AKBANK T.A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2011
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

Independent auditor's report

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

We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. (the Bank) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Istanbul, 29 February 2012

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AT 31 DECEMBER 2011

AKBANK T.A.Ş.

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("TL")) unless otherwise stated.

	Notes	Audited 2011	Audited 2010
ASSETS			
Cash and due from banks and balances with the Central Bank of Turkey	6	17,341,692	8,521,168
Trading securities	7	164,563	610,602
Derivative financial instruments	8	826,711	471,041
Loans and advances to customers	10	74,957,927	58,197,124
Investment securities:			
- Available-for-sale	11	38,972,208	43,308,476
- Held-to-maturity	11	4,824,470	6,627,280
Property and equipment	12	790,661	901,341
Intangible assets	13	102,215	93,131
Deferred income tax assets	17	279,095	201,873
Other assets and pre-payments	14	997,639	722,814
Total assets		**139,257,181**	**119,654,850**
LIABILITIES			
Customer deposits	15	93,192,092	83,105,451
Interbank money market deposits	16	640,869	400,005
Derivative financial instruments	8	892,886	750,003
Funds borrowed	16	14,319,746	8,172,658
Debt securities in issue	16	8,229,379	5,846,767
Income taxes payable	17	108,047	290,507
Other liabilities and accrued expenses	18	3,477,928	2,940,992
Employment benefit obligations	19	77,611	71,728
Deferred tax liabilities	17	24,757	16,902
Total liabilities		**120,963,315**	**101,595,013**
EQUITY			
Capital and reserves attributable to the equity holders of the parent:			
- Share capital	20	4,000,000	4,000,000
- Adjustment to share capital	20	1,534,393	1,534,393
Total paid-in share capital	20	5,534,393	5,534,393
Share premium		1,709,128	1,709,128
Translation reserve		270,882	102,020
Other reserves		(510,843)	1,437,053
Retained earnings		11,280,544	9,264,309
		18,284,104	**18,046,903**
Non-controlling interest		9,762	12,934
Total equity		**18,293,866**	**18,059,837**
Total liabilities and equity		**139,257,181**	**119,654,850**

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

AKBANK T.A.Ş.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("TL")) unless otherwise stated.

	Notes	Audited 2011	Audited 2010
Interest income	22	9,473,645	8,994,490
Interest expense	22	(5,321,916)	(4,563,572)
Net interest income		**4,151,729**	**4,430,918**
Fee and commission income	23	1,915,721	1,582,698
Fee and commission expense	23	(273,976)	(213,955)
Net fee and commission income		**1,641,745**	**1,368,743**
Impairment losses on loans and credit related commitments, net	10	(313,299)	103,723
Foreign exchange gains and losses, net		41,010	52,112
Trading gains and losses, net	24	(153,365)	28,204
Dividend income		3,596	1,059
Other operating income		392,546	313,308
Operating income		**5,763,962**	**6,298,067**
Operating expenses	25	(2,558,545)	(2,540,087)
Profit before income taxes		**3,205,417**	**3,757,980**
Income tax expense	17	(619,812)	(748,444)
Profit for the period		**2,585,605**	**3,009,536**
Attributable to:			
Equity holders of the Parent		2,586,855	3,007,995
Non controlling interest		(1,250)	1,541
		2,585,605	**3,009,536**
Basic and diluted earnings per share (expressed in TL, full amount, per share)	2 (u)	0.0065	0.0075

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("TL")) unless otherwise stated.

	Audited 2011	**Audited 2010**
Net profit for the period	**2,585,605**	**3,009,536**
Other comprehensive income		
Available for sale financial assets	(2,102,052)	1,557,335
Foreign exchange differences on translation of foreign operations	168,862	(32,263)
Gain/(Loss) from cash flow hedges (effective part of fair value changes)	150,399	60,000
Gain/(Loss) from net foreign investment hedges (effective part of exchange difference on borrowings)	(130,215)	29,280
Tax related to gains and losses recognized directly in equity (*)	416,374	(328,015)
	(1,496,632)	**1,286,337**
Available for sale financial assets, net of tax	(298,686)	(313,707)
Cash flow hedges, net of tax	15,574	16,309
Other, net of taxes	710	20,947
Net gains/losses transferred to income statement	**(282,402)**	**(276,451)**
Other comprehensive income	**(1,779,034)**	**1,009,886**
Total comprehensive income	**806,571**	**4,019,422**
Attributable to:		
Equity holders of the Parent	807,821	4,017,881
Non-controlling interest	(1,250)	1,541

(*) Tax effects of additions to marketable securities valuation differences from available for sale financial assets, gain/(loss) from cash flow hedge (effective part of fair value changes) and gain/(loss) from net foreign investment hedge (effective part of exchange difference on borrowings) amount to TL (420,411), TL 30,080 and TL (26,043) respectively (31 December 2010: TL 311,467, TL 12,000 and TL 5,856).

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("TL")) unless otherwise stated.

	Notes	Audited 2011	Audited 2010
Cash flows from operating activities:			
Profit before income tax		3,205,417	3,757,980
Non cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	12, 25	110,835	105,948
Amortisation of intangible assets	13, 25	30,965	22,113
Provision for loan losses, write off and net of recoveries	10	180,362	(511,839)
Employment termination benefits and other short-term employee benefits	19	5,883	12,842
Gain on derivative financial instruments		(212,787)	(142,381)
Interest paid		(5,176,719)	(4,456,758)
Interest received		4,220,165	2,990,786
Gain on disposal of property, plant and equipment		(160,822)	-
Other non cash items		(227,998)	(118,125)
Operating profit before changes in operating assets and liabilities		**1,975,301**	**1,660,566**
Net (increase) in reserve requirements with the Central Bank of Turkey and restricted cash		(7,629,665)	(1,125,758)
Net (increase) in loans and advances to customers		(16,606,660)	(12,521,088)
Net (increase)/decrease in trading securities		431,962	(441,156)
Net decrease/(increase) in other assets and prepayments		(274,825)	4,836
Net increase in other liabilities and accrued expenses		536,936	600,231
Net increase in customer deposits and interbank money market deposits		10,214,205	8,254,781
Taxes paid		(384,665)	(818,927)
Net cash from operating activities		**(13,712,712)**	**(6,047,081)**
Cash flows from/(used in) investing activities:			
Purchase of property and equipment	12	(111,848)	(342,002)
Proceeds from property and equipment	12	272,515	140,170
Purchase of other intangible assets, net	13	(40,049)	(49,795)
Proceeds from other intangible assets	13	-	-
Proceeds from investment securities		40,587,111	15,078,047
Purchase of investment securities		(36,133,128)	(15,844,539)
Net cash used in investing activities		**4,574,601**	**(1,018,119)**
Cash flows from financing activities:			
Proceeds from borrowed funds and debt securities in issue		16,333,799	5,182,501
Payments of borrowed funds and debt securities in issue		(7,799,719)	(366,972)
Dividends paid to equity holders		(572,542)	(542,756)
Net cash (used in)/from financing activities		**7,961,538**	**4,272,773**
Effect of exchange rates on cash and cash equivalents		**392,131**	**53,909**
Net increase/(decrease) in cash and cash equivalents		**1,190,859**	**(1,077,952)**
Cash and cash equivalents at the beginning of the period	**6**	**2,511,715**	**3,589,667**
Cash and cash equivalents at the end of the period	**6**	**3,702,574**	**2,511,715**

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 2011

(Amounts expressed in thousands of Turkish lira (“TL”)) unless otherwise stated.

	Attributable to equity holders of the Group									
	Share capital									
	Share capital	**Adjustment to share capital**	**Total paid-in share capital**	**Share premium**	**Translation reserve**	**AFS reserves**	**Hedge reserves**	**Retained earnings**	**Non controlling interest**	**Total**
Balance at 1 January 2010	**3,000,000**	**2,029,151**	**5,029,151**	**1,709,098**	**134,283**	**861,890**	**(466,986)**	**7,286,224**	**205**	**14,553,865**
Effect of a subsidiary consolidated in 2010	-	5,242	5,242	30	-	-	-	10,690	13,344	29,306
Transfer to share capital	1,000,000	(500,000)	500,000	-	-	-	-	(500,000)	-	-
Net unrealised market value gains from AFS portfolio	-	-	-	-	-	1,247,176	-	-	-	1,247,176
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(313,707)	-	-	-	(313,707)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio (Note 11)	-	-	-	-	-	20,947	-	-	-	20,947
Cash flow hedges, net of tax	-	-	-	-	-	-	64,309	-	-	64,309
Translation reserve	-	-	-	-	(32,263)	-	-	-	-	(32,263)
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-	-	-	23,424	-	-	23,424
Other comprehensive income	-	-	-	-	(32,263)	954,416	87,733	-	-	1,009,886
Profit for the period	-	-	-	-	-	-	-	3,007,995	1,541	3,009,536
Total comprehensive income for the period	-	-	-	-	(32,263)	954,416	87,733	3,007,995	1,541	4,019,422
Dividends paid	-	-	-	-	-	-	-	(540,600)	(2,156)	(542,756)
Balance at 31 December 2010	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**102,020**	**1,816,306**	**(379,253)**	**9,264,309**	**12,934**	**18,059,837**
Balance at 1 January 2011	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**102,020**	**1,816,306**	**(379,253)**	**9,264,309**	**12,934**	**18,059,837**
Effect of a subsidiary consolidated in 2011	-	-	-	-	-	-	-	-	-	
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Net unrealised market value gains from AFS portfolio	-	-	-	-	-	(1,681,641)	-	-	-	(1,681,641)
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(298,686)	-	-	-	(298,686)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio (Note 11)	-	-	-	-	-	710	-	-	-	710
Cash flow hedges, net of tax	-	-	-	-	-	-	135,893	-	-	135,893
Translation reserve	-	-	-	-	168,862	-	-	-	-	168,862
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-	-	-	(104,172)	-	-	(104,172)
Other comprehensive income	-	-	-	-	168,862	(1,979,617)	31,721	-	-	(1,779,034)
Profit for the period	-	-	-	-	-	-	-	2,586,855	(1,250)	2,585,605
Total comprehensive income for the period	-	-	-	-	168,862	(1,979,617)	31,721	2,586,855	(1,250)	806,571
Dividends paid	-	-	-	-	-	-	-	(570,620)	(1,922)	(572,542)
Balance at 31 December 2011	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**270,882**	**(163,311)**	**(347,532)**	**11,280,544**	**9,762**	**18,293,866**

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 2011, the Bank has 926 branches dispersed throughout the country and 1 branch operating outside the country (2010: 912 branches and 1 branch operating outside the country). As at 31 December 2011, the Group employed 15.548 people (2010: 15.550 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 2011, approximately 31 % of the shares are publicly traded, including the ADRs (2010: 29%).

The consolidated financial statements as at and for the year ended 31 December 2011 have been approved on 29 February 2012 by S. Hakan Binbaşgil, the Chief Executive Officer and by Atıl Özus, the Chief Financial Officer of Akbank T.A.Ş..

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of 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 consolidated financial statements have been prepared under the historical cost convention, except for held for trading and available for sale financial instruments which have all been measured at fair value.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Judgments and estimates mainly include the fair value calculation and impairment of financial instruments and are regularly monitored and assessed when necessary. Effects of changes in estimates are reflected into consolidated income statement. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements as at 31 December 2011 are consistent with those followed in the preparation of the consolidated financial statements of the prior year, except for the adoption of new standards and IFRIC interpretations summarized below. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2011 are as follows:

- IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction — Prepayments of a Minimum Funding Requirement (Amended)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)
- IAS 24 Related Party Disclosures (Revised)

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

- **IFRS 3 Business Combinations**

i) Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

ii) Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses.

The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

- **IFRS 7 Financial Instruments: Disclosures**

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

- **IAS 1 Presentation of Financial Statements**

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

- **IAS 27 Consolidated and Separate Financial Statements**

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

- **IAS 34 Interim Financial Reporting**

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **IFRIC 13 Customer Loyalty Programmes**

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted are as follows:

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

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

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

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 27 Separate Financial Statements (Amended)

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

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

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

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

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

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after 1 July 2011. Comparative disclosures are not required. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

IFRS 9 Financial Instruments – Classification and measurement

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

IFRS 10 Consolidated Financial Statements

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

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

IFRS 11 Joint Arrangements

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 12 Disclosure of Interests in Other Entities

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

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

IFRS 13 Fair Value Measurement

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

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

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

(b) Consolidation

Consolidation principles for subsidiaries:

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Ak B Tipi Yatırım Ortaklığı A.Ş. was established on 18 September 1998 as "Ak Yatırım Ortaklığı A.Ş. to manage portfolio with the trading of capital market instruments. The Company is the subsidiary of the Bank with the rate of 70.04%. The Company name has been changed as Ak B Tipi Yatırım Ortaklığı A.Ş. and published on Trade Registry Gazette on 7 December 2010.

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

Ak Global Funding B.V., the non operating subsidiary founded in Netherlands, has been liquidated on 14 October 2011.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Bank, through capital in kind.

Based on restructuring of Bank's foreign subsidiaries, Akbank NV and Akbank AG will be merged in Akbank AG. Following the completion of the merger, Akbank AG will be converted to a 100% direct subsidiary of Akbank. With the merger, the Bank will continue to its operations in EU Region with Akbank AG, 100% direct subsidiary of the Bank.

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

The list of consolidated subsidiary undertakings is set out below:

		Shareholding %	
Name of subsidiary	**Country of incorporation**	**2011**	**2010**
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 B Tipi Yatırım Ortaklığı A.Ş.	Turkey	70.04	70.04
Akbank (Dubai) Limited	The United Arab Emirates	100.00	100.00
Ak Portföy Yönetimi A.Ş.	Turkey	99.99	99.99
A.R.T.S. Ltd.	Jersey, Channel Islands	-	-
Ak Receivable Corporation	Cayman Islands	-	-
Akbank Global Funding BV	The Netherlands	-	100.00

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. Fair value of over-the-counter ("OTC") forward foreign exchange contracts and foreign exchange option contracts are 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 2011. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative financial instruments are classified as held for trading, unless they are designated as hedging instruments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 affect 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.

When the hedging instrument is expired, executed, sold or the hedge relationship has become ineffective as a result of the effectiveness test the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. In accordance with IAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

(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 gains and losses.

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

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value 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).

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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

In the case of equity investments classified as available-for-sale, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement is removed from equity and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized directly in equity.

Held-to-maturity investments are carried at 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.

The Group has Consumer Price Index ("CPI") linked government bonds in available-for-sale and held-to-maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates together with the changes in the CPI references calculated by using an estimated inflation rate. Estimated inflation rate is to be updated during the year when necessary. As of 31 December 2011, the valuation of these securities are made by considering the real coupon rates together with the changes in the CPI references between the issuance date and balance sheet date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 2011, 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.

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 gains and losses. Interest earned whilst holding trading assets is reported as interest income.

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

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

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

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. An additional provision for loan impairment is established to cover losses that are judged to be present in the lending portfolio at the balance sheet date, but which have not been specifically identified as such.

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

(h) Sale and repurchase agreements

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Fee and commission income and expenses

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

(j) 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 interest rate method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(k) Related parties

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 interest rate method.

(m) 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

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.

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.

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.

(n) 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)

(o) 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.

(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 25).

(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") unless otherwise stated.

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, 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 17).

Current tax and deferred tax related to items recognized directly in equity are also credited or charged directly to equity.

(r) 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:

	2011 (%)	2010 (%)
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 19). The disclosures set out in Note 19 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 19).

(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".

(s) 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 probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(t) 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. This is generally not the case with master netting agreements, therefore the related assets and liabilities are presented gross in the statements of financial position.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Earnings per share

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

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

There is no bonus share issuance in 2011 (31 December 2010: 100,000,000,000).

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

	Audited 31 December 2011	**Audited 31 December 2010**
Profit attributable to equity holders of the Parent	2,586,855	3,007,995
Weighted average number of ordinary shares in issue (1 Kr each)	400,000,000,000	400,000,000,000
Basic earnings per share (expressed in TL, full amount, per share)	**0.0065**	**0.0075**

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.

(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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 27).

(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 27).

(y) Cash and cash equivalents

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

(z) 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).

(aa) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. In order to be consistent with the presentation of financial statements dated 31 December 2011, there are no reclassifications made on consolidated financial statements as of 31 December 2010.

NOTE 3 - 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 Risk Committee ("the ERC")" which reports to the Board of Directors. The ERC is comprised of the Chairman, 2 Executive Board Members and the Chief Executive Officer. The ERC establishes policies, procedures and rules for risk management of the Bank and develops risk management strategies. The ERC also sets critical risk limits and parameters for liquidity risk, credit risk, foreign exchange risk and interest rate risk and; through close monitoring of the markets and overall economy, such limits are changed as necessary. These limits and implementation of policies are broken down to various levels of authorities in order to enhance control effectiveness. The Bank's risk positions are reported to the ERC members on a regular basis. Additionally, the ERC reviews the latest figures and projections for the Bank's profit and loss accounts and balance sheet, liquidity position, interest and foreign exchange exposures, as well as yield analysis and the macroeconomic environment.

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

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

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

(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.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

The credit risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

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

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

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

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.

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.

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

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Collateral structure of each portfolio is considered in order to determine the realized loss in case default occurs. Default probabilities and realized loss values are combined in order to account for expected loss and unexpected loss values over time and to encourage risk adjusted pricing.
Risk limits are set both at customer and group level and monitored by the ERC in terms of sectors, tenor and concentration. The ERC regularly follows up risk limits and make limit updates when required.

The Bank's rating tool concentration by risk classes as of 31 December 2011 and 2010 is as follows:

	2011	**2010**
Above average	37.44%	36.81%
Average	49.48%	45.01%
Below average	10.88%	11.98%
Unrated	2.20%	6.20%

- Loans which demonstrate a strong capacity to meet financial commitments, with low probability of default are defined "Above average".

- Loans that require close monitoring and demonstrate averages to adequate capacity to meet financial commitments with moderate default risk are defined "Average".

- Loans which require varying degrees of specific consideration and have diverse default risks are defined "Below average".

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

Loans and advances to customers:

The internal rating systems of the Bank 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:

	2011			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	48,267,175	24,737,475	1,379,551	74,384,201
Close monitoring loans	480,203	777,857	12,025	1,270,085
Impaired loans	643,600	619,059	53,645	1,316,304
Gross	**49,390,978**	**26,134,391**	**1,445,221**	**76,970,590**
Provisions	**(1,078,978)**	**(897,448)**	**(36,237)**	**(2,012,663)**
Net	**48,312,000**	**25,236,943**	**1,408,984**	**74,957,927**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2010			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Standard loans	37,349,947	19,072,698	967,617	57,390,262
Close monitoring loans	468,691	841,631	14,352	1,324,674
Impaired loans	630,002	649,632	34,855	1,314,489
Gross	**38,448,640**	**20,563,961**	**1,016,824**	**60,029,425**
Provisions	**(969,340)**	**(828,320)**	**(34,641)**	**(1,832,301)**
Net	**37,479,300**	**19,735,641**	**982,183**	**58,197,124**

The details of the close monitoring loans are as follows:

	2011			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Past due up to 30 days	328,919	334,239	534	663,692
Past due 30-60 days	110,354	332,423	972	443,749
Past due 60-90 days	40,930	111,195	1,021	153,146
Lease receivables (Uninvoiced)	-	-	9,498	9,498
	480,203	**777,857**	**12,025**	**1,270,085**

	2010			
	Commercial loans	**Consumer loans and credit cards**	**Lease receivables**	**Total**
Past due up to 30 days	304,548	416,610	782	721,940
Past due 30-60 days	91,545	327,097	1,786	420,428
Past due 60-90 days	72,587	97,935	3,575	174,097
Lease receivables (Uninvoiced)	-	-	8,209	8,209
	468,680	**841,642**	**14,352**	**1,324,674**

As of 31 December 2011 and 2010, the Group's collateral types mainly composed of mortgages, cash blockages, vehicle and machinery pledges.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Debt securities, treasury bills and other securities:

For debt securities and other bills, external ratings such as Moody's rating or their equivalents are used by the Treasury Unit 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.

	2011			
Moody's Rating	**Trading(*)**	**Available-for- sale(*)**	**Held-to-maturity**	**Total**
Aaa	-	162,927	-	162,927
A1;A2;A3	-	599,615	-	599,615
Baa1;Baa2;Baa3	-	362,127	-	362,127
Ba1	-	-	-	-
Ba2	150,314	37,650,892	4,824,470	42,625,676
	150,314	**38,775,561**	**4,824,470**	**43,750,345**

	2010			
Moody's Rating	**Trading**	**Available-for- sale**	**Held-to-maturity**	**Total**
Aaa	-	151,538	-	151,538
A1;A2;A3	-	410,138	-	410,138
Baa1;Baa2;Baa3	-	197,292	-	197,292
Ba1	-	-	-	-
Ba2	585,870	42,446,726	6,627,280	49,659,876
	585,870	**43,205,694**	**6,627,280**	**50,418,844**

(*) Excluding share certificates and equity securities

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Exposure to credit risk:

	2011	2010
Credit risk exposures relating to on-balance sheet assets:	**123,950,548**	**112,066,363**
Loans and advances to banks	3,463,003	2,424,347
Loans and advances to customers	74,957,927	58,197,124
- Commercial loans	48,312,000	37,479,300
- Consumer loans and credit cards	25,236,943	19,735,641
- Financial lease receivables	1,408,984	982,183
Trading assets (*)	150,314	585,870
- Government debt securities	148,337	585,870
- Other marketable securities	1,977	-
Derivative financial instruments	826,711	471,041
Available for sales (*)	38,961,578	43,274,070
- Government debt securities	37,344,703	42,402,087
- Other marketable securities	1,616,875	871,983
Held to maturity securities	4,824,470	6,627,280
Other assets	766,545	486,631
Credit risk exposures relating to off-balance sheet items:	**35,307,856**	**30,125,572**
- Letter of guarantees	8,963,974	6,562,386
- Other guarantees and commitments	5,483,909	3,779,516
- Credit granting commitments	2,849,727	3,246,527
- Check payment commitments	4,291,376	3,945,886
- Credit card limit commitments	13,718,870	12,591,257
	159,258,404	**142,191,935**

(*) Excluding share certificates and equity securities

The above table represents the credit risk exposure of the Group at 31 December 2011 and 2010, 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. The Group's collateral types mainly composed of mortgages cash blockages, vehicle and machinery pledges.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Industry analysis:

	Financial Institutions	Public sector	Wholesale and retail trade	Manufacturing	Other industries	Individuals	Total
Loans and advances to banks	**3,463,003**	**-**	**-**	**-**	**-**	**-**	**3,463,003**
Loans and advances to customers	**4,835,324**	**1,592,142**	**8,968,724**	**15,355,600**	**18,969,194**	**25,236,943**	**74,957,927**
- Commercial loans	3,426,340	1,592,142	8,968,724	15,355,600	18,969,194	-	48,312,000
- Consumer loans and credit cards	-	-	-	-	-	25,236,943	25,236,943
- Financial lease receivables	1,408,984	-	-	-	-	-	1,408,984
Trading assets (*)	**1,977**	**148,337**	**-**	**-**	**-**	**-**	**150,314**
- Government debt securities	-	148,337	-	-	-	-	148,337
- Other marketable securities	1,977	-	-	-	-	-	1,977
Trading derivative financial instruments	**488,385**	**2,904**	**-**	**-**	**295,401**	**40,021**	**826,711**
Investment securities (*)	**455,506**	**42,169,173**	**-**	**-**	**1,161,369**	**-**	**43,786,048**
- Available for sale securities	455,506	37,344,703	-	-	1,161,369	-	38,961,578
Government debt securities	-	37,344,703	-	-	-	-	37,344,703
Other marketable securities	455,506	-	-	-	1,161,369	-	1,616,875
- Held to maturity securities	-	4,824,470	-	-	-	-	4,824,470
Other assets	**766,545**	**-**	**-**	**-**	**-**	**-**	**766,545**
As at 31 December 2011	**10,010,740**	**43,912,556**	**8,968,724**	**15,355,600**	**20,425,964**	**25,276,964**	**123,950,548**

(*) Excluding share certificates and equity securities

	Financial Institutions	Public sector	Wholesale and retail trade	Manufacturing	Other industries	Individuals	Total
Loans and advances to banks	**2,424,347**	**-**	**-**	**-**	**-**	**-**	**2,424,347**
Loans and advances to customers	**4,266,131**	**1,259,067**	**6,521,943**	**11,006,025**	**15,408,317**	**19,735,641**	**58,197,124**
- Commercial loans	3,283,948	1,259,067	6,521,943	11,006,025	15,408,317	-	37,479,300
- Consumer loans and credit cards	-	-	-	-	-	19,735,641	19,735,641
- Financial lease receivables	982,183	-	-	-	-	-	982,183
Trading assets (*)	**-**	**585,870**	**-**	**-**	**-**	**-**	**585,870**
- Government debt securities	-	585,870	-	-	-	-	585,870
- Other marketable securities	-	-	-	-	-	-	-
Trading derivative financial instruments	**471,041**	**-**	**-**	**-**	**-**	**-**	**471,041**
Investment securities (*)	**352,206**	**49,028,507**	**-**	**-**	**520,637**	**-**	**49,901,350**
- Available for sale securities	352,206	42,402,087	-	-	519,777	-	43,274,070
Government debt securities	-	42,402,087	-	-	-	-	42,402,087
Other marketable securities	352,206	-	-	-	519,777	-	871,983
- Held to maturity securities	-	6,626,420	-	-	860	-	6,627,280
Other assets	**486,631**	**-**	**-**	**-**	**-**	**-**	**486,631**
As at 31 December 2010	**8,000,356**	**50,873,444**	**6,521,943**	**11,006,025**	**15,928,954**	**19,735,641**	**112,066,363**

(*) Excluding share certificates and equity securities

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

Geographical Distribution:

	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	**454,533**	**444,378**	**2,514,436**	**49,656**	**3,463,003**
Loans and advances to customers	**72,856,737**	**122,675**	**1,482,258**	**496,257**	**74,957,927**
- Commercial loans	46,210,810	122,675	1,482,258	496,257	48,312,000
- Consumer loans and credit cards	25,236,943	-	-	-	25,236,943
- Financial lease receivables	1,408,984	-	-	-	1,408,984
Trading assets (*)	**150,314**	**-**	**-**	**-**	**150,314**
- Government debt securities	148,337	-	-	-	148,337
- Other marketable securities	1,977	-	-	-	1,977
Trading derivative financial instruments	**336,621**	**6**	**459,782**	**30,302**	**826,711**
Investment securities (*)	**42,523,431**	**-**	**1,221,942**	**40,675**	**43,786,048**
- Available for sale securities	37,698,961	-	1,221,942	40,675	38,961,578
Government debt securities	37,344,703	-	-	-	37,344,703
Other marketable securities	354,258	-	1,221,942	40,675	1,616,875
- Held to maturity securities	4,824,470	-	-	-	4,824,470
Other assets	**735,501**	**-**	**29,412**	**1,632**	**766,545**
As at 31 December 2011	**117,057,137**	**567,059**	**5,707,830**	**618,522**	**123,950,548**

(*) Excluding share certificates and equity securities

	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	**481,956**	**598,929**	**1,301,491**	**41,971**	**2,424,347**
Loans and advances to customers	**56,753,641**	**-**	**1,104,180**	**339,303**	**58,197,124**
- Commercial loans	36,035,817	-	1,104,180	339,303	37,479,300
- Consumer loans and credit cards	19,735,641	-	-	-	19,735,641
- Financial lease receivables	982,183	-	-	-	982,183
Trading assets (*)	**585,870**	**-**	**-**	**-**	**585,870**
- Government debt securities	585,870	-	-	-	585,870
- Other marketable securities	-	-	-	-	-
Trading derivative financial instruments	**168,542**	**1,800**	**285,263**	**15,436**	**471,041**
Investment securities (*)	**49,082,929**	**-**	**818,421**	**-**	**49,901,350**
- Available for sale securities	42,456,509	-	817,561	-	43,274,070
Government debt securities	42,402,087	-	-	-	42,402,087
Other marketable securities	54,422	-	817,561	-	871,983
- Held to maturity securities	6,626,420	-	860	-	6,627,280
Other assets	**458,571**	**-**	**28,060**	**-**	**486,631**
As at 31 December 2010	**107,531,509**	**600,729**	**3,537,415**	**396,710**	**112,066,363**

(*) Excluding share certificates and equity securities

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk

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

(i) Value-at-risk

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

(ii) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in various conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of the Group, include interest rate stress testing. The results of the stress tests are reviewed by the ALCO. As at 31 December 2011 and 2010, 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	**2011**	**2010**	**2011**	**2010**
(+) 1 %	(210,752)	(112,228)	(528,311)	(605,690)
(-) 1 %	212,386	108,512	562,100	701,592

Regulatory reports for market risk in capital adequacy calculations are prepared using standard model. Value at risk results derived from market risk calculations based on standart model for current and previous period are given below:

	31 December 2011			**31 December 2010**		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest rate risk	386,672	384,553	354,310	370,197	420,064	355,151
Share certificate risk	14,301	16,176	10,470	12,679	13,364	2,425
Currency risk	53,771	53,573	42,805	10,539	6,589	8,906
Commodity risk	7,382	27,820	1,105	981	1,086	877
Total amount subject to risk	**462,126**	**482,122**	**408,690**	**394,396**	**441,103**	**367,359**

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.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk

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

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 summarises the Group's assets and liabilities and equity at carrying amounts and derivatives at notional amounts categorised by currency.

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

At 31 December 2011, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL 1.8889 =US$ 1 and TL 2.4439 =EUR 1.

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") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2010					
	Foreign currency					
	EUR	USD	GBP	Other	TL	Total
Cash and due from banks and balances with the Central Bank of Turkey	3,264,467	2,472,700	10,743	82,911	2,690,347	8,521,168
Trading and investment securities	2,704,985	3,685,370	-	-	44,156,003	50,546,358
Derivative financial instruments	-	-	-	-	471,041	471,041
Loans and advances to customers	8,056,645	19,077,925	41,402	73,109	30,948,043	58,197,124
Property, plant and equipment	2,994	1,898	-	-	896,449	901,341
Intangible assets	68	211	-	-	92,852	93,131
Deferred tax assets	-	-	-	-	201,873	201,873
Other assets and pre-payment	40,910	14,234	252	21	667,397	722,814
Total assets	**14,070,069**	**25,252,338**	**52,397**	**156,041**	**80,124,005**	**119,654,850**
Customer deposits	12,089,122	17,061,068	831,701	511,724	52,611,836	83,105,451
Derivative financial instruments	-	-	-	-	750,003	750,003
Interbank money market deposits, funds borrowed and debt securities in issue	4,210,293	8,401,211	5,968	33,291	1,768,667	14,419,430
Income taxes payable	30,095	-	-	-	260,412	290,507
Other liabilities and accrued expenses	131,581	174,737	935	4,187	2,629,552	2,940,992
Deferred tax liability	16,902	-	-	-	-	16,902
Employment benefit obligations	345	-	-	-	71,383	71,728
Equity and non-controlling interest	-	-	-	-	18,059,837	18,059,837
Total liabilities and equity	**16,478,338**	**25,637,016**	**838,604**	**549,202**	**76,151,690**	**119,654,850**
Net balance sheet position	**(2,408,269)**	**(384,678)**	**(786,207)**	**(393,161)**	**3,972,315**	**-**
Off-balance sheet derivative instruments net notional position	**2,625,873**	**452,963**	**787,355**	**398,940**	**(4,063,336)**	**201,795**

At 31 December 2010, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL 1.5376 =US$ 1 and TL 2.0552 =EUR 1.

(e) Interest rate risk

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

The tables below summaries the Group's exposure to interest rate risks at 31 December 2011 and 31 December 2010. Included in the tables are the Group's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

The tables below summarise for effective average interest rates by major currencies for monetary financial instruments at 31 December 2011 and 2010:

	31 December 2011			31 December 2010		
Assets	**USD (%)**	**EUR (%)**	**TL (%)**	**USD (%)**	**EUR (%)**	**TL (%)**
Cash and due from banks:						
-Time deposits in foreign banks	0.08	0.36	-	0.06	0.44	-
-Time deposits in domestic banks	0.45	4.79	11.78	1.05	-	-
-Interbank money market placements	-	-	10.76	-	-	7.12
-Reserve requirements with the Central Bank of Turkey	-	-	-	-	-	-
Trading securities	5.09	4.46	11.09	4.31	4.67	10.06
Loans and advances to customers	4.68	5.10	13.03	3.83	4.40	11.85
Investment securities:						
-Available for sale	4.45	4.62	10.15	4.34	4.68	11.16
-Held to maturity	7.05	7.34	11.11	6.58	7.34	11.16
Liabilities						
Customer deposits and interbank and -Money market deposits	3.25	2.88	8.98	2.47	2.05	7.04
Funds borrowed	2.06	1.99	7.62	2.12	1.83	7.14
Debt securities in issue	3.21	-	10.21	2.85	-	7.28

(f) Liquidity risk

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

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. The ERC sets limits on the key liquidity ratios and funding gap and these limits are closely monitored.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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 2011 and 2010 are represented below;

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
2011	**Foreign currency**	**Foreign currency and TL**	**Foreign currency**	**Foreign currency and TL**
Average (%)	164.5	184.5	95.3	115.8
Maximum (%)	228.3	241.1	106.5	129.0
Minimum (%)	98.2	151.7	86.7	104.8

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
2010	**Foreign currency**	**Foreign currency and TL**	**Foreign currency**	**Foreign currency and TL**
Average (%)	195.6	243.8	96.8	133.5
Maximum (%)	248.2	279.4	112.1	149.5
Minimum (%)	142.7	199.5	81.9	119.6

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

	2011					
	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 and balances with the Central Bank of Turkey	17,339,628	64	2,000	-	-	17,341,692
Trading and investment securities	1,993,872	1,615,339	33,498,802	6,849,305	3,923	43,961,241
Derivative financial instruments	363,477	132,839	141,161	189,234	-	826,711
Loans and advances to customers	24,172,248	16,640,864	25,018,008	9,034,964	91,843	74,957,927
Property and equipment	-	-	-	-	790,661	790,661
Intangible assets	-	-	-	-	102,215	102,215
Deferred income tax assets	-	-	279,095	-	-	279,095
Other assets and pre-payments	848,932	-	-	-	148,707	997,639
Total assets	**44,718,157**	**18,389,106**	**58,939,066**	**16,073,503**	**1,137,349**	**139,257,181**
Customer deposits	85,451,382	6,259,661	904,629	576,420	-	93,192,092
Derivative financial instruments	181,268	189,465	186,950	335,203	-	892,886
Interbank money market deposits funds borrowed and debt securities in issue	6,685,149	8,650,038	6,378,024	1,476,783	-	23,189,994
Income taxes payable	-	108,047	-	-	-	108,047
Other liabilities and accrued Expenses	3,058,610	58,648	71,680	47,805	241,185	3,477,928
Deferred tax liability	-	-	24,757	-	-	24,757
Employment benefit obligations	-	-	-	-	77,611	77,611
Total liabilities	**95,376,409**	**15,265,859**	**7,566,040**	**2,436,211**	**318,796**	**120,963,315**
Net gap as at 31 December 2011	**(50,658,252)**	**3,123,247**	**51,373,026**	**13,637,292**	**818,553**	**18,293,866**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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.

	2010					
	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 and balances with the Central Bank of Turkey	8,521,168	-	-	-	-	8,521,168
Trading and investment securities	1,299,560	10,469,056	32,951,553	5,698,675	127,514	50,546,358
Derivative financial instruments	305,932	34,685	46,449	83,975	-	471,041
Loans and advances to customers	17,902,779	11,091,243	22,668,218	6,534,884	-	58,197,124
Property and equipment	-	-	-	-	901,341	901,341
Intangible assets	-	-	-	-	93,131	93,131
Deferred income tax assets	-	-	201,873	-	-	201,873
Other assets and pre-payments	543,988	-	-	-	178,826	722,814
Total assets	**28,573,427**	**21,594,984**	**55,868,093**	**12,317,534**	**1,300,812**	**119,654,850**
Customer deposits	79,371,496	2,447,456	1,104,302	182,197	-	83,105,451
Derivative financial instruments	63,566	140,199	393,021	153,217	-	750,003
Interbank money market deposits funds borrowed and debt securities in issue	3,689,399	4,510,325	5,328,415	891,291	-	14,419,430
Income taxes payable	-	290,507	-	-	-	290,507
Other liabilities and accrued Expenses	2,453,537	90,044	56,385	59,915	281,111	2,940,992
Deferred tax liability	-	-	16,902	-	-	16,902
Employment benefit obligations	-	-	-	-	71,728	71,728
Total liabilities	**85,577,998**	**7,478,531**	**6,899,025**	**1,286,620**	**352,839**	**101,595,013**
Net gap as at 31 December 2011	**(57,004,571)**	**14,116,453**	**48,969,068**	**11,030,914**	**947,973**	**18,059,837**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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

	2011				
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	72,364,966	13,525,663	6,488,536	989,173	652,889
Funds borrowed and debt securities in issue	2,388,454	3,884,574	9,137,351	7,491,001	1,614,786
Interbank money market deposits	640,869	-	-	-	-
Letter of guarantees (*)	**7,361**	**1,327,047**	**2,964,776**	**4,106,717**	**6,041,982**

(*) Balances of letter of guarantees, which have demand nature due to their callable status are shown according to the contractual maturities.

	2010				
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Customer deposits	65,031,710	14,875,740	2,607,625	1,200,914	216,560
Funds borrowed and debt securities in issue	930,474	2,517,364	4,731,332	5,900,903	919,802
Interbank money market deposits	400,005	-	-	-	-
Letter of guarantees (*)	**14,287**	**412,712**	**1,976,681**	**2,492,450**	**5,445,772**

(*) Balances of letter of guarantees, which have demand nature due to their callable status are shown according to the contractual maturities.

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

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2010					
Derivatives held for trading	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**	**Total**
Foreign exchange derivatives:	279,479	131,668	7,048	(235,955)	5,150	187,390
– Inflow	7,062,685	2,489,043	1,680,328	768,431	190,329	12,190,816
– Outflow	(6,783,206)	(2,357,375)	(1,673,280)	(1,004,386)	(185,179)	(12,003,426)
Interest rate derivatives:	18,513	(21,115)	(1,580)	34,889	(60,827)	(30,120)
– Inflow	27,660	15,164	137,385	524,777	133,847	838,833
– Outflow	(9,147)	(36,279)	(138,965)	(489,888)	(194,674)	(868,953)
Derivatives held for hedging:						
Interest rate derivatives:	(24,215)	(21,290)	(214,576)	(228,806)	(12,761)	(501,648)
– Inflow	13,860	13,665	149,742	150,806	9,239	337,312
– Outflow	(38,075)	(34,955)	(364,318)	(379,612)	(22,000)	(838,960)
Total inflow	**7,104,205**	**2,517,872**	**1,967,455**	**1,444,014**	**333,415**	**13,366,961**
(Total outflow)	**(6,830,428)**	**(2,428,609)**	**(2,176,563)**	**(1,873,886)**	**(401,853)**	**(13,711,339)**

(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 by using the gross income of the Group in 2010, 2009, and 2008 in accordance with the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006. In the scope of "Capital adequacy ratio", the amount subject to operational risk is TL 10,366,918; capital liability of operational risk is TL 829,353, corresponding to 8% of TL 10,366,918.

(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.

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 2011 and 2010:

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2011		2010	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from banks and balances with the Central Bank with Turkey	17,341,692	17,341,692	8,521,168	8,521,168
Loans and advances to customers	74,957,927	74,872,568	58,197,124	60,062,841
Investment securities	43,796,678	43,967,602	49,935,756	50,351,433
Financial liabilities				
Customer deposits	93,192,092	93,174,217	83,105,451	83,253,143
Interbank money market deposits, funds borrowed and debt securities in issue	23,189,994	22,840,295	14,419,430	14,265,972

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 the 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 maturity is the repayable amount at 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.

A discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

(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 27).

(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:

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	162,246	2,317	-	164,563
- Government bonds	119,144	-	-	119,144
- Eurobonds	26,876	-	-	26,876
- Government bonds denominated in foreign currency	-	2,317	-	2,317
- Treasury bills	-	-	-	-
- Share certificates	14,249	-	-	14,249
- Other bonds	1,977	-	-	1,977
Derivative financial instruments	54,569	772,142	-	826,711
Securities available-for-sale	37,167,532	1,794,046	-	38,961,578
- Government bonds	31,786,164	849,004	-	32,635,168
- Eurobonds	4,063,238	-	-	4,063,238
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	646,297	-	646,297
- Mutual funds	186,017	-	-	186,017
- Listed equity securities	-	-	-	-
- Other Bonds	1,132,113	298,745	-	1,430,858
Total assets	**37,384,347**	**2,568,505**	**-**	**39,952,852**
Trading derivative financial instruments	35,946	637,089	-	673,035
Hedging derivative financial instruments	-	219,851	-	219,851
Total liabilities	**35,946**	**856,940**	**-**	**892,886**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	610,602	-	-	610,602
- Government bonds	482,347	-	-	482,347
- Eurobonds	98,457	-	-	98,457
- Government bonds denominated in foreign currency	4,130	-	-	4,130
- Treasury bills	936	-	-	936
- Share certificates	24,732	-	-	24,732
- Other bonds	-	-	-	-
Derivative financial instruments	42,595	428,446	-	471,041
Securities available-for-sale	43,255,005	44,639	-	43,299,644
- Government bonds	38,222,696	-	-	38,222,696
- Eurobonds	3,664,576	139	-	3,664,715
- Treasury bills	46,986	-	-	46,986
- Government bonds denominated in foreign currency	512,329	-	-	512,329
- Mutual funds	68,376	-	-	68,376
- Listed equity securities	25,574	-	-	25,574
- Other Bonds	714,468	44,500	-	758,968
Total assets	**43,908,202**	**473,085**	**-**	**44,381,287**
Trading derivative financial instruments	34,923	405,651	-	440,574
Hedging derivative financial instruments	-	309,429	-	309,429
Total liabilities	**34,923**	**715,080**	**-**	**750,003**

As explained in the Note 2-e, unlisted 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%.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)

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 2011 and 2010 were as follows:

	2011	**2010**
Tier I capital	18,299,791	16,173,438
Tier II capital	649,363	1,344,458
Deductions	(4,964)	(1,396)
Total regulatory capital	18,944,190	17,516,500
Risk-weighted assets (including market and operational risk)	112,817,918	87,878,361
Capital adequacy ratio (%)	**16.79%**	**19.93%**

(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 2011, the Group has custody accounts amounting to TL 32,412,290 in nominal value (2010: TL 26,257,569).

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.

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

(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 19. 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.

(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 SME banking, treasury activities, private banking and international banking. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

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

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

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

Treasury activities are performed by the Treasury Unit. The Treasury Unit trades in TL and foreign currency instruments on a spot and forward basis, in treasury bills, bonds and other domestic securities together with foreign securities with "AAA" rating. The Marketing and Treasury Group carry out marketing activities of treasury and derivative financial products for customers.

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

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

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 5 - SEGMENT REPORTING (Continued)

Segment information at 31 December 2011 and 2010 is as follows:

	31 December 2011						
	Retail banking	**Corporate and SME banking**	**Private banking**	**Treasury activities**	**International banking**	**Other**	**Total**
Segment information regarding the balance sheet:							
Segment assets	30,682,331	51,667,646	1,039,784	48,251,821	2,954,609	1,502,949	136,099,140
Equity securities	-	-	-	-	-	-	10,630
Unallocated assets	-	-	-	-	-	-	3,147,411
Total assets							**139,257,181**
Segment liabilities	44,847,078	21,666,518	12,760,965	27,577,625	9,471,893	1,054,643	117,378,722
Unallocated liabilities	-	-	-	-	-	-	3,584,593
Equity	-	-	-	-	-	-	18,293,866
Total liabilities and equity							**139,257,181**
Segment information regarding the income statement:							
Segment revenue	2,058,094	1,443,495	170,479	1,907,831	52,104	131,959	5,763,962
Segment result	554,203	920,504	125,914	1,585,629	34,008	(18,437)	3,201,821
Dividend income							3,596
Income taxes							(619,812)
Profit for the year	554,203	920,504	125,914	1,585,629	34,008	(634,653)	2,585,605
Other segment items:							
Capital expenditure	83,820	1,982	669	6,013	-	59,413	151,897
Depreciation and amortization	(81,330)	(5,510)	(904)	(931)	(280)	(52,957)	(141,912)
Other non-cash expenses	(182,645)	(305,545)	(2,545)	(152,318)	(6,900)	(12,162)	(662,115)

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 5 - SEGMENT ANALYSIS (Continued)

	31 December 2010						
	Retail banking	Corporate banking	Private banking	Treasury activities	International banking	Other	Total
Segment information regarding the balance sheet:							
Segment assets	22,090,512	38,258,116	686,833	53,675,087	724,014	548,664	115,983,226
Equity securities	-	-	-	-	-	-	8,832
Unallocated assets	-	-	-	-	-	-	3,662,792
Total assets							**119,654,850**
Segment liabilities	40,503,935	20,324,907	9,162,325	17,560,705	10,198,727	598,958	98,349,557
Unallocated liabilities	-	-	-	-	-	-	3,245,456
Equity	-	-	-	-	-	-	18,059,837
Total liabilities and equity							**119,654,850**
Segment information regarding the income statement:							
Segment revenue	2,267,413	1,414,554	139,368	2,327,008	61,136	88,588	6,298,067
Segment result	665,474	902,472	103,774	2,128,519	57,613	(100,931)	3,756,921
Dividend income							1,059
Income taxes							(748,444)
Profit for the year							**3,009,536**
Other segment items:							
Capital expenditure	(194,079)	(5,474)	(2,625)	(4,465)	-	(185,154)	(391,797)
Depreciation and amortization	(73,216)	(4,734)	(759)	(834)	(252)	(48,266)	(128,061)
Other non-cash expenses	(164,155)	(249,296)	(1,353)	(82,004)	(817)	(37,950)	(535,575)

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 6 - CASH AND DUE FROM BANKS AND BALANCES WITH THE CENTRAL BANK OF TURKEY

	2011	**2010**
Cash funds:		
Cash on hand	1,041,148	805,063
Cash in transit	1,664	7,743
Purchased cheques	34	198
	1,042,846	**813,004**
Current accounts and demand deposits:		
Central Bank of Turkey (Note 9)	12,835,843	5,283,817
Foreign banks	1,451,888	1,106,963
Domestic banks	28,508	10,757
	14,316,239	**6,401,537**
Time deposits:		
Foreign banks	1,556,582	835,450
Domestic banks	417,815	457,374
	1,974,397	**1,292,824**
Interbank money market placements	**8,210**	**13,803**
Total cash and due from banks and the balances with the Central Bank of Turkey	**17,341,692**	**8,521,168**

At 31 December 2011, time deposits with domestic banks include securities obtained through agreements to resell (reverse repos) in the amount of TL 8,210 (2010: TL 13,803).

At 31 December 2011, assets pledged as off-shore cash reserve (Note 9), payment accounts in connection with the issue of floating-rate notes (Note 16) and demand and time deposits in foreign banks amount to TL 1,174,124 (2010: TL 729,911) (Note 26).

The effect of changes in the foreign currency rates on the cash and cash equivalents is calculated as TL 392,131 as of 31 December 2011 (2010: TL 53,909).

Cash and cash equivalents included in the statements of cash flows for the year ended 31 December 2011 and 2010 are as follows:

	2011	**2010**
Cash and due from banks excluding accrued interest and blocked accounts	3,330,841	2,506,084
Trading and investment securities with original maturities of less than three months excluding accrued interest	371,733	5,631
	3,702,574	**2,511,715**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 7 - TRADING SECURITIES

The breakdown of trading securities is as follows:

	2011	2010
Government bonds	119,144	482,347
Eurobonds	26,876	98,457
Government bonds denominated in foreign currency	2,317	4,130
Treasury bills	-	936
Share certificates	14,249	24,732
Other	1,977	-
	164,563	**610,602**

There is no security pledged under repurchase agreements with financial institutions (2010: TL (-)).

Trading securities amounting to TL 8,609 (2010: TL 892) have been pledged as collateral with financial institutions.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into the following derivative financial instruments:

"Currency forwards" represent commitments to purchase or to sell foreign or domestic currency, including spot transactions. "Foreign currency futures" are contractual obligations to receive or pay a net amount based on changes in currency rates or to buy or sell foreign currency at a future date at a specified price established in an 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 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") unless otherwise stated.

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 2011 and 31 December 2010 are set out in the following table.

	2011		**2010**	
	Fair values		**Fair values**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives held for trading:				
Currency and interest rate swap purchases and sales	647,922	(502,462)	364,571	(358,698)
Options purchases and sales	71,569	(76,104)	33,985	(34,042)
Currency and interest rate futures purchases and sales	54,569	(35,946)	42,595	(34,923)
Forward currency purchases and sales	52,651	(58,523)	29,890	(12,911)
Derivatives held for hedging:				
Interest rate swap purchases and sales	-	(219,851)	-	(309,429)
Total derivative assets/(liabilities)	**826,711**	**(892,886)**	**471,041**	**(750,003)**

The notional amounts of derivative transactions are explained in detail in Note 27.

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").

	2011	**2010**
The balances with the Central Bank of Turkey:		
- TL	4,226,011	1,784,020
- Foreign currency	8,609,832	3,499,797
	12,835,843	**5,283,817**

The amounts of the reserve requirements are computed on the basis of the liabilities identified and at the rates prescribed in the related regulations.

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1", banks operating in Turkey are required to maintain reserves in CBRT in TL for TL liabilities and in USD or Euro for foreign currency liabilities. With the changes made in the "Communiqué Regarding the Reserve Requirements" during 2011, up to 40% of the reserve requirement for TL liabilities can be held as foreign currency, the reserve requirement for precious metal account in foreign currency liabilities can be held as standard gold and up to 10% of the reserve requirement for foreign currency liabilities can be held as standard gold.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

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

The reserve rates for TL liabilities vary between 5% and 11% for TL deposits and other liabilities according to their maturities as of 31 December 2011 (31 December 2010: 6% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 6% and 11% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2011 (31 December 2010: 11% for all foreign currency liabilities).

The lawsuit opened against CBRT regarding a judgemental difference between the Bank and the CBRT with respect to the reserve requirements for syndication loans borrowed by Malta Branch has been dismissed by Ankara 10th Administrative Court. According to this decision, Bank has been required to maintain additional reserves at CBRT amounting to USD 742 million on average for approximately 3.5 years. This reserve has been started to be maintained at CBRT and it will have no material effect on the financial statements and operations of the Bank. The law suit for the cancellation of the Central Bank's said decision was filed with a motion for stay of execution, while the Adminstrative Court 10th Division has rejected the motion for stay of execution, it is continuing to hear the case on the merits.

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 TL 310,630 as of 31 December 2011 (2010: TL 295,618).

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS

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

	2011	**2010**
Consumer loans	15,590,959	13,129,871
- Mortgage	7,470,948	6,165,764
- General purpose	6,648,192	5,984,181
- Automobile	865,906	804,035
- Other	605,913	175,891
Credit cards	9,924,373	6,784,469
- Retail	9,550,188	6,618,668
- Corporate	374,185	165,801
Corporate, commercial and small business loans	50,138,954	38,800,596
- Export financing loans	4,997,529	2,703,349
- Loans to financial institutions	1,606,307	1,853,554
- Leasing receivables	1,391,576	981,969
- Discount and purchase notes	236,695	541,921
- Project finance loans	10,154,619	8,270,673
- Commercial installment loans	6,163,727	4,100,142
- Other	25,588,501	20,348,988
Performing loans	75,654,286	58,714,936
Impaired loans	1,316,304	1,314,489
Total loans and advances to customers	76,970,590	60,029,425
Provision for impairment	(2,012,663)	(1,832,301)
Net loans and advances to customers	**74,957,927**	**58,197,124**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	2011	**2010**
Gross investment in finance leases	1,649,372	1,170,773
Less: Unearned finance income	(204,151)	(153,949)
Total investment in finance leases	1,445,221	1,016,824
Provision for impairment	(36,237)	(34,641)
Net investment in finance leases	**1,408,984**	**982,183**

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

	2011		**2010**	
Period ending	**Gross investment in finance leases**	**Total investment in finance leases**	**Gross investment in finance leases**	**Total investment in finance leases**
2011	-	-	348,995	309,462
2012	674,777	626,838	275,425	230,884
2013	329,625	275,449	179,866	154,154
2014	216,037	181,028	106,835	91,103
2015	143,160	119,380	72,370	61,682
2016 (*)	285,773	242,526	187,282	169,539
	1,649,372	**1,445,221**	**1,170,773**	**1,016,824**

(*) Balances include the year 2016 and thereafter.

The Group has provided an individual impairment for impaired loans amounting to TL 1,030,775 (2010: TL 1,026,118). As of 31 December 2011 total amount of provision for impairment provided by the Group, which amounts to TL 2,012,663 (2010: 1,832,301) represents the total amount of individual and collective provision on loans and advances.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Movements in the provision for loan losses are as follows:

	2011			
	Commercial loans	**Consumer loans and credit cards**	**Leasing receivables**	**Total**
1 January 2011	**969,340**	**828,320**	**34,641**	**1,832,301**
Additions	309,673	361,624	11,050	682,347
Collections	(152,011)	(207,583)	(9,454)	(369,048)
Write-offs	(48,043)	(84,913)	-	(132,956)
Exchange differences	19	-	-	19
	1,078,978	**897,448**	**36,237**	**2,012,663**

	2010			
	Commercial loans	**Consumer loans and credit cards**	**Leasing receivables**	**Total**
1 January 2010	**1,311,711**	**989,597**	**42,832**	**2,344,140**
Additions	155,700	329,636	6,017	491,353
Collections	(281,563)	(299,305)	(14,208)	(595,076)
Write-offs (*)	(216,450)	(191,608)	-	(408,058)
Exchange differences	(58)	-	-	(58)
	969,340	**828,320**	**34,641**	**1,832,301**

(*) The Bank has sold a portion of non-performing loans portfolio amounting to TL 326,121 to Girişim Varlık Yönetimi A.Ş. with a purchase price of TL 38,500 on 5 January 2010. The sold portion is presented under "Write-offs" in the above table.

Loans and advances to related parties are as follows:

	2011	**2010**
Loans and advances to related parties	1,640,514	951,107
Less: Cash collateral obtained	-	-
Net loans and advances to related parties	**1,640,514**	**951,107**

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

	2011	**2010**
Private sector	75,351,769	58,753,389
Public sector	1,618,821	1,276,036
Total loans and advances to customers	**76,970,590**	**60,029,425**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 11 - INVESTMENT SECURITIES

(a) Securities available-for-sale:

	2011	2010
Debt securities		
- Government bonds	32,635,168	38,222,696
- Eurobonds	4,063,238	3,664,715
- Treasury bills	-	46,986
- Government bonds denominated in foreign currency	646,297	512,329
- Other bonds	1,430,858	758,968
Equity securities		
- Listed	-	25,574
- Unlisted	10,630	8,832
- Mutual Funds	186,017	68,376
Total securities available-for-sale	**38,972,208**	**43,308,476**

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

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

(b) Securities held-to-maturity

	2011	2010
Debt securities		
- Government bonds	3,807,724	5,358,854
- Government bonds denominated in foreign currency	-	270,553
- Eurobonds	1,015,839	997,013
- Other bonds	907	860
Total securities held-to-maturity	**4,824,470**	**6,627,280**

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 11 - INVESTMENT SECURITIES (Continued)

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

	2011	2010
Balance at 1 January	6,627,280	15,839,764
Additions	-	1,051
Valuation effect	21,438	35,096
Redemptions and disposal through sales	(1,996,980)	(9,245,663)
Exchange differences	172,732	(2,968)
Balance at 31 December	**4,824,470**	**6,627,280**

The investment securities amounting to TL 9,112,284 have been pledged as collateral with various institutions at 31 December 2011 (2010: TL 6,686,754) and securities amounting to TL 14,007,640 (2010: TL 12,136,922) are pledged under repurchase agreements.

NOTE 12 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment and vehicles	Constructions in progress	Leasehold improvements	Total
At 31 December 2010					
Cost	816,858	774,409	1,375	95,909	1,688,551
Accumulated depreciation	(205,871)	(531,558)	-	(49,781)	(787,210)
Net book amount	**610,987**	**242,851**	**1,375**	**46,128**	**901,341**
Opening net book amount	610,987	242,851	1,375	46,128	901,341
Additions	3,959	93,694	1,393	12,802	111,848
Disposals	(107,202)	(1,902)	(2,551)	(38)	(111,693)
Depreciation charge (Note 25)	(12,367)	(86,124)	-	(12,344)	(110,835)
Closing net book amount	**495,377**	**248,519**	**217**	**46,548**	**790,661**
At 31 December 2011					
Cost	685,439	803,100	217	108,563	1,597,319
Accumulated depreciation	(190,062)	(554,581)	-	(62,015)	(806,658)
Net book amount	**495,377**	**248,519**	**217**	**46,548**	**790,661**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 12 - PROPERTY AND EQUIPMENT (Continued)

At 31 December 2011, no impairment has been recorded on property and equipment (2010 : (-)).

	Land and buildings	Equipment and vehicles	Constructions in progress	Leasehold improvements	Total
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**
Opening net book amount	494,243	201,688	74,325	35,201	805,457
Additions	132,274	126,448	60,150	23,130	342,002
Disposals	(3,181)	(1,618)	(133,100)	(2,271)	(140,170)
Depreciation charge (Note 25)	(12,349)	(83,667)	-	(9,932)	(105,948)
Closing net book amount	**610,987**	**242,851**	**1,375**	**46,128**	**901,341**
At 31 December 2010					
Cost	816,858	774,409	1,375	95,909	1,688,551
Accumulated depreciation	(205,871)	(531,558)	-	(49,781)	(787,210)
Net book amount	**610,987**	**242,851**	**1,375**	**46,128**	**901,341**

NOTE 13 - INTANGIBLE ASSETS

	2011	2010
Cost	231,796	185,461
Accumulated depreciation	(129,581)	(92,330)
Net book amount	**102,215**	**93,131**

Opening balance at 1 January 2011	93,131	65,449
Disposals	-	-
Additions	40,049	49,795
Charge for the year (net)	(30,965)	(22,113)
Net book amount	**102,215**	**93,131**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 14 - OTHER ASSETS AND PRE-PAYMENTS

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

	2011	2010
Miscellaneous receivables	382,254	284,667
Receivables from cheques in clearance	205,449	196,395
Receivables from credit card payments	170,601	70,769
Pre-payments	120,605	137,032
Fund management fee accruals	6,043	4,396
Other	112,687	29,555
	997,639	**722,814**

NOTE 15 – CUSTOMER DEPOSITS

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

	2011			2010		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	3,903,466	40,858,803	44,762,269	3,827,711	36,955,563	40,783,274
Commercial deposits	5,146,930	19,325,458	24,472,388	4,196,148	17,554,827	21,750,975
Funds deposited under repurchase agreements	-	12,421,275	12,421,275	-	11,397,116	11,397,116
Bank deposits	392,604	9,893,214	10,285,818	192,116	7,493,638	7,685,754
Other	221,410	1,028,932	1,250,342	493,254	995,078	1,488,332
	9,664,410	**83,527,682**	**93,192,092**	**8,709,229**	**74,396,222**	**83,105,451**

At 31 December 2011, deposits of TL 7,708,925 (2010: TL 6,370,538) were from Sabancı Holding Group companies and other related parties. The total interest expense paid to related party deposits is TL 568,318 (2010: TL 457,641) for the year ended 31 December 2011.

NOTE 16 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE

	2011	2010
Interbank money market deposits	**640,869**	**400,005**
Domestic banks		
- TL	183,910	290,385
- Foreign currency	492,428	442,903
Foreign institutions	13,643,408	7,439,370
Funds borrowed	**14,319,746**	**8,172,658**

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

NOTE 16 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE (Continued)

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 2011, there are three outstanding syndicated loan facilities:

First outstanding syndicated loan facility is the two year tranche of the Facility that was signed on 17 August 2010 EUR 204,3 million portion of the two year tranche was raised at an all-in cost of Euribor +1,75% per annum, whereas remaining USD 17,3 million was secured at an all-in cost of Libor+1,75% per annum. Two year facility was provided by 14 international banks with West LB acting as an agent.

Second outstanding syndicated loan facility reached EUR 652,2 million and USD 405,7 million provided by 42 international banks with West LB AG London Branch acting as agent and was signed on March 23, 2011. The facility was raised at an all-in cost of Euribor + 1,10% per annum for the EUR tranche, and Libor + 1,10% per annum for the USD tranche both having a maturity of 1 year.

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

Debt securities in issue

Debt securities consist of USD and TL denominated securities.

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

	2011		**2010**	
	US$ (000)	**TL**	**US$ (000)**	**TL**
2011 (*)	-	-	435,467	669,574
2012 (*)	542,560	1,024,841	533,286	819,980
2013	619,349	1,169,889	583,480	897,160
2014	449,413	848,895	391,549	602,046
2015	1,100,006	2,077,802	1,001,150	1,539,368
2016	187,442	354,060	119,764	184,149
2017	118,837	224,471	72,705	111,791
2018	381,949	721,463	36,353	55,895
Total	**3,399,556**	**6,421,421**	**3,173,754**	**4,879,963**

(*) Repayments include accrued interest payables in the amount

The balance amounting to US$(000) 3,399,556 consists of securitization deals and USD denominated securities issued by the Bank. As of 31 December 2011, the outstanding TL denominated bonds are with the maturity of 6 months and 2 years amounting to TL 1,093,010 and TL 714,948 respectively.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 17 - TAXATION

	2011	2010
Current income taxes expense	642,740	664,138
Deferred taxes income	(22,928)	84,306
Income taxes expense	**619,812**	**748,444**
Income taxes currently payable	202,205	900,109
Prepaid taxes	(94,158)	(609,602)
Income taxes payable	**108,047**	**290,507**

(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 taxes 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.

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.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 17 - TAXATION (Continued)

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 the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and if they find any corrections than the tax amount to be paid might be changed as well.

The movement of current income taxes at 31 December 2011 and 2010 as follows;

	2011	2010
Balance at 1 January	**290,507**	**196,541**
Charge for the year, net	642,740	664,138
Taxes charges to equity	(440,535)	259,586
Less: Taxes paid	(384,665)	(829,758)
	108,047	**290,507**

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

	2011	2010
Profit before income taxes and minority interest	3,205,417	3,757,980
Theoretical tax charge at the applicable tax rate 20%	641,083	751,596
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income exempt from taxation	(56,948)	(43,275)
Non-deductible expenses	35,677	40,123
	619,812	**748,444**

(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% (2010: 20%).

The movement of deferred income taxes at 31 December 2011 and 2010 as follows;

	2011	2010
Deferred tax asset, net at 1 January	**184,971**	**269,965**
Deferred income tax recognized in income statement	22,928	(84,306)
Deferred income tax recognized in equity	46,439	(688)
Deferred tax asset/(liability), net at December 31	**254,338**	**184,971**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 17 - TAXATION (Continued)

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	**Deferred income tax temporary differences**		**Assets/(liabilities)**	
	2011	**2010**	**2011**	**2010**
Temporary differences on financial instruments	(1,192,274)	(742,546)	238,948	149,888
Employment benefit obligations	(77,611)	(71,728)	15,374	14,633
Other temporary differences	(220,617)	(298,800)	44,989	62,592
Gross deferred income assets			**299,311**	**227,113**
Reversal of country risk provision	85,513	67,647	(27,216)	(19,628)
Difference between carrying value and tax base of property and equipment	88,785	112,569	(17,757)	(22,514)
Gross deferred income liabilities			**(44,973)**	**(42,142)**
			254,338	**184,971**
Net deferred income tax assets			**279,095**	**201,873**
Net deferred income tax liabilities			**24,757**	**16,902**

NOTE 18 - OTHER LIABILITIES AND ACCRUED EXPENSES

As at 31 December 2011, principal components of the other liabilities are payables 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.

Payables to point of sale acquiring merchants include 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 2011, payables to point of sale acquiring merchants of TL 202,781 (2010: TL 123,174) were from Sabancı Holding Group companies and other related parties.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 19 - EMPLOYMENT BENEFIT OBLIGATIONS

	2011	2010
Balance sheet obligations for:		
- Reserve for employment termination benefits	42,456	39,496
- Accrual for unused vacation	35,155	32,232
- Post-employment benefits (pension and medical)	-	-
	77,611	**71,728**

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 2011 and 2010.

	2011	2010
Income statement charge for:		
- Post-employment benefits (pension and medical)	(99,060)	(87,125)
- Reserve for employment termination benefits	(15,250)	(8,951)
- Accrual for unused vacation	(2,923)	(3,951)
	(117,233)	**(100,027)**

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 25).

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

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

	2011	2010
Present value of funded obligations	(604,794)	(424,002)
- Pension benefits transferrable to SSI	(854,018)	(760,219)
- Post-employment medical benefits transferrable to SSI (*)	406,898	421,554
- Other non-transferrable benefits	(157,674)	(85,337)
Fair value of plan assets	927,186	886,244
Surplus	**322,392**	**462,242**

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

NOTE 19 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

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

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

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

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. The transfer should be completed until 8 May 2013.

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.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 19 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

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

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 TL 157,674 (2010: TL 85,337), the surplus of the Fund amounts to TL 322,392 as of 31 December 2011 (2010: TL 462,242).

The principal actuarial assumptions used were as follows:

	2011 (%)	**2010 (%)**
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 (*)	4.16	4.66

(*)For the year 2011, It is representing the average rate calculated by considering each individual remaining retirement year.

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.

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

	2011	**2010**
Beginning of year	**886,244**	**854,181**
Actual return on plan assets	106,249	98,310
Employer contributions	99,060	87,125
Employee contributions	85,010	76,612
Benefits paid	(249,377)	(229,984)
End of year	**927,186**	**886,244**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 19 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Plan assets are comprised as follows:

	2011		2010	
Bank placements	652,018	70%	793,085	89%
Premises and equipment	30,580	3%	31,288	4%
Securities	222,516	24%	52,981	6%
Other	22,072	3%	8,890	1%
End of year	**927,186**	**100%**	**886,244**	**100%**

(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, who dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 2,731.85 in full TL amount (2010: 2,517.00 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.

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:

	2011	2010
Discount rate (%)	4.70	4.66
Turnover rate to estimate the probability of retirement (%)	93.57	93.46

Additionally, the principal actuarial assumption is that the maximum liability of TL 2,623.23 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 TL 2,805.04 in full TL amount (1 January 2011: TL 2,623.23 in full TL amount), effective from 1 January 2012, has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 19 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

	2011	2010
1 January	39,496	30,545
Increase during the year	15,250	18,553
Paid during the year	(12,290)	(9,602)
End of year	**42,456**	**39,496**

NOTE 20 - SHARE CAPITAL

The historic amount of share capital of the Group is TL 4,000,000 (2010: TL 4,000,000) and consists of TL 400,000,000,000 (2010: TL 400,000,000,000) authorized shares with a nominal value of Kr 1 each.

At 31 December 2011 and 2010, the issued and fully paid-in share capital held is as follows:

	Audited 30 December 2011		Audited 31 December 2010	
	Share (%)	**TL**	**Share (%)**	**TL**
Total Sabancı Group, affiliated companies and family	48.99	1,959,523	51.16	2,046,647
Citibank Overseas Investment Corporation	20.00	800,000	20.00	800,000
Other	31.01	1,240,477	28.84	1,153,353
Historical share capital	100.00	4,000,000	100.00	4,000,000
Adjustment to share capital	-	1,534,393	-	1,534,393
Total paid-in share capital		**5,534,393**		**5,534,393**

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

For the year ending 31 December 2011, the Bank has paid dividend payment in cash with respect to 2010 net distributable profit after the transfer of first and legal reserves amounting to TL 570,620 (TL 0.0014 per share).

For the year ending 31 December 2010, the Bank has paid dividend payment in cash with respect to 2009 net distributable profit after the transfer of first and legal reserves amounting to TL 540,600 (TL 0.0018 per share).

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 21 - 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%.

NOTE 22 - NET INTEREST INCOME

	2011	2010
Interest income on:		
Loans and advances to customers	5,332,485	4,344,995
Investment and trading securities	4,057,835	4,501,680
Deposits with banks	56,672	122,401
Other interest income	26,653	25,414
Total interest income	**9,473,645**	**8,994,490**

	2011	2010
Interest expense on:		
Deposits	4,707,268	4,233,453
Funds borrowed and debt securities in issue	549,892	257,004
Interbank money market deposits	28,479	27,979
Other interest expenses	36,277	45,136
Total interest expense	**5,321,916**	**4,563,572**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 23 - NET FEE AND COMMISSION INCOME

	2011	2010
Fee and commission income on:		
Credit cards	984,643	783,376
Retail and commercial banking operations	341,306	269,155
Mutual fund management fee (Note 28)	124,882	158,972
Insurance intermediary	95,863	73,297
Non-cash loans	70,491	62,801
Money transfers	58,346	56,241
Brokerage commission	51,677	55,939
Other	188,513	122,917
	1,915,721	**1,582,698**
Fee and commission expense on:		
Credit cards	(226,008)	(180,444)
Other	(47,968)	(33,511)
	(273,976)	**(213,955)**
Net fee and commission income	**1,641,745**	**1,368,743**

NOTE 24 - NET TRADING INCOME/(LOSS)

	2011	2010
Derivative financial instruments	(590,694)	(443,086)
Trading and available for sale securities	437,329	471,290
	(153,365)	**28,204**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 25 - OPERATING EXPENSES

	2011	**2010**
Employee costs	1,007,702	931,240
Credit card and banking services	347,111	406,665
Legal expenses	90,547	110,022
Depreciation charges of property and equipment (Note 12)	110,835	105,948
Marketing and advertisement expenses	86,556	120,488
Computer maintenance and support expenses	104,492	116,608
Communication expenses	107,601	92,794
Saving deposits insurance fund	79,039	68,207
Sundry taxes and duties	132,563	106,610
Provision for general possible risks	-	25,000
Heating, lighting and water expenses	41,065	38,431
Amortisation of other intangible assets (Note 13)	30,965	22,113
Repair and maintenance expenses	20,772	22,068
Stationery expenses	11,733	9,655
Other	387,564	364,238
	2,558,545	**2,540,087**

Post-employment benefits (pension and medical) paid, reserve for employment termination benefit and accrual for unused vacation rights for the year ended 31 December 2011 which amounts to TL 99,060 (2010: TL 87,125) and TL 5,883 (2010: 12,902), respectively are included in the employee costs.

NOTE 26 - ASSETS PLEDGED

	2011		**2010**	
	Assets	**Related liability**	**Assets**	**Related liability**
Balances with the Central Bank of Turkey (*)	12,834,024	87,738,672	5,278,709	73,308,547
Balances with other banks (Note 6)(**)	1,174,124	18,411,587	729,911	18,124,132
Trading securities (Note 7)				
- repurchase agreements	-	-	-	-
- other legal requirements	8,609	-	892	-
Investment securities (Note 11)				
- available-for-sale				
- repurchase agreements	13,258,228	11,702,290	11,320,252	10,583,069
- other legal requirements	5,398,650	-	5,813,064	-
- held-to-maturity				
- repurchase agreements	749,412	718,985	816,670	814,047
- other legal requirements	3,713,634	-	873,690	-
Total	**37,136,681**	**118,571,534**	**24,833,188**	**102,829,795**

(*) Assets pledged in the Central Bank of Turkey are pledged for the Group's reserve requirement including interest income accruals.

(**) Assets pledged in the balances with other banks include the reserve requirement of Malta Branch including interest income accruals (Note 6).

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 27 - 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 2011 there are a number of legal proceedings outstanding against the Group, for which a provision of TL 3,254 (2010: TL 27,920) has been made.

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

(b) Commitments under derivative instruments:

The breakdown of notional amounts of derivative transactions at 31 December 2011 and 2010 is as follows:

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

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 27 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

	2010					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	375,880	835,528	26,366	53,885	159,184	1,450,843
Swap transactions	7,567,828	5,877,318	846,049	402,921	383,768	15,077,884
- Currency rate swaps	4,269,332	3,108,682	846,049	402,921	284,185	8,911,169
- Interest rate swaps	3,298,496	2,768,636	-	-	99,583	6,166,715
Spot transactions	399,357	73,285	-	10,318	94,981	577,941
Option transactions	2,011,909	1,252,649	63,210	20,880	1,372,373	4,721,021
Future transactions	1,015	-	-	-	-	1,015
Other Derivative Instruments	12,023	-	-	-	58,155	70,178
Derivatives held for hedging:						
Swap transactions	**-**	**-**	**-**	**-**	**2,545,000**	**2,545,000**
- Interest rate swaps	-	-	-	-	2,545,000	2,545,000
Total purchases	**10,368,012**	**8,038,780**	**935,625**	**488,004**	**4,613,461**	**24,443,882**
Derivatives held for trading:						
Currency forward transactions	526,167	389,001	16,209	50,673	459,179	1,441,229
Swap transactions	7,159,623	3,512,074	65,018	14,394	4,113,269	14,864,378
- Currency rate swaps	3,861,127	743,438	65,018	14,394	4,013,686	8,697,663
- Interest rate swaps	3,298,496	2,768,636	-	-	99,583	6,166,715
Spot transactions	167,230	261,659	3,833	3,117	143,765	579,604
Option transactions	2,050,006	1,250,173	63,210	20,880	1,334,232	4,718,501
Future transactions	-	-	-	-	989	989
Other Derivative Instruments	12,023	-	-	-	80,363	92,386
Derivatives held for hedging:						
Swap transactions	-	-	-	-	2,545,000	2,545,000
- Interest rate swaps	-	-	-	-	2,545,000	2,545,000
Total sales	**9,915,049**	**5,412,907**	**148,270**	**89,064**	**8,676,797**	**24,242,087**
Off-balance sheet net notional position (Note 3)	**452,963**	**2,625,873**	**787,355**	**398,940**	**(4,063,336)**	**201,795**

The above table 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") unless otherwise stated.

NOTE 27 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

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

	2011			2010		
	TL	Foreign currency	Total	TL	Foreign currency	Total
Currency forward purchases	-	53,067	53,067	-	118,804	118,804
Currency forward sales	(7,088)	(48,117)	(55,205)	(48,583)	(70,633)	(119,216)
Currency swap purchases	-	143,661	143,661	-	-	-
Currency swap sales	(142,325)	-	(142,325)	-	-	-
Interest rate swap purchases	-	1,021,663	1,021,663	-	915,312	915,312
Interest rate swap sales	-	(1,021,663)	(1,021,663)	-	(915,312)	(915,312)
Option purchases	855,280	304,608	1,159,888	29,078	33,710	62,788
Option sales	(827,718)	(332,071)	(1,159,789)	(54,213)	(219,599)	(273,812)
Spot purchases	84,948	2,833	87,781	3,869	40,800	44,669
Spot sales	(2,820)	(85,945)	(88,765)	-	(44,669)	(44,669)
Net position	**(39,723)**	**38,036**	**(1,687)**	**(69,849)**	**(141,587)**	**(211,436)**

(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") unless otherwise stated.

NOTE 27 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

The following table shows the outstanding credit related commitments of the Group at 31 December 2011 and 2010:

	2011			2010		
	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	355,077	4,506,245	4,861,322	315,212	3,735,099	4,050,311
- Foreign currency	181,309	3,921,343	4,102,652	140,266	2,371,809	2,512,075
Acceptance credits						
- Turkish lira	-	15	15	1,231	496	1,727
- Foreign currency	81,337	39,399	120,736	58,177	9,860	68,037
Letter of credit						
- Turkish lira	901	1,328	2,229	-	13,105	13,105
- Foreign currency	3,008,191	1,061,008	4,069,199	1,695,008	1,038,249	2,733,257
Other guarantees						
- Turkish lira	262,100	384,339	646,439	-	528,991	528,991
- Foreign currency	410,269	235,022	645,291	193,786	240,613	434,399
	4,299,184	**10,148,699**	**14,447,883**	**2,403,680**	**7,938,222**	**10,341,902**

Included in the letters of guarantee and acceptance credits are guarantees amounting to TL 455,978 (2010: TL 397,262) for related parties at 31 December 2011.

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

	2011	**2010**
Financial institutions	2,441,661	1,325,295
Electricity, gas, water	499,700	618,055
Chemicals	1,697,487	1,213,418
Small-scale retailers	1,157,593	875,521
Construction	1,967,869	1,389,535
Steel and mining	1,128,046	971,050
Wholesaling	1,170,445	783,254
Automotive	656,505	438,156
Other manufacturing	318,340	437,076
Food and beverage	350,733	292,303
Electronics	252,812	211,897
Textile	357,229	262,132
Transportation	144,319	134,093
Agriculture and forestry	84,201	152,835
Tourism	76,028	71,063
Telecommunications	171,443	176,748
Other	1,973,472	989,471
	14,447,883	**10,341,902**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 28 - MUTUAL FUNDS

At 31 December 2011, the Group manages 40 (2010: 33) mutual funds and 19 (2010: 18) mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 31 December 2011, the Funds' investment portfolio includes government bonds, treasury bills and share certificates amounting to TL 6,951,505 (2010: TL 6,667,917). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0.0000274% to 0.0001000%. At 31 December 2011, management fees earned by the Group amounted to TL 124,882 (2010: TL 158,972).

NOTE 29 - RELATED PARTY TRANSACTIONS

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

(a) Balances with related parties:

	2011	2010
Loans and receivables, net	1,640,514	951,107
Finance lease receivables	3,097	6,223
Total Assets	**1,643,611**	**957,330**
Customer Deposit	7,708,925	6,370,538
Total Liabilities	**7,708,925**	**6,370,538**
Credit related commitments	455,978	397,262
Commitment under derivative instruments (*)	4,757,261	2,405,244
Total Commitments and contingent liabilities	**5,213,239**	**2,802,506**

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

As at 31 December 2011, the Group has repurchase commitments amounting to TL 23,127 (2010: TL 37,911) with Sabancı Holding Group companies and other related parties.

(b) Transactions with related parties:

	2011	2010
Interest income on loans	76,168	49,995
Interest income	**76,168**	**49,995**
Interest expense on deposits (Note 15)	568,318	457,641
Interest expense	**568,318**	**457,641**

(Amounts expressed in thousands of Turkish lira ("TL") unless otherwise stated.

NOTE 29 - RELATED PARTY TRANSACTIONS (Continued)

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

	Audited 31 December 2011	Audited 31 December 2010
Customer Deposit	875,303	768,897
Total due to customers	**875,303**	**768,897**

Key management personnel of the bank

For the period ended 31 December 2011, total remuneration of the senior management and Board of Directors of the Bank amounted to TL 24,441 (2010: TL 23,092).

As at 31 December 2011 and 2010, other balances with directors and other key management personnel are immaterial.

NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

According to the Board of Director's meeting dated 16 January 2012, it has been decided to increase the Bank's registered capital ceiling from TL 5,000,000 to TL 8,000,000. In line with this decision, it is decided to make amendment in the 9th clause of the Bank's articles of association and authorize the General Management to make necessary applications by the competent authority. The Capital Market Board and Banking Regulation and Supervision Agency have approved the proposed amendment.

The Bank has signed a financial advisory agreement with Ak Yatırım Menkul Değerler A.Ş., in order to assess the strategic alternatives about the Ak B Tipi Yatırım Ortaklığı A.Ş., 70.04% direct subsidiary of the Bank. According to the Board of Director's meeting dated 14 February 2012, regarding the sales alternatives of the Bank's shares in the Ak B Tipi Yatırım Ortaklığı A.Ş., it has been decided to authorize the General Management to make necessary procedures. Within this content, the Bank has signed a letter of intent with a Company for the assignment of 12,686,676 units of A and B type of shares.

The Bank has applied to the Capital Markets Boards of Turkey in order to issue bonds or similar borrowing instruments in foreign markets amounting to USD 1.5 billion in USD and/or other foreign currencies.

The Bank has issued 178 day maturity bond with 11.24% simple interest rate at the amount of TL 260 million with the redemption date of 16 July 2012.

The Bank has issued 1,116 day maturity bond with quarterly floating interest rate and monthly coupon payments at the amount of TL 390 million with the redemption date of 9 February 2015. First, second and third coupon rates of the bond will be 0.96% (each coupon).

According to the Board of Director's meeting dated 27 January 2012; it is decided to held the Bank's General Assembly Meeting at 14:00 on Friday in 30 March 2012 at Sabancı Center 4.Levent/İstanbul.