AKBANK T.A.Ş.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Akbank T.A.Ş. and its subsidiaries ("the Group") as at 30 June 2013, comprising of interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard 34, *"Interim financial reporting"* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Basis for qualified conclusion

The accompanying consolidated financial statements as at 30 June 2013 include an unallocated reserve amounting to TL 175,000 thousands and deferred tax effect amounting to TL 35,000 thousands provided by the Bank management for the possible results of the circumstances; which may arise from any changes in the economy and market conditions.

Conclusion

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM
Partner

29 August 2013
İstanbul, Turkey

AKBANK T.A.Ş.

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

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

	Notes	Unaudited 30 June 2013	Audited 31 December 2012
ASSETS			
Cash and due from banks and balances with the Central Bank of Turkey	6	19,194,814	19,853,524
Trading securities	7	112,026	32,978
Derivative financial instruments	8	932,376	537,674
Loans and advances to customers	9	105,396,841	93,159,950
Investment securities:			
- Available-for-sale	10	45,002,654	42,625,475
- Held-to-maturity	10	2,116,790	3,637,468
Property and equipment	11	780,264	799,903
Intangible assets	11	97,142	113,757
Deferred income tax assets		431,745	173,220
Current tax asset		71,306	-
Other assets and pre-payments		1,343,786	1,504,318
Total assets		**175,479,744**	**162,438,267**
LIABILITIES			
Customer deposits	12	123,507,210	110,402,166
Interbank money market deposits	13	255,843	407,551
Derivative financial instruments	8	830,046	1,212,784
Funds borrowed	13	13,416,247	12,615,756
Debt securities in issue	13	10,960,648	9,596,758
Income taxes payable		15,475	427,993
Other liabilities and accrued expenses		4,732,684	4,928,552
Employment benefit obligations	14	116,836	101,741
Deferred tax liabilities		27,539	27,561
Total liabilities		**153,862,528**	**139,720,862**
EQUITY			
Capital and reserves attributable to the equity holders of the parent:			
- Share capital	15	4,000,000	4,000,000
- Adjustment to share capital	15	1,529,151	1,529,151
Total paid-in share capital	15	5,529,151	5,529,151
Share premium		1,709,098	1,709,098
Translation reserve		188,121	135,806
Other reserves		(1,096,713)	1,400,894
Retained earnings		15,287,484	13,942,383
		21,617,141	**22,717,332**
Non-controlling interest		75	73
Total equity		**21,617,216**	**22,717,405**
Total liabilities and equity		**175,479,744**	**162,438,267**

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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

	Notes	Unaudited 30 June 2013	Unaudited 30 June 2012
Interest income		5,652,901	5,706,208
Interest expense		(2,482,907)	(3,293,958)
Net interest income		**3,169,994**	**2,412,250**
Fee and commission income	16	1,296,193	1,037,913
Fee and commission expense	16	(133,661)	(166,683)
Net fee and commission income		**1,162,532**	**871,230**
Impairment losses on loans and credit related commitments, net	9	(679,471)	(351,411)
Foreign exchange gains and losses, net		82,833	(13,308)
Trading gains and losses, net		602,468	(132,284)
Dividend income		4,970	726
Other operating income		109,177	105,483
Operating income		**4,452,503**	**2,892,686**
Operating expenses	17	(2,016,040)	(1,457,480)
Profit before income taxes		**2,436,463**	**1,435,206**
Income taxes			
Current		(592,707)	(393,698)
Deferred		72,017	104,782
Profit for the period		**1,915,773**	**1,146,290**
Attributable to:			
Equity holders of the Group		1,915,771	1,145,535
Non controlling interest		2	755
		1,915,773	**1,146,290**
Basic and diluted earnings per share (expressed in TL, full amount, per share)	4	0,0048	0,0029

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

AKBANK T.A.Ş.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated. All other currencies are also expressed in thousands)

	Unaudited 30 June 2013	**Unaudited 30 June 2012**
Net profit for the period	**1,915,773**	**1,146,290**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Net (loss) gain on available for sale financial assets	(2,444,923)	1,343,942
Foreign exchange differences on translation of foreign operations	52,315	(155,953)
Gain/(Loss) from cash flow hedges (effective part of fair value changes)	45,095	(46,452)
Gain/(Loss) from net foreign investment hedges (effective part of exchange difference on borrowings)	(28,645)	146,809
Tax related to gains and losses recognized directly in equity (*)	485,695	(288,860)
	(1,890,463)	**999,486**
Available for sale financial assets, net of tax	(588,927)	(442,655)
Cash flow hedges, net of tax	39,685	38,203
Other, net of taxes	(5,587)	(79)
Net gains/losses transferred to income statement	**(554,829)**	**(404,531)**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(2,445,292)**	**594,955**
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**-**	**-**
Other comprehensive income net of tax	**(2,445,292)**	**594,955**
Total comprehensive income, net of tax	**(529,519)**	**1,741,245**
Attributable to:		
Equity holders of the Group	(529,521)	1,740,490
Non-controlling interest	2	755

(*) Tax effects of additions to marketable securities valuation differences from available for sale financial assets, gain/(loss) from cash flow hedge (effective part of fair value changes), gain/(loss) from net foreign investment hedge (effective part of exchange difference on borrowings) amount to TL 488,985, TL (9,019) and TL 5,729 respectively (30 June 2012: TL (268,788), TL 9,290 and TL (29,362)).

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

AKBANK T.A.Ş.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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

	Attributable to equity holders of the Group									
	Share capital									
	Share capital	**Adjustment to share capital**	**Total paid-in share capital**	**Share premium**	**Translation reserve**	**AFS reserves**	**Hedge reserves**	**Retained earnings**	**Non controlling interest**	**Total**
Balance at 1 January 2012	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**270,882**	**(163,311)**	**(347,532)**	**11,280,544**	**9,762**	**18,293,866**
Effect of a subsidiary consolidated in 2012	-	-	-	-	-	-	-	-	-	-
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Net unrealised market value gains(losses) from AFS portfolio	-	-	-	-	-	1,075,152	-	-	-	1,075,152
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(442,655)	-	-	-	(442,655)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio	-	-	-	-	-	(79)	-	-	-	(79)
Cash flow hedges, net of tax	-	-	-	-	-	-	1,043	-	-	1,043
Translation reserve	-	-	-	-	(155,953)	-	-	-	-	(155,953)
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-	-	-	117,447	-	-	117,447
Other comprehensive income (expense)	-	-	-	-	(155,953)	632,418	118,490	-	-	594,955
Profit for the period	-	-	-	-	-	-	-	1,145,535	755	1,146,290
Total comprehensive income for the period	-	-	-	-	(155,953)	632,418	118,490	1,145,535	755	1,741,245
Dividends paid	-	-	-	-	-	-	-	(418,595)	(43)	(418,638)
Balance at 30 June 2012	**4,000,000**	**1,534,393**	**5,534,393**	**1,709,128**	**114,929**	**469,107**	**(229,042)**	**12,007,484**	**10,474**	**19,616,473**
Balance at 1 January 2013	**4,000,000**	**1,529,151**	**5,529,151**	**1,709,098**	**135,806**	**1,673,778**	**(272,884)**	**13,942,383**	**73**	**22,717,405**
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Net unrealised market value gains(losses) from AFS portfolio	-	-	-	-	-	(1,955,938)	-	-	-	(1,955,938)
Net gains on AFS portfolio transferred to the income statement	-	-	-	-	-	(588,927)	-	-	-	(588,927)
Net gains and losses recycled to the income statement due to transfer of AFS into held-to-maturity portfolio	-	-	-	-	-	(5,587)	-	-	-	(5,587)
Cash flow hedges, net of tax	-	-	-	-	-	-	75,761	-	-	75,761
Translation reserve	-	-	-	-	52,315	-	-	-	-	52,315
Gains on hedges of a net investment in a foreign operation, net of tax	-	-	-	-	-	-	(22,916)	-	-	(22,916)
Other comprehensive income (expense)	-	-	-	-	52,315	(2,550,452)	52,845	-	-	(2,445,292)
Profit for the period	-	-	-	-	-	-	-	1,915,771	2	1,915,773
Total comprehensive income for the period	-	-	-	-	52,315	(2,550,452)	52,845	1,915,771	2	(529,519)
Dividends paid	-	-	-	-	-	-	-	(570,670)	-	(570,670)
Balance at 30 June 2013	**4,000,000**	**1,529,151**	**5,529,151**	**1,709,098**	**188,121**	**(876,674)**	**(220,039)**	**15,287,484**	**75**	**21,617,216**

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

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

	Notes	Unaudited 30 June 2013	Unaudited 30 June 2012
Cash flows from operating activities:			
Profit before income tax		2,436,463	1,435,206
Non cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	17	61,070	56,898
Amortisation of intangible assets	17	20,781	19,300
Provision for loan losses	9	397,858	257,262
Employment termination benefits and other short-term employee benefits	14	15,095	4,856
Gain on derivative financial instruments		(777,440)	398,322
Interest accrual*		582,792	687,327
Other non cash items		(446,460)	72,868
Operating profit before changes in operating assets and liabilities		**1,124,575**	**2,932,039**
Net increase in reserve requirements with the Central Bank of Turkey and restricted cash		543,939	5,140,761
Net increase/decrease in loans and advances to customers		(12,570,161)	(8,945,189)
Net increase/decrease in trading securities		(79,502)	26,056
Net increase/decrease in other assets and prepayments		17,920	5,793
Net increase in other liabilities and accrued expenses		(229,018)	72,027
Net increase/decrease in customer deposits and interbank money market deposits		12,812,833	5,034,891
Taxes paid		(487,944)	(405,217)
Net cash from operating activities		**(8,067)**	**929,122**
Cash flows from/(used in) investing activities:			
Purchase of property and equipment	11	(130,076)	(34,353)
Proceeds from property and equipment		88,645	1,697
Purchase of other intangible assets, net	11	(4,166)	(29,354)
Proceeds from investment securities		22,725,953	17,764,692
Purchase of investment securities		(25,690,978)	(19,823,652)
Net cash used in investing activities		**(3,010,622)**	**(2,120,970)**
Cash flows from financing activities:			
Proceeds from borrowed funds and debt securities in issue		10,406,486	8,676,308
Payments of borrowed funds and debt securities in issue		(8,302,320)	(10,449,562)
Dividends paid to equity holders	15	(570,670)	(418,638)
Net cash (used in)/from financing activities		**1,533,496**	**(2,191,892)**
Effect of exchange rates on cash and cash equivalents		**229,713**	**(153,743)**
Net increase/(decrease) in cash and cash equivalents		**(114,771)**	**(605,444)**
Cash and cash equivalents at the beginning of the period	**6**	**4,072,442**	**3,702,574**
Cash and cash equivalents at the end of the period	**6**	**3,957,671**	**3,097,130**

(*) Interest paid is amounting to TL (2,273,758) (2012: TL (3,148,146), interest received is amounting to TL 4,869,391 (2012: TL 6,262,488).

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

NOTE 1 - PRINCIPAL ACTIVITIES

Akbank T.A.Ş. ("the Bank" or "Akbank" or together with its subsidiaries referred to as "the Group" in these consolidated financial statements) was formed in 1948 and is a member of the Sabancı Group of companies which is incorporated and domiciled in Turkey. The Bank's head offices are located at Sabancı Center 4. Levent Istanbul/Turkey. As of 30 June 2013, the Bank has 965 branches dispersed throughout the country and 1 branch operating outside the country (2012: 961 branches and 1 branch operating outside the country). As at 30 June 2013, the Group employed 16.677 people (2012: 16.515 people). In addition to regular banking operations, the Group also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. The Group's operations are carried out substantially in one geographical segment (Turkey) and in business segments including retail banking, corporate banking, commercial banking and SME banking, private banking, treasury activities, international banking and other activities through its subsidiaries (i.e. leasing, brokerage and portfolio management).

The Bank's shares have been quoted on the Borsa İstanbul (''BIST'', previously named Istanbul Stock Exchange (ISE)) since 1990. In April 1998, 4.03% of the outstanding share capital of the Bank, was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipt ("ADR"). As of 30 June 2013, approximately 41 % of the shares are publicly traded, including the ADRs (2012: 41%).

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

The consolidated financial statements as at and for the period ended 30 June 2013 have been approved for issue on 29 August 2013 by S. Hakan Binbaşgil, the Chief Executive Officer and by Atıl Özus, the Chief Financial Officer of Akbank T.A.Ş..

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2013 have been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2012.

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Bank maintains its books of accounts and prepares its statutory financial statements in accordance with the Banking Law and the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, which refers to Turkish Accounting Standards and Turkish Financial Reporting Standards issued by the Turkish Accounting Standards Board (with its new corporate name Public Oversight Accounting and Auditing Standards Authority "POAASA") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and other relevant rules promulgated by the Turkish Commercial Code, Capital Markets Board and Tax Regulations. The subsidiaries maintain their books of accounts based on statutory rules and regulations applicable in their jurisdictions. The accompanying financial statements are derived from statutory financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

Changes in accounting policy and disclosures:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. 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 2013 are as follows:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related arrangements (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to IAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to IAS 32 but are subject to an enforceable master netting agreement or similar agreement. The amendment affects disclosures only and did not have any impact on the interim condensed consolidated financial statements of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 now have to be presented separately from items which will never be reclassified. The amendment affected presentation only and had no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, and recognizing actuarial gain/(loss) under other comprehensive income for defined benefit plans and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This amendment did not have a material impact on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an 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 amendment did not have an impact on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

IFRS10, 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 amendment did not have an impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

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 did not have an impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Group did not provide this disclosure in the interim period.

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. The new disclosures are only required for periods beginning after IFRS 13 is adopted. The application of IFRS 13 has not materially impacted the FV measurements carried out by the Group. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed consolidated financial statements according to IAS 34.16 A (j). The Group has presented these disclosures in Note 5 (i) and Note 5 (j).

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

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. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

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

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12

Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have an impact on the interim consolidated financial statements of the Group.

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:

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

IAS 34 Interim Financial Reporting:

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

Standards issued but not yet effective and not early adopted

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

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. 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amendment on financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. This amendment has not yet been endorsed by the EU. The amendments will not have any impact on the financial position or performance of the Group.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. This interpretation 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.

Amendments to IAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. This amendment has not yet been endorsed by the EU. This amendment is related with disclosure presentation; accordingly it will not have an effect on the financial position or performance of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. This amendment has not yet been endorsed by the EU. The amendment 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. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and offbalance 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 statements of financial position.

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 AG, Akbank (Dubai) Limited together with Ak Receivables Corporation and A.R.T.S. Ltd., both of which are "Special Purpose Entities" in which the Bank has no equity interest, but has 100% controlling power 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.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ak Portföy Yonetimi A.Ş was established at 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş., pension funds of AvivaSa Emeklilik ve Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

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

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

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.

		Shareholding %	
Name of subsidiary	**Country of incorporation**	**2013**	**2012**
Ak Yatırım Menkul Değ. A.Ş.	Turkey	100.00	99.80
Akbank AG	Germany	100.00	100.00
Ak Finansal Kiralama A.Ş.	Turkey	99.99	99.99
Akbank (Dubai) Limited	The United Arab Emirates	100.00	100.00
Ak Portföy Yönetimi A.Ş.	Turkey	100.00	99.99
A.R.T.S. Ltd.	Jersey, Channel Islands	-	-
Ak Receivable Corporation	Cayman Islands	-	-

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Group companies

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

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

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

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

(d) Derivative financial instruments and hedge accounting

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

(i) Fair Value and Cash flow hedges

Prospective tests are performed regularly at the inception of the hedge relationship and both prospective and retrospective tests are performed at each reporting period-end regularly by using “Dollar off-set method”. In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of IAS 39.

When the hedging instrument is expired, executed, sold, revoked 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 in cash flow hedges are transferred to profit or loss when the cash flows of the hedged item are realized,

- Adjustments made to the carrying amount of the hedged item in FV hedges are amortized to profit and loss over the remaining term of the original hedge with straight line method for portfolio hedges or with effective interest rate method for micro hedges

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hedge relationship is ceased when the hedged item is derecognized and fair value adjustments made to the carrying amount of hedged item is accounted in income statement.

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

(ii) 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 "Hedge reserves" account under shareholders' equity. As of June 30, 2013 the amount of fair value hedge applied to hedge the foreign currency risk arising from share premium and paid-in capital of Akbank AG is EUR 170 million. As of June 30, 2013 the amount of TL (106,720) is accounted under hedge reserves as an investment hedge reserve.

(iii) Derivatives that do not qualify for hedge accounting

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

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

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

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

(e) Investment securities

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. At 30 June 2013, the Group has not classified any financial asset as financial assets designated at fair value through profit or loss.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

(h) Sale and repurchase agreements

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

(i) Fee and commission income and expenses

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

(j) Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Once a financial

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(k) Related parties

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

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

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

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

(l) Financial liabilities

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Accounting for leases

(i) A group company is the lessee

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

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

(ii) A group company is the lessor

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

(n) Provisions

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

(o) Offsetting

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

(p) Cash and cash equivalents

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Segment reporting

An operating segment is a component of an entity:

(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and,

(iii) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

(s) Comparatives

Where necessary, certain reclassifications are performed on comparative figures of prior year consolidated income statement, consolidated statement of income and expenses accounted under consolidated shareholders' equity, consolidated cash flow statement and related footnotes to conform to changes in presentation of the consolidated financial statements in current period. There are no reclassifications made on the face of the financial statements.

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

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

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

NOTE 4 - EARNINGS PER SHARE

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

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

There is no bonus share issuance as at 30 June 2013 (31 December 2012: None).

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

	Unaudited 30 June 2013	Unaudited 30 June 2012
Profit attributable to equity holders of the Group	1,915,771	1,145,535
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)	**0,0048**	**0,0029**

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

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 consolidated statements of financial position, 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 maximize net interest income.

(b) Credit risk

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

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

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

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

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

The Bank's credit risk measurement techniques and 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.

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

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

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (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

The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no 28034 on 23 August 2011 through applying interest rate shock method to on and off balance sheet positions.

As of 30 June 2013 and 31 December 2012, 500 bp shock and 200bp shock are applied for Turkish Lira and foreign currency for the assessment of the changes in the fair value of balance sheet items which are subject to calculation.

		30.06.2013		31.12.2012	
Currency	Applied Shock (+/- x basis points)	Gains/Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity	Gains/Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TRY	-400	2,916,760	12,73%	2,171,947	9,53%
TRY	500	(3,019,348)	(13,18%)	(2,283,194)	(10,02%)
USD	-200	844,965	3,69%	680,741	2,99%
USD	200	(712,272)	(3,11%)	(461,521)	(2,03%)
EURO	-200	322,111	1,41%	154,670	0,68%
EURO	200	(410,237)	(1,79%)	(228,395)	(1,00%)
Total (for negative shocks)		**4,083,836**	**17,83%**	**3.007.358**	**13,20%**
Total (for positive shocks)		**(4,141,857)**	**(18,08%)**	**(2,973,110)**	**(13,05%)**

(d) Currency risk

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

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

	Unaudited 30 June 2013					
	Foreign currency					
	EUR	**USD**	**GBP**	**Other(*)**	**TL**	**Total**
Cash and due from banks and balances with the Central Bank of Turkey	5,116,837	7,889,332	55,520	1,803,696	4,329,429	19,194,814
Trading and investment securities	4,163,179	9,897,199	-	-	33,171,092	47,231,470
Derivative financial instruments	-	-	-	-	932,376	932,376
Loans and advances to customers	13,734,444	27,768,099	31,805	31,303	63,831,190	105,396,841
Property, plant and equipment	827	1,843	-	-	777,594	780,264
Intangible assets	279	45	-	-	96,818	97,142
Current tax asset	-	-	-	-	71,306	71,306
Deferred tax assets	2,184	-	-	-	429,561	431,745
Other assets and pre-payment	63,978	43,275	609	891	1,235,033	1,343,786
Total assets	**23,081,728**	**45,599,793**	**87,934**	**1,835,890**	**104,874,399**	**175,479,744**
Customer deposits	19,004,248	38,503,626	916,406	3,244,698	61,838,232	123,507,210
Derivative financial instruments	-	-	-	-	830,046	830,046
Interbank money market deposits, funds borrowed and debt securities in issue	6,173,980	14,441,333	600	16,974	3,999,851	24,632,738
Income taxes payable	14,987	-	-	-	488	15,475
Other liabilities and accrued expenses	315,430	218,350	3,408	15,071	4,180,425	4,732,684
Employment benefit obligations	168	-	-	-	116,668	116,836
Deferred tax liability	25.395	-	-	-	2.144	27.539
Equity and non-controlling interest	-	-	-	-	21,617,216	21,617,216
Total liabilities and equity	**25,534,208**	**53,163,309**	**920,414**	**3,276,743**	**92,585,070**	**175,479,744**
Net balance sheet position	**(2,452,480)**	**(7,563,516)**	**(832,480)**	**(1,440,853)**	**12,289,329**	**-**
Off-balance sheet derivative instruments net notional position	**2,904,056**	**6,525,153**	**829,355**	**1,426,189**	**(11,463,772)**	**220,981**

(*) TL 1,713,286 (31 December 2012: TL 2,249,568), TL 1,825,479 (31 December 2012: TL 1,461,202) and TL 42,523 (31 December 2012: TL 29,865) are in gold indexed assets, liabilities and off balance sheet items respectively.

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

At 30 June 2013, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL 1,9248 =US$ 1 (31 December 2012: TL 1.7776 = US$ 1) and TL 2,5137 =EUR 1 (31 December 2012: TL 2.3452 =EUR 1).

	Audited 31 December 2012					
	Foreign currency					
	EUR	USD	GBP	Other	TL	Total
Cash and due from banks and balances with the Central Bank of Turkey	4,999,329	8,716,707	20,170	2,331,815	3,785,503	19,853,524
Trading and investment securities	3,749,474	8,524,923	-	-	34,021,524	46,295,921
Derivative financial instruments	-	-	-	-	537,674	537,674
Loans and advances to customers	11,749,793	25,168,459	29,018	42,698	56,169,982	93,159,950
Property, plant and equipment	851	1,854	-	-	797,198	799,903
Intangible assets	321	74	-	-	113,362	113,757
Deferred tax assets	4,183	-	-	-	169,037	173,220
Other assets and pre-payment	52,636	37,309	77	58	1,414,238	1,504,318
Total assets	**20,556,587**	**42,449,326**	**49,265**	**2,374,571**	**97,008,518**	**162,438,267**
Customer deposits	15,229,185	32,701,101	899,240	2,121,709	59,450,931	110,402,166
Derivative financial instruments	-	-	-	-	1,212,784	1,212,784
Interbank money market deposits, funds borrowed and debt securities in issue	5,857,076	13,336,979	839	21,328	3,403,843	22,620,065
Income taxes payable	13,237	1,362	-	-	413,394	427,993
Other liabilities and accrued expenses	162,398	417,104	1,610	6,888	4,340,552	4,928,552
Deferred tax liability	27,561	-	-	-	-	27,561
Employment benefit obligations	202	-	-	-	101,539	101,741
Equity and non-controlling interest	-	-	-	-	22,717,405	22,717,405
Total liabilities and equity	**21,289,659**	**46,456,546**	**901,689**	**2,149,925**	**91,640,448**	**162,438,267**
Net balance sheet position	**(733,072)**	**(4,007,220)**	**(852,424)**	**224,646**	**5,368,070**	**-**
Off-balance sheet derivative instruments net notional position	**1,069,473**	**4,865,958**	**848,635**	**(250,985)**	**(6,721,363)**	**(188,282)**

(e) Interest rate risk

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

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The tables below summaries the Group's exposure to interest rate risks at 30 June 2013 and 31 December 2012. Included in the tables are the Group's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

	Unaudited 30 June 2013					
	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	1,077,764	-	-	-	18,117,050	19,194,814
Trading and investment securities	12,682,827	15,595,588	8,544,209	10,069,696	339,150	47,231,470
Derivative financial instruments	462,147	409,955	22,414	37,860	-	932,376
Loans and advances to customers	51,085,250	26,185,750	23,781,702	4,252,608	91,531	105,396,841
Property, plant and equipment	-	-	-	-	780,264	780,264
Intangible assets	-	-	-	-	97,142	97,142
Current tax asset	-	-	-	-	71,306	71,306
Deferred tax assets	-	-	-	-	431,745	431,745
Other assets and pre-payments	509,875	-	-	-	833,911	1,343,786
Total assets	**65,817,863**	**42,191,293**	**32,348,325**	**14,360,164**	**20,762,099**	**175,479,744**
Customer deposits	84,845,750	17,103,305	2,909,852	3,492,131	15,156,172	123,507,210
Interbank money market deposits, funds borrowed and debt securities in issue	15,316,241	2,612,325	5,702,395	1,001,777	-	24,632,738
Derivative financial instruments	373,713	390,965	32,741	32,627	-	830,046
Income taxes payable	-	-	-	-	15,475	15,475
Other liabilities and accrued expenses	84,971	77,069	164,073	36,961	4,369,610	4,732,684
Employment benefit obligations	-	-	-	-	116,836	116,836
Deferred tax liability	-	-	-	-	27,539	27,539
Total liabilities	**100,620,675**	**20,183,664**	**8,809,061**	**4,563,496**	**19,685,632**	**153,862,528**
Net repricing period gap	**(34,802,812)**	**22,007,629**	**23,539,264**	**9,796,668**	**1,076,467**	**21,617,216**
Off-balance sheet derivative instruments net notional position	**3,666,157**	**(402,582)**	**(1,644,223)**	**(1,441,975)**	**-**	**177,377**

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

	Audited 31 December 2012					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
Cash and due from banks and balances with the Central Bank of Turkey	1,324,161	62,243	-	-	18,467,120	19,853,524
Trading and investment securities	15,143,504	13,286,218	7,836,510	9,759,900	269,789	46,295,921
Derivative financial instruments	146,698	336,666	43,155	11,155	-	537,674
Loans and advances to customers	49,510,542	21,405,989	19,113,744	3,038,033	91,642	93,159,950
Property, plant and equipment	-	-	-	-	799,903	799,903
Intangible assets	-	-	-	-	113,757	113,757
Deferred income tax assets	-	-	-	-	173,220	173,220
Other assets and pre-payments	334,309	-	-	-	1,170,009	1,504,318
Total assets	**66,459,214**	**35,091,116**	**26,993,409**	**12,809,088**	**21,085,440**	**162,438,267**
Customer deposits	81,842,912	10,257,507	2,309,104	2,939,038	13,053,605	110,402,166
Interbank money market deposits, funds borrowed and debt securities in issue	12,853,286	4,807,912	3,304,095	1,654,772	-	22,620,065
Derivative financial instruments	750,188	419,798	31,725	11,073	-	1,212,784
Income taxes payable	-	-	-	-	427,993	427,993
Other liabilities and accrued expenses	74,055	69,908	149,384	37,798	4,597,407	4,928,552
Employment benefit obligations	-	-	-	-	101,741	101,741
Deferred tax liability	-	-	-	-	27,561	27,561
Total liabilities	**95,520,441**	**15,555,125**	**5,794,308**	**4,642,681**	**18,208,307**	**139,720,862**
Net repricing period gap	**(29,061,227)**	**19,535,991**	**21,199,101**	**8,166,407**	**2,877,133**	**22,717,405**
Off-balance sheet derivative instruments net notional position	**5,735,853**	**1,294,523**	**(3,593,644)**	**(3,623,479)**	**-**	**(186,747)**

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The tables below summarize the effective average interest rates by major currencies for monetary financial instruments at 30 June 2013 and 31 December 2012:

	Unaudited 30 June 2013			Audited 31 December 2012		
Assets	**USD (%)**	**EUR (%)**	**TL (%)**	**USD (%)**	**EUR (%)**	**TL (%)**
Cash and due from banks:						
Time deposits in foreign banks	0.25	0.12	-	0.26	0.38	-
Time deposits in domestic banks	1.86	1.03	8.05	0.48	-	11.60
Interbank money market placements			-	-	-	-
Reserve requirements with the Central Bank of Turkey	-	-	-	-	-	-
Trading securities	3.99	2.89	8.45	3.93	2.89	9.78
Loans and advances to customers	4.84	4.35	11.09	4.91	4.44	12.77
Investment securities:						
Available for sale	3.29	3.34	9.09	3.68	4.42	9.97
Held to maturity	-	-	9.17	-	-	9.56
Liabilities						
Customer deposits and interbank and Money market deposits	1.71	1.65	5.31	2.04	1.95	6.39
Funds borrowed	1.75	1.24	6.64	2.21	1.44	7.63
Debt securities in issue	3.93	-	6.91	3.63	-	7.53

(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.

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NOTE 5 - FINANCIAL RISK MANAGEMENT (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%.

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

	Unaudited 30 June 2013						
	Demand	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	18,117,050	1,077,764	-	-	-	-	19,194,814
Trading and Investmens securities	335,227	1,496,512	12,902,208	15,486,705	17,006,895	3,923	47,231,470
Derivative financial instruments	-	245,232	197,042	224,924	265,178	-	932,376
Reserve requirements with the Central Bank of Turkey	-	-	-	-	-	-	-
Loans and advances to customers	-	33,463,609	21,191,993	33,453,394	17,196,313	91,532	105,396,841
Property and Equipment	-	-	-	-	-	780,264	780,264
Intangible assets	-	-	-	-	-	97,142	97,142
Current tax asset	-	-	71,306	-	-	-	71,306
Deferred tax asset	-	-	-	431,745	-	-	431,745
Other asset and pre-payments	255,450	765,808	-	-	-	322,528	1,343,786
Total Assets	**18,707,727**	**37,048,925**	**34,362,549**	**49,596,768**	**34,468,386**	**1,295,389**	**175,479,744**
Customer deposits	15,976,425	84,025,498	17,103,305	2,909,852	3,492,130	-	123,507,210
Derivative financial instruments	-	103,831	163,648	211,245	351,322	-	830,046
Interbank money market deposits, funds borrowed and debt in issue	-	7,889,308	5,903,021	9,642,648	1,197,761	-	24,632,738
Income Taxes Payable	-	-	15,475	-	-	-	15,475
Other liabilities and accrued expenses	195,986	3,668,152	142,581	164,074	36,961	524,930	4,732,684
Deferred Tax Liability	-	-	-	27,539	-	-	27,539
Reserve for employment termination benefits	-	-	-	-	-	116,836	116,836
Total Liabilities	**16,172,411**	**95,686,789**	**23,328,030**	**12,955,358**	**5,078,174**	**641,766**	**153,862,528**
Net Liquidity Gap	**2,535,316**	**(58,637,864)**	**11,034,519**	**36,641,410**	**29,390,212**	**653,623**	**21,617,216**

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

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

within the "up to three months" column as the majority of liabilities to which these balances relate are also included in this category.

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

	Unaudited 30 June 2013					
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**	**Total**
Customer deposits	82.166.426	18.169.376	17,326,391	3.706.908	3,843,694	**125.212.795**
Funds borrowed and debt securities in issue	2.445.291	6.109.410	6,322,417	10.748.136	1,344,565	**26.969.819**
Interbank money market deposits	124.318	133.115	-	-	-	**257.433**
Total	**84.736.035**	**24.411.901**	**23.648.808**	**14.455.044**	**5,188,259**	**152,440,047**
Letter of guarantees (*)	64,405	268,487	7,075,272	4,840,046	9,561,573	21,809,783

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

	Audited 31 December 2012					
Liabilities	**Up to 1 month and demand**	**1-3 months**	**3-12 months**	**1-5 years**	**5 years and over**	**Total**
Customer deposits	84,964,420	10,808,347	10,420,707	2,572,273	3,163,495	**111,929,242**
Funds borrowed and debt securities in issue	1,129,543	4,328,042	8,632,952	7,867,483	2,250,498	**24,208,518**
Interbank money market deposits	407,551	-	-	-	-	**407,551**
Total	**86,501,514**	**15,136,389**	**19,053,659**	**10,439,756**	**5,413,993**	**136,545,311**
Letter of guarantees (*)	10,262	284,249	4,654,492	4,666,866	9,053,818	18,669,687

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

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Unaudited 30 June 2013					
	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivatives held for trading	**2,654,767**	**(153,590)**	**345,173**	**(3,099,749)**	**(531,202)**	**(784,601)**
Foreign exchange derivatives:	2,662,470	(131,498)	376,356	(2,928,319)	(505,735)	(526,726)
– Inflow	15,667,429	3,950,196	8,139,231	10,767,858	624,568	39,149,282
– Outflow	(13,004,959)	(4,081,694)	(7,762,875)	(13,696,177)	(1,130,303)	(39,676,008)
Interest rate derivatives:	(7,703)	(22,092)	(31,183)	(171,430)	(25,467)	(257,875)
– Inflow	13,567	36,801	211,703	899,554	282,267	1,443,892
– Outflow	(21,270)	(58,893)	(242,886)	(1,070,984)	(307,734)	(1,701,767)
Derivatives held for hedging:	**-**	**1,711**	**13,040**	**2,977**	**(46,553)**	**(28,825)**
Foreign exchange derivatives:	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives:	-	1,711	13,040	2,977	(46,553)	(28,825)
– Inflow	-	12,589	44,060	226,594	141,621	424,864
– Outflow	-	(10,878)	(31,020)	(223,617)	(188,174)	(453,689)
Total inflow	**15,680,996**	**3,999,586**	**8,394,994**	**11,894,006**	**1,048,456**	**41,018,038**
Total outflow	**(13,026,229)**	**(4,151,465)**	**(8,036,781)**	**(14,990,778)**	**(1,626,211)**	**(41,831,464)**

	Audited 31 December 2012					
Derivatives held for trading	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Foreign exchange derivatives:	1,115,581	496,683	3,531	(1,515,405)	(79,596)	20,794
– Inflow	11,890,775	6,850,592	4,726,248	2,284,426	-	25,752,041
– Outflow	(10,775,194)	(6,353,909)	(4,722,717)	(3,799,831)	(79,596)	(25,731,247)
Interest rate derivatives:	(3,975)	7,065	21,946	157,561	5,057	187,654
– Inflow	1,992	30,234	98,271	369,440	292,546	792,483
– Outflow	(5,967)	(23,169)	(76,325)	(211,879)	(287,489)	(604,829)
Derivatives held for hedging:						
Foreign exchange derivatives:	(21,771)	(4,327)	(189,437)	(761,526)	(80,508)	(1,057,569)
– Inflow	3,948	985	8,488	2,784,589	565,730	3,363,740
– Outflow	(25,719)	(5,312)	(197,925)	(3,546,115)	(646,238)	(4,421,309)
Interest rate derivatives:	-	(18,744)	(99,099)	(329,607)	3,541	(443,909)
– Inflow	-	30,743	165,847	551,853	243,279	991,722
– Outflow	-	(49,487)	(264,946)	(881,460)	(239,738)	(1,435,631)
Total inflow	**11,896,715**	**6,912,554**	**4,998,854**	**5,990,308**	**1,101,555**	**30,899,986**
(Total outflow)	**(10,806,880)**	**(6,431,877)**	**(5,261,913)**	**(8,439,285)**	**(1,253,061)**	**(32,193,016)**

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NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

(g) Operational risk

The "Basic Indicator Method" is used in the operational risk calculation of the Bank. The amount subject to the operational risk is calculated by using the gross income of the Bank in 2012, 2011, and 2010 in accordance with part 4 "Calculation of the Amount Subject to Operational Risk" of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006.

(h) Fiduciary activities

The Group provides custody services to third parties which involve the Group in the making of allocation, purchase and sale decisions. Assets held in a fiduciary capacity are not included in these financial statements. At 30 June 2013, the Group has custody accounts amounting to TL 46,830,587 in nominal value (31 December 2012: TL 35,182,904).

(i) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (ie an exit price).

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 statements of financial position at their fair values at 30 June 2013 and 31 December 2012:

	2013		2012	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and due from banks and balances with the Central Bank with Turkey	19,194,814	19,194,814	19,853,524	19,853,524
Loans and advances to customers	105,396,841	107,511,002	93,159,950	97,179,213
Investment securities (Held to Maturity)	2,116,790	2,122,492	3,637,468	3,702,205
Financial liabilities				
Customer deposits	123,507,210	123,295,893	110,402,166	110,448,874
Interbank money market deposits, funds borrowed and debt securities in issue	24,632,738	24,788,317	22,620,065	22,946,841

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

The following methods and assumptions were used to estimate the fair value of the Group's financial instruments that are carried at amortized cost:

(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, interbank money market deposits, funds borrowed and debt securities in issue is based on discounted cash flows using current interest rate yield curve appropriate for the remaining term to maturity and credit spreads

(j) 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. 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.

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

NOTE 5 - FINANCIAL RISK MANAGEMENT (Continued)

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

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	112,026	-	-	112,026
- Government bonds	7,676	-	-	7,676
- Eurobonds	2,169	-	-	2,169
- Government bonds denominated in foreign currency	-	-	-	-
- Treasury bills	-	-	-	-
- Share certificates	84,028	-	-	84,028
- Other bonds	18,153	-	-	18,153
Derivative financial instruments -trading	66,501	865,875	-	932,376
Securities available-for-sale	43,300,576	1,687,010	-	44,987,586
- Government bonds	30,839,655	-	-	30,839,655
- Eurobonds	11,354,060	-	-	11,354,060
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	-	-	-
- Mutual funds	240,053	-	-	240,053
- Listed equity securities	-	-	-	-
- Other Bonds	866,808	1,687,010	-	2,553,818
Total assets	**43,479,103**	**2,552,885**	**-**	**46,031,988**
Trading derivative financial instruments	31,600	752,953	-	784,553
Hedging derivative financial instruments	-	45,493	-	45,493
Total liabilities	**31,600**	**798,446**	**-**	**830,046**

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	32,978	-	-	32,978
- Government bonds	7,495	-	-	7,495
- Eurobonds	2,969	-	-	2,969
- Government bonds denominated in foreign currency	-	-	-	-
- Treasury bills	-	-	-	-
- Share certificates	18,825	-	-	18,825
- Other bonds	3,689	-	-	3,689
Derivative financial instruments -trading	50,529	487,145	-	537,674
Securities available-for-sale	42,158,207	455,428	-	42,613,635
- Government bonds	40,284,410	-	-	40,284,410
- Eurobonds	-	-	-	-
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	-	-	-
- Mutual funds	239,122	-	-	239,122
- Listed equity securities	-	-	-	-
- Other Bonds	1,634,675	455,428	-	2,090,103
Total assets	**42,241,714**	**942,573**	**-**	**43,184,287**
Trading derivative financial instruments	48,065	505,874	-	553,939
Hedging derivative financial instruments	-	658,845	-	658,845
Total liabilities	**48,065**	**1,164,719**	**-**	**1,212,784**

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.

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

NOTE 6 - CASH AND DUE FROM BANKS

Cash and due from banks comprises as follows:

	Unaudited 30 June 2013	Audited 31 December 2012
Cash funds:		
Cash on hand	1,295,031	1,420,127
Cash in transit	187,053	678
Purchased cheques	77	45
	1,482,161	**1,420,850**
Current accounts and demand deposits:		
Central Bank of Turkey	13,994,535	15,242,002
Foreign banks	2,639,440	1,802,990
Domestic banks	915	4,902
	16,634,890	**17,049,894**
Time deposits:		
Foreign banks	518,556	860,811
Domestic banks	559,207	521,969
	1,077,763	**1,382,780**
Interbank money market placements	**-**	**-**
Total cash and due from banks and the balances with the Central Bank of Turkey	**19,194,814**	**19,853,524**

Cash and cash equivalents included in the statements of cash flows for the six-month period ended 30 June 2013 and 30 June 2012 are as follows:

	Unaudited 30 June 2013	Unaudited 30 June 2012
Cash and due from banks excluding accrued interest	2,873,770	2,628,686
Trading and investment securities with original maturities of less than three months excluding accrued interest	1,083,901	468,444
	3,957,671	**3,097,130**

The Bank has been required to maintain additional reserves at CBRT amounting to USD 742 million on average for approximately 3.5 years regarding a judgmental difference between the Bank and the CBRT with respect to the reserve requirements for syndication loans borrowed by Malta Branch. Significant amount of this reserve has been maintained at CBRT and the remaining part will have no material effect on the Bank's profitability, financial positions and operations of the Bank. The lawsuit for the cancellation of the Central Bank's said decision was filed with a motion for stay of execution. The 10th Division of the Administrative Court has rejected the motion for stay of execution. It is continuing to hear the case on the merits.

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

NOTE 7 - TRADING SECURITIES

The breakdown of trading securities is as follows:

	Unaudited 30 June 2013	Audited 31 December 2012
Government bonds	7,676	7,495
Eurobonds	2,169	2,969
		-
Share certificates	84,028	18,825
Other	18,153	3,689
	112,026	**32,978**

Trading securities amounting to TL 2,271 (31 December 2012: TL 1,157) have been pledged as collateral to financial institutions and there are no trading securities pledged under repurchase agreements.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into the following derivative financial instruments:

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

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

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

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

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the consolidated statements of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held at 30 June 2013 and 31 December 2012 are set out in the following table.

	30 June 2013 Fair values		31 December 2012 Fair values	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives held for trading:				
Currency and interest rate swap purchases and sales	613,366	(545,023)	402,628	(406,342)
Options purchases and sales	193,640	(170,094)	54,988	(61,841)
Currency and interest rate futures purchases and sales	66,777	(31,600)	50,637	(48,065)
Forward currency purchases and sales	58,593	(37,836)	29,421	(37,691)
Derivatives held for hedging:				
Currency and interest rate swap purchases and sales	-	(45,493)	-	(658,845)
Total derivative assets/(liabilities)	**932,376**	**(830,046)**	**537,674**	**(1,212,784)**

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

(i) Fair Value Hedge Transactions:

- Hedge designation for certain part of the Bank's fixed rate TL denominated available for sale government bonds against fair value risk arising from the fluctuations in the market interest rates and certain part of its foreign currency denominated borrowings from the fluctuations in the foreign exchange rates with cross currency swaps has been revoked.

- Hedge designation for certain part of its fixed rate TL denominated mortgage portfolio against fair value risk arising from the fluctuations in the market interest rates and certain part of its foreign currency denominated borrowings from the fluctuations in the foreign exchange rates with cross currency swaps has been revoked.

- The Bank hedges certain part of its foreign currency denominated, fixed-rate issued securities against fair value changes stemming from changes in market interest rates with interest rate swaps. As of June 30, 2013 fair value hedge transactions have been proven to be effective. As of 30 June 2013, decrease in the fair value from the beginning of the hedge designation amounts to TL 28,416.

(ii) Cash Flow Hedge Transactions:

- Hedge designation against cash flow risk arising from floating rate TL repo transactions with interest rate swap transactions has been revoked.
- Hedge designation against cash flow risk arising from floating rate FC repo transactions with interest rate swap transactions has been revoked.

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

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

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS

	30 June 2013	31 December 2012
Consumer loans	**25,512,302**	**20,944,097**
- Mortgage	12,214,601	9,753,833
- General purpose	11,550,002	9,523,841
- Automobile	1,008,927	998,906
- Other	738,772	667,517
Credit cards	**14,927,740**	**13,624,378**
- Retail	13,811,697	12,884,495
- Corporate	1,116,043	739,883
Corporate, commercial and small business loans	**66,322,486**	**59,687,991**
- Export financing loans	4,891,815	5,281,677
- Loans to financial institutions	1,801,106	1,766,924
- Leasing receivables	2,596,184	1,989,067
- Discount and purchase notes	-	-
- Project finance loans	13,805,457	10,879,839
- Commercial installment loans	6,689,107	6,650,734
- Other	36,538,816	33,119,750
Performing loans	106,762,527	94,256,466
Impaired loans	1,281,569	1,152,882
Total loans and advances to customers	108,044,096	95,409,348
Provision for impairment	(2,647,255)	(2,249,398)
Net loans and advances to customers	**105,396,841**	**93,159,950**

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

	30 June 2013	31 December 2012
Gross investment in finance leases	3,056,121	2,351,586
Less: Unearned finance income	(406,712)	(325,093)
Total investment in finance leases	2,649,409	2,026,493
Provision for impairment	(30,168)	(25,295)
Net investment in finance leases	**2,619,241**	**2,001,198**

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

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	30 June 2013		31 December 2012	
Period ending	Gross investment in finance leases	Total investment in finance leases	Gross investment in finance leases	Total investment in finance leases
2013	835,210	786,301	871,230	777,762
2014	644,718	524,965	447,417	369,572
2015	494,349	409,003	342,369	285,926
2016	374,933	318,076	246,773	210,051
2017	245,011	207,479	156,371	131,697
2018(*)	461,900	403,585	287,426	251,485
	3,056,121	**2,649,409**	**2,351,586**	**2,026,493**

(*) Balances include the year 2018 and after.

Movements in the provision for loan losses are as follows:

	Unaudited 30 June 2013	Unaudited 30 June 2012
Balance at beginning of period	2,249,398	2,012,663
- Charge for the period/year	874,155	495,328
- Recoveries	(194,684)	(143,917)
Net provision for the period	679,471	351,411
Written-off	(281,614)	(94,140)
Exchange differences	-	(9)
Balance at the end of period	**2,647,255**	**2,269,925**

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

NOTE 10 - INVESTMENT SECURITIES

(a) Securities available-for-sale

	30 June 2013	31 December 2012
Debt securities		
- Government bonds	30,839,655	30,254,483
- Eurobonds	11,354,060	10,017,219
- Other bonds	2,553,818	2,102,811
Equity securities		
- Unlisted	15,068	11,840
- Mutual Funds	240,053	239,122
Total securities available-for-sale	**45,002,654**	**42,625,475**

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

The Bank has Consumer Price Index (''CPI'') linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. Bank determines the estimated inflation rates in line with this. In this context, as of 30 June 2013, valuation of such assets is made according to estimated annual inflation rate of 6.5 %. If valuation of these securities indexed to the CPI had been done by the reference index valid through 30 June 2013, the Bank's equity securities valuation differences would decrease by TL 83 million, net profit would increase by TL 85 million and be TL 2,001 million.

(b) Securities held-to-maturity

	30 June 2013	31 December 2012
Debt securities		
- Government bonds	2,116,790	3,637,468
- Eurobonds	-	-
- Other bonds	-	-
Total securities held-to-maturity	**2,116,790**	**3,637,468**

Investment securities amounting to TL 8,145,891 have been pledged as collateral to various institutions at 30 June 2013 (2012: TL 9,671,660) and securities amounting to TL 30,568,190 (2012: TL 23,455,699) are pledged under repurchase agreements.

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

NOTE 10 - INVESTMENT SECURITIES (continued)

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the six months period ended 30 June 2013 amounts to TL 47,626 (30 June 2012: TL 63,483).

The cost of tangible and intangible assets sold during the six months period ended 30 June 2013 amounts to TL 88,645 (30 June 2012: TL 1,697).

NOTE 12 - CUSTOMER DEPOSITS

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

	30 June 2013			31 December 2012		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	7,519,136	43,621,834	51,140,970	6,355,668	41,716,837	48,072,505
Commercial deposits	7,847,933	23,642,115	31,490,047	6,080,447	22,511,693	28,592,140
Funds deposited under repurchase agreements	-	26,844,332	26,844,332	-	19,713,878	19,713,878
Bank deposits	248,644	10,654,769	10,903,413	323,569	10,426,884	10,750,453
Other	360,712	2,767,735	3,128,447	830,280	2,442,910	3,273,190
	15,976,425	**107,530,785**	**123,507,210**	**13,589,964**	**96,812,202**	**110,402,166**

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

	30 June 2013	**31 December 2012**
Interbank money market deposits	**255,843**	**407,551**
Domestic banks		
- TL	314,717	313,579
- Foreign currency	366,732	305,751
Foreign institutions	12,734,798	11,996,426
Funds borrowed	**13,416,247**	**12,615,756**

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

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

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

As of 30 June 2013, Akbank has two outstanding syndicated loan facilities.

With the first syndicated loan facility signed on 16 August 2012; the Bank raised EUR 857 million and USD 450 million from 46 international banks with Libor/Euribor+1,35% for 1 year tenor.

On 21 March 2013 the Bank signed the second syndicated loan facility and raised an amount of EUR 790 million and USD 348 million from 44 international banks. The loan consists of two tranches with maturities of 1 year and 2 years. Applicable cost for 1 year was Libor/Euribor+1,00% and Libor/Euribor+1,25% for the 2 year.

Debt securities in issue

Debt securities consist of USD and TL denominated securities.

The balance amounting to US$(000) 4,007,903 consists of securitization deals and USD denominated securities issued by the Bank. The repayment schedule of the total USD denominated notes in issue is as follows:

	30 June 2013		31 December 2012	
	US$ (000)	TL	US$ (000)	TL
2013 (*)	340,107	654,639	636,730	1,131,851
2014	480,537	924,938	475,772	845,732
2015	1,234,694	2,376,540	1,206,576	2,144,809
2016	262,699	505,644	257,780	458,230
2017	612,397	1,178,743	599,195	1,065,129
2018	700,530	1,348,380	442,377	786,369
2019	18,067	34,775	14,921	26,524
2020	17,149	33,008	14,026	24,933
2021	16,277	31,330	13,177	23,423
2022	325,444	626,415	314,514	559,079
Total	**4,007,903**	**7,714,412**	**3,975,068**	**7,066,079**

(*) Repayments include accrued interest payables in the amount.

As of 30 June 2013, the outstanding TL denominated bonds with the maturity of 6 months are TL 1,491,165, with the maturity of 1 year are TL 427,694, with the maturity of 2 years are TL 433,894 and with the maturity of 5 years are TL 921,898.

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

NOTE 14- EMPLOYMENT BENEFIT OBLIGATIONS

	30 June 2013	31 December 2012
Balance sheet obligations for:		
- Reserve for employment termination benefits	69,523	58,620
- Accrual for unused vacation	47,313	43,121
- Post-employment benefits (pension and medical)	-	-
	116,836	**101,741**

There are no amounts recognized in the balance sheet for post-employment benefits since fair value of the Fund's plan assets compensate defined benefit obligations as of 30 June 2013.

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

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

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") 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, Turkish 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 TGNA General Meeting 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.

NOTE 14- EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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. With the change in the first clause of 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the postponement right of the Council of Ministers has been extended from two years to four years. Accordingly the turnover process has been postponed for one more year with the decision of the Council of Ministers dated 3 May 2013.

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

With respect to that, according to the technical balance sheet report as at 31 December 2012 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 acturial 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 balance sheet.

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

(b) Employment termination benefits

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

The amount payable consists of one month's salary limited to a maximum of TL 3,025.01 (in full TL amount) (31 December 2012: TL 3,033.98 (in full TL amount)) for each year of service. This liability is legally not funded and there is no funding requirement. As the maximum liability is revised semi-annually, the maximum amount of TL 3,254.44 (1 January 2013: TL 3,125.01) effective from 1 July 2013 has been taken into consideration in calculating the reserve for employee termination benefits.

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

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

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

NOTE 15 - SHARE CAPITAL

The historic amount of share capital of the Group is TL 4,000,000 (31 December 2012: TL 4,000,000) and consists of 400,000,000,000 (31 December 2012: 400,000,000,000) authorized shares with a nominal value of Kr 1 each.

At 30 June 2013 and 31 December 2012, the issued and fully paid-in share capital held is as follows:

	Audited 30 June 2013		**Audited 31 December 2012**	
	Share (%)	**TL**	**Share (%)**	**TL**
Total Sabancı Group, affiliated companies and family	48.78	1,951,213	48.95	1,958,048
Citibank Overseas Investment Corporation	9.90	396,000	9.90	396,000
Other	41.32	1,652,787	41.15	1,645,952
Historical share capital	100.00	4,000,000	100.00	4,000,000
Adjustment to share capital	-	1,529,151	-	1,529,151
Total paid-in share capital		**5,529,151**		**5,529,151**

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

For the interim period ending 30 June 2013, the Bank has paid dividend in cash with respect to 2012 net distributable profit after the transfer of first and legal reserves amounting to TL 570,670 (TL 0.0014 per share).

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

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

NOTE 16 - NET FEES AND COMMISSION INCOME

	Unaudited 1 January- 30 June 2013	Unaudited 1 January- 30 June 2012
Fee and commission income on:		
Credit cards	658,530	630,124
Retail and commercial banking operations	298,786	116,415
Mutual fund management fee	34,706	32,449
Brokerage	32,845	25,085
Non-cash loans	55,919	44,116
Insurance intermediary	79,355	62,832
Money transfers	38,162	29,374
Other	97,889	97,518
	1,296,193	**1,037,913**
Fee and commission expense on:		
Credit cards	(102,873)	(147,294)
Other	(30,788)	(19,389)
	(133,661)	**(166,683)**
Net fee and commission income	**1,162,532**	**871,230**

NOTE 17 - OPERATING EXPENSES

	Unaudited 1 January- 30 June 2013	Unaudited 1 January- 30 June 2012
Employee costs	730,463	593,642
Credit card and banking services	202,416	167,947
Legal expenses	64,921	48,715
Depreciation charges of property and equipment	61,070	56,898
Communication expenses	60,020	62,852
Information technology	67,222	63,980
Marketing and advertisement expenses	55,734	58,493
Saving deposits insurance fund	63,742	42,836
Sundry taxes and duties	94,937	78,066
Heating, lighting and water expenses	24,121	19,375
Repair and maintenance expenses	10,091	9,145
Amortisation of intangible assets	20,781	19,300
Stationery expenses	5,659	5,088
Provision for general possible risks	175,000	-
Provision for Competition Board Penalty	129,124	-
Other	250,739	251,796
	2,016,040	**1,457,480**

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

NOTE 18 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The investigation initiated by the Competition Board in accordance with Law No. 4054 on the Protection of Competition 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 has been finalized and the Competition Board has decided for an administrative fine amounting to TL 172,165. As per Article 17 of the Law of Misdemeanor, three quarters of the administrative fine amounting to TL 129,124 will be paid within 30 days following the notification of the reasoned decision. Provision for related amount is reflected in the financial statements. The Bank will file a lawsuit for the cancellation of the reasoned decision.

(a) Commitments under derivative instruments

The breakdown of notional amounts of derivative transactions at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	658,831	1,624,272	14,631	3,230	905,273	3,206,237
Swap transactions	23,642,545	5,093,430	838,981	2,741,812	5,025,812	37,342,580
- Currency rate swaps	12,861,970	3,313,222	838,981	1,679,104	3,916,229	22,609,506
- Interest rate swaps	10,780,575	1,780,208	-	1,062,708	1,109,583	14,733,074
Spot transactions	3,201,679	434,455	1,318	54,874	622,836	4,315,162
Option transactions	7,527,010	1,544,155	53,058	173,985	3,635,092	12,933,300
Future transactions	-	-	-	-	5,819	5,819
Other Derivative Instruments	345,112	-	-	242,187	235,686	822,985
Derivatives held for hedging:						
Swap transactions	1,010,520	-	-	-	-	1,010,520
- Currency rate swaps	-	-	-	-	-	
- Interest rate swaps	1,010,520	-	-	-	-	1,010,520
Total purchases	**36,385,697**	**8,696,312**	**907,988**	**3,216,088**	**10,430,518**	**59,636,603**
Derivatives held for trading:						
Currency forward transactions	654,565	471,012	4,429	182,693	1,879,350	3,192,049
Swap transactions	19,096,580	3,593,340	12,742	1,078,016	13,355,650	37,136,328
- Currency rate swaps	8,316,005	1,813,131	12,742	15,308	12,246,067	22,403,253
- Interest rate swaps	10,780,575	1,780,209	-	1,062,708	1,109,583	14,733,075
Spot transactions	1,029,798	452,811	8,883	186,519	2,594,443	4,272,454
Option transactions	7,718,210	1,275,093	52,579	173,985	3,752,020	12,971,887
Future transactions	5,759	-	-	-	-	5,759
Other Derivative Instruments	345,112	-	-	168,686	312,827	826,625
Derivatives held for hedging:						
Swap transactions	1,010,520	-	-	-	-	1,010,520
- Currency rate swaps	-	-	-	-	-	-
- Interest rate swaps	1,010,520	-	-	-	-	1,010,520
Total sales	**29,860,544**	**5,792,256**	**78,633**	**1,789,899**	**21,894,290**	**59,415,622**
Off-balance sheet net notional position (Note 5)	**6,525,153**	**2,904,056**	**829,355**	**1,426,189**	**(11,463,772)**	**220,981**

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

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

	31 December 2012					
	US$	**EUR**	**GBP**	**Other**	**TL**	**Total**
Derivatives held for trading:						
Currency forward transactions	342,870	1,228,116	12,910	2,348	829,002	2,415,246
Swap transactions	11,438,324	7,323,859	852,834	625,536	1,618,716	21,859,269
- Currency rate swaps	5,349,214	1,802,367	852,834	625,536	1,059,133	9,689,084
- Interest rate swaps	6,089,110	5,521,492	-	-	559,583	12,170,185
Spot transactions	1,089,968	240,622	2,731	76,719	378,012	1,788,052
Option transactions	5,820,327	836,646	10,342	272,521	3,312,939	10,252,775
Future transactions	-	-	-	-	-	-
Other Derivative Instruments	259,711	-	-	14,954	-	274,665
Derivatives held for hedging:						
Swap transactions	5,415,475	-	-	-	1,030,000	6,445,475
- Interest rate swaps	5,415,475	-	-	-	1,030,000	6,445,475
Total purchases	**24,366,675**	**9,629,243**	**878,817**	**992,078**	**7,168,669**	**43,035,482**
Derivatives held for trading:						
Currency forward transactions	1,043,671	240,151	473	46,298	1,091,872	2,422,465
Swap transactions	9,623,553	7,067,413	15,809	65,955	4,274,661	21,047,391
- Currency rate swaps	3,534,443	1,545,921	15,809	65,955	3,715,078	8,877,206
- Interest rate swaps	6,089,110	5,521,492	-	-	559,583	12,170,185
Spot transactions	657,889	330,372	4,043	30,965	766,319	1,789,588
Option transactions	5,655,573	921,834	9,857	274,236	3,391,384	10,252,884
Future transactions	-	-	-	-	94,351	94,351
Other Derivative Instruments	274,537	-	-	825,609	-	1,100,146
Derivatives held for hedging:						
Swap transactions	2,245,494	-	-	-	4,271,445	6,516,939
- Interest rate swaps	2,245,494	-	-	-	4,271,445	6,516,939
Total sales	**19,500,717**	**8,559,770**	**30,182**	**1,243,063**	**13,890,032**	**43,223,764**
Off-balance sheet net notional position (Note 5)	**4,865,958**	**1,069,473**	**848,635**	**(250,985)**	**(6,721,363)**	**(188,282)**

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

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

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

(b) Credit related commitments

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

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

The following table shows the outstanding credit related commitments of the Group at 30 June 2013 and 31 December 2012:

	30 June 2013			31 December 2012		
	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	1,401,231	5,481,573	6,882,804	551,996	5,851,015	6,403,011
- Foreign currency	668,097	5,895,893	6,563,990	378,807	5,422,103	5,800,910
Acceptance credits						
- Turkish lira	-	15	15	-	15	15
- Foreign currency	1,007,097	124,980	1,132,077	168,340	31,509	199,849
Letter of credit						
- Turkish lira	2,179	1	2,180	18,619	1	18,620
- Foreign currency	3,402,328	1,177,115	4,579,443	2,898,824	1,629,529	4,528,353
Other guarantees						
- Turkish lira	21,064	1,101,578	1,122,642	27,663	140,403	168,066
- Foreign currency	906,168	620,464	1,526,632	904,754	646,109	1,550,863
	7,408,164	**14,401,619**	**21,809,783**	**4,949,003**	**13,720,684**	**18,669,687**

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

NOTE 19 - MUTUAL FUNDS

As of 30 June 2013, the Group is the founder of 46 mutual funds (31 December 2012: 41 mutual funds) with a total fund value of TL 3.382.620 (31 December 2012: TL 3.228.367). The shares of the mutual funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Istanbul Settlement and Custody Bank, Inc.

NOTE 20 - RELATED PARTY TRANSACTIONS

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

Balances with related parties:

	30 June 2013	31 December 2012
Loans and receivables, net	1,514,560	2,090,840
Finance lease receivables	3,591	3,980
Total Assets	**1,518,151**	**2,094,820**
Customer Deposit	7,765,654	7,181,998
Total Liabilities	**7,765,654**	**7,181,998**
Credit related commitments	363,018	327,121
Commitment under derivative instruments (*)	2,812,142	2,177,864
Total Commitments and contingent liabilities	**3,175,160**	**2,504,985**

Transactions with related parties:

	Unaudited 30 June 2013	Unaudited 30 June 2012
Total interest income	51,069	60,244
Total interest expense	179,474	254,121
Trading (losses)/gains	17,946	(22,218)

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

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

NOTE 20 - RELATED PARTY TRANSACTIONS (Continued)

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

	Audited 30 June 2013	Audited 31 December 2012
Customer Deposit	976,856	899,644
Total due to customers	**976,856**	**899,644**

Key management personnel compensation:

For the period ended 30 June 2013, total remuneration of the senior management and Board of Directors amounted to TL 18,151 (30 June 2012: TL 15,291).

As at 30 June 2013 and 2012, other balances with directors and other key management personnel are immaterial.

NOTE 21 - SEGMENT REPORTING

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

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

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

Corporate banking and Commercial 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.

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

NOTE 21 - SEGMENT REPORTING (Continued)

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

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

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

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

Segment information regarding the balance sheet at 30 June 2013 and 31 December 2012 and the income statements for the six-month periods ended 30 June 2013 and 2012 are as follows:

	Unaudited 30 June 2013						
	Retail banking	Corporate and SME banking	Private banking	Treasury activities	International banking	Other	Total
Segment information regarding the balance sheet:							
Segment assets	44,406,795	66,586,094	1,009,729	51,847,081	4,493,555	2,998,265	171,341,519
Equity securities	-	-	-	-	-	-	15,068
Unallocated assets	-	-	-	-	-	-	4,123,157
Total assets							**175,479,744**
Segment liabilities	50,037,099	29,474,525	13,696,079	45,747,380	8,139,909	2,085,677	149,180,669
Unallocated liabilities	-	-	-	-	-	-	4,681,859
Equity	-	-	-	-	-	-	21,617,216
Total liabilities and equity							**175,479,744**
Segment information regarding the income statement:							
Segment revenue	1,517,393	1,248,826	138,355	1,414,090	88,523	45,316	4,452,503
Segment result	429,481	952,253	99,416	1,240,523	59,124	(349,304)	2,431,493
Dividend income						4,970	4,970
Income taxes						(520,690)	(520,690)
Profit for the period	**429,481**	**952,253**	**99,416**	**1,240,523**	**59,124**	**(865,024)**	**1,915,773**
Other segment items:							
Capital expenditure	21,161	-	838	33	-	25,594	47,626
Depreciation and amortization	(47,062)	(4,022)	(805)	(709)	(152)	(29,101)	(81,851)
Other non-cash expenses	(286,882)	(414,155)	(126,954)	(2,198)	(21)	(180,331)	(1,010,541)

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NOTE 21 - SEGMENT REPORTING (Continued)

	31 December 2012						
	Retail banking	**Corporate banking**	**Private banking**	**Treasury activities**	**International banking**	**Other**	**Total**
Segment information regarding the balance sheet:							
Segment assets	39,830,905	60,887,195	1,003,705	50,073,971	4,570,116	2,030,547	158,396,439
Equity securities	-	-	-	-	-	-	11,840
Unallocated assets	-	-	-	-	-	-	4,029,988
Total assets							**162,438,267**
Segment liabilities	46,667,529	28,209,033	13,568,377	36,313,974	8,382,494	1,169,930	134,311,337
Unallocated liabilities	-	-	-	-	-	-	5,409,525
Equity	-	-	-	-	-	-	22,717,405
Total liabilities and equity							**162,438,267**
Segment information regarding the income statement:							
Segment revenue	2,253,117	1,948,454	293,153	2,197,880	122,318	93,489	6,908,411
Segment result	619,405	1,313,302	199,246	1,737,572	73,093	(66,738)	3,875,880
Dividend income						730	730
Income taxes						(792,512)	(792,512)
Profit for the year	619,405	1,313,302	199,246	1,737,572	73,093	(858,520)	3,084,098
Other segment items:							
Capital expenditure	69,823	75	6,322	547	-	115,640	192,407
Depreciation and amortization	(66,690)	(5,499)	(1,193)	(1,260)	(201)	(41,246)	(116,089)
Other non-cash expenses	(413,038)	(639,000)	(77,852)	(574)	(29)	(6,664)	(1,137,157)

NOTE 22 - SUBSEQUENT EVENTS

The penalty fine amounting to TL 129.124 with respect to the investigation initiated by the Competition Board on the Protection of Competition 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; has been paid to Large Taxpayer Office. The Bank will file a lawsuit for the cancellation of the reasoned decision.

Akbank raised US Dollar 419,5 million and Euro 779 million syndicated term loan from international loan markets in 2 tranches with 1 year tenor. Proceeds of the said facility agreement; signed on 16th August 2013 with an all-in cost of Libor + 0,75% and Euribor + 0,75% respectively, will be used for trade finance purposes.