801	363,445	727,222	89,545,536
Equity securities							11,937
Unallocated assets							3,126,041
Total assets							**92,683,514**
Segment liabilities	39,112,972	12,183,787	6,198,733	12,083,016	9,235,894	230,798	79,045,200
Unallocated liabilities							2,212,101
Equity							11,426,213
Total liabilities and equity							**92,683,514**
Segment information regarding the income statement:							
Segment revenue	3,444,501	768,095	39,624	612,967	85,217	115,676	5,066,080
Segment result	988,680	514,338	20,794	396,949	67,135	(65,240)	1,922,656
Dividend income							4,351
Total profit from operations before tax and minority interest							1,927,007
Income taxes							(332,710)
Gain on tax case							224,709
Minority interest							(28)
Profit for the year							**1,818,978**
Other segment items:							
Capital expenditure	(125,719)	(1,611)	(11,573)	(714)	(6)	(12,704)	(152,327)
Depreciation and amortisation	(71,966)	(6,429)	(597)	(529)	(239)	(33,360)	(113,120)
Other non-cash expenses	(356,239)	(536,093)	(88)	(488)	(40)	-	(892,948)

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 6 - CASH AND DUE FROM BANKS

	2009	2008
Cash funds:		
Cash on hand	579,112	605,745
Cash in transit	16,379	4,519
Purchased cheques	194	276
	595,685	**610,540**
Current accounts and demand deposits:		
Central Bank of Turkey	680,320	807,413
Foreign banks	1,137,530	1,038,038
Domestic banks	-	-
	1,817,850	**1,845,451**
Time deposits:		
Foreign banks	2,170,593	3,858,242
Domestic banks	427,629	552,153
	2,598,222	**4,410,395**
Interbank money market placements	**17,503**	**1,416**
Total cash and due from banks	**5,029,260**	**6,867,802**

At 31 December 2009, time deposits with domestic banks include securities obtained through agreements to resell (reverse repos) in the amount of TL17,503 (2008: TL1,416).

At 31 December 2009, assets pledged as off-shore cash reserve (Note 9), payment accounts in connection with the issue of floating-rate notes (Note 17) and demand and time deposits in foreign banks amount to TL821,957 (2008: TL726,495) (Note 27).

The effect of changes in the foreign currency rates on the cash and cash equivalents is calculated approximately as TL(38,693) as of 31 December 2009. (2008: TL545,650)

Cash and cash equivalents included in the statements of cash flows for the year ended 31 December 2009 and 2008 are as follows:

	2009	2008
Cash and due from banks excluding accrued interest	4,956,825	6,866,460
Trading and investment securities with original maturities of less than three months excluding accrued interest	6,606	11,221
	4,963,431	**6,877,681**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 7 - TRADING SECURITIES

The breakdown of trading securities is as follows:

	2009	2008
Government bonds	79,042	105,164
Eurobonds	69,475	30,743
Government bonds denominated in foreign currency	7,182	11,406
Treasury bills	2,350	5,862
Share certificates	387	9,685
Other	1,350	71
	159,786	**162,931**

There is no security pledged under repurchase agreements with financial institutions (2008: TL(-)).

Trading securities amounting to TL7,467 (2008: TL7,610) have been pledged as collateral with financial institutions.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises the following derivative instruments:

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

"Currency and interest rate 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 interest rate or 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" 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.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates 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 favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held at 31 December 2009 and 2008 are set out in the following table.

	2009		2008	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading:				
Currency and interest rate swap purchases and sales	144,780	(298,349)	43,014	(81,656)
Currency options purchases and sales	49,775	(49,630)	9,716	(9,804)
Currency and interest rate futures purchases and sales	44,328	(25,973)	8,717	(2,928)
Forward currency purchases and sales	6,237	(7,330)	18,774	(11,849)
Derivatives held for hedging:				
Interest rate swap purchases and sales	-	(390,461)	-	(208,068)
Total derivative assets/(liabilities)	**245,120**	**(771,743)**	**80,221**	**(314,305)**

The notional amounts of derivative transactions are explained in detail in Note 28.

NOTE 9 - RESERVE REQUIREMENTS WITH THE CENTRAL BANK OF TURKEY

The reserve requirements are promulgated by communiqués issued by the Central Bank of Turkey ("the Central Bank").

The amounts of the reserve requirements are computed on the basis of the liabilities identified and at the rates prescribed in the related regulations. The Group is in conformity with the following reserve requirements at 31 December 2009 and 2008.

	Reserve requirement rate
Turkish lira liabilities	5%
Foreign currency liabilities	9%

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 9 - RESERVE REQUIREMENTS WITH THE CENTRAL BANK OF TURKEY (Continued)

The reserve requirements are to be maintained as cash in special Turkish lira accounts for Turkish lira liabilities and in special US$ and EUR accounts for respective foreign currency liabilities with the Central Bank. Turkish lira reserves maintained with the Central Bank earn interest on a quarterly basis at rates determined by the Central Bank.

In addition, as from 15 November 2007, the Bank's Malta Branch is required to maintain reserve deposits with the Central Bank of Malta in terms of Directive 1 of Malta Act. The Bank's Malta Branch holds reserve requirement amounting to TL307,443 as of 31 December 2009 (2008: TL365,681).

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS

Distribution of the loan portfolio of the Bank by nature is as the following:

	2009	2008
Consumer loans	9,245,165	9,610,399
- Mortgage	4,592,452	4,600,528
- General purpose	4,097,731	3,923,429
- Automobile	554,982	1,086,442
Credit cards	5,832,084	4,839,798
- Retail	5,754,064	4,768,684
- Corporate	78,020	71,114
Corporate, commercial and small business loans	30,492,416	35,508,413
- Export financing loans	2,467,638	3,055,272
- Loans to financial institutions	1,702,351	2,110,299
- Leasing receivables	965,921	904,847
- Discount and purchase notes	536,289	224,578
- Import financing loans	132,434	1,223,861
- Other	24,687,783	27,989,556
Performing loans	45,569,665	49,958,610
Impaired loans	1,824,292	1,177,828
Total loans and advances to customers	47,393,957	51,136,438
Provision for impairment	(2,344,140)	(1,635,949)
Net loans and advances to customers	**45,049,817**	**49,500,489**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Project finance loans represent long-term loans extended in relation to the infrastructural constructions.

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

	2009	2008
Gross investment in finance leases	1,202,848	1,122,722
Less: Unearned finance income	(197,314)	(178,914)
Total investment in finance leases	1,005,534	943,808
Provision for impairment	(42,832)	(34,911)
Net investment in finance leases	**962,702**	**908,897**

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

	2009		2008	
Period ending	Gross investment in finance leases	Total investment in finance leases	Gross investment in finance leases	Total investment in finance leases
2009	-	-	453,529	379,004
2010	408,643	332,880	272,084	229,753
2011	274,257	226,109	151,033	128,039
2012	191,575	163,662	82,897	69,848
2013	119,938	104,061	45,778	37,778
2014	60,644	50,963	24,825	18,975
2015(*)	147,791	127,859	92,576	80,411
	1,202,848	**1,005,534**	**1,122,722**	**943,808**

(*) Balances include the year 2015 and further years.

The Group has provided an allowance for impaired loans which amount to TL1,811,563 (2008: TL1,158,586) comprising 3.82% (2008: 2.27%) of the total loans outstanding at 31 December 2009 and for other components of the loan portfolio which is considered as adequate to cover the inherent risk of loss present in the lending relationship. Total amount of loan loss provision provided by the Group, which amounts to TL2,344,140, is calculated in line with IAS 39 and represents the total amount of provision calculated for impaired and non-impaired portfolios separately.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Movements in the provision for loan losses are as follows:

	2009			
	Commercial loans	**Consumer loans and credit cards**	**Leasing receivables**	**Total**
1 January 2009	1,028,664	572,374	34,911	1,635,949
Additions	676,218	757,492	25,727	1,459,437
Collections	(375,743)	(316,852)	(17,806)	(710,401)
Write-offs	(17,429)	(23,417)	-	(40,846)
Exchange differences	1	-	-	1
	1,311,711	**989,597**	**42,832**	**2,344,140**

	2008			
	Commercial loans	**Consumer loans and credit cards**	**Leasing receivables**	**Total**
1 January 2008	691,209	610,044	16,444	1,317,697
Additions	883,356	551,982	29,169	1,464,507
Collections	(260,585)	(313,598)	(10,702)	(584,885)
Write-offs	(285,346)	(276,054)	-	(561,400)
Exchange differences	30	-	-	30
	1,028,664	**572,374**	**34,911**	**1,635,949**

Loans and advances to related parties are as follows:

	2009	**2008**
Loans and advances to related parties	635,235	877,544
Less: Cash collateral obtained	-	(7,002)
Net loans and advances to related parties	**635,235**	**870,542**

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	2009	2008
Private sector	45,719,978	48,436,938
Public sector (including State Economic Enterprises)	1,673,979	2,699,500
Total loans and advances to customers	**47,393,957**	**51,136,438**

NOTE 11 - INVESTMENT SECURITIES

(a) Securities available-for-sale:

	2009	2008
Debt securities		
- Government bonds	26,958,500	5,173,283
- Eurobonds	2,196,482	1,671,269
- Treasury bills	808,211	219,525
- Government bonds denominated in foreign currency	24,689	37,664
- Mutual Funds	50,149	35,392
- Other bonds	659,795	415,823
Equity securities		
- Listed	21,681	8,195
- Unlisted	7,293	3,742
Total securities available-for-sale	**30,726,800**	**7,564,893**

As explained in Note 2 (e) unrealised gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognised as "other reserves" in the equity unless there is a permanent decline in the fair values of such assets which are charged to the income statement.

The breakdown of available-for-sale equity securities at 31 December 2009 and 2008 is as follows:

	Share (%)		Carrying amount		
Listed:	**2009**	**2008**	**2009**	**2008**	**Business**
Ak Yatırım Ortaklığı A.Ş.	69.22	65.04	21,681	8,195	Investment trust
			21,681	**8,195**	
Unlisted:					
Ak Global Funding B.V.	100.00	100.00	34	34	Finance
Finsbury Pavement Ltd (previously Sabancı Bank plc)	-	65.00	-	2	Finance
Akbank Dubai Ltd.	100.00	-	1,512	-	Finance
Others			5,747	3,706	
			7,293	**3,742**	

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 11 - INVESTMENT SECURITIES (Continued)

Ak Yatırım Ortaklığı A.Ş., Ak Global Funding B.V. and Akbank (Dubai) Ltd. have not been consolidated due to immateriality.

The fully owned subsidiary of the Bank, "Akbank (Dubai) Limited", amounting to TL1,512 has commenced its activities as of 8 November 2009.

Liquidation process of Finsbury Pavement Limited (Formerly: Sabancı Bank plc.) has been completed as at 3 September 2009 and the related book value of TL2 has been written off.

The movement of available-for-sale securities is as follows:

	2009	2008
Balance at 1 January	**7,564,893**	**21,002,303**
Additions	27,158,292	14,585,920
Disposals	(4,188,810)	(4,349,524)
Change in fair value	1,611,541	(1,250,919)
Redemptions	(1,419,116)	(3,907,713)
Transfers	-	(18,515,174)
Balance at 31 December	**30,726,800**	**7,564,893**

In accordance with "Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures" dated October 2008 and effective from 1 July 2008, published by International Accounting Standards Board ("Amendment to IAS 39"), due to change in the intention to hold such securities, the Bank reclassified its government bonds with fair values US$91,820,730 and EUR17,129,244 into the category of financial assets available-for-sale which were classified under the category of financial assets held-for-trading before. As of the balance sheet date, fair values of these reclassified government bonds are US$1,744,680 and EUR7,590,058. Had these financial assets not been reclassified, an unrealized valuation gain of US$566 and EUR33,160 would have been recognised in the income statement.

(b) Securities held-to-maturity

	2009	2008
Debt securities		
- Government bonds	9,873,495	13,948,585
- Government bonds denominated in foreign currency	4,802,686	5,444,158
- Eurobonds	1,163,583	1,165,303
- Treasury bills	-	2,716
Total securities held-to-maturity	**15,839,764**	**20,560,762**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 11 - INVESTMENT SECURITIES (Continued)

The movement of held-to-maturity securities is as follows:

	2009	2008
Balance at 1 January	20,560,762	-
Additions	4,471	21,154,376
Valuation effect	337,771	750,773
Redemptions and disposal through sales	(4,967,378)	(1,344,387)
Exchange differences	(95,862)	-
Balance at 31 December	**15,839,764**	**20,560,762**

The investment securities amounting to TL6,126,262 have been pledged as collateral with various institutions at 31 December 2009 (2008: TL5,830,734) and securities amounting to TL13,386,725 (2008: TL8,696,017) are pledged under repurchase agreements.

In accordance with "Amendment to IAS 39", due to change in the intention to hold such securities, the Bank reclassified its government bonds with fair values TL104,306, US$962,377,327 and EUR419,021,064 into the category of financial assets held-to-maturity which were classified under the category of financial assets held-for-trading before. As of the balance sheet date, fair values of these reclassified government bonds after the redemption in the current year are TL61,574, US$972,098,310 and EUR389,177,100. Had these financial assets not been reclassified, an unrealized valuation gain of TL1,574, USD315,466 and EUR486,406 would have been recognised in the income statement.

NOTE 12 - INVESTMENTS IN ASSOCIATES

The Group's interest in its principal associates, which are unlisted, are as follows as at 31 December 2009:

Title	Address (City / Country)	Amount	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	1,301	9.98 %	9.98 %
KKB Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	1,824	9.09 %	9.09 %

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 13 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment and vehicles	Constructions in progress	Leasehold improvements	Total
At 31 December 2008					
Cost	691,826	639,558	14,828	74,785	1,420,997
Accumulated depreciation	(186,129)	(388,765)	-	(30,704)	(605,598)
Net book amount	**505,697**	**250,793**	**14,828**	**44,081**	**815,399**
Opening net book amount	505,697	250,793	14,828	44,081	815,399
Additions	973	37,291	59,497	1,735	99,496
Disposals	(1,962)	(1,626)	-	-	(3,588)
Depreciation charge (Note 26)	(10,465)	(84,770)	-	(10,615)	(105,850)
Closing net book amount	**494,243**	**201,688**	**74,325**	**35,201**	**805,457**
At 31 December 2009					
Cost	690,583	658,964	74,325	76,469	1,500,341
Accumulated depreciation	(196,340)	(457,276)	-	(41,268)	(694,884)
Net book amount	**494,243**	**201,688**	**74,325**	**35,201**	**805,457**

At 31 December 2009, total impairment on property and equipment amounts to TL11,799 (2008: TL11,799). The recoverable amount of these assets represents the net selling price, determined by market price reference.

	Land and buildings	Equipment and vehicles	Constructions in progress	Leasehold improvements	Total
At 31 December 2007					
Cost	681,910	609,683	3,430	40,113	1,335,136
Accumulated depreciation	(174,412)	(405,773)	-	(24,438)	(604,623)
Net book amount	**507,498**	**203,910**	**3,430**	**15,675**	**730,513**
Opening net book amount	507,498	203,910	3,430	15,675	730,513
Additions	11,643	129,098	11,398	34,673	186,812
Disposals	(354)	(1,167)	-	-	(1,521)
Depreciation charge (Note 26)	(13,090)	(81,048)	-	(6,267)	(100,405)
Closing net book amount	**505,697**	**250,793**	**14,828**	**44,081**	**815,399**
At 31 December 2008					
Cost	691,826	639,558	14,828	74,785	1,420,997
Accumulated depreciation	(186,129)	(388,765)	-	(30,704)	(605,598)
Net book amount	**505,697**	**250,793**	**14,828**	**44,081**	**815,399**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 14 - INTANGIBLE ASSETS

	2009	2008
Cost	134,956	103,758
Accumulated depreciation	(69,507)	(66,885)
Net book amount	**65,449**	**36,873**

Movement of intangible assets is as follows:

	Cost	Accumulated amortisation
Opening balance at 1 January 2009	103,758	(66,885)
Disposals	-	-
Additions	44,360	-
Charge for the period (Note 26)	-	(15,784)
Closing balance at 31 December 2009	**148,118**	**(82,669)**
Opening balance at 1 January 2008	86,141	(54,170)
Disposals	(323)	146
Additions	17,940	-
Charge for the year (Note 26)	-	(12,861)
Closing balance at 31 December 2008	**103,758**	**(66,885)**

NOTE 15 - OTHER ASSETS AND PRE-PAYMENTS

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

	2009	2008
Miscellaneous receivables	244,596	107,940
Pre-payments	182,542	248,668
Receivables from cheques in clearance	151,937	161,265
Receivables from credit card payments	32,864	12,760
Fund management fee accruals	3,181	13,826
Other	112,530	104,596
	727,650	**649,055**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 16 - DEPOSITS FROM BANKS AND DUE TO CUSTOMERS

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

	2009			2008		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	3,185,461	35,404,228	38,589,689	4,610,084	32,811,307	37,421,391
Commercial deposits	4,052,446	12,936,460	16,988,906	3,155,073	11,579,253	14,734,326
Funds deposited under repurchase agreements	-	13,747,009	13,747,009	-	8,602,629	8,602,629
Bank deposits	194,458	3,848,719	4,043,177	376,928	3,471,614	3,848,542
Other	375,322	957,181	1,332,503	373,930	1,197,069	1,570,999
	7,807,687	**66,893,597**	**74,701,284**	**8,516,015**	**57,661,872**	**66,177,887**

The Group's commitments for resale and repurchase of marketable securities (government bonds, treasury bills and Eurobonds) at 31 December 2009 is TL13,854,181 (2008: TL8,716,961).

At 31 December 2009, deposits of TL6,191,548 (2008: TL5,857,241) were from Sabancı Holding Group companies and other related parties. The total interest expense paid to related party deposits is TL544,781 (2008: TL642,336) for the year ended 31 December 2009.

NOTE 17 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE

	2009	**2008**
Interbank money market deposits	**483,572**	**227,819**
Domestic banks		
- TL	67,167	146,243
- Foreign currency	314,802	356,843
Foreign institutions	5,500,030	7,828,152
Funds borrowed	**5,881,999**	**8,331,238**

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 31 December 2009, there is one outstanding syndicated loan facility consisting of; EUR 681.5 million and USD 312 million, for a total of EUR 900 million made up of two tranches with maturity dates 25 August 2010 and 24 September 2010 with an all-in-cost of Euribor/Libor + 2.50%. The facility was achieved via consortium of 48 banks from 19 countries where West LB AG London Branch acted as agent.

NOTE 17 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE(Continued)

Debt securities in issue

In November 1999, the Group finalised a structured finance deal of US$400 million by securitising its foreign currency denominated present and future remittances (worker remittances, cash against goods, cash against documents, letters of credits, cheque remittances and other third party payment orders) for the issue of floating-rate notes amounting to US$400 million. The Group obtained further tranches related with the same deal in the amount of US$3,569 million between 2000 and December 2009 through the additional issue of floating-rate notes. Interest rates on the tranches vary between Libor+0.16% and Libor+1.1%. As of 31 December 2009, the outstanding principal amount of the securitisation deals amount to US$1,922 million after the repayment of US$2,046 million between 2000 and December 2009.

In December 2005, the Group finalised another structured finance deal with a total amount of US$500 million by securitising its foreign currency denominated present and future remittances (credit card receivables). The interest rates vary between Libor+0.16% and Libor+1.01%. As of 31 December 2009, the outstanding principal amount of the securitization deal amount to US$314 million after the repayment of US$59 million during the year 2009, US$53 million during the year 2008 and US $48 million during the year 2007.

The repayment schedule of the total floating-rate notes in issue is as follows:

	2009		2008	
	US$ (000)	TL	US$ (000)	TL
2009*	-	-	379,162	577,008
2010*	380,376	565,733	379,220	577,097
2011	383,769	570,780	383,769	584,019
2012	454,581	676,098	454,581	691,781
2013	451,006	670,781	451,006	686,341
2014	261,422	388,813	261,422	397,833
2015	107,601	160,035	107,601	163,747
2016	107,601	160,035	107,601	163,747
2017	60,542	90,044	60,542	92,133
2018	30,271	45,022	30,271	46,067
Total	**2,237,169**	**3,327,341**	**2,615,175**	**3,979,773**

(*) As of 31 December 2009, repayments in 2010 include accrued interest payables in the amount of US$1,155 thousand (2008: US$6,774 thousand) for US$ balances, and the TL equivalent of the total amount as of 31 December 2009 is TL1,718 (2008: TL10,308).

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 18 - TAXATION

	2009	2008
Current income taxes expense	638,120	439,269
Deferred taxes income	(82,782)	(106,559)
Income taxes expense	**555,338**	**332,710**
Income taxes currently payable	799,009	361,805
Prepaid taxes	(602,468)	(293,617)
Income taxes payable	**196,541**	**68,188**
Deferred income tax assets	323,471	228,439
Deferred income tax liabilities	(53,506)	(52,347)
Deferred income tax assets/(liabilities), net	**269,965**	**176,092**

(a) Income taxes currently payable

Turkish tax legislation does not permit a parent Bank and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Through the enactment of Corporate Tax Law No.5520 ("New Corporate Tax Law") published in the Official Gazette No.26205 dated 21 June 2006, corporation tax is payable at the rate of 20% effective from 1 January 2006 on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%.

An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax. Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations are credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set-off against other liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital in accordance with the New Corporate Tax Law.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Corporations file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 18 - TAXATION (Continued)

The reconciliation between the expected and the actual taxation charge is stated below:

	2009	2008
Profit before income taxes and minority interest	3,289,039	1,927,007
Theoretical tax charge at the applicable tax rate 20%	657,808	385,401
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income exempt from taxation	(219,699)	(89,894)
Non-deductible expenses	117,229	37,203
	555,338	**332,710**

(b) Deferred income taxes

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method using enacted tax rates of 20% and 30% (2008: 20% and 30%).

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

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	2009	**2008**	**2009**	**2008**
Remeasurement of derivatives at fair value	(541,850)	(137,782)	108,370	27,557
Provision for loan losses	(532,577)	(477,363)	106,515	95,473
Valuation difference on trading and investment securities	(233,634)	(280,475)	46,727	56,095
Other provisions	(53,088)	(54,665)	10,618	10,933
Employment benefit obligations	(58,886)	(53,332)	11,777	10,666
Other temporary differences	(181,285)	(138,576)	39,464	27,715
Deferred income tax assets			**323,471**	**228,439**
Reversal of country risk provision	123,500	141,453	(37,050)	(42,437)
Difference between carrying value and tax base of property and equipment	80,967	41,075	(16,193)	(8,215)
Other temporary differences	1,317	8,476	(263)	(1,695)
Deferred income tax liabilities			**(53,506)**	**(52,347)**
Deferred income tax assets, net			**269,965**	**176,092**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 18 - TAXATION (Continued)

(c) Gain on tax case

As of 31 December 2008, gain on tax case amounting to TL224,709 was the remaining amount of the receivables accepted by the Ministry of Finance to be offset against various tax debts of the Bank for the settlement of related lawsuits filed by the Bank against the Ministry of Finance regarding the correction of corporate taxes paid in 2001, 2002, 2003.

NOTE 19 - OTHER LIABILITIES AND ACCRUED EXPENSES

As at 31 December 2009, principal components of the other liabilities are payable to point of sale acquiring merchants, payables on cheques in clearance, non-income related taxes and withholdings, unearned commission income and bonus liability to customers.

Payable to point of sale acquiring merchants includes amounts owed to merchants related with credit card transactions in which the transacted amount will be paid to the merchants on a term basis.

At 31 December 2009, payable to point of sale acquiring merchants of TL107,803 were from Sabancı Holding Group companies and other related parties.

NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS

	2009	2008
Balance sheet obligations for:		
- Reserve for employment termination benefits	30,545	27,631
- Reserve for unused vacation (*)	28,341	25,701
- Post-employment benefits (pension and medical)	-	-
	58,886	**53,332**

(*) Reserve for unused vacation has been included in other liabilities and accrued expenses in the financial statements.

There is no amount recognized in the balance sheet for post-employment benefits since fair value of the Fund's plan assets compensate defined benefit obligations for the years ended 2009 and 2008.

	2009	2008
Income statement charge for:		
- Post-employment benefits (pension and medical) (Note 26)	(84,835)	(87,580)
- Reserve for employment termination benefits (Note 26)	(2,914)	10,770
- Reserve for unused vacation	(2,640)	(719)
	(90,389)	**(77,529)**

The charge for the post-employment benefits representing the cash contributions to the Fund by the Group, and reserve for employment termination benefits and unused vacation have been included in employee costs under operating expenses (Note 26).

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

The surplus unrecognised in the balance sheet is determined as follows:

	2009	2008
Present value of funded obligations	(451,968)	(351,281)
- Pension benefits transferrable to SSI	(742,525)	(614,872)
- Post-employment medical benefits transferrable to SSI (*)	370,318	332,772
- Other non-transferrable benefits	(79,761)	(69,181)
Fair value of plan assets	854,181	788,759
Surplus	**402,213**	**437,478**

(*) The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

The Bank's personnel are members of the "Akbank T.A.Ş.Tekaüt Sandığı" ("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.

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 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. There is no resolution adopted by the Constitution Court related to mentioned issue as of the publication date of the financial statements.

The New Law requires that present value of post-employment benefits at the balance sheet date regarding the members of the fund to be transferred shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Under secretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using technical discount rate of 9.8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. The transfer is required by the New Law to be completed in three years beginning from 1 January 2008.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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.

In this extent, according to the technical balance sheet report dated 31 December 2009 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 Fund or reductions in future contributions to 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 to be made within the framework described above 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.

The Group's obligation in respect of the post-employment benefits transferrable to SSI, has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations; and the Group's obligation related to other non-transferrable benefits has been calculated in accordance with IAS 19 by a registered actuary. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting TL79,761 (2008: TL69,181), the surplus of the Fund amounts to TL402,213 as of 31 December 2009 (2008: TL437,478).

The principal actuarial assumptions used were as follows:

	2009 (%)	**2008 (%)**
Discount rate		
- Pension benefits transferrable to SSI	9.80	9.80
- Post-employment medical benefits transferrable to SSI	9.80	9.80
- Other non-transferrable benefits	5.92	6.26

Mortality rate:

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 17 years for men and 23 years for women.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The movement in the fair value of plan assets of the year is as follows:

	2009	2008
Beginning of year	**788,759**	**706,378**
Actual return on plan assets	119,396	116,363
Employer contributions (Note 26)	84,835	87,580
Employee contributions	68,751	62,920
Benefits paid	(207,560)	(184,482)
End of year	**854,181**	**788,759**

Plan assets are comprised as follows:

	2009		2008	
Bank placements	784,925	92%	730,571	93%
Premises and equipment	32,078	4%	32,897	4%
Equity securities	31,479	3%	17,147	2%
Other	5,699	1%	8,144	1%
End of year	**854,181**	**100%**	**788,759**	**100%**

Expected contributions to post-employment benefit plans for the year ending 31 December 2009 are TL187,600.

(b) Employment termination benefits

Under the Turkish Labour 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, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 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 TL2,365.16 in full TL amount (2008: TL2,173.18 in full TL amount) for each year of service.

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

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

	2009	2008
Discount rate (%)	5.92	6.26
Turnover rate to estimate the probability of retirement (%)	4.07	7.80

Additionally, the principal actuarial assumption is that the maximum liability of TL2,260.05 in full TL amount, for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2,427.04 in full TL amount (1 January 2009: TL2,260.05 in full TL amount), effective from 1 January 2010, has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the reserve for employment termination benefits during the year are as follows:

	2009	2008
1 January	27,631	38,401
Increase during the year (Note 26)	12,405	13,326
Paid during the year	(9,491)	(24,096)
End of year	**30,545**	**27,631**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 21 - SHARE CAPITAL

The historic amount of share capital of the Group is TL3,000,000 (2008: TL3,000,000) and consists of 300,000,000,000 (2008: 300,000,000,000) authorized shares with a nominal value of Kr 1 each.

At 31 December 2009 and 2008, the issued and fully paid-in share capital held is as follows:

	2009		2008	
	Share (%)	**TL**	**Share (%)**	**TL**
Sabancı Group, family and related companies:				
Hacı Ömer Sabancı Holding A.Ş. and related companies	44.45	1,333,575	40.85	1,225,525
Sabancı family	6.92	207,628	14.61	438,327
Total Sabancı Group, family and related companies	51.37	1,541,203	55.46	1,663,852
Citibank Overseas Investment Corporation	20.00	600,000	20.00	600,000
Other	28.63	858,797	24.54	736,148
Historical share capital	100.00	3,000,000	100.00	3,000,000
Adjustment to share capital	-	2,029,151	-	2,029,151
Total paid-in share capital		**5,029,151**		**5,029,151**

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.

Following the BRSA approval and in line with the resolution of the General Assembly of the Shareholders of the Bank, which was held on 17 July 2002, in the inflation-adjusted statutory financial statements, the Bank eliminated accumulated deficit and the corresponding amount of legal and extraordinary reserves and adjustment to share capital. Accordingly, the effects of this elimination transaction have also been reflected in these financial statements, which have been prepared on the basis of IFRS and; accumulated deficit of TL1,464,503 has been eliminated against the adjustment to share capital.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES

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

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

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

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

After deducting taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit is available for distribution to shareholders. In accordance with the Articles of Association, bonuses to the chairman and members of the Board of Directors are limited to a maximum of 2% of the remaining balance; the average percentage of such distributions in the last five years was 0.02%.

In 2003, the Bank established and announced a dividend distribution policy, and in accordance with this policy the Bank distributes a minimum 30% and maximum 50% of the distributable profit to its shareholders identified in the Articles of Association provided that there is no deterioration in the national and global economic environment and that the capital adequacy ratio of the Bank meets or exceeds the targeted level.

NOTE 23 - NET INTEREST INCOME

	2009	2008
Interest income on:		
Loans and advances to customers	5,127,743	6,329,080
Interest on investment and trading securities	4,220,178	3,404,452
Interest on deposits with banks	168,415	335,942
Other interest income	33,427	56,983
Total interest income	**9,549,763**	**10,126,457**

	2009	2008
Interest expense on:		
Interest on deposits	4,457,433	5,867,270
Interest on funds borrowed and debt securities in issue	306,937	571,064
Interest on interbank money market deposits	15,371	15,257
Other interest expenses	45,332	32,479
Total interest expense	**4,825,073**	**6,486,070**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 24 - NET FEE AND COMMISSION INCOME

	2009	2008
Fee and commission income on:		
Credit cards	825,653	789,663
Retail and commercial banking operations	247,848	232,315
Mutual fund management fee (Note 29)	173,121	158,080
Non-cash loans	60,901	51,775
Money transfers	58,471	52,050
Insurance intermediary	51,078	33,842
Brokerage commission	49,990	42,731
Other	75,067	45,931
	1,542,129	**1,406,387**
Fee and commission expense on:		
Credit cards	(185,603)	(207,146)
Other	(21,789)	(37,199)
	(207,392)	**(244,345)**
Net fee and commission income	**1,334,737**	**1,162,042**

NOTE 25 - NET TRADING INCOME/(LOSS)

	2009	2008
Derivative financial instruments	(237,154)	(34,013)
Trading and available for sale securities	262,992	61,711
	25,838	**27,698**

NOTE 26 - OPERATING EXPENSES

	2009	2008
Employee costs	862,990	878,643
Credit card and banking services	353,714	344,388
Legal expenses	149,046	84,794
Depreciation charges of property and equipment (Note 13)	105,850	100,405
Marketing and advertisement expenses	97,084	113,304
Computer maintenance and support expenses	93,546	80,559
Communication expenses	92,204	101,749
Saving deposits insurance fund	66,981	73,324
Sundry taxes and duties	59,714	106,476
Heating, lighting and water expenses	33,362	30,194
Amortisation of other intangible assets (Note 14)	15,784	12,861
Repair and maintenance expenses	13,953	33,712
Stationery expenses	10,033	9,769
Other	307,082	291,833
	2,261,343	**2,262,011**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 26 - OPERATING EXPENSES (Continued)

Post-employment benefits (pension and medical) paid, reserve for employment termination benefit and reserve for unused vacation rights for the year ended 31 December 2009 which amounts to TL84,835 and TL5,554, respectively are included in the employee costs.

NOTE 27 - ASSETS PLEDGED

	2009		2008	
	Assets	**Related liability**	**Assets**	**Related liability**
Balances with the Central Bank of Turkey (*)	3,464,090	56,991,649	6,265,872	43,478,093
Balances with other banks (Note 6)(**)	821,957	18,698,530	726,495	22,244,578
Trading securities (Note 7)				
- repurchase agreements	-	-	-	-
- other legal requirements	7,467	-	7,610	-
Investment securities (Note 11)				
- available-for-sale				
- repurchase agreements	7,982,033	8,196,857	1,089,370	1,077,671
- other legal requirements	731,447	-	621,063	-
- held-to-maturity				
- repurchase agreements	5,404,692	5,550,152	7,606,647	7,524,958
- other legal requirements	5,394,815	-	5,209,671	-
Total	**23,806,501**	**89,437,188**	**21,526,728**	**74,325,300**

(*) Assets pledged in the Central Bank of Turkey are pledged for the Group's reserve requirement which is explained in Note 9.

(**) Assets pledged in the balances with other banks include the reserve requirement of Malta Branch which is explained in Note 9.

NOTE 28 - 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:

(a) Legal proceedings

As of 31 December 2009 there are a number of legal proceedings outstanding against the Group, for which a TL1,947 (2008: TL44,042) provision has been made.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(b) Commitments under derivative instruments:

The breakdown of notional amounts of derivative transactions at 31 December 2009 and 2008 is as follows:

	2009					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	80,503	213,318	7,711	38,674	198,054	538,260
Swap transactions	3,205,136	4,982,975	763,712	198,826	172,522	9,323,171
- Currency rate swaps	464,976	2,739,380	763,712	198,826	172,522	4,339,416
- Interest rate swaps	2,740,160	2,243,595	-	-	-	4,983,755
Spot transactions	167,985	89,634	11,647	3,854	29,266	302,386
Currency option transactions	1,289,894	686,924	45,289	-	741,094	2,763,201
Future transactions	-	-	-	-	9,190	9,190
Other Derivative Instruments	-	-	-	-	80,368	80,368
Derivatives held for hedging:						
Swap transactions	-	-	-	-	2,545,000	2,545,000
- Interest rate swaps	-	-	-	-	2,545,000	2,545,000
Total purchases	**4,743,518**	**5,972,851**	**828,359**	**241,354**	**3,775,494**	**15,561,576**
Derivatives held for trading:						
Currency forward transactions	79,068	176,295	5,788	38,674	240,015	539,840
Swap transactions	6,113,915	2,627,042	58,340	15,567	433,787	9,248,651
- Currency rate swaps	3,373,755	383,447	58,340	15,567	433,787	4,264,896
- Interest rate swaps	2,740,160	2,243,595	-	-	-	4,983,755
Spot transactions	131,663	53,855	11,647	1,461	103,760	302,386
Currency option transactions	1,292,882	687,121	45,289	-	737,714	2,763,006
Future transactions	8,998	-	-	-	-	8,998
Other Derivative Instruments	-	-	-	-	98,323	98,323
Derivatives held for hedging:						
Swap transactions	-	-	-	-	2,545,000	2,545,000
- Interest rate swaps	-	-	-	-	2,545,000	2,545,000
Total sales	**7,626,526**	**3,544,313**	**121,064**	**55,702**	**4,158,599**	**15,506,204**
Off-balance sheet net notional position (Note 3)	**(2,883,008)**	**2,428,538**	**707,295**	**185,652**	**(383,105)**	**55,372**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

	2008					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	102,696	135,029	1,641	-	137,338	376,704
Swap transactions	780,812	3,338,406	733,837	111,342	62,388	5,026,785
- Currency rate swaps	296,070	2,292,266	733,837	111,342	62,388	3,495,903
- Interest rate swaps	484,742	1,046,140	-	-	-	1,530,882
Spot transactions	70,476	29,902	4,423	4,211	61,377	170,389
Currency option transactions	200,683	64,648	37,119	-	218,163	520,613
Future transactions	-	-	-	-	18,037	18,037
Derivatives held for hedging:						
Swap transactions	1,757,679	-	-	-	2,545,000	4,302,679
- Interest rate swaps	1,757,679	-	-	-	2,545,000	4,302,679
Total purchases	**2,912,346**	**3,567,985**	**777,020**	**115,553**	**3,042,303**	**10,415,207**
Derivatives held for trading:						
Currency forward transactions	126,333	71,673	-	2,574	169,421	370,001
Swap transactions	3,634,700	1,275,798	-	7,529	115,633	5,033,660
- Currency rate swaps	3,149,641	229,975	-	7,529	115,633	3,502,778
- Interest rate swaps	485,059	1,045,823	-	-	-	1,530,882
Spot transactions	93,014	49,222	1,216	2,492	24,416	170,360
Currency option transactions	204,325	65,206	37,119	-	214,244	520,894
Future transactions	17,324	235	-	-	-	17,559
Derivatives held for hedging:						
Swap transactions	1,757,679	-	-	-	2,545,000	4,302,679
- Interest rate swaps	1,757,679	-	-	-	2,545,000	4,302,679
Total sales	**5,833,375**	**1,462,134**	**38,335**	**12,595**	**3,068,714**	**10,415,153**
Off-balance sheet net notional position (Note 3)	**(2,921,029)**	**2,105,851**	**738,685**	**102,958**	**(26,411)**	**54**

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

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

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

	2009			2008		
	TL	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**
Currency forward purchases	25,618	45,341	70,959	31,303	2,623	33,926
Currency forward sales	(20,719)	(50,159)	(70,878)	-	(38,229)	(38,229)
Currency swap purchases	71,539	99,985	171,524	-	265,174	265,174
Currency swap sales	(22,405)	(146,923)	(169,328)	-	(264,782)	(264,782)
Interest rate swap purchases	-	585,674	585,674	-	268,163	268,163
Interest rate swap sales	-	(585,674)	(585,674)	-	(268,163)	(268,163)
Currency option purchases	-	-	-	17,706	16,849	34,555
Currency option sales	-	(270,150)	(270,150)	(17,706)	(16,849)	(34,555)
Spot purchases	2,568	24,555	27,123	4,599	2,119	6,718
Spot sales	(7,473)	(19,650)	(27,123)	-	(6,700)	(6,700)
Net position	**49,128**	**(317,001)**	**(267,873)**	**35,902**	**(39,795)**	**(3,893)**

(c) 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 authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the 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.

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

The following table shows the outstanding credit related commitments of the Group at 31 December 2009 and 2008:

	2009			2008		
	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	92,732	2,703,903	2,796,635	179,839	2,562,908	2,742,747
- Foreign currency	142,150	2,528,427	2,670,577	271,278	1,657,578	1,928,856
Acceptance credits						
- Turkish lira	708	15	723	-	15	15
- Foreign currency	47,329	10,998	58,327	51,495	13,839	65,334
Letter of credit						
- Turkish lira	-	893	893	16	-	16
- Foreign currency	1,031,708	651,083	1,682,791	1,192,782	608,655	1,801,437
Other guarantees						
- Turkish lira	88,794	158,005	246,799	625	184,820	185,445
- Foreign currency	122,672	155,736	278,408	35,150	15,529	50,679
	1,526,093	**6,209,060**	**7,735,153**	**1,731,185**	**5,043,344**	**6,774,529**

Included in the letters of guarantee and acceptance credits are guarantees amounting to TL747,911 (2008: TL460,241) for related parties at 31 December 2009.

The economic sector risk concentrations for outstanding credit related commitments of the Group are as follows:

	2009	2008
Financial institutions	1,181,406	1,305,171
Electricity, gas, water	875,842	342,977
Chemicals	864,298	636,539
Small-scale retailers	746,525	650,890
Construction	689,348	617,794
Steel and mining	624,155	585,085
Wholesaling	572,677	830,938
Automotive	261,045	304,645
Other manufacturing	246,547	234,122
Food and beverage	205,030	175,894
Electronics	148,890	176,654
Textile	124,515	93,448
Transportation	108,010	83,405
Agriculture and forestry	81,301	179,831
Tourism	49,336	43,455
Telecommunications	40,426	7,057
Other	915,802	506,624
	7,735,153	**6,774,529**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 29 - MUTUAL FUNDS

At 31 December 2009, the Group manages 18 (2008: 21) mutual funds and 19 (2008: 19) mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 31 December 2009, the Funds' investment portfolio includes government bonds, treasury bills and share certificates amounting to TL5,727,412 (2008: TL4,815,568). 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 0.0000548% to 0.0012000%. At 31 December 2009, management fees earned by the Group amounted to TL173,121 (2008: TL158,080).

NOTE 30 - RELATED PARTY TRANSACTIONS

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

(a) Balances with related parties:

	2009	**2008**
Loans and receivables, net	635,235	870,542
Due from banks	-	-
Finance lease receivables	7,571	13,401
Assets	**642,806**	**883,943**
Due to customers	6,191,548	5,857,241
Due to banks	-	-
Liabilities	**6,191,548**	**5,857,241**
Credit related commitments	747,911	460,241
Commitment under derivative instruments (Note 28)	2,005,471	1,220,965
Commitments and contingent liabilities	**2,753,382**	**1,681,206**

As at 31 December 2009, the Group has repurchase commitments amounting to TL10,023 (2008: TL22,797) with Sabancı Holding Group companies and other related parties.

(b) Transactions with related parties:

	2009	**2008**
Interest income on loans	44,706	74,496
Interest income	**44,706**	**74,496**
Interest expense on deposits	544,781	642,336
Interest expense	**544,781**	**642,336**

(Amounts expressed in thousands of Turkish lira ("TL")

NOTE 30 - RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with directors and other key management personnel:

	2009	**2008**
Due to customers	662,782	683,039

For the period ended 31 December 2009, total remuneration of the senior management and Board of Directors of the Bank amounted to TL19,611 (2008: TL21,012).

As at 31 December 2009 and 2008, other balances with directors and other key management personnel are immaterial.

NOTE 31 - EVENTS AFTER THE BALANCE SHEET DATE

(a) The Bank disposed its impaired loans portfolio amounting to TL326 million at an amount of TL38.5 million to Girişim Varlık Yönetimi A.Ş..

(b) At the meeting of the Board of Directors on 25 January 2010, the Ordinary General Assembly Meeting of the Bank has been decided to be held on 26 March 2010 at 14:30, Sabancı Center, 4. Levent/İstanbul Headquarters.

(c) The spin-off process in which Akbank shares held by Aksigorta A.Ş. and Exsa Sanayi Mamülleri Satış ve Araştırma A.Ş. are injected as capital in kind to Hacı Ömer Sabancı Holding A.Ş. was completed on 14 January 2010. As a result of the spin-off, the direct ownership of Hacı Ömer Sabancı Holding A.Ş. in the Bank increased from 32.28% to 40.75%.

(d) In the Board of Directors meeting held on 10 February 2010, it was resolved that at the Ordinary General Assembly Meeting the distribution of a TL540,600 cash dividend over TL2,725,982 stand-alone net income from 2009 operations to the Bank's shareholders, Chairman and Members of the Board of Directors, would be proposed. It was also resolved to propose the transfer of TL2,919 to capital reserves and the allocation of TL2,182,463 as legal and extraordinary reserves.

(e) In the Board of Directors meeting held on 23 February 2010, it was resolved that the full paid-in capital of TL3,000,000 in the registered capital ceiling of TL5,000,000, would be increased to TL4,000,000, by an increase of TL1,000,000, which is 33.33% of the paid-in capital. TL482,691 of the TL1,000,000 would be met from extraordinary reserves, TL17,309 from real estate and participation sales profit, and TL500,000 from capital inflation adjustment differences in the other capital reserves.

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