Sabancı of Rising Turkey

SABANCI

SABANCI OF RISING TURKEY

Gaining remarkable momentum at the start of the 21st century and becoming one of the stronger economies in the world today, the Turkish economy continues to rise.

Sabancı, a pioneering Turkish business group capitalizing on decades-long experience, an innovative vision, and long-term strategies, powers the rise of Turkey.

Setting an example with its environment-friendly and sustainability-centered production processes, and long-term social responsibility projects, Sabancı continues to serve as the driving force of the Turkish economy.

We create value for our shareholders

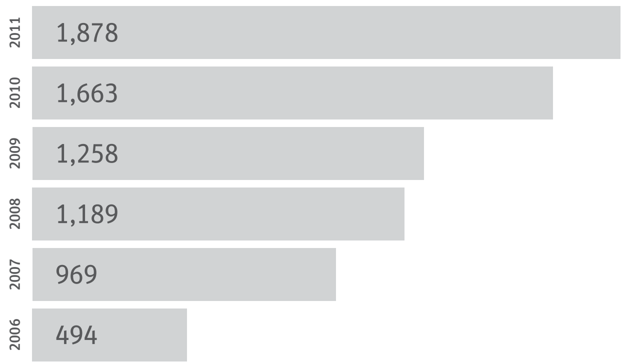
Profitability Through Innovative Products and Services

With financial services, energy, cement, retail and industry as primary sectors of operation, Sabancı Group companies are market leaders that provide innovative products and services.

Consolidated Financial Indicators (TL Million)	2011	2010
Sales	22,409	19,571
Operating profit	4,398	4,256

Net Income (TL Million)

Compounded Annual Growth Rate of Last Five Years 31%



We see customer trust as our most significant asset

We Trust Our Broad Customer Base

Sabancı Group companies focus on understanding customer needs in a timely manner to develop products and services accordingly. Sabancı Group companies have long term and strong relationships with customers and reach a broad customer base.

Company	Customer Base	Distribution Channel
Akbank	More than eight million individual customers	926 branches
Teknosa	85 million visitors annually	269 stores in 72 provinces
Diasa	80 million customers annually	1,115 stores
Carrefoursa	More than 90 million customers annually	243 hyper and supermarkets
Avivasa	More than 350,000 pension fund customers	800 financial advisors and branch insurance managers
Aksigorta	2.2 million policies annually	1,511 agents and bankassurance channel
Brisa	More than 600,000 customers annually	600 sales points
Enerjisa	3.5 million customers in electricity distribution	7 provinces
Tursa	286,500 guests annually	4 hotels

We work for a sustainable future

Ongoing Efforts toward Sustainability

Sabancı Holding plans to continue pursuing sustainable profitability in the future by managing its economic, social and environmental priorities. All companies of the Sabancı Group manage their operations while considering their economic, social and environmental impacts.

Cement

- Energy efficiency: Waste heat plant investments for electricity generation at Akçansa and Çimsa
- Automatic waste feeding and burning system at Çimsa
- Waste gas emission tracking
- First sustainability reports in the sector

Energy

- Renewable energy licenses of 2,358 MW
- Turkey's most efficient thermal power plant with 59.3% efficiency, Bandırma Combined Cycle Natural Gas Plant

Banking

- Akbank: First sustainability report among commercial banks

Industry

- Brisa and Yünsa: Content for Carbon Disclosure Project Report 2011
- Olmuksa: 3R approach to *reduce* waste in production process, *reuse* resources and *recycle*

We prosper with our experienced and dedicated team

Profile of Sabancı Group Workforce

Number of Employees

Education Level

55% undergraduate degree and higher

- Average annual training in Group companies per person is 31 hours.
- 31 executives receive coaching.
- 23 executives act as mentors.

Contents

The Sabancı Group in Brief

Sabancı Holding is the parent company of the Sabancı Group, Turkey's leading industrial and financial conglomerate. Sabancı Group companies are market leaders in their respective sectors that include financial services, energy, cement, retail and industrials. Listed on the Istanbul Stock Exchange (ISE), Sabancı Holding has controlling interest in 10 companies that are also listed on the ISE.

Sabancı Group companies currently operate in 18 countries and market their products in regions across Europe, the Middle East, Asia, North Africa and North and South America. Having generated significant value and know how in Turkey, Sabancı Holding has experienced remarkable growth in its core businesses. Its reputation, brand image and strong joint ventures, further extended its operations into the global market. Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, Citigroup, Dia, Heidelberg Cement, International Paper, Philip Morris and Verbund.

In addition to coordination of finance, strategy, business development and human resource functions, Sabancı Holding determines the Group's vision and strategies.

In 2011, the consolidated revenue of Sabancı Holding was TL 22.4 billion (US$ 13.4 billion) with EBITDA of TL 4.5 billion (US$ 2.7 billion).

The Sabancı Family is collectively Sabancı Holding's major shareholder with 60.6% of the share capital. Sabancı Holding shares are traded on the Istanbul Stock Exchange with a free float of 39.4%. Depository receipts are quoted on SEAQ International and Portal.

Letter from the Chairman and the Chief Executive Officer

We achieved profitable growth in 2011.

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

The Turkish economy is one of the world's fastest growing economies, with a growth rate of 8.5% in 2011.

Dear investors, valued business partners and employees,

2011 was a year with many extraordinary events. The uprisings during the "Arab Spring" in the Middle East and North Africa were followed by the earthquake and tsunami disasters in Japan and the public debt crisis in Euro Zone countries. These developments caused interruptions in global supply chains, commodity price fluctuations, deterioration of financial conditions, tightened credit availability and a decline in confidence and risk appetite levels.

Recovery in the world economy began in 2010 but since the middle of last year, it stagnated in developed countries and slowed in developing countries. The global economic growth rate dropped from 5.1% to 3.8% during the year. Oil prices, expected to fall because of the slowing economy, remained high because of turmoil in the Arab world.

Our country, with close ties to the Euro Zone, was mildly affected by the slowdown in the global economy and increasing uncertainty and instability. Budgetary discipline, a strong financial sector, effective monetary policy management, ongoing internal and external credit expansion and strong domestic demand and export performance helped Turkey's economy to grow at a high rate again in 2011.

Following a 9% growth rate in 2010, the Turkish economy remains one of the world's fastest growing economies; it grew 8.5% in 2011.

Following difficulties experienced during 2009, Turkey's economic success in 2010 and 2011 is truly remarkable. The extraordinary entrepreneurial spirit present in Turkey, the dynamic and flexible nature of our economy, a flexible exchange rate policy, a stable fiscal policy and an environment of confidence made this achievement possible.

Some aspects of the Turkish economy, however, are still fragile. The current account deficit, directly linked to energy prices, continued to present a risk. The current account deficit rose to approximately 10% of GDP, up from 6.3% in 2010, causing the Turkish lira to depreciate significantly in the turbulent global economy. The Central Bank's steady policies stalled the depreciation of the Turkish lira and Turkey's current account balance started to improve. In addition to the depreciation of the Turkish lira, increases in indirect taxes resulted in higher inflation. Consumer price inflation rose from to 6.4% in 2010 to 10.5% during 2011.

Sabancı Holding 2011 Performance

In the past year, we accomplished all of our plans in the sectors in which we operate and achieved profitable growth. Last year, our investments continued to grow steadily and totaled TL 1.45 billion, a 29% increase over the previous year.

Last year, our consolidated net sales reached TL 22.4 billion and our EBITDA reached TL 4.5 billion; consolidated net profit was TL 1.88 billion.

Assessment of 2011 in terms of our strategic business lines:

Akbank, focused on sustainable profitability and valuable contributions to Turkey's economy with a focus on asset quality and financial performance, achieved success in 2011 with robust growth in both profit and the balance sheet. Akbank's consolidated net profit at the end of 2011 was TL 2.5 billion. With the highest retail and financial strength rating for a bank in Turkey, Brand Finance ranked Akbank "Turkey's Most Valuable Bank Brand" valued at US$ 1.582 billion.

Avivasa and Aksigorta continue their strong development in the high potential insurance and private pension markets. Our financial institutions joined forces to further develop the bancassurance distribution channel and boost collaboration among Group companies. In addition, Aksigorta signed an equal partnership agreement in February 2011 with Ageas, a prominent Belgian insurance company. This merger will allow us to further develop Aksigorta's operations by taking advantage of the know-how, global experience and expertise possessed by Ageas.

Operating profit growth from our non-financial businesses well outpaced revenue growth due to efficiency improvements and focus on the customers. All of our industrial companies achieved significant increases in profitability. This success was made possible by high capacity utilization, new product development and commercialization, product range improvements and the successful management of the price–raw material cost equation.

Efficiency improvements and customer focus drove operating profit growth in non-financial businesses.

In 2011, our industrial companies completed many new initiatives and provided financial benefit to our customers while sustaining competitive advantage. Kordsa Global, with revenue totaling US$ 1 billion, commercialized three new products developed at its R&D center located in Izmit. The leading tire manufacturer Brisa, began selling tires online through lastik.com.tr utilizing a unique service concept for end users. Brisa added the coating line to its business model by acquiring Bandag, while Temsa launched its new bus, MD9, in Europe. Yünsa, with new products developed at its R&D center, entered the premium wool fabric segment dominated by Italian manufacturers.

Last year we established the Enerjisa Holding Company that owns generation, trading and distribution companies. Our goal is to create the largest private electricity generation and distribution company in Turkey by gaining a 10% market share for electricity generation. In parallel with this goal, Hacınınoğlu and Menge hydroelectric plants along with Çanakkale wind power plants came online in 2011. Our installed capacity reached 1,653 MW; our license portfolio has exceeded 5,000 MW; the renewable capacity of our portfolio is 2,358 MW. As a Group, we are aware of our responsibility to help lessen the energy import burden on our country's current account balance. As part of our commitment to utilize local energy resources, in 2011 we started construction of eight power plants using coal, hydro and wind as energy resources. We signed a € 700 million financing package for our second phase energy generation investments. In our electricity distribution business, we have completed brand transformation of Başkent Elektrik Dağıtım A.Ş. to Enerjisa, which provides electricity service to more than 3.5 million subscribers in seven provinces.

In the consumer electronics market, our leadership among technology retailers continues with Teknosa's 43% market share. Teknosa, the star of the retail group, has a total of 269 stores, 128,000 square meters of selling space and TL 1.7 billion in revenue. With coverage of 93% of Turkey, we had 85 million visitors in 72 provinces. Teknosa, the first brand name that comes to mind with regards to technology retailing, sells one product every two seconds. We are preparing to take Teknosa public in the first half of 2012. With Diasa and Carrefoursa, the Sabancı Group is the third largest group in the organized food retail market with 1,358 stores and 601,000 square meters of selling space. With our two brands, we serve approximately 200 million customers annually.

The construction sector is the driving force of the economy during periods of growth. Turkey is the fourth largest cement manufacturer and the largest cement exporter in the world. In the future, we expect the domestic cement sector to keep growing especially with the help of non-residential investments, infrastructure development and urban transformation projects. In 2011, capacity utilization increased and regional price differences have decreased. However, due to the problems in neighboring regions, our exports have declined.

In a market with excess capacity, Sabancı Cement Group is the market leader with close to 20% share. The goal of our cement business line is to become a regional power via domestic and foreign investments that will add value to our Group and create synergy; we are evaluating acquisition opportunities to achieve this goal. In addition, we dedicate considerable resources toward sustainability in the cement sector that possesses intensive energy consumption and high carbon emissions. The Sabancı Cement Group plans to invest US$ 200 million over the next five years; in 2011, our investments totaled US$ 84 million.

In September 2011, Akçansa put into service the first waste heat plant in Turkey in Çanakkale. This facility will prevent 60,000 tons of carbon emissions each year and will decrease electricity costs by 30% saving 105 million kWh. Çimsa is preparing to bring online a project with similar goals in April 2012 at the Mersin plant. Akçansa published the first GRI certified "B" level Sustainability Report in the sector in 2011.

In 2012, our core principle will be to create sustainable value for our stakeholders in all our businesses by leveraging our strength as "Sabancı of rising Turkey".

Esteemed stakeholders,

In 2012, it is expected that global growth will be slower than the previous year. Prominent developing countries, such as China and Brazil, are taking countermeasures against this slowdown. In the United States, a loose monetary policy is expected to continue because of the upcoming elections later this year. Improved employment figures, increasing consumer confidence and corporate profitability in the United States increase liquidity in the markets and have a positive effect on stock markets. These developments show that the chance for a recovery in the U.S. economy has increased. However, the situation is different in the European Union which is Turkey's main export market. Increased liquidity measures have postponed the debt crisis in the Euro Zone, but fiscal discipline in EU countries will remain critical.

On the other hand, tension in the Middle East keeps oil prices at high levels. We believe that the demand from developed countries together with increased liquidity will raise commodity prices from time to time. Higher commodity and oil prices make growth difficult and increase inflationary pressures in net importer countries such as Turkey.

Despite all these global developments, Turkey began 2012 with a strong base and within an environment of confidence due to our political and economic stability. If we continue to be ambitious and determined and at the same time cautious, we believe that we can continue as a global role model. Even though our country displays strict fiscal discipline, low indebtedness and a healthy banking system with strong macro dynamics, a high current account deficit creates fragility. Turkey is externally dependent on energy and commodity supply. In order to make 8% a sustainable growth rate, we have to increase our national savings levels, produce higher value-added products and focus on using natural resources while improving energy generation efficiency. All of these improvements require structural changes that can be accomplished with the cooperation of public and private sectors but will take time. Under the current circumstances, we expect a growth rate of around 4% for Turkey in 2012 and anticipate an inflation rate of around 7%.

Sabancı Group's 2012 goal is to continue profitable growth

In order to grow profitably, we will utilize a customer and market-oriented focus in all of our business lines. We will continue our investments in areas of strategic importance. Our primary responsibility in all of our business lines and functions is efficiency; we will continue to strengthen our companies through continuous improvement. We place great value on risk management. Our strong financial position and diverse business lines balance each other and help us manage financial and operational risks skillfully.

With the completion of our energy investments, we aim to increase our return on equity to 20%.

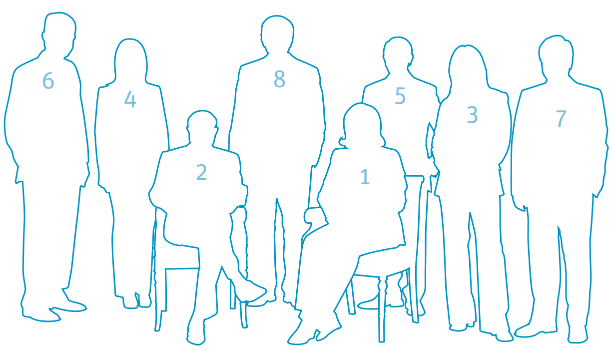
As the Sabancı Group, we invest in four areas that we consider critical: Dedicated and effective human resources, building a culture of differentiation through innovation, using technology effectively and appropriately and brand. In 2012, our core principle will be to create sustainable value for our stakeholders in all our businesses by leveraging our strength as "Sabancı of rising Turkey."

We thank all our employees, business partners, customers and shareholders who, through their efforts, trust and contributions, have had a role in our success.

Sincerely,

Zafer Kurtul
CEO and Member of the Board

Güler Sabancı
Chairman of the Board and Managing Director



Board of Directors

Güler Sabancı, *Chairman and Managing Director* (1)
Erol Sabancı, *Vice Chairman* (2)
Sevil Sabancı Sabancı, *Board Member* (3)
Serra Sabancı, *Board Member* (4)
Mevlüt Aydemir, *Board Member* (5)
Erkut Yücaoğlu, PhD, *Board Member* (6)
A. Zafer İncecik, PhD, *Board Member* (7)
Zafer Kurtul, *Board Member and CEO* (8)

Board of Directors
(Elected for the period of May 2010-May 2013)

Güler Sabancı
Chairman and Managing Director

Erol Sabancı
Vice Chairman

Sevil Sabancı Sabancı
Board Member

Serra Sabancı
Board Member

Mevlüt Aydemir
Board Member

Erkut Yücaoğlu, PhD
Board Member

A. Zafer İncecik, PhD
Board Member

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

Güler Sabancı was born in Adana and graduated from the Business Administration Department of Bosphorus University. She worked in various executive positions in the Tire and Tire Reinforcement Materials Group and currently serves as the Chairman and Managing Director of Sabancı Holding. She is also the President of the Board of Trustees of Sabancı University, Sabancı Foundation and the Board of Sakıp Sabancı Museum.

Erol Sabancı
Vice Chairman

Erol Sabancı was born in Kayseri in 1938 and graduated from Manchester College of Commerce in the UK. In addition to his position as the Vice Chairman of the Sabancı Holding, he is also Honorary Chairman and Consultant to the Board and a Board member of Akbank where he has served since 1967. He is married and has two children.

Sevil Sabancı Sabancı
Board Member

Sevil Sabancı was born in 1973 in Istanbul and graduated from the Business Administration Department of Marmara University. She worked in several managerial positions within the Group and served as a Board member from 1997 to 2001. In addition to her Sabancı Holding Board membership, she is a member of the Board of Trustees of Sabancı University and the Board of Sakıp Sabancı Museum. She has one child.

Serra Sabancı
Board Member

Serra Sabancı was born in 1975 in Adana and graduated from the University of Portsmouth. She also holds a degree from the Department of Economics at Istanbul Bilgi University where she graduated with honors. She started her career at Temsa. After becoming a Board member of Sabancı Holding, she participated in the Institute of Directors (IOD) seminars and courses on Board membership, mergers and acquisitions in London. In addition to her Sabancı Holding Board membership, she is a member of the Board of the Sabancı Foundation and various Sabancı Group companies.

Mevlüt Aydemir
Board Member

Mevlüt Aydemir was born in Erzincan in 1948 and graduated from the Faculty of Economics at Istanbul University. Aydemir served as a public accountant with the Ministry of Finance from 1972 to 1981 and has carried out various functions at Sabancı Holding since 1981. He is a member of the Board of Directors in the companies within the Group and has been the Board Member of Sabancı Holding since 2010. He is married and has two children.

Erkut Yücaoğlu, PhD
Board Member

Erkut Yücaoğlu was born in Eskişehir in 1947 and graduated in Mechanical Engineering from Robert College. He earned an MS and a PhD in Industrial Engineering from Stanford University in the U.S. Yücaoğlu served as Chairman of TÜSİAD, the Turkish Industrialists' and Businessmen's Association, during the 1999-2000 term. Prior to his election as Chairman, he served for a decade on the Board of Directors of TÜSİAD. He is the major shareholder and CEO of the MAP/TURKUAZ group of companies, based in Istanbul. Currently, he is the Chairman of TÜSİAD's High Advisory Council. Yücaoğlu has been a Board Member since 2010. He is married and has two children.

A. Zafer İncecik, PhD
Board Member

Zafer Incecik was born in Izmir in 1942 and completed his primary and secondary education in Istanbul. Incecik is an alumnus of the St. George's Austrian High School. He has an undergraduate degree in Electrical Engineering from İstanbul Technical University. He received his doctorate from Vienna University of Technology in the field of semiconductor physics. İncecik holds patents and had articles published during the period when he was in Austria and Germany. He was awarded the Grand Medals of Honor by the Austrian and German states. İncecik has been a Board Member of Sabancı Holding since 2010. He is married and has two children.

Zafer Kurtul
Board Member and CEO

Zafer Kurtul was born in Sivas in 1958 and graduated from the Faculty of Business Administration at Istanbul University. He earned an MBA in Finance from the University of Wisconsin-Madison in the U.S. Kurtul joined Akbank in 1998 as Executive Vice President and served as CEO from November 2000 until June 2009 when he was appointed Vice Chairman. Previously, he served in executive positions at Citibank, BNP-Ak-Dresdner Bank and Societe Generale. Accredited as a Chartered Financial Analyst (CFA), Zafer Kurtul was appointed CEO of the Sabancı Group as of July 19, 2010.

Corporate Management

Audit Committee

Mevlüt Aydemir

Serra Sabancı

Corporate Governance Committee

A. Zafer İncecik, PhD

Sevil Sabancı Sabancı

Serra Sabancı

Mevlüt Aydemir

CEO and Strategic Business Unit Presidents

Zafer Kurtul, *Board Member and CEO* (1)

Faruk Bilen, *Chief Financial Officer (CFO)* (2)

Ata Köseoğlu, *Strategy and Business Development* (3)

Hayri Çulhacı, *Banking* (4)

Haluk Dinçer, *Retail and Insurance* (5)

Mehmet Göçmen, *Cement* (6)

Selahattin Hakman, *Energy* (7)

Mehmet N. Pekarun, *Industrials* (8)

Corporate Management

Nedim Bozfakıoğlu, *Secretary General* (9)

Neriman Ülsever, *Head of Human Resources* (10)

Barış Oran, *Head of Finance*

Levent Demirağ, *Head of Tax and Legal*

Bülent Bozdoğan, *Head of Internal Audit*

Ateş Eremekdar, *Director, Sabancı Center Management*

Evren Ertay, *Director, Strategy and Business Development*

Gökhan Eyigün, *Director, Strategy and Business Development*

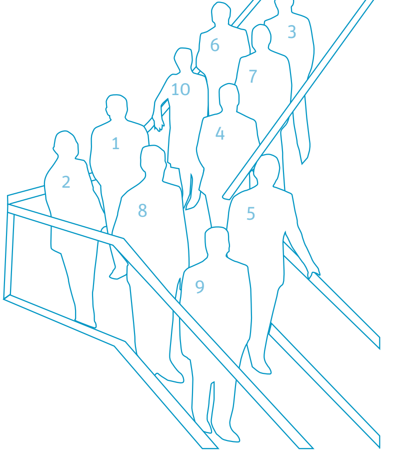
Reha Demiröz, *Director, Accounting*

Suat Özyaprak, *Director, Corporate Communications*

Şerafettin Karakış, *Director, Tax Management*

Tülin Şağul, *Director, Planning, Reporting and Financing*

Volkan Kara, *Director, Strategy and Business Development*



Vision

Creating sustainable advantage through differentiation

Mission Statement

Managing a competitive strategic portfolio with sustainable growth potential to create value for all of our stakeholders

Management Approach

Responsibility and Transparency

Upholding our core values of modesty, respect and proximity to people, being socially responsible and managing according to the principles of corporate governance

Innovation

Creating long-lasting advantages such as brand, technology, design, network and IP

Participation

Generating a management approach that promotes participation and collective thinking in the decision-making process

Strategic Approach

Managing the present with excellence and shaping our future to ensure long-term advantages

Investor Relations and Dividend Policy

Transparency is the cornerstone of our investor relations approach.

Investor Relations

Sabancı Holding has open and frequent communications with its shareholders, analysts and the financial community. We believe that the best way to increase Sabancı Holding's value for its current shareholders, while creating an attractive investment opportunity for potential investors, is to execute our strategies successfully and share results in a timely and transparent manner. This is a fundamental principle embodied in Sabancı Holding's corporate structure with two independent members serving on the Board of Directors.

The investor relations agenda is managed by the Investor Relations Unit within the Finance Division, which handles the daily information flow to the investment community. In 2011, our investor relations team responded to numerous investor and equity research analyst requests by phone, e-mail and postal mail as well as proactively and regularly contacting a comprehensive list of financial institutions with news updates. Throughout the year, our investor relations department held 184 investor and 27 equity research analyst meetings, a total of 211 face to face meetings at our headquarters in Istanbul, as well as in major international financial centers, such as London, New York, Zurich, Geneva, Frankfurt, Stockholm, Paris, Vienna, Dubai and Abu Dhabi. Consequently, we have achieved an increase in coverage at local and international levels.

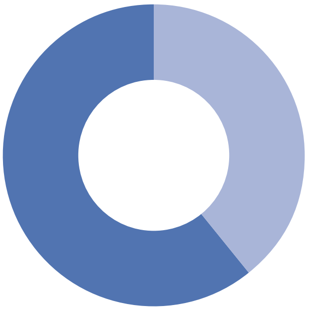
We are confident that such transparency with current and potential shareholders, will enable us to continue to convey the benefits of investing in Sabancı Holding.

We encourage all potential investors to contact us at investor.relations@sabanci.com for any questions or requests for information.

Dividend Policy

Sabancı Holding's current dividend policy, in accordance with Capital Markets Board principles, is to pay out a minimum of 20% of the distributable income on an annual basis. Based on pending projects and the availability of funds, the Board of Sabancı Holding reserves the right to reevaluate its dividend policy each year.

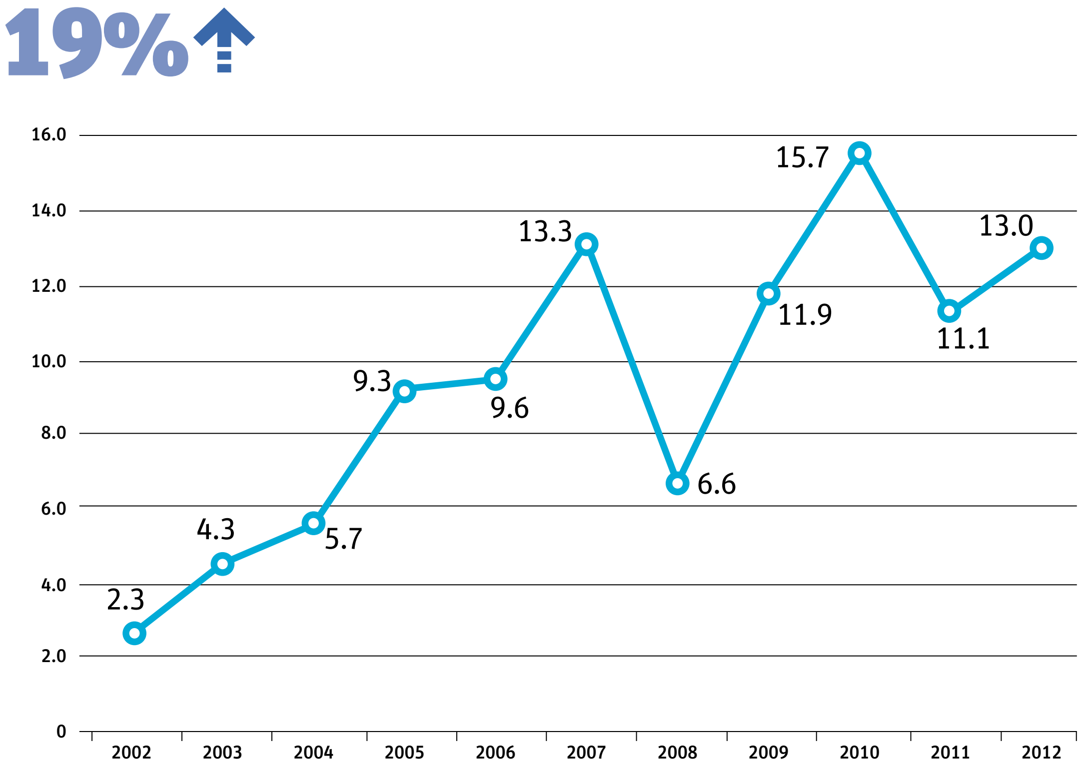
Shareholder Structure*



*As of March 30, 2012.

Over the last decade, Sabancı Holding's net asset value increased 19% per annum in US dollar terms.

Sabancı Holding
Net Asset Value by Year (US$ billion)*
(2002-2012)**



* Listed companies are valued based on their market capitalizations and non-listed companies' values are compiled from Sabanci Holding analyst reports published at the corresponding dates.
**As of March 30, 2012.

Risk Management

Pro-active risk management for sustainable growth

With the knowledge that each risk carries new opportunities, we believe that “sustainable development” can only be achieved by identifying and defining, measuring and managing risks effectively. Providing maximum value to our shareholders, the driving force behind our mission, is possible through effective risk management in all of our operations. Accordingly, as a pioneering group in Turkey, the Sabancı Group has built a strong risk management infrastructure and continues to put into practice a well-defined risk management system.

Risk Management in Non-financial Companies

The Sabancı Group defines risk as a combination of threats and opportunities and implements Enterprise Risk Management in all Group companies to manage its risks in the most effective manner. A strong risk management culture is being adopted and risk management is being integrated into our businesses and implemented by risk professionals in all of the Group companies. The risks at the Group companies are followed through Key Risk Indicators identified by Sabancı Holding and the Group companies. These indicators are continuously monitored and periodically reported. Risks pointed out by these Key Risk Indicators are managed by Group companies under the coordination of Sabancı Holding.

Sabancı Group continued to create shareholder value in 2011 through the emphasis on risk management and has shown a sustainable growth performance.

Sabancı Group, with its strong capital structure and effective management approach, is ready for all possible developments in all its business lines.

In 2011, within the Sabancı Group, financial institutions carefully monitored developments in both domestic and global markets and effectively managed risk through strong risk measurement systems.

Risk Management in Financial Companies

2011 was a difficult year for the global economy and financial markets. The crises in the United States were passed on to the Euro Zone countries while the shape of the crisis morphed from a financial crisis into a political one.

Market fundamentals that have dominated the Turkish economy include the current account deficit, foreign currency volatility, inflationary expectations and Central Bank policies.

Within the Sabancı Group, financial institutions monitored these developments carefully and managed risk through strong risk measurement systems. Akbank, the largest financial institution within the Group, maintained risk, return and growth balances at optimal levels with the help of accurate forecasts and timely strategic decisions.

Focused on sustainable profitability and value creation, Akbank continued to support the domestic economy and industries through a solid financial structure, and innovative products and services.

Akbank's Risk Management philosophy consists of:

- Detecting, managing and monitoring market risk including credit, operational, asset liability and other financial risks at an early stage in a proactive manner while appropriately allocating capital within business units;
- Managing risk with a forward-looking approach, determining and analyzing risk from the beginning with the help of steering risk strategies, models and parameters;
- Establishing a risk management system as an independent structure, separate from but coordinated with business units;
- Including risk management as part of the Bank's organization while integrating it into the system;
- Reporting all financial risks;
- Providing the highest value to shareholders, clients and employees;
- Being open to learning and change in order to cope with new market conditions;
- Being financially sound and reliable, to establish long-term business relationships with shareholders and clients with the help of a long-term commitment to deliver the best possible products and services.

Human Resources

Participative, collaborative, transparent culture that values diversity and creativity

The aim of Sabancı Group in human resources management is to develop and execute human resources strategies that create value consistent with the Sabancı vision and business objectives.

Sabancı Group human resources strategy strives to set world class management standards in this field and be an exemplary employer that every professional wants to, and is proud to, work for.

To realize this goal, Sabancı Group Human Resources is;

- highly selective in recruitment and promotion,
- directing employees to motivating goals,
- setting high performance standards for employees,
- holding management and the employees accountable for the results of their work,
- creating opportunities for employees to realize their potential and abilities,
- rewarding outstanding performance.

Sabancı Group aims to be an employer for:

- trustworthy,
- sensitive,
- ethical,
- flexible,
- market-oriented,
- strategic-minded,
- innovative,
- team-oriented

individuals.

Human Resources Polices and Principles

The human resources management approach employed within Sabancı Group companies responds to the specific business requirements of each industry. The design and implementation of these practices are devised to support strategic objectives.

Sabancı Holding Human Resources Policies and Principles represent the basic tenets of the Sabancı Group's human resources management applications and priorities. This enhances the flexibility required for the special conditions and needs of widely diversified businesses.

Attracting and Recruiting the Best Talent

Our goals are to:

- Be the employer of choice for top talent.
- Recruit talented individuals who will help support the Group going forward and adhere to the Sabancı values.
- Meet the future workforce needs of the Group through a global and proactive recruiting perspective.

Investing in Our People

Our main responsibilities are to:

- Invest in and create an environment with opportunities for the continuous development of our employees and help them realize their potential.
- Continuously track employee performance and support open communication by creating a culture where managers are accountable for employee development.
- Develop and nurture employees to create a high performance global talent pool of future leaders.

Future Forums, one of our best practices in this area, is implemented in collaboration with Sabancı University. The objective of this program is to place a market and customer focused viewpoint in the center of every activity in order to support sustainable growth, and to trigger the transformation by helping to think beyond the industry and market boundaries. In 2011, six Sabancı Group Companies have attended this program with 32 employees.

Furthermore, the SALT program, which has been designed to develop Group's leaders, has been running for the last eight years; and 162 executives have attended this program.

Human resources strategies that create value consistent with the Sabancı vision and business objectives

Building Organizational Capability

It is our priority to:

- Continuously assess and review organizational capability, people, systems and processes and, if necessary, to restructure in support of the success of the Group.
- Identify and assess high-potential employees and develop their careers based on the future needs of the Group.
- Enhance mobility within the Group through assignments, transfers and rotation for employee and organizational development.

Reward and Recognition

We intend to:

- Offer a competitive compensation package to attract top talent and strengthen the commitment of existing employees.
- Encourage accountability
- Reward outstanding employee contributions and performance
- Provide a level of compensation to employees commensurate with their responsibilities and the value added to the organization.

Increasing Employee Motivation and Commitment

Our objective is to:

- Promote the development and expansion of an open, participatory and transparent culture that values diversity and creativity.
- Proactively seek and consider employee feedback and expectations while continuously developing approaches that strengthen commitment, motivation and retention.
- Create a safe, healthy business environment that embraces ethical values and balances personal life with career responsibilities.

With Sabancı Golden Collar Awards, one of our best practices in this area, the priority is to communicate the critical issues for the Group to the employees and to reward the best suggestions.
For 2011 awards, 23, 21 and 17 applications have been made to the Innovation Category, Productivity Category and Synergy Category, respectively.

Year of growth, profitability and investments

Banking

- Akbank maintained the highest retail and financial strength rating for a bank possible in Turkey.
- Akbank was selected as the Best Bank in Turkey by Global Banking & Finance Review.
- Brand Finance ranked Akbank as "Turkey's Most Valuable Bank Brand" in its "World's Most Valuable 500 Bank Brands 2012" ranking. Akbank brand value was estimated at US$ 1,582 billion and ranked 96th on the top 500 international list.

Insurance

- Aksigorta signed an equal partnership agreement with the Belgian insurance company Ageas in February 2011.
- Aksigorta increased its market share in the non-life insurance sector and rose to third place in the market.
- Avivasa increased the funds under management by 15% in 2011.

Energy

- In line with its vertical integration and optimization strategy, Enerjisa Enerji A.Ş. holding company that holds the majority shares of the electricity generation, trade and distribution companies was established.
- Hacınınoğlu and Menge hydro plants along with Çanakkale wind power plant came online.
- Enerjisa's installed capacity reached 1,653MW, portfolio capacity is over 5,000 MW.
- Enerjisa's renewable resource capacity reached 2,358 MW.
- Construction of eight terminals in coal, hydro and wind power were started.
- A € 700 million financing package for the second phase investments was signed.
- Rebranding of Başkent Elektrik Dağıtım A.Ş., which provides electricity to 3.5 million customers in seven provinces, to Enerjisa was completed.

Cement

- Akçansa published the first Sustainability report (GRI approved B level).
- In line with energy efficiency and sustainable growth directives, Akçansa brought online Turkey's first Waste Heat Power Generation plant in September 2011 at its Çanakkale facilities. It is expected to prevent 60 thousand tons of carbon emissions and provide 105 million kWh energy.
- Çimsa also started the Mersin Waste Heat Power project which is expected to come online in 2012.
- Akçansa and Çimsa were selected as top two "most admired companies in the sector" in 2011 by Capital magazine.

Retail

- Sabancı maintained its third place in organized food retailing with Carrefoursa and Diasa.
- Teknosa revenues reached TL 1.7 billion with 269 stores and 128,000 m^2 sales area.
- Teknosa maintained its leading position with 13% share in the consumer electronics market and with a 43% market share in technology retailers.
- Teknosa reinforced its leadership in 2011 by acquiring Best Buy operations in Turkey.

Industrials

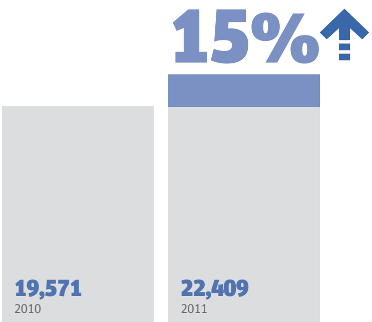
- Kordsa Global sales reached US$ 1 billion.
- Third production line started operations in Kordsa Global's Indonesia Plant.
- Brisa expanded its service portfolio with the acquisition of Bandag, a tire coating company.
- Brisa began selling tires online through lastik.com.tr for end users, a first in Turkey.
- The sale process of Advansa BV was completed.
- Temsa launched its new bus, MD9, in Europe.
- Olmuksa increased sales and geographic coverage with the integration of DS Smith company.

2011 Results

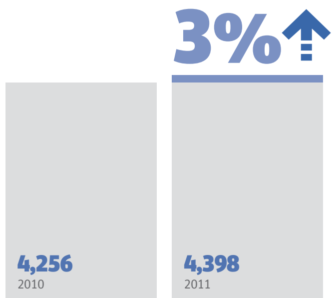
Successful performance

Consolidated Results

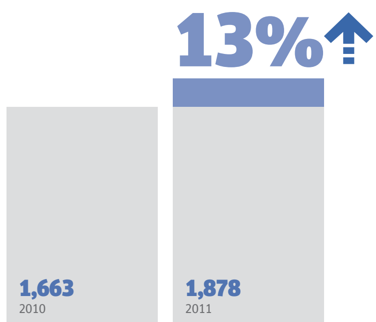
Consolidated Revenues
(TL MILLION)



Operational Profit
(TL MILLION)

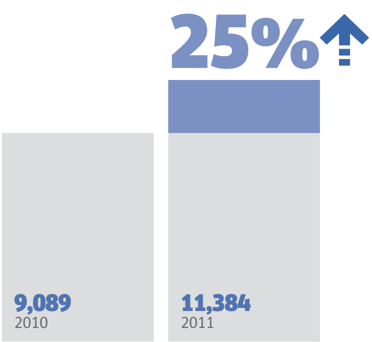


Net Profit
(TL MILLION)

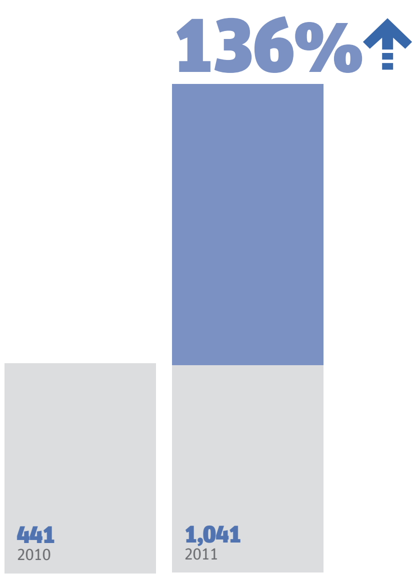


Results for Non-Bank Segment

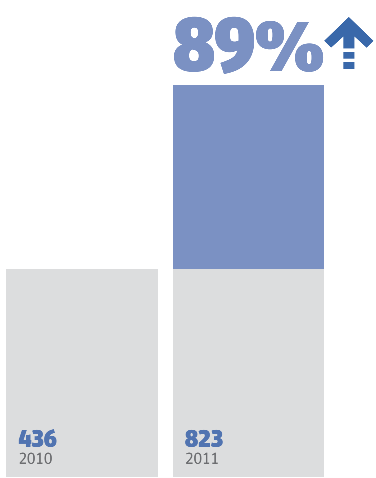
Consolidated Revenues
(TL MILLION)



Operational Profit
(TL MILLION)



Net Profit
(TL MILLION)



Key Investment Messages

Sustainable profitable growth

Profitable Growth

Sabancı Group companies are the leaders in their fields. In 2011, Sabancı Group's total assets were TL 151 billion and net profit was TL 1.878 billion.

Total Assets (TL BILLION)

18%↑

Sabancı Holding's assets have a compounded average annual growth rate of 18% over the past five years.

2011	151.1
2010	130.1
2009	111.9
2008	100.8
2007	79.4
2006	67.2

Consolidated Net Income (TL MILLION)

31%↑

Sabancı Holding's consolidated net profit has a compounded average annual growth rate of 31% over the last five years.

2011	1,878
2010	1,663
2009	1,258
2008	1,189
2007	969
2006	494

Portfolio allocation to sectors with high-growth potential

Banking

Increase in sector total assets in 2011:
21%

Increase in sector total loans in 2011:
30%

Insurance

Increase in non-life premiums written in 2011:
26%

Increase in pension funds in 2011:
19%

Energy

Increase in the electricity demand in 2011 (kWh):
9%

Cement

Increase in domestic cement demand in 2011 (tons):
11%

Retail

Increase in organized retail revenue in 2011:
10%

Industry

Increase in Turkish industrial production in 2011:
9.4%

Steps for a more balanced and transparent portfolio

10 Sabancı Group companies are listed on the ISE. The share of listed companies in total net asset value is 70%. Sabancı holding is planning new IPOs to increase this ratio.

Percentage of Free Float

Banking	Akbank	31.0%
Insurance	Aksigorta	29.3%
Cement	Akçansa	20.6%
	Çimsa	32%
Retail	Carrefoursa	3%
Industry	Kordsa Global	8.9%
	Brisa	10.3%
	Sasa	49%
	Yünsa	30.6%
	Olmuksa	12.5%

Planned IPOs

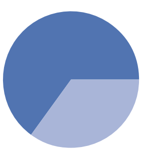
Teknosa

Avivasa

Enerjisa

Diasa

Net Asset Value



70% Listed

30% Non-listed

Akbank makes up 50% of net asset value of Sabancı Holding. In order to reach a more balanced portfolio, investments in cement, retail, industry and primarily energy are under way.

Corporate Governance

The investor relations agenda, in accordance with the Capital Markets Board's (CMB) Corporate Governance Principles, is managed by the Investor Relations Unit. Throughout the year, investor relations activities included 211 meetings, more than 500 phone calls and more than 100 email responses to investors.

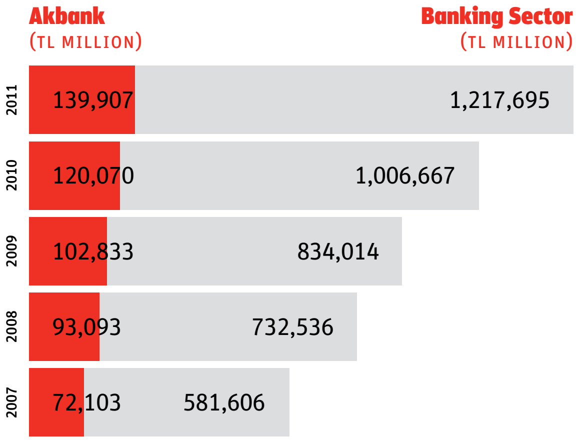
2 Within the framework of Corporate Governance Principles, the Board of Directors of Sabancı Holding has two independent members.

Bank of Rising Turkey

The Turkish banking industry is more resilient and stronger against crises as a result of effective regulation, oversight and strict risk management. This differentiates our banking sector from its counterparts in both the developed and developing countries as they face major headwinds.

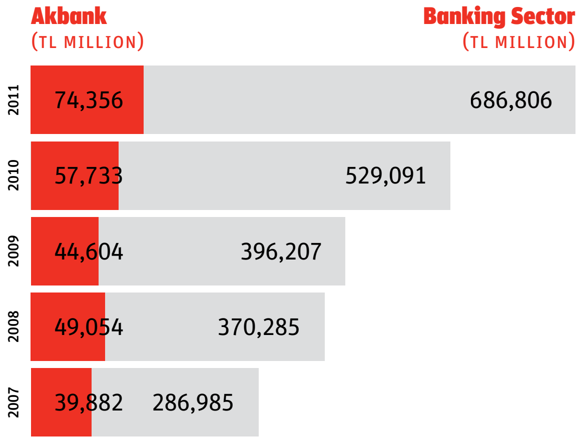
Banking sector and Akbank's asset development

The Turkish banking sector's asset size grew by 21% in 2011 compared to the previous year, reaching TL 1,218 billion.

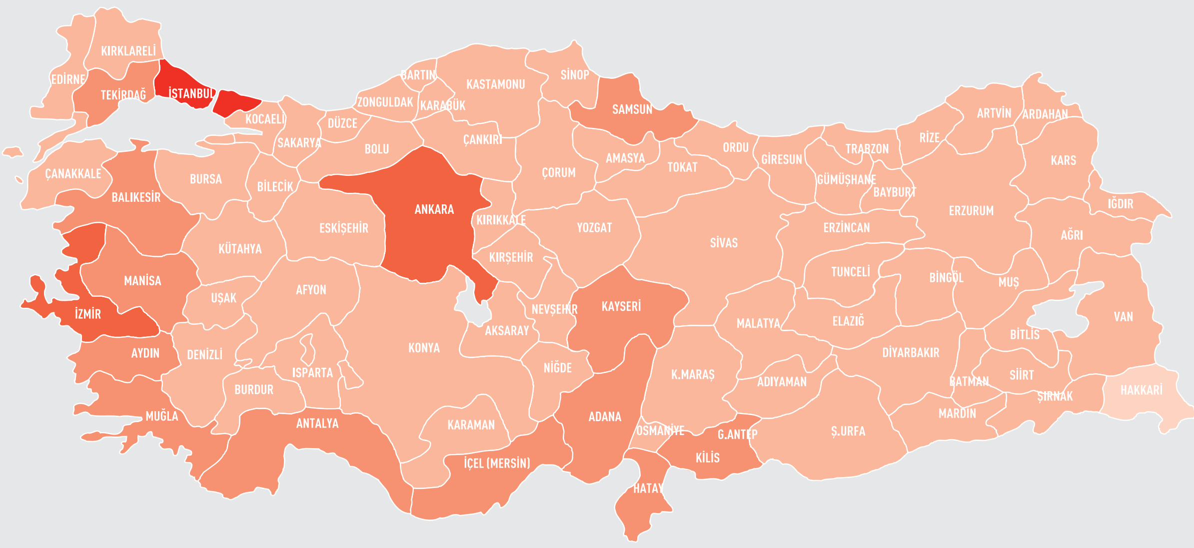


Banking sector and Akbank's loan development

The Turkish banking sector's loans grew 30% in 2011 compared to the previous year, reaching TL 687 billion.



AKBANK



Akbank's Extensive Branch Network | 1↗ | 10↗ | 50↗ | 250↗

Effective Risk Management

In the current environment where trust has gained the utmost importance, Akbank continues to move forward with confidence thanks to its effective risk management practices. Akbank closely monitors economic and financial developments in global markets, Basel III principles and other international regulations as well as the developments in risk management field; the Bank constantly improves its existing practices. As Moody's has clearly indicated in its reports for the financially volatile years of 2001 and 2006, Akbank has always been able to maintain confidence during uncertain and challenging times thanks to its solid risk management policies. The constant emphasis on corporate governance, transparency and accountability helps further reinforce Akbank's position with each passing day.

Robust Capital Structure

The global crisis has once again proved the importance of robust equity capital. At US$ 9.1 billion, Akbank's free capital is the highest in the Turkish banking industry. While legal obligations in Turkey require a minimum capital adequacy ratio of 12%, Akbank has a capital adequacy ratio of 16.8%.

Superior Asset Quality

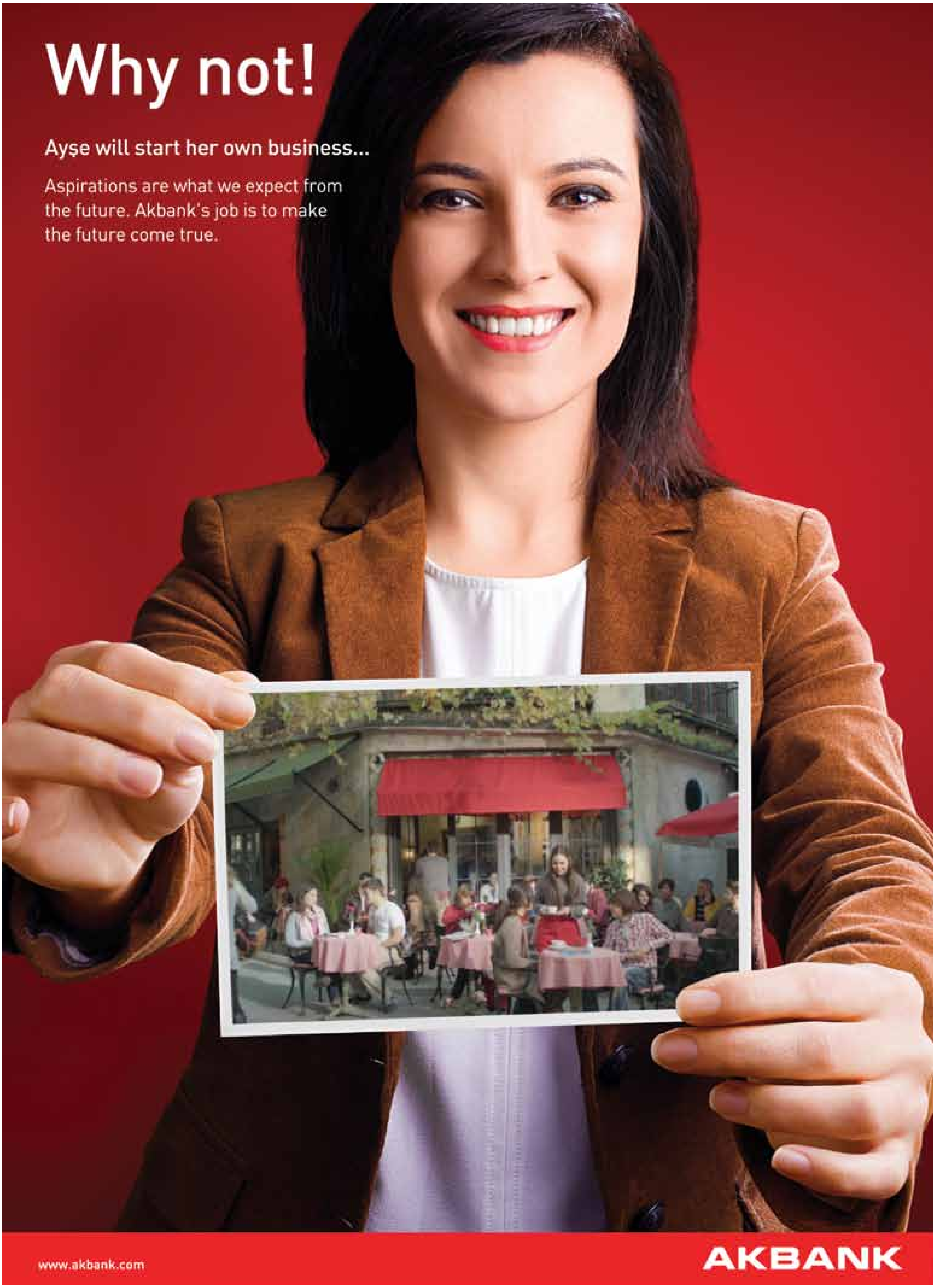
The primary requisite for effective risk management is maintaining asset quality. From this perspective, Akbank has always pursued a healthy lending policy and favored growth with a high-quality portfolio over rapid growth. While the ratio of non-performing loans in the Turkish banking sector currently hovers around 2.6%, this ratio stands at 1.7% for Akbank. Furthermore, Akbank is currently setting aside 157% provisioning against non-performing loans when general loan loss provisions are taken into consideration.

High Growth Potential

High level of liquidity, low leverage ratio (7.7x) and low loan-to-deposit ratio (92%) are Akbank's primary strengths that also support its sustainable profitable growth.

International Reputation

Thanks to high-quality services it provides for clients as well as its innovative and dynamic structure in the International Banking arena, Akbank continued to be among the leading business partners of correspondent banks in Turkey in 2011. Breaking even more new ground with its syndication, securitization and overseas bond market transactions in 2011, Akbank continued to pave the way for the sector in foreign borrowing.


Why not!
Ayşe will start her own business...
Aspirations are what we expect from the future. Akbank's job is to make the future come true.
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AKBANK

Akbank
The leader in the Turkish banking sector

AKBANK

Total Consolidated Assets (TL billion)
140

Consolidated Net Profit (TL million)
2,535

Services Network
926 branches

3,695 ATMs

Workforce
15,339

In 2011, Akbank continued to provide increasing support to the Turkish economy and real sector through its strong financial structure, customer-oriented approach and innovative products and services.

In addition to its core banking activities, Akbank offers consumer, commercial, SME, corporate, private banking and international trade financial services. Non-banking financial services, along with capital market and investment services, are provided by the Bank's subsidiaries. With state-of-the-art information technology and a staff of experienced bankers, Akbank focuses on providing top quality services to a wide range of consumer and corporate customers.

With a strong and extensive domestic distribution network consisting of 926 branches and a workforce of over 15,000 employees, Akbank operates from its Istanbul Head Office and 20 regional directorates throughout Turkey. In addition to branches, the Bank's traditional delivery channels, Akbank also offers banking services to customers through its consumer and corporate Internet branches as well as its Telephone Banking Center, 3,695 ATMs and more than 288,000 POS terminals, along with other high-technology distribution channels.

In 2010, the Akbank Banking Center commenced service as the highest transaction capacity operations center in Turkey. Equipped with the latest technology, this complex makes major contributions to Akbank's productivity.

Akbank carries out its overseas operations through subsidiaries in Germany (Akbank AG), the Netherlands (Akbank N.V.) and Dubai (Akbank Dubai Limited), as well as a branch in Malta. The merger process of Akbank AG and Akbank N.V. under Akbank AG has begun, in the framework of restructuring overseas subsidiaries.

Since January 2007, Citigroup has held a 20% strategic stake in Akbank. This partnership has contributed to the strategic enhancement of consumer banking activities with joint ATM usage and credit card applications including Citi Axess and Citi Wings and a strong collaboration in developing project finance and corporate banking activities.

Harvard University Kennedy School of Government (Harvard KSG) has turned Akbank's highly successful transformation story and growth strategy in the aftermath of the 2001 crisis into a case study.

Akbank management implemented "The New Horizons Restructuring Program" following the Turkish economic crisis of 2001, at a time when the Turkish economy and banking industry were struggling to deal with the impact of the crisis. The management, changes and growth strategy that the Bank implemented not only placed Akbank in a position to grow during the years of crisis but also made it a lecture topic and a reference study on how to manage and grow through times of economic uncertainty.

AKBANK

With a robust capital base, reliable deposit structure, ability to raise foreign financing on favorable terms coupled with superior asset quality, Akbank has maintained its leading position in the Turkish banking sector. As of the end of 2011, Akbank reported consolidated net profit of TL 2,535 million (approximately US$ 1,342 million) and total consolidated assets of approximately TL 140 billion (approximately US$ 74 billion). The consolidated capital adequacy ratio of Akbank, standing at 16.8%, is among the highest in the sector.

Continuing operations guided by the responsibility to create value for the Turkish economy, Akbank's total loans grew 29% reaching TL 74 billion. As a result of effective risk management policies implemented by Akbank, in 2010 the Bank's non-performing loan ratio was realized at 2.2% and in 2011 fell to 1.7%, remaining under the sector average.

As a result of its meticulously executed effective risk management policies and exceptional performance, international rating agencies assigned Akbank the highest financial strength ratings among Turkish banks.

In 2011, Akbank received numerous awards both domestically and internationally. Akbank was named "Turkey's Best Bank" by Global Banking and Finance Review, "Overall Best Private Bank of Turkey" by Euromoney, "Turkey's Best FX Provider Bank" and "Best Social Media Bank in Europe" by Global Finance magazine.

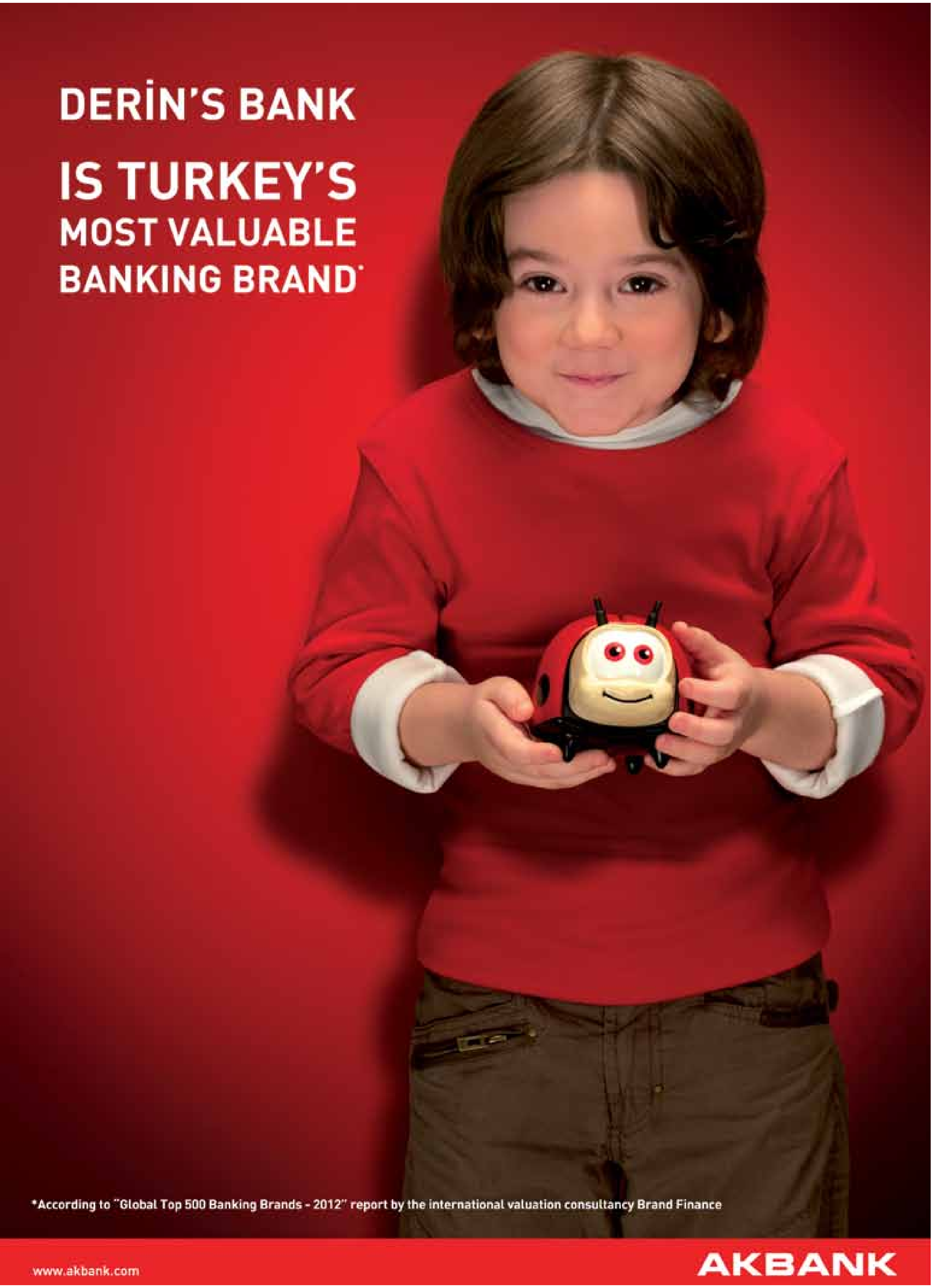
With successful operations and long term strategic management, Turkey's innovative power Akbank, received the CRM Excellence-Integrated Marketing award from Gartner for its customer relationship management system "Atom". Akbank was the first Turkish Bank to receive this award among regions that included Europe, the Middle East, Africa, Asia-Pacific and China (EMEA/APAC). The Hall of Fame awards distributed by Palladium Group Europe, the group that assesses the success of companies implementing strategies focused on organizational models in the Middle East and Africa (EMEA), named Akbank the "EMEA Region's Most Successful Company". Akbank was the first Turkish bank to receive this award for organizational management, one of the most prestigious awards on an international platform.

Established as a 99.6% owned subsidiary of Akbank in 1996 to provide brokerage services in the capital markets, Ak Investment provides local and foreign corporate clients with brokerage services; Turkish Derivatives Exchange (TURKDEX), government bonds, repo transaction services; brokerage services for the transaction of Akbank mutual funds; along with public offerings and mergers and acquisitions advisory, matching financial partners and buy-side and sell-side advisory for privatizations.

Ak Asset Management was established in June 2000 as a 99.99% owned subsidiary of Akbank. Ak Asset Management provides investment management services for 57 portfolios along with asset management services to large individual and corporate investors in accordance with their own investment expectations and risk profiles. In 2011, Ak Asset Management strengthened its position as a pioneer in the investment management sector through innovative investment products introduced to customers. Ak Asset Management ranks first in consumer and corporate portfolio management and pension fund management. It is also the second largest company in terms of assets under management.

Founded in 1988 and a 99.99% owned subsidiary of Akbank, Ak Lease provides financial leasing services to customers. Thanks to sector-specific structuring and expert staff, Ak Lease's low-cost, long-term solutions meet the needs and expectations of its customers.

A total of 31.0% of Akbank shares are listed on the Istanbul Stock Exchange (ISE). The Bank's Level 1 ADRs are traded on the OTC market in the United States. Akbank's market capitalization stood at US$ 12.7 billion on December 31, 2011.


DERİN'S BANK
IS TURKEY'S
MOST VALUABLE
BANKING BRAND*
*According to "Global Top 500 Banking Brands - 2012" report by the international valuation consultancy Brand Finance
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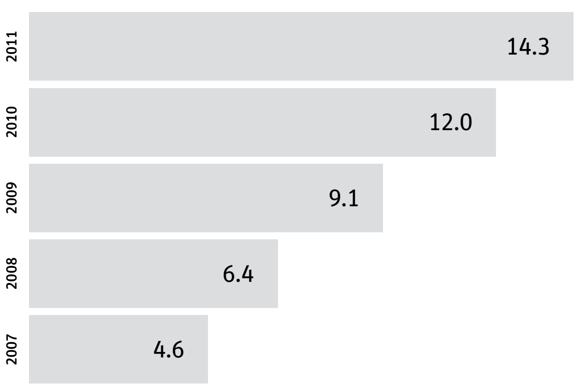
AKBANK

Insurance of Rising Turkey

- **The ratio of insurance premiums written to GDP in the EU countries ranges from 5% to 10%, while it is 1.1% in Turkey.**
- **Per capita annual insurance premiums in Europe is € 1,879 in Europe and approximately € 100 in Turkey, according to Insurance Europe.**
- **Over the last four years, average annual growth in the life segment has been 17%, in non-life segment 11% and in pension 33%.**

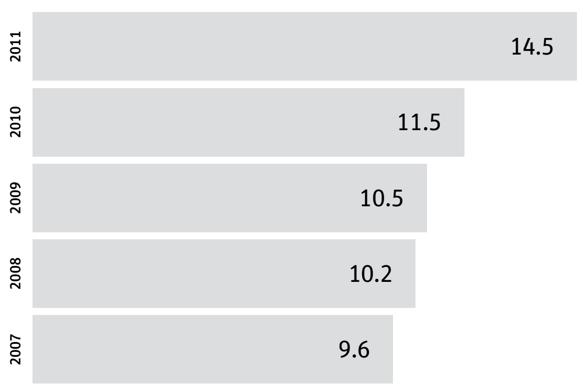
Pension Fund Size in Turkey

(TL billion)



Non-Life Premiums Written in Turkey

(TL billion)



Sabancı Group Insurance Companies Network in Turkey: 926 Akbank branches, more than 1,500 agents and more than 800 pension fund consultants

1 ↗ | 10 ↗ | 50 ↗ | 250 ↗

Market Leadership

Avivasa is the second largest life and pension insurance company and Aksigorta is the third largest non-life insurance company in the Turkish market.

High Brand Awareness

According to the results of the brand awareness survey by TNS, Aksigorta is the “Best Known Brand” in the insurance market. According to the survey “Status Brands” by the independent market research company Synovate, Aksigorta is “The Most Prestigious and Status Symbol Insurance Brand” in the Turkish insurance market.

Avivasa received the “Best Financial Campaign” award , Europe’s most prestigious award program European Excellence Award in the field of communications, with the “Pension Gap” research report addressing the savings gap for pensions throughout Europe.

Multiple and Pervasive Sales Channels

With Aksigorta’s more than 1,500 agents and 46 brokers and Avivasa’s more than 800 financial consultants and branch insurance managers and extensive telemarketing channel, insurance companies cover the country and consistently improve their service levels.

Akbank, A Strong Strategic Partner

Of all insurance premiums written in 2011, 26% were through the bankassurance channel. Aksigorta’s and Avivasa’s exclusivity arrangements with Akbank provide a competitive edge.

Know-How Transfer From European Partners

The European partners, Aviva and Ageas, support Aksigorta and Avivasa in bankassurance, multi-channel management, actuarial and claims management. Additionally, the partners’ support in the reassurance market also provides competitive advantages.

Aksigorta
Best known and most trusted insurance company of Turkey

Shareholders' Equity (TL million)
400
Premiums Generated (TL billion)
1.1
Services Network
926 Akbank branches
1,500 agents
Workforce
620

Established in 1960, Aksigorta A.Ş. serves customers across Turkey from 926 Akbank branches with 620 employees and over 1,500 agents, 46 brokers and more than 4,500 contracted institutions. Aksigorta has more than 10,000 stakeholders and the highest brand awareness in Turkey.

Determined to lead the sector with a contemporary and dynamic brand identity, Aksigorta creates innovative and customer-oriented products and services. It ranks as one of Turkey's leading non-life insurance companies with more than 1.1 TL billion premiums generated and financial strength with approximately TL 400 million in shareholders' equity. Based in Istanbul, Aksigorta provides fire, marine, auto third party liability, accident, personal accident, credit, legal protection, engineering, agriculture and health insurance coverage policies. It operates from 10 regional offices, of which four are located in Istanbul and one each in Izmir, Adana, Ankara, Trabzon, Bursa and Antalya. Aksigorta has three other representative offices within Turkey.

Celebrating its 50th anniversary in 2010, Aksigorta continued to strengthen its position in 2011 with the partnership between Sabancı Holding and Belgian Ageas, a world giant with 180 years of experience. It continues to strive for the development of the sector and to broaden insurance awareness in society.

With global bancassurance experience, Ageas will contribute to Aksigorta's unique power coming from the sister company, Akbank, whose impact in the sector is getting more significant day by day. The Company has harmonized its field personnel and IT structure with innovative bancassurance sector solutions.

Aksigorta Service Center provides uninterrupted services, starting from the initial offering through its focus on every detail of the claim management process. In addition, Aksigorta strives to simplify the claims process, informing clients in a timely manner and contacting them personally to improve customer satisfaction.

Utilizing a customer-focused philosophy, Aksigorta has increased service quality and customer satisfaction while continuing to offer auto, household, business and health product services. Aksigorta provides the fastest and highest quality service through a network of 4,500 business partners beginning as soon as it receives claim notification via contracted auto repair and health services associations.

Based on ISO 9001 Standards, Aksigorta established its Quality Control System and was certified in 1998. Within its non-life branch, Aksigorta was the first insurance company to earn the ISO 10002:2004 Quality Management Customer Satisfactions-Complaint Handling System certificate. Aksigorta has extended the certificates' validity until 2013.

Paralleling its corporate social responsibility approach, Aksigorta developed Turkey's first Fire and Earthquake Simulation Center (YADEM) in 1996. In November 2006, Aksigorta donated YADEM, to Şişli City Hall Science Center with all usage rights, to enable more people to benefit from YADEM. Working toward increased risk and insurance awareness in Turkey, Aksigorta and the Search and Rescue Association (AKUT) developed a social responsibility project known as "Keep on Living, Turkey". Aksigorta and AKUT teams have visited 20 provinces and 100 districts on the Disaster Training convoy; two million individuals have received training about natural disasters and insurance awareness.


AKSigorta

Avivasa

Serving a customer base of 1.5 million through multiple distribution channels

The merger between AK Emeklilik, a Sabancı Holding subsidiary and Aviva Hayat ve Emeklilik, the Turkish business partnership of the UK insurance giant Aviva, went into effect on October 31, 2007 following fulfillment of legal requirements; the merged entity became operational on the same date as one of Turkey's leading private pension and life companies under the name of Avivasa Emeklilik ve Hayat.

Operating via direct and bank sales agents, corporate initiatives and telesales distribution channels, Avivasa Emeklilik ve Hayat serves a customer base of 1.5 million in the private pension and life insurance sectors. With paid in capital of approximately TL 36 million, Avivasa employs nearly 1,300 people, of which over 800 make up the sales force as Financial Advisors and Branch Insurance Managers.

Improving its strategic alliance and integration with Akbank, Avivasa Hayat ve Emeklilik has strengthened its solid position with regard to bancassurance in the Turkish private pension and life insurance market which is becoming ever more important. Additionally, bancassurance, private pension and life insurance schemes are offered to customers through Citibank, one of the most important players in the global banking sector.

The Direct Sales channel provides service to non-bank customers of different socio-economic levels through Avivasa Financial Advisors, whose number has increased by 34% in 2011; investments in the channel are ongoing. The Agents channel intends to expand existing operations while the corporate initiatives channel presents private pension and life insurance products to leading organizations in Turkey. The Telemarketing channel reaches a variety of customer segments by offering affordable products.

According to data from the Pension Monitoring Center for December 2011, Avivasa Emeklilik ve Hayat has a 21% market share with funds totaling TL 3.0 billion under management.

AkPortföy, a Sabancı Group company, one of the leading players in the portfolio management sector, is responsible for managing the portfolio. In 2020, the private pension system is expected to reach TL 100 billion, 7% of Turkish GDP. Avivasa Hayat ve Emeklilik plans to have more than TL 20 billion in funds under management at that time.

According to data published by the Association of the Insurance and Reinsurance Companies of Turkey as of the end of November 2011, Avivasa Emeklilik ve Hayat had generated over TL 110 million in life insurance premiums; this translates to a market share of 4.5%.

Avivasa Hayat ve Emeklilik closely monitors market opportunities. Trust Funds of both local and multinational companies operating in Turkey and public foundations have begun the transfer to a private pension system process. This process is expected to double total funds under management in the sector. With its strong brand, organization and market share, Avivasa Hayat ve Emeklilik is well positioned to benefit from this transition.

Those who have not thrown their money away but saved with AvivaSA are now retiring.
Come and start now to save your future with AvivaSA and retire easily.
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Emeklilik ve Hayat
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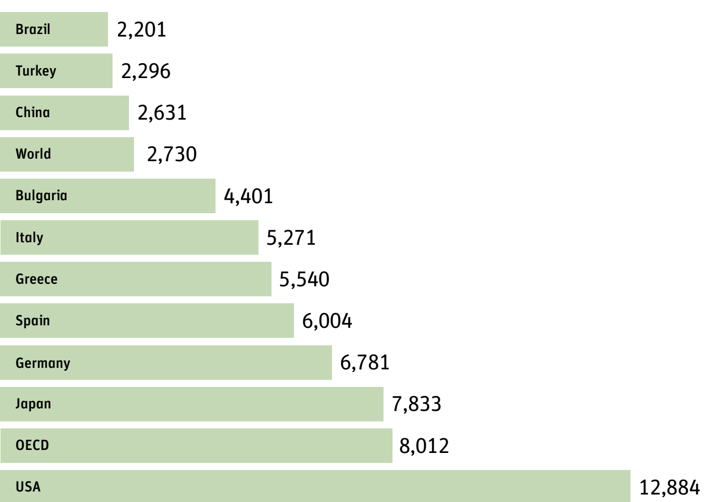
Energy of Rising Turkey

- **Electricity demand in Turkey has one of the highest growth rates in the world due to the rapid growth of Turkish economy, industrialization and urbanization. Electricity demand has increased with an annual average rate of 6% over the past 10 years and is forecasted to double in the next 10 years. Power generation in Turkey requires investments of US$ 8-10 billion per annum.**
- **Enerjisa is progressing toward becoming the leader of the sector by pursuing opportunities in the liberalized electricity market for covering the demand growth in an efficient way.**
- **Enerjisa, positioned in all the segments of the electricity value chain, plans to have a 10% market share in the fast growth electricity market in Turkey.**

Demand for electricity is expected to grow at 1.5 times GDP

Electricity demand is directly correlated to the level of economic development. Per capita electricity consumption in Turkey stands at one-third of the OECD average which reflects a strong growth potential to reach the level of developed countries.

Per Capital Electricity Consumption
(kWh)

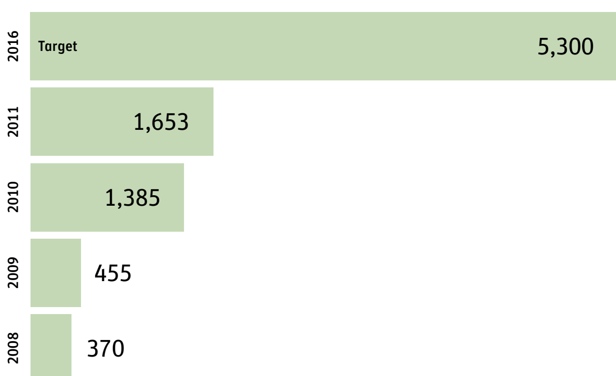


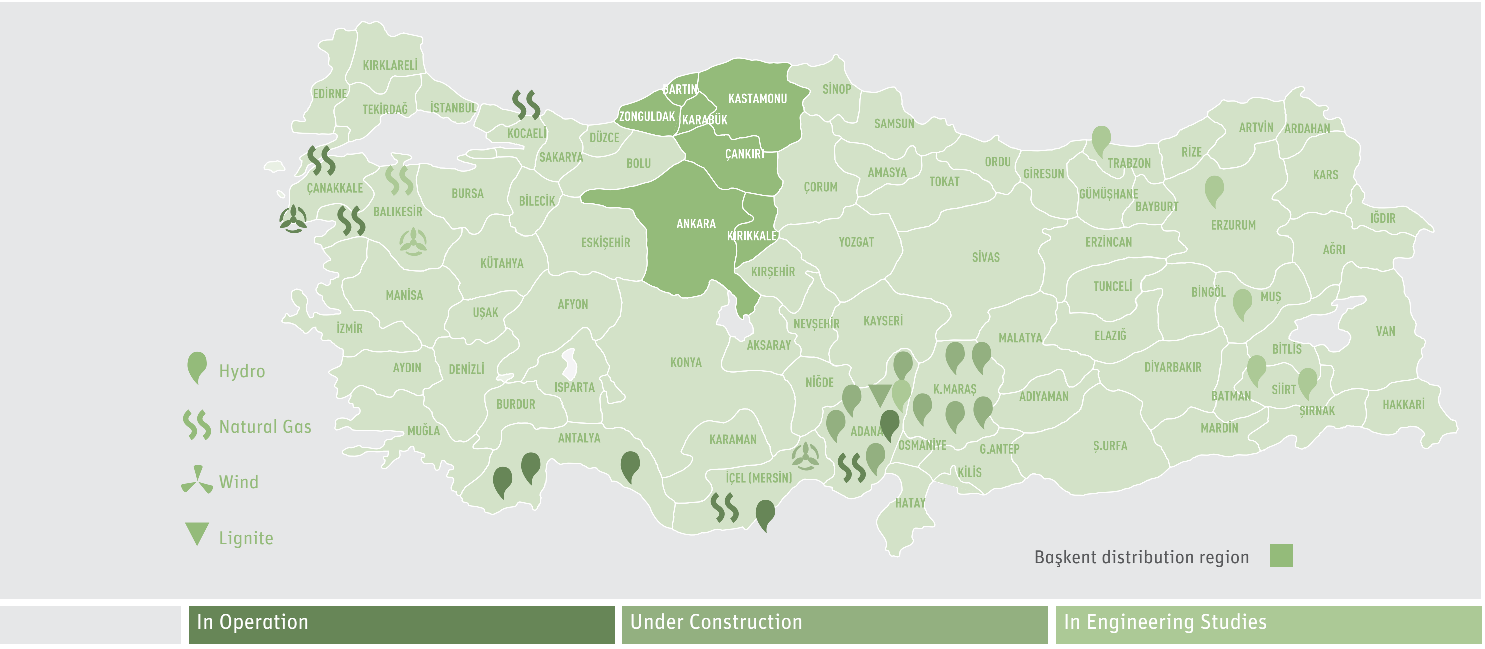
Source: International Energy Agency "Key World Energy Statistics 2011"

Enerjisa is progressing toward its aim to be the market leader

Enerjisa started its operations as an autoproducer in 1996 and has increased its installed capacity to 1,653 MW by 2011. Including the projects under construction and in engineering studies, Enerjisa plans to build 5,300 MW of installed capacity by 2016 and to become the leader in the Turkish electricity sector.

Enerjisa Installed Capacity
(MW)





A business model built on vertical integration and optimization

Enerjisa operates in the generation, distribution, wholesale and retail segments of the electricity sector in Turkey. Enerjisa is one of the leading private generation companies with its 1,653 MW installed capacity and serves 3.5 million customers in seven provinces in the Başkent Electricity Distribution Region acquired in 2009. Enerjisa reached a 4% share in Turkey's electricity generation in market 2011.

A diversified and efficient generation portfolio

Enerjisa plans to reach 5,000 MW of installed capacity by 2015 through its diverse portfolio of hydro, wind, domestic coal and natural gas power plants. Bandırma Natural Gas Combined Cycle Power Plant, commissioned by Enerjisa in 2010, stands as the most efficient thermal power plant in Turkey with its 59.3% efficiency. Enerjisa places emphasis on utilizing Turkey's domestic energy resources to improve the energy self-reliance of the country and to reduce the current account deficit. Renewable energy projects constitute 45% of Enerjisa's generation portfolio. Enerjisa contributes significantly to the sustainable growth of the Turkish electricity sector by incorporating efficient and environmentally friendly technologies in its generation investments.

Pioneering practices in electricity distribution and sales

Enerjisa commissioned the first electricity distribution SCADA system in Turkey as well as the world's most advanced customer information system, SAP ISU, in the Başkent electricity distribution region. Başkent Electricity Distribution Company makes investments to improve the quality of the electricity supply and to reduce the loss and theft ratio. The Company successfully finalized its rebranding process to change its name to Enerjisa Başkent Distribution Company in 2011. Enerjisa sustains its growth as the preferred and reliable supplier across the country with its customer-focused and pioneering approaches.

Highly skilled human resources

Enerjisa maintains and builds on its leading and pioneer role in the Turkish electricity market by recruiting highly skilled employees and ensuring their continuous development.

Strong financing structure

The securing of € 700 million in project finance in 2011 marks another step in realizing the projects of Enerjisa. With this financing, Enerjisa secured financing of projects for over 3,300 MW of capacity.

Enerjisa
Leader in the electricity market with vertical integration

The Sabancı Group's strategic plans for 2015 have identified the energy sector as a key growth area with a focus on electricity and natural gas. Consequently, the Group intends to lead in the electricity market and has established an ambitious target to command a 10% market leading share of the electricity sector by 2015.

In May 2007, the Group signed a joint venture agreement with Austria's Verbund, one of the largest producers of electricity in Europe. The agreement is based on an equal share and management principles. Sabancı and Verbund will work together exclusively within all areas of the Turkish electricity sector, with the exception of nuclear energy investments.

Planning to attain a total installed capacity of 5,000 MW by 2015 under the scope of the Verbund partnership, the Sabancı Energy Group continues to expand and diversify its generation portfolio.

Enerjisa aims to become the market leader in the electricity sector within a vertically integrated structure by combining generation, distribution, wholesale and retail activities. The facilities that serve this purpose are held through Enerjisa Enerji A.Ş., established in 2011, a joint venture company that owns the shares of operational companies: Enerjisa Power Generation (GenCo), Enerjisa Electricity Wholesale & Trading (TradeCo), Enerjisa Gas (GasCo) and Enerjisa Distribution (DisCo). Enerjisa is also managing gas sourcing and operations in the natural gas business to optimize its own gas consumption.

Enerjisa aims to create value for its shareholders, customers, employees, suppliers and the society as a whole while becoming the preferred supplier in all business segments by taking advantages of the opportunities in the sector. Strengthening its competitive position in the market and continuously improving the processes and systems to keep them sustainable are among the main objectives of Enerjisa.

Total consolidated sales for Enerjisa companies in 2011 reached TL 3.7 billion.

Enerjisa Power Generation
A reliable and capable supplier of energy

Enerjisa Power Generation (GenCo) was founded in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and capable supplier of energy to its customers.

Total installed capacity of the Enerjisa generation portfolio reached 1,653 MW by the end of 2011 and includes natural gas combined cycle power plants in Kocaeli, Adana, Çanakkale, Mersin and Bandırma with a total installed capacity of 1,306.5 MW and various hydroelectric power plants located in Antalya, Mersin and Kahramanmaraş with a total installed capacity of 316 MW.

The licensed portfolio of Enerjisa GenCo, which has grown rapidly since 2006, reached a total capacity of 4,115 MW including existing power plants, projects under construction and ongoing engineering projects as of year-end 2011. In addition, projects with a total capacity of nearly 1,000 MW are at the license application stage.

Aiming to diversify the generation capacity and create a strategic advantage, 13 hydroelectric power plants with a total capacity of 1,830 MW, the 450 MW Tufanbeyli Thermal Power Plant and two wind power plants with a total capacity of 182 MW are currently in the planning and implementation stages. The 142 MW Hacınınoğlu hydroelectric power plant, the first unit of the 85 MW Menge hydroelectric power plant and the 30 MW Çanakkale wind power plant went online in 2011.

Also, as a part of its commitment to renewable energy, Enerjisa GenCo has targeted wind power plants with a total installed capacity of approximately 300 MW by the end of 2015.

Enerjisa GenCo helps secure power supplies in Turkey by generating electricity at its power plants for Turkey's leading industrial and commercial entities as well as customers using its distribution companies.

Enerjisa Electricity Wholesale and Trading

A customer-oriented approach in sales and marketing

ENERJİSA

Within Enerjisa companies, Enerjisa Wholesale and Trading (TradeCo) was founded in 2004 to operate in the electricity wholesale market. Enerjisa TradeCo trades in electricity and/or capacity in accordance with the limits set by market regulations and internal risk management. In addition to the wholesale trading of electricity, the Company sells electricity directly to eligible customers. Opportunities to import and export electricity are also carried out under the wholesale license.

Enerjisa TradeCo utilizes a customer-oriented approach in its sales and marketing activities. With the objective of becoming the supplier of choice, the Company offers quality services that meet customer expectations at the highest level and continually improves its systems and processes based on customer feedback.

Enerjisa TradeCo also fulfills the role of Group optimizer, managing optimally power and gas (through Enerjisa GasCo) sales and procurement activities to optimize value. In addition to wholesale and trading activities, Enerjisa TradeCo provides consultation services to the other Enerjisa companies. It advises on operations in the balancing market, power plant optimization and customer relationship management.

In an effort to secure the supply of natural gas and other fuels in a long-term cost effective manner, Enerjisa TradeCo/GasCo acts as a consultant to Enerjisa companies for natural gas supply contracts and other fuels for current and prospective power plants, fuel procurement strategies in the medium and long-term, establishment of fuel optimization systems and management of risk related to these systems. Enerjisa Natural Gas Wholesale Company was founded in 2004 to achieve those targets. It started operations by acquiring licenses to supply natural gas to Enerjisa natural gas power plants and primarily optimizing their consumption as well as benefiting from new business opportunities emerging with the liberalization of the natural gas market. It has acquired the right to import Spot LNG by obtaining a 10-year license from EMRA in 2010.

Enerjisa TradeCo also offers consultation services to Enerjisa DisCo for the management of existing energy purchase agreements with TETAŞ and EÜAŞ and by pursuing the opportunities related to the management of energy balancing in day-ahead markets and similar activities. In order to satisfy the long-term demand position of DisCo, TradeCo carries out negotiations and procurements for new long-term energy purchase contracts and performs market risk management consultation services.

Enerjisa Electricity Distribution

The strategic link in a vertically integrated structure: Distribution

Enerjisa aims to become the market leader in the electricity sector in a vertically integrated structure by combining generation, distribution, wholesale and trading activities.

In line with this strategic target, the Sabancı Verbund Joint Venture through Enerjisa Electricity Distribution (DisCo), participated in the privatization tender for the block sale of 100% of the shares of Başkent Electricity Distribution Company (Başkent EDAŞ). It won the tender by offering the highest bid of US$ 1,225 million on July 1, 2008.

The transfer of shares of Başkent EDAŞ to Enerjisa DisCo, (established in 2008 for this purpose) was concluded on January 28, 2009.

Having significantly invested in the upgrading of all legacy systems, with a special focus on improving customer service, Başkent EDAŞ was rebranded in 2011 as Enerjisa Başkent with the initiation and completion of a comprehensive rebranding campaign in 2011. Enerjisa Başkent builds, maintains and operates the electricity distribution grid and provides electricity retail services as well as additional services for 3.5 million customers in Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak; known as the Başkent Distribution Region.

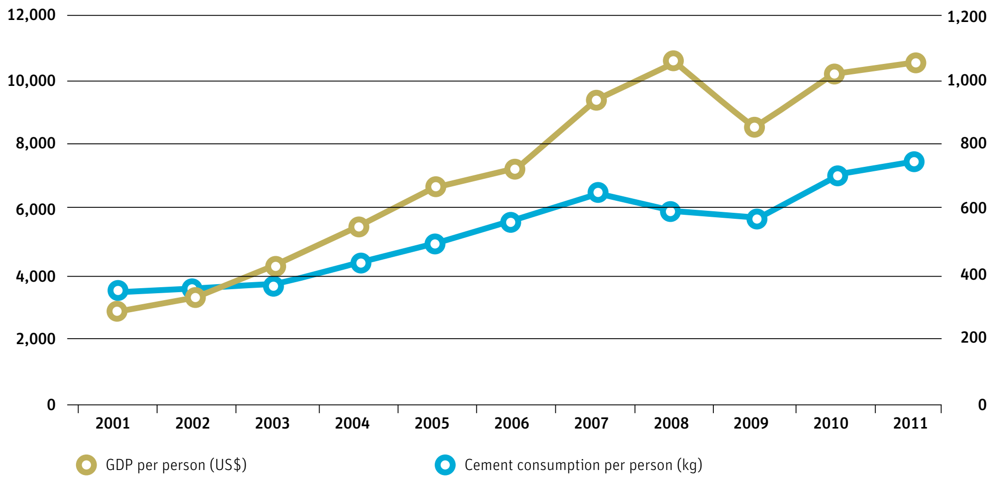
Prior to the takeover date, the integration process began and transitioned very smoothly without negatively affecting operational and financial performance in 2009 when electricity consumption had significantly decreased. In 2011, Enerjisa Başkent performed positively, confirming the strategic advantage of its specific customer structure. Also at the beginning of 2011, the major regulatory framework for the operations of all Turkish distribution regions was set by the Turkish Energy Regulatory Authority (EMRA) for the 2011-2015 five year period.

Given the regulated nature of the business and the projected changes in the market for the upcoming years, Başkent EDAŞ focused on the necessary preparations strategically and operationally. All the preparations are planned in parallel to the long-term vision of the energy market and targeting the highest levels of customer satisfaction.

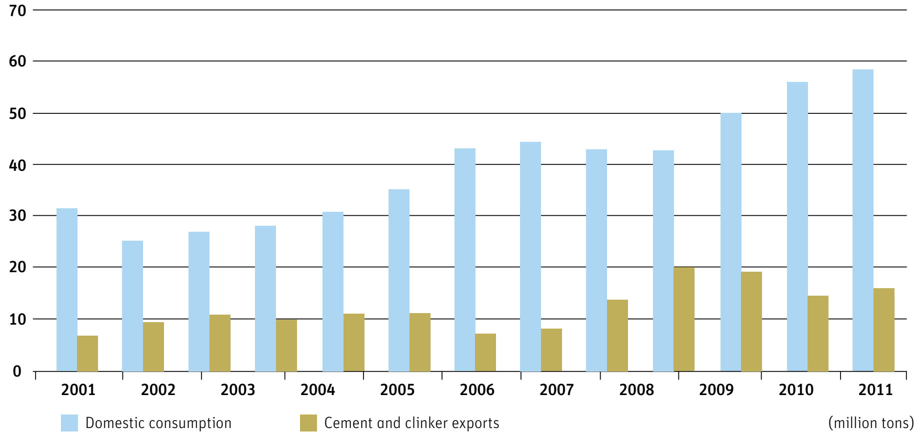
Cement of Rising Turkey

- In developing countries, per capita cement consumption increases in line with GDP.
- Per capita cement consumption in 2011 rose 7.7% in Turkey, reaching 746 kilograms.
- Turkey was one of the top cement exporting countries in 2011 with 14 million tons of cement and clinker exported.

Per capita cement consumption in Turkey accelerated in the last two years.



Demand for cement increases steadily.



Akçansa Plants ● Çimsa Plants ■

Market Leadership

Sabancı Group cement companies make up 18% of Turkey's clinker production capacity and are market leaders in their respective geographic regions.

Sustainability

Sabancı Group cement companies are pioneers in the implementation of sustainability projects in the cement sector. With the operation of the waste heat recycling plant in Akçansa's Çanakkale plant and the automatic waste feeding and burning system in Çimsa's Eskişehir plant, significant progress on decreasing carbon emissions and energy costs has been made.

Wide Network of Operations

Sabancı Group cement companies operate in five geographic regions of Turkey, Marmara, Mediterranean, Interior Anatolia, Black Sea and Aegean, which provides flexibility in operations and the diversification of risks by reaching a wider market.

Logistical Advantages

Sabancı Group cement companies are differentiated from their competitors in export potential through their port and terminal facilities. Akçansa has critical advantages through its port facilities at Çanakkale and Ambarlı, and Çimsa through its eight terminals located abroad.

Differentiated Products

Çimsa, the leader the white cement market in Turkey, is also one of the three important producers of the product globally and leverages its terminal network for exports. Akçansa differentiates itself through innovative solutions in ready mix concrete comprised of specialized products, superior equipment for large scale projects and highly skilled human resources.

Akçansa
Sustainable growth beyond all borders

Total Sales (TL million)
1,010
EBITDA (TL million)
188
Net Profit (TL million)
100
Capacity (tons/year)
6,500,000 clinker

With the merger of Akçimento and Çanakkale Çimento in 1996, Akçansa became the leading cement producer in Turkey. The Company is currently a Sabancı Holding and Heidelberg Cement joint venture.

Operating in the Marmara, Aegean and Black Sea regions of Turkey, Akçansa produces cement at its Istanbul, Çanakkale and Ladik plants and ready-mixed concrete at 35 ready-mixed concrete plants under the "Betonsa" brand. Operating out of the Ayazağa, Bursa and Saray aggregate quarries as "Agregasa", Akçansa operates five cement terminals located in Ambarlı, Aliağa, Yarımca, Yalova and Hopa.

The Karçimsa cement grinding and packaging plant has operated in production and sales since 1998 after formation of a partnership with Karabük Demir Çelik İşletmeleri.

2011 was an important year for Akçansa with respect to its investments focused on production efficiency as well as sustainability. The Waste Heat Power Generation Project, initiated at the Çanakkale Plant with an investment of US$ 24 million, became operational with a 105 million kWh capacity, generating 30% of that plant's total energy consumption. In addition to saving energy, the plant also reduced 60,000 tons of carbon emissions. The waste heat facility has received recognition from the Istanbul Chamber of Industry.

Akçansa utilizes state-of-the-art technology in its environmentally friendly facilities to match customer standards and emphasizes service quality. The Company's total production in 2011 met 12.5% of Turkey's total cement consumption. Akçansa's total domestic cement and clinker sales amounted to 5.2 million tons in 2011. By adding clinker and cement exports of 2.3 million tons, the Company's total cement and clinker sales totaled 7.5 million tons; total revenue was TL 1,010 million in 2011.

In parallel to expanding growth targets, new ready-mixed concrete and aggregate plants were added to the sales network. Continually extending its range of special products in the field of ready-mixed concrete, Betonsa has differentiated itself from the competition by finding innovative special solutions for its customers. Ready-mixed concrete sales have reached 5.1 million cubic meters.

Akçansa cement plants continue to be pioneers in the Turkish cement sector with regard to the use of alternative fuels and raw materials for environmental protection.

The Company will achieve premium quality levels in production and service to fulfill the demand of customers and compete beyond price in a highly commoditized sector.

The Company's vision is to achieve sustainable growth and its goal is to be Turkey's leading building materials company, enriching the quality of life within society. Akçansa has been selected as the Most Admired Company in the cement sector according to the Capital Monthly Magazine.

Akçansa shares are listed on the Istanbul Stock Exchange with a free float of 20.6%.


AKÇANSA

Çimsa
Pioneer in Turkish cement and ready-mixed concrete with innovative products

Total Sales (TL million)
801

EBITDA (TL million)
197

Net Profit (TL million)
123

Capacity (tons/year)
5,000,000 clinker

Established in 1972, Çimsa pursues all activities with the vision: to be the most valuable cement and concrete company in Turkey. Its mission is: to be the preferred business partner of international concrete and cement users. 2011 was a successful year for Çimsa with sustainability projects in focus. With sustainability established as one of its priorities, Çimsa published its "Sustainability Report 2010 – From Today for the Future" in July 2011 covering its activities between 2007 and 2010. Focusing on reducing its impact on and protecting the environment, the Company has invested TL 34 million in sustainability since 2007. A benefit of these investments includes the reduction of total emissions at all its cement plants by 23%.

Defining its core business as supplying the necessary materials to provide for durable and reliable infra and ultra-structures in living and production areas, Çimsa strenghtened its positioning as one of the leading companies in the industry in 2011. Serving Adana, Ankara, Mersin, Kayseri, Antalya, Osmaniye, Kahramanmaraş, Malatya, Niğde, Nevşehir, Eskişehir, Kütahya, Bursa, Konya, Karaman, Aksaray, Sakarya and Bilecik, the Company's clinker production capacity reached five million tons with a ready-mixed concrete capacity of 3.5 million cubic meters during 2011. Çimsa's 2011 turnover was TL 801 million, 29% of which was international sales.

Beginning activities at its first production facilities in Mersin in 1975, Çimsa is one of the three top white cement brands in the world. Producing special products such as white cement and calcium aluminated cement as well as grey cement, the Company also leads the Turkish cement and ready-mixed concrete industry with its innovations. As the leading player in taking Turkish cement to international markets, Çimsa's success is supported by the ability to market its products in 46 countries under its own brand through its own companies and terminals in Trieste (Italy), Seville and Alicante (Spain), Emden (Germany), Constanta (Romania), Novorossiysk (Russia) and Famagusta (Northern Cyprus). Holding Kitemark quality certificates as well as the EC and CE certificates required for cement products to be marketed in EU countries, Çimsa continues toward its goal to be more effective and active in international markets.

Çimsa utilizes the quality management, environment management and work health and safety management systems. Leading in the reduction of greenhouse gas emissions while minimizing impact on the environment, the Company also holds licenses for the use of waste materials as additional sources of fuel. The Company conducts many activities in this context with an approach focused on sustainability. Having signed the protocol for electricity production using waste gas for the Mersin Plant in 2010, Çimsa aims to generate 50% of the electricity used in two production lines of the plant through this project, planned for completion in 2012. This project will also significantly reduce the carbon emissions of the plant.

Also a contributor to the appropriate disposal of waste materials, Çimsa started the Hot Disc (Waste Feed and Waste Energy Recovery) Project at the Eskişehir Plant last year. The Company's objective for this project is to significantly save on fuel costs and fossil fuel consumption while producing alternative energy from industrial and urban waste.

With great importance placed on human health, Çimsa undertakes all Work Health and Safety projects under the "Green and Safe Facilities" initiative. The Company's success in this field has been recognized through several awards including the "Blue Helmet Work Safety Award" presented to the Çimsa İnegöl Ready-Mixed Concrete Plant, "International Representation Award" presented to the Adana-Zeytinli Ready-Mixed Concrete Plant and first place in "Work Health and Safety" awarded to the Kayseri Plant by the Cement Industry Employers' Union.

Çimsa's shares are listed on the Istanbul Stock Exchange with a free float of 32%.


PELTOR
ÇİMSA

Retail of Rising Turkey

- **The electronics retail market grew 27% and 29% in 2010 and 2011, respectively.**
- **Food retailing, with annual revenues of over TL 100 billion, makes up half of the sector.**
- **Organized retailing turnover grew by over 10% in 2011 while GDP growth was 8.5%.**

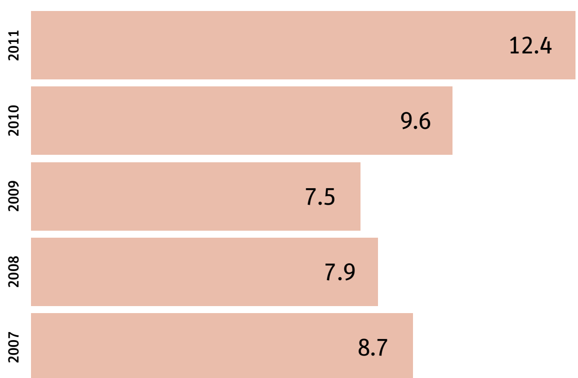
A sector with high-growth potential: Electronics Retailing

Electronics retailing is a very attractive sector with high growth potential. Turkey's annual technology expenditure per capita is around € 120 while EU countries' average is around € 366. Turkey has the second highest and the fastest growing population in Europe, with half of the population under 30 years of age. GDP growth is expected to be faster than Europe and consumer financing through credit card installments is widely available. These factors support the growth of the Turkish market.

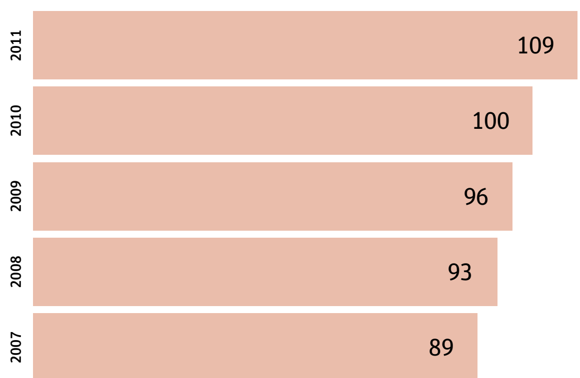
35% of food retailing is organized

Turkey's food retailing market is still dominated by local grocery stores and open air markets. On the other hand, organized retailing, with a 35% share, is growing fast and attracting investors. Increasing income levels, urbanization, increased price sensitivity of consumers all contribute to the growth of organized retailing; the number of organized retailing stores has increased by 15% annually since 2000.

Electronics Retailing Turnover
(TL BILLION)



Food Retailing Turnover
(TL BILLION)



Kaynak: Planet Retail, EuroMonitor, AC Nielsen, TÜİK, BCG

Teknosa, Diasa and Carrefoursa stores are located in 72 provinces across Turkey.

Strong Brands

Teknosa is identified as the technology store chain with the highest recall rate in surveys by Synovate. Carrefoursa is the first brand to introduce the Turkish consumer to hypermarkets.

Geographic Coverage

Sabancı retail companies are present in 72 provinces with 1,358 supermarkets and 269 technology stores at the end of 2011.

Diverse Range of Retail Formats

Sabancı retail companies have a variety of formats in all segments. Teknosa operates Standard, Extra and Exxtra stores with different sales areas and locations. Diasa operates soft discount stores and has franchisee stores. Carrefoursa operates hyper and supermarkets.

Strong Position in the Sector

Teknosa is the leading technology retailer in Turkey. Diasa and Carrefoursa rank among the top three players in the organized food retailing sector.

Teknosa
The leading technology retailer in Turkey

Established in 2000 with 100% Sabancı Holding and Sabancı Family capital, Teknosa, guided by its slogan, "Technology for Everyone", is the leading technology retailer in Turkey. Teknosa stores total 269 as of 2011, operating in 72 provinces and 44 districts.

Teknosa offers a distinctive and enjoyable shopping experience with a total net sales area of 128,000 square meters and its broad product mix. Teknosa stores are visited by 85 million shoppers each year. Offering the latest technology to consumers and assisted by more than 3,200 employees, Teknosa closed 2011 with net sales of TL 1.7 billion; it increased its net sales area by approximately 30,000 square meters, exceeding its targets.

In addition to standard stores in its store network across Turkey, Teknosa is able to reach consumers through different store formats. The Exxtra and Extra formats, introduced in 2009, are examples of Teknosa's innovative retailing philosophy; and more Exxtra and Extra stores were added to the Teknosa portfolio in 2011. In February, Teknosa acquired the Turkish subsidiary of Best Buy, the world's largest electronic retailer, and acquired the former Best Buy Izmir and Ankara stores, each with an area of 4,000 square meters, currently the largest Teknosa stores in these provinces.

Teknosa continues investing in the Teknosa Akademi, established in 2005, to create an infrastructure for career planning and to supply a qualified labor force. The objective of Teknosa Akademi, where retailers of the future are trained, is to inform employees of the new developments in retailing and improve their skills. In addition to the management training programs, support is provided for professional and personal development topics. Teknosa Akademi was the first educational institution in its industry; it has graduated over 8,000 trainees since its establishment. Teknosa founded the first Assessment Center in its industry in 2007 within Teknosa Akademi; it provides employees with efficient and appropriate career planning opportunities starting from their first day at work.

Leading its industry, Teknosa runs its operations utilizing a customer-oriented scientific retailing approach. It meets its customers after-sales needs and expectations with services provided by Teknosa Asist. Customer requests are fielded at Teknosa Asist service points in the stores, as well as through the 444 55 99 Teknosa Asist 24/7 Hot Line and the 5599 SMS Information Service. In addition to in-store Tekno Assistants, in 2009 the Company added a new service to the Teknosa Asist service line by employing technical staff at each store to solve customer requests immediately. Teknosa also provides 24/7 services to its customers through the www.teknosa.com online store, redesigned in 2011. Another service provided by Teknosa to its customers, Tekno Garanti enhances the warranty period of products purchased from Teknosa by up to five years. It provides many additional benefits such as unlimited repair service at home and immediate replacement and exceeds the warranty terms in order to ensure customer satisfaction. Teknosa added another "first" to the services it provides in 2011 and started providing

after-sales services on customers' premises (whether office or home) by offering the "Teknosa Service Packages" for many product groups including TVs, projectors, computers, home entertainment systems, satellite receivers and cellular phones.

Teknosa Card, a customer relationship management (CRM) activity by Teknosa, enables a customer database to obtain more information about customers, their expectations and purchasing habits. Customers are segmented based on shopping habits. As of year-end 2011, Teknosa Card holders totaled 2.4 million. The rate of card utilization for sales reached 50% by the end of the fourth year signifying that the Teknosa Card program has been a great success story. No other company with a similar program has achieved such a growth rate. Teknosa completed the integration with Siebel Customer Relationship Software in 2010, enabling 360-degree monitoring its customers' shopping activities and the implementation of targeted campaigns. Siebel campaign management enables regional SMS sending and mailing activities. This software, known as the most complete CRM solution in the world, strengthened customer relations with the monitoring system. It has provided Teknosa a significant step toward offering customized shopping and other opportunities. The Teknosa Card point system has begun as a pilot practice in September and was rolled out at the beginning of 2012.

Teknosa has the largest logistics center in its sector. The center is located in Gebze with an indoor area of 30,000 square meters and a total area of 62,000 square meters. It is the unit where all logistical activities of Teknosa are managed. It has an online connection to all the stores and activities are managed via IT support. Moreover, Teknosa is the only retailer in Turkey with the ISO9001:2008 Quality Management System, ISO27001:2005 Information Security Management System and the ISO 10002:2004 Customer Complaints Management System certifications.

The Company has been a pioneer and a leader in the social media platform since January 2010. Its Facebook page is "liked" by over 400,000 people and the number of Twitter followers reached 13,000 as of the end of December 2011.

Teknosa was ranked 52nd among the 500 companies included in the "Turkey's Largest Companies" list prepared by Fortune Turkey in 2011 and placed 62nd in the Capital 500 2010 research. The Company won the grand prize in the Electronics Retailing Category of the 2011 Research on Brands Most Favored and Preferred by Customers in Shopping Centers conducted in collaboration with AYD and GfK Turkey. The Company also won the grand prize in the International Retailer of the Year category in the UK 2011 Retail Systems Awards. Teknosa won grand prize for its email marketing communication activities, in the Email Marketing Campaign category of the Direct Marketing Awards by the Direct Marketing Communications Association. It also ranked second for its Teknosa birthday service activities, in the Mobile Marketing Campaign category.

Teknosa, the leader of the Turkish technology retail market, undertakes social responsibility projects in many areas including education, sports, environment, art, to serve society and enable the mass utilization of technology. Computer training programs are conducted for women free-of-charge in various provinces around Turkey within the context of the Technology for Women Project. The project has been running since 2007; Technology for Women training programs were conducted in Çanakkale, Şırnak, Kütahya, Artvin, Kilis, Iğdır, Manisa, Ağrı, Düzce and Eskişehir in 2011. During the year, the number of trainees exceeded 10,000 in 33 provinces. The project was enhanced with the addition of the Adana stationary classroom to the already existing İstanbul and Trabzon classrooms. Teknosa deeply believes that these training programs will encourage women, and help them build self-esteem in their adaptation to social and business life.

Another social responsibility project by Teknosa, the Rare Works of Art Project, includes technological support to the Library of Rare Works of Art within Istanbul University by scanning nearly 100,000 rare titles into digital media. The project aims to save these publications from being lost due to the destructive effects of time and to pass them on to the next generations as valuable resources.

Teknosa has supported Turkish sports and athletes since 2007 and provides infrastructure support as the official Technology Supplier for the Turkish National Teams, in accordance with the collaboration agreement signed with the Turkish Soccer Federation.

Teknosa also aims to be a role model for the other companies in its sector, with its approach and activities toward environmental responsibility. The Company introduced a “first” in its sector in 2009, by offering 100% recycled bags to its customers along with activities related to the collection and recycling of batteries and electronic waste via its stores and at its comprehensive logistics network. It collects waste materials in an environmentally responsible way, even picking up these materials from premises when necessary. The Company continued its pro-environmental activities and innovative projects in 2011; garments and accessories made from e-wastes with support from the Fashion Designers’ Association were exhibited in shopping centers, as well as during various events.

Another social responsibility project, the Stars of Istanbul activity was organized with the support of UNICEF and the Metropolitan Municipality of Istanbul during 2011. Teknostar, which was specially designed for the project with embedded photo-shooting features, was exhibited on Bağdat Street, Istanbul for three months, contributing to the education of 100 children.

In addition to the Teknosa technology retail chain, Teknosa A.Ş. also represents the İklimsa brand in the air-conditioning sector. Positioned as the Air-Conditioning Center of Turkey, İklimsa offers customers the world’s leading air-conditioning brands housed in distinctive showrooms, backed by Sabancı Holding’s 26-years of experience in the air-conditioning sector. Its product portfolio includes Mitsubishi Heavy Industries, General, Sharp, Sigma (private label brand), Panasonic and Tronic A/C systems, Sharp refrigerators, cash registers, air cleaning and humidifying equipment and Sigma air curtains. İklimsa offers nearly 200 models under seven different brands from 209 centers in 50 provinces throughout Turkey. The brand also prioritizes after-sales services for customer satisfaction, offering outstanding service quality to its customers all over Turkey at more than 200 İklimsa technical service points.

Teknosa is committed to its target of creating sustainable profitability and customer loyalty in 2012 and aims to increase its store chain throughout Turkey. In 2012, the Company will accelerate efforts regarding the creation of new store concepts, enrichment of its after-sales services and enhancement of its infrastructure. It will continue operations in accordance with its growth targets.


SHARP

Diasa
The successful global low cost model adapted to serve Turkey's local needs

The discount format for retail, offering reduced prices through a low cost business model, is becoming ever more popular as consumers become more price conscious, in Turkey and around the world. To address the growing demand for discount stores, Diasa was established in 2000 as a joint venture between Sabancı Holding and Dia, Spain's leading discounter, and became part of the Carrefour Group. In June 2011, the Dia spin-off from the Carrefour Group took place, when Dia shares started trading on Spanish stock exchanges.

The successful global model of over 6,300 Dia stores was adapted to serve Turkey's local needs. Currently in a phase of rapid expansion, Diasa provides consumers convenience and quality at discount prices. The discount format is a powerful growth engine for the Group; Diasa has been one of the fastest growing food retail chains in Turkey, with 17% annual growth over the last five years.

More than 80 million customers shopped at the Company's stores last year. With its global expertise in private label products, accounting for 33% of the Company's sales, Diasa continued to lead the market in Turkey.

Opening an average of six new stores per week, Diasa continues its expansion and by year-end 2011 operates in 39 provinces, mainly in the Marmara and Aegean regions. In 2011, new stores were opened in Southeast region, in provinces including Mardin, Şanlıurfa and Adıyaman.

Unique among Turkish food retailers, the Diasa franchise market share in the overall store network reached 37% in 2011. This particular business model is prevalent in Spain and other territories where Diasa operates. In Turkey, it is set up under the Diasa banner and run by local entrepreneurs with purchasing, logistics and store management know-how support provided by Diasa. Taking its cue from the shift toward organized retail, this model provides local and independent players a chance to continue their operations as part of a national chain. Boosting the Company's growth and profitability, as well as improving its presence in the sector, franchise markets will continue their proliferation in 2012.

In 2011, Diasa opened stores in nine new provinces as the discount market model became widespread in all regions. The Dia Market model was created in 2008, in response to feedback from customers and market research. In 2011, the model became widespread with 444 Dia Market stores accounting for 40% of the total network.

In 2011, 285 new stores were opened and improvements were made in the franchise infrastructure. In line with the strategy of broadening the geographic presence nationwide, a new warehouse investment was made in Ankara.
The Company launched loyalty card and coupons improving its customer offerings. Perishables stocks were improved in the whole network. Thanks to these developments, as well as further economies of scale and continuing productivity operations, Diasa increased sales-per-square-meter efficiency and improved its profitability compared to the previous year.

A review of Diasa's strategic plan in December 2011, provided further proof of the success of the Dia Market and franchise models. This in turn led to a reformulation of the Company's strategy for the next three years, expected to result in investments of more than TL 160 million and the opening of over 900 new stores. The Company aims to increase its share in the ever-growing discount retail market and improve its profitability by creating economies of scale. As the first step in this plan, the target for 2012 is to strengthen the logistics infrastructure with new warehouses in İstanbul and Antalya and to open 310 new stores to achieve nearly 31% growth in overall sales.

Diasa generated TL 961 million revenue in 2011, reaching a network of 1,115 stores and a combined retail space of 228,000 square meters.


VE SEBZE
M SEBZE
Kivi
Adet
1,00 TL
Greyfurt
kg
0,69 TL

Carrefoursa

Stores that provide consumers with a broad selection of high quality, reasonably priced products

Total Sales Revenue (TL million)
2,497

EBITDA (TL million)
19

Number of Stores
243

Total Sales Area (m^2)
373,000

Carrefoursa is a joint venture between Sabancı Holding and Carrefour, the top retailer in Europe and the second largest in the world, with more than 9,500 stores in 32 countries. Carrefoursa celebrated its 15th anniversary in 2011. Its mission is to provide Turkish consumers with a broad selection of high quality, reasonably priced products presented in a welcoming and pleasant shopping environment while ensuring steady profitable growth for its shareholders.

With sales areas ranging from 2,000 to 15,000 square meters, flagship format hypermarkets carry a wide assortment of food and non-food products with up to 40,000 stock-keeping-units (SKUs), at the lowest prices under one roof. Supermarkets, with between 500 and 2,000 square meters of retail space, offer an impressive assortment of fresh food and provide consumers with convenient shopping at the lowest prices. Carrefoursa is the third largest player in the organized food retail market.

Carrefoursa generated sales revenue of TL 2.5 billion in 2011 from its store network of 27 hypermarkets and 216 supermarkets operating a total sales area of 373,000 square meters. Nearly 90 million consumers shopped at Carrefoursa stores throughout the year.

Merter hypermarket with more than 10,000 square meters of retail space was opened in April offering a wider assortment in a renewed shopping environment. Merter hypermarket is a unique and revolutionary model incorporating shop in shop concepts in categories such as baby products, books and cultural goods. The fresh food products, one of the most important categories for Turkish consumers, are particularly emphasized with quality and selection. The kids entertainment area in the store is designed to provide an easy shopping experience for shoppers with children.

Carrefoursa began the extension project of Maltepe Park Shopping mall in 2011. Located in a growing section of Istanbul, the extension project is aimed at realizing the full potential of the asset as well as to improve the attraction for the customers.

The projects and results from 2011 are a testament to the Company's clout and determination to successfully implement its strategies, including new market formats while realizing its target to become the leading player in the sector. The Company's sound financial structure provides the capacity to evaluate and take rapid action with its own resources on all projects, offering a potential for growth and value creation.

Carrefoursa will continue its investments in 2012, thanks to its sound cash position. It will retain its strong position in the market with new projects and continue to offer quality products with the lowest prices.

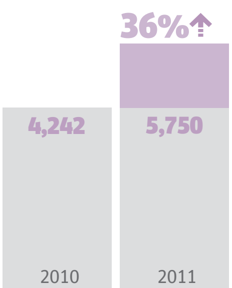

almış olduğunuz
ürünleri
kasaya gitmeden
önce
tartırmayı
unutmayınız!

Industry of Rising Turkey

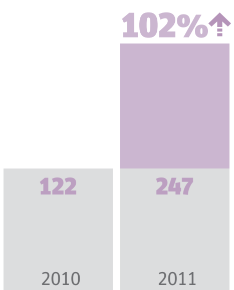
- **Turkey, with its rapidly growing economy, is a pioneer to developing countries; while rising Turkey has this growth momentum, "Sabancı of Turkey" continues to grow and add value to Turkey.**
- **Turkish industry, with its advances in recent years, is rapidly progressing toward its goal of transforming into a high value added sector. Sabancı Group industrial companies are contributing to this goal with its large-scale businesses.**
- **Sabancı Group industrial companies, leaders in their respective fields, are consolidating their profitable growth with record profits while remaining competitive.**

Sabancı Group industrial companies grow faster than industrial growth in Turkey

Sabancı Group Industrial Companies Combined Revenue
(TL MILLION)



Sabancı Group Industrial Companies Combined Net Income
(TL MILLION)



Leaders in their sectors

Market Position	Company and Market Share
Global leader in tire cord fabric market	Kordsa Global **20%**
Leader in replacement tires in Turkey	Brisa **28%**
Leader in pick-up vehicle segment in Turkey	Temsa **28%**
Leader in polyester fabric production in Turkey	Sasa **40%**
Leader in woolen fabric market in Turkey	Yünsa **27%**
Leader in corrugated board market in Turkey	Olmuksa **15%**

Temsa, Bridgestone and Lassa brands distribution network in Turkey.

Kordsa Global, Brisa, Olmuksa, Sasa, Yünsa and Temsa Plants.

Growing Profitably

Sabancı Group industrial companies continued their profitable growth in 2011. The industrial companies' combined revenue rose 36% and combined net income increased by 102%.

Leading and Competitive

Sabancı Group industrial companies, which are leaders in their sectors, maintain their leadership positions by creating value for their customers and sustaining competitive advantages.

Innovative and Enterprising

Sabancı Group industrial companies, which are leading implementers of innovation and technology with their long-term perspective, continued to create value for their customers with innovative initiatives in 2011. Kordsa Global has commercialized three new products recently developed in the Izmit R&D center. Brisa began selling tires online through lastik.com.tr to end customers and added coating to its business model by acquiring Bandag. Temsa launched its new bus, MD9, in Europe. Yünsa, with new products developed at its R&D center, entered the premium wool fabric segment which is dominated by Italian manufacturers.

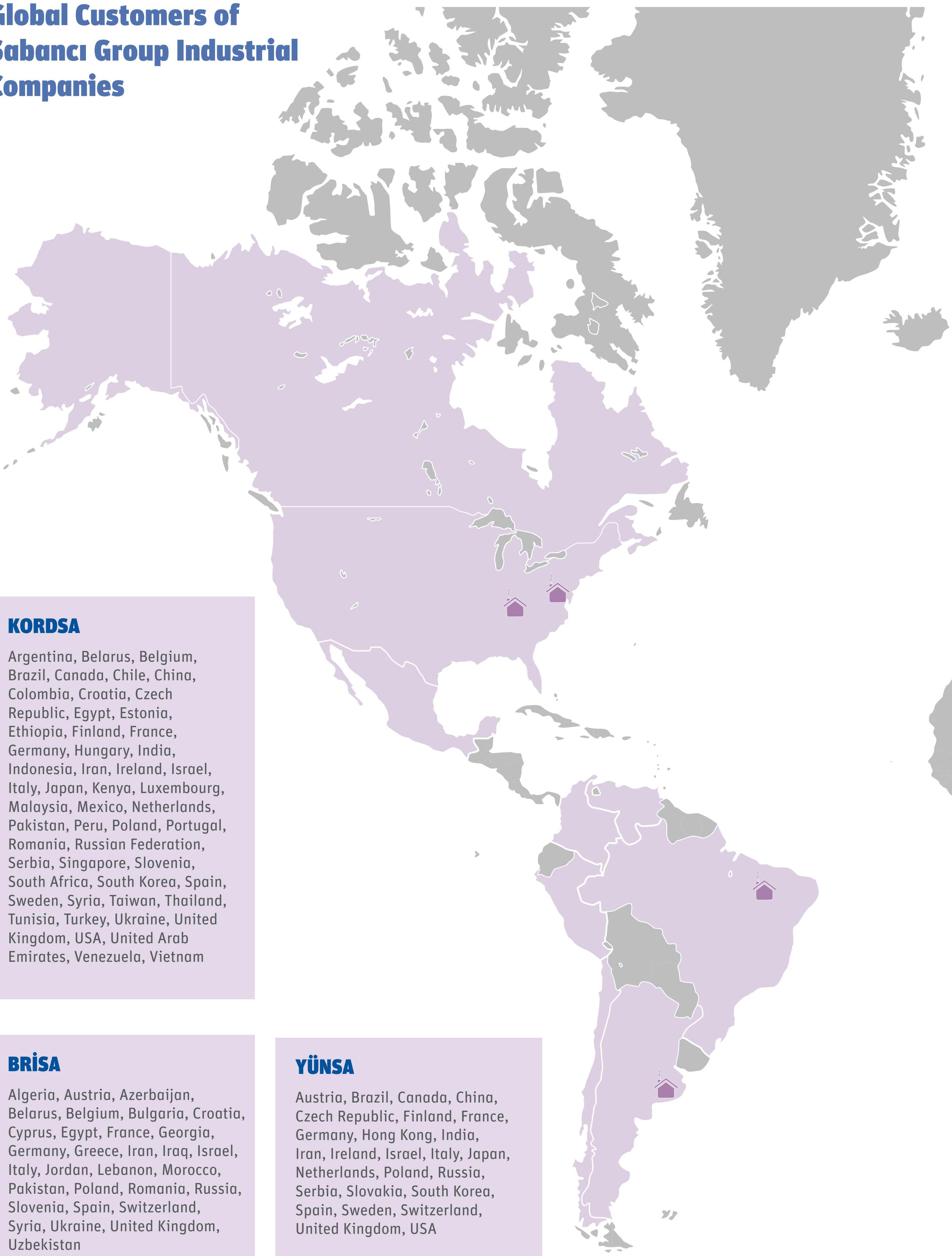
Success through Synergy

Sabancı Group industrial companies are cooperating within the leadership platform which was formed with the aim of increasing inter-company synergies in strategic and operational issues. Network teams work on focused and creative synergies in energy efficiency, R&D benchmarks, potential benefits from similar production technologies, innovation, leadership team development, sales and marketing synergies, sustainable profitable growth in strategic planning and financial processes.

Sustainable

Sabancı Group industrial companies, focuses on environmentally friendly products and energy efficiency, and contribute to the environmental, economic and social dimensions of sustainability. Kordsa Global has started new projects to produce environmentally friendly tires, while Brisa realized its environmentally friendly tire and coating projects and provided content for the 2011 CDP (Carbon Disclosure Project) report, one of the most important environmental studies conducted on a global level. Yünsa is also participating in this project, the first textile company from Turkey to do so. Olmuksa adopted the 3R (reduce, reuse, recycle) approach in its production processes. Sasa is increasing the capacity of its treatment facilities and is planning to complete the project in 2012.

Global Customers of Sabancı Group Industrial Companies



KORDSA

Argentina, Belarus, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Czech Republic, Egypt, Estonia, Ethiopia, Finland, France, Germany, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Kenya, Luxembourg, Malaysia, Mexico, Netherlands, Pakistan, Peru, Poland, Portugal, Romania, Russian Federation, Serbia, Singapore, Slovenia, South Africa, South Korea, Spain, Sweden, Syria, Taiwan, Thailand, Tunisia, Turkey, Ukraine, United Kingdom, USA, United Arab Emirates, Venezuela, Vietnam

BRİSA

Algeria, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Croatia, Cyprus, Egypt, France, Georgia, Germany, Greece, Iran, Iraq, Israel, Italy, Jordan, Lebanon, Morocco, Pakistan, Poland, Romania, Russia, Slovenia, Spain, Switzerland, Syria, Ukraine, United Kingdom, Uzbekistan

YÜNSA

Austria, Brazil, Canada, China, Czech Republic, Finland, France, Germany, Hong Kong, India, Iran, Ireland, Israel, Italy, Japan, Netherlands, Poland, Russia, Serbia, Slovakia, South Korea, Spain, Sweden, Switzerland, United Kingdom, USA

OLMUKSA

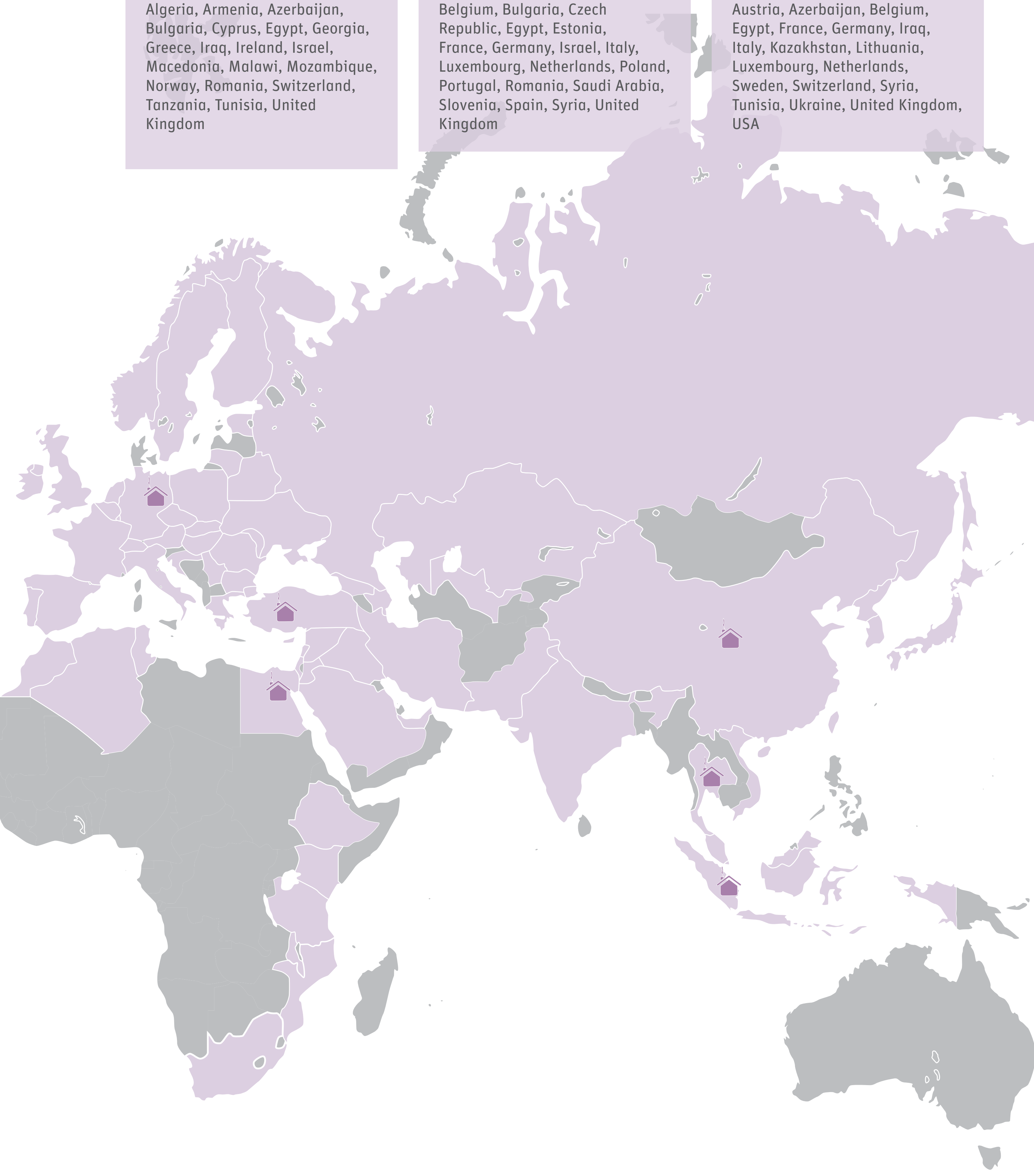
Algeria, Armenia, Azerbaijan, Bulgaria, Cyprus, Egypt, Georgia, Greece, Iraq, Ireland, Israel, Macedonia, Malawi, Mozambique, Norway, Romania, Switzerland, Tanzania, Tunisia, United Kingdom

SASA

Belgium, Bulgaria, Czech Republic, Egypt, Estonia, France, Germany, Israel, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, Saudi Arabia, Slovenia, Spain, Syria, United Kingdom

TEMSA

Austria, Azerbaijan, Belgium, Egypt, France, Germany, Iraq, Italy, Kazakhstan, Lithuania, Luxembourg, Netherlands, Sweden, Switzerland, Syria, Tunisia, Ukraine, United Kingdom, USA



Sabancı Group Industrial Companies Manufacturing Facilities

Tire Reinforcement Materials
Kordsa Global
World's leader in nylon and polyester yarn, cord fabric and single end cord production

KORDSA GLOBAL

Total Sales Revenue (TL million)
1,627
EBITDA (TL million)
188
Net Profit (TL million)
88
Production Capacity (tons/year)
128,000 tons NY yarn
49,000 tons PET yarn
136,000 TCF

Kordsa Global is the world's leading producer of industrial nylon and polyester yarns, tire cord fabric and single end cord, serving the tire reinforcement and mechanical rubber goods markets.

Its success story began in 1973 with an investment in the tire cord fabric plant in Izmit, Turkey. Since then, the Company has become a global leader through strategic acquisitions made in collaboration with powerful business partners. Now with 11 plants located in nine countries across five continents and a workforce of 4,500 employees, the Company has maintained its position as a global leader.

With headquarters in Istanbul, Kordsa Global operates in the following four regions and countries:

Europe, Middle East and Africa (EMEA) Region:
Turkey, Germany, Egypt
North America Region:
USA Laurel Hill/North Carolina, USA Chattanooga/Tennessee
South America Region:
Brazil, Argentina
Asia Pacific Region:
China, Indonesia, Thailand

In 2011, Kordsa Global maintained its market share as the leader despite fierce competition from Asian sector producers. Kordsa Global preserved its leadership in industrial nylon 66 yarn market with a 35% share, and maintained its 9% share in industrial PET-HMLS market.

Kordsa Global, which adapted the principle of achieving sustainable and profitable growth through creating added value for the customers, and meeting changing requirements of the customers, redefined its vision as "Agile Kordsa Global in High Value Businesses for Sustainable Growth". Kordsa Global, as a global company that strives for quick and fast adaptation to the volatile market conditions, aims for sustainable and profitable growth by increasing its operations in high value added fields of business.

In 2011, parallel with the market demand which has been shifting east for the last decade, Kordsa Global completed investment in Line 3 and started investment in Line 4 at the Indonesia site, in order to respond faster to customers' needs. İzmit Line 2, Argentina and Indonesia nylon plants had various production improvements. Moreover, a PET production record was set at the İzmit Plant.

Kordsa Global has commercialized three new brands by extending its research and development investments and maintaining new product developments. Among the newly developed products, Kordsa Global commercialized its nylon twisted monofilament with the Monolyx™ brand name as well as its high denier, high tenacity polyester yarn products. In addition, the commercialization process was started for hybrid cords with the Twixtra™ brand name and for high modulus polyester yarns. Additionally, the Capmax brand, which provides high efficiency with environment friendly characteristics, had its launch and was released at the end of the year.

Following accreditation by the Turkish Industry Ministry in April 2009, Kordsa Global's R&D Center became eligible to benefit from government incentives and subsidies. In 2011, Kordsa Global increased its number of projects supported by TUBITAK/TEYDEB to five, and projects supported by Ministry of Industry Santez Program to two. The Company's total patents increased to 13 in 2011.

In 2012, Kordsa Global plans to invest in its future in line with its new vision, realize its growth projects in order to sustain its market leadership and increase its agility by increasing the quality of its services and products.

In 2011 Kordsa Global reached sales of TL 1,627 million. Kordsa Global's shares are listed on Istanbul Stock Exchange with a free float of 8.9%.

Tire
Brisa
Sixth largest tire producer in Europe

Total Sales Revenue (TL million)
1,348

EBITDA (TL million)
158

Net Profit (TL million)
72

Services Network
450 exclusive dealerships

600 sales locations

Established in 1974 as Lassa, the Company began full operations in 1978. The Company changed its name to Brisa in 1988 after the establishment of a 50/50 joint venture between the Sabancı Group and the Bridgestone Corporation.

Currently the sixth largest tire producer in Europe, the Company has an enclosed manufacturing area of 350,000 square meters, one of the largest single tire factories in the world.

Brisa produces over 500 different types of tires with Lassa and Bridgestone brands. A wide range of designs, types and sizes accommodate many vehicles from passenger cars to earthmoving equipment. The Company has an annual production capacity of 10 million tires. Brisa's sales network covers approximately 600 locations, including 450 exclusive dealerships that market tires throughout Turkey. Additionally, the Company reaches its clients through distinctive channels such as car dealers and hypermarkets. Brisa tires are mounted as original equipment on Renault, Toyota, Ford, Fiat, Honda, Hyundai, Mercedes Benz, BMC, Temsa, Mitsubishi and MAN vehicles among others.

Brisa is the leader in the domestic market and has steadily developed its leadership by higher-than-market growth performance while increasing its presence in export markets.

Apart from being Turkey's most preferred tire brand, Lassa is rapidly entering international markets as a competitive quality brand. Meanwhile, Bridgestone, a world leader, attracts significant demand from Turkish consumers as well.

OtoPratik, another Brisa brand, provides rapid check and maintenance services in addition to routine and typical maintenance requirements for the basic needs of private car and light commercial vehicle owners with a one-stop-shop approach. Beyond its reputation as a tire retread brand, Bandag serves as a business partner with a complete tire management system, helping to cut costs for fleets.

Brisa has launched lastik.com.tr, Turkey's first online tire sales and services system, providing complete services for end customers with a relentless focus on creating value for its customers.

Another innovation for Brisa this year was the Lastigim Concept. This concept enables independent tire sellers in Turkey to gain a competitive edge by becoming part of a corporate network and benefit from branding campaigns along with business and quality improvement opportunities. Already having the most extensive dealer network, Brisa plans to utilize the network of independent tire dealers with this concept.

Brisa's Technology Center works in coordination with similar Bridgestone centers in Tokyo and Rome, closely monitoring cutting edge developments in tire technology. This cooperation plays a vital role in reinforcing the Company's competitiveness in world markets.

Brisa's net sales revenue reached TL 1,348 million in 2011. Its shares are listed on the Istanbul Stock Exchange with a free float of 10.3%.

Automotive

Temsa

A regional player with buses and coaches, designed and manufactured by in-house know-how

Temsa, one of Turkey's leading automotive companies, manufactures and distributes Temsa brand buses and coaches in domestic and international markets. At the same time, the Company represents Mitsubishi and Komatsu as their distributor in Turkey. Temsa first started production activities in 1987 in Adana and launched its own brand Temsa in 2001.

The annual production capacity of the Temsa Adana plant is 3,250 buses and coaches and 7,500 light trucks, which is 10,750 vehicles in total.

The Temsa Adana facility has a total area of 555,000 m^2 in which Safir intercity coaches, Prestij midi-coaches and the Avenue city buses, developed specifically for public transportation, are manufactured. Furthermore; TS35 bus for United States and Tourmalin and Safari buses for Europe are produced at the plant. Temsa also entered the European market with a brand new segment, the Midi Coach segment, with MD9. MD9, which was designed by the Temsa R&D team and produced in the Adana facilities, was awarded "Grand Prize Midi Coach of the Year" in Kortrijk, Belgium.

Temsa buses and coaches, designed and manufactured by the Company's own know-how, are also exported to some leading markets in the world besides being offered on the domestic market. A fleet of 3,000 Temsa brand buses are on the roads in France. Germany, Italy and Belgium are target markets in Europe. Recently the United States is emerging as an important new market for Temsa.

As the distributor for Komatsu Construction Machinery for 28 years, Temsa offers construction equipment and forklifts to many sectors in Turkish industry. Bucket production for construction equipment was re-launched in 2008, and has attracted much interest in the sector based on the high-quality functional structure of this product. With the purpose of becoming a regional player, Temsa Komatsu Construction Machine Business Unit established distributorships in Azerbaijan and Georgia and continues initiatives with new contacts established in other regions.

With a sales network of 40 authorized dealers under a distributorship agreement with Mitsubishi, Temsa conducts the sales, services and spare parts operations for Mitsubishi passenger cars; Lancer, Evo, Colt, 4x4 vehicles; Pajero and Outlander, ASX in the cross over segment; L200 in pick-up and Fuso Canter in light truck segments.

The total consolidated revenue of Temsa was TL 1,254 million in 2011.

Textiles
Sasa
Rapid and solid growth for 45 years

Total Sales Revenue (TL million)
905
EBITDA (TL million)
72
Net Profit (TL million)
42
Total Production Capacity (tons/year)
280,000 DMT
350,000 Polymerization

Sasa is Europe's leading producer of polyester staple fibers, filament yarns, specialty polymers and intermediates.

Since its establishment in the polyester sector in 1966, the Company has been a pioneer in its field, demonstrating rapid growth with continuous investments.

With technology licensed by Dynamit Nobel, ICI and Dupont, Sasa has a robust technical infrastructure with its high-capacity production plants, its more than 1,200 qualified employees and a Research and Development Center that was founded in 2002.

Sasa's manufacturing facilities are located in two different regions of Adana, Turkey. Main operations are situated on an area of one million square meters. The Hacı Ömer Sabancı Organized Industrial Zone textile facility is located on a 128,000 square meter site.

Provided with electricity through a directly connected facility, Sasa also has its own raw material production plant. Starting operations in 1977 with an annual capacity of 60,000 tons, the DMT Plant now has an annual capacity of 280,000 tons to meet increasing demand. The majority of the DMT is used for internal consumption, with the remainder sold in solid form.

Since the first quarter of 2010, Sasa ran at full manufacturing capacity in both specialty polymers and textile segments. The investment projects for fibers and specialty polymers businesses were both completed by the end of 2011.

These new investments enable Sasa to increase production capacities of specialty products such as phthalate-free plasticizers, film grade polymers, PBT resin and fibers for textiles and non-woven hygienic products and to create a capacity for the bio-degradable PBAT resin (Advanite Natura). By the end of 2011, Sasa's total production capacity, including PTA-based production reached 350,000 tons per year.

As an environmentally friendly company, Sasa decided to increase the capacity and quality of its wastewater treatment plant. The process will be completed by 2012.

Sasa continues to develop products and processes for the fibers and polymers/ chemicals businesses through close cooperation with its customers, enhancing its competitive advantage.

Sasa pursues the vision of "positioning in current and new businesses to create the highest value". It supports this vision with the mission: "To invest in human capital and production facilities for profitable and sustainable growth".

Upon acquisition of Sasa shares from Advansa BV - a former subsidiary of Sabancı Holding, in May 2011, Sabancı Holding became the direct main shareholder of Sasa.

In 2011, Sasa significantly increased both its production quantities and revenue compared to the previous year. The Company was ranked 77th in the list of "Turkey's 500 Largest Industrial Enterprises " prepared by the Istanbul Chamber of Industry; it ranked first in the Adana region for 2010.

Sasa shares are listed on the Istanbul Stock Exchange with a free float of 49%.

Yünsa
Europe's largest manufacturer of worsted wool

Total Sales Revenue (TL million)
214

EBITDA (TL million)
29

Net Profit (TL million)
14

Capacity
14 million meters of cloth

3.5 million tons of fabric

Combining technology and the aesthetics of artistic expression in its textiles, Yünsa is Europe's largest manufacturer of worsted wool and ranks among the world's top five producers of worsted wool fabric. With its vision, high product quality, market position and production flexibility, it is also Turkey's major worsted wool fabric producer and exporter.

Yünsa is a trend setter for menswear and plays a pivotal role in bringing Turkish wool fabrics to international markets; it is a major global player known for its design competence and quality products. As a preferred fabric vendor working in close liaison with customers, the Company has maintained its influential position in the textile industry.

In addition to 100% wool products, Yünsa also produces cashmere, silk, lycra, polyester and viscose blended wool fabrics. Yünsa manufactures fabric for men's and women's apparel, uniforms and upholstery.

Yünsa has integrated a rich textile culture into its product line, working with numerous global customers around the world through its strong international connections. Exporting to more than 60 countries, the Company has sales offices in the United Kingdom, Germany, the United States and China and a design office in Italy.

2011 was a year in which multiple factors such as high volatility in raw material prices and sector dynamics, currency fluctuations and slower but continuing growth, and the high impact of global macroeconomic data, affected the Company. Yünsa continued its position as a preferred fabric vendor with its close ties with customers, reliability, product and service quality and its speed and ability in creating and delivering new products.

Yünsa not only strengthens its position in the industry and increases profitability as it becomes a world leader, but it also undertakes important initiatives and continues to invest in sustainable growth. To this end, the Company focused on research and development activities during 2011. Yünsa is also a participant in the Turquality® project, a government sponsored program that supports companies in creating global brands.

Yünsa has adopted ISO 9001 Quality Standards. Additionally, Yünsa products were certified by the Hohenstein Institute in Germany with the Eko-Tex 100, as not hazardous to health or the environment.

In 2011, Yünsa performed strongly on an annual basis, with a 36% rise in turnover and a 173% increase in net profit. Yünsa's sales totaled approximately TL 214 million in 2011 with exports making up 59% of sales.

Yünsa shares are listed on the Istanbul Stock Exchange with a free float of 30.6%.

Paper and Packaging Materials

Olmuksa

Practices that convert 44 years of experience in the corrugated packaging sector into customer satisfaction

Total Sales Revenue (TL million)
403

EBITDA (TL million)
27

Net Profit (TL million)
16

Production Capacity (tons/year)
90,000 Paper

330,000 CP Products

Olmuksa has offered high quality corrugated packaging products and services since 1968 with meticulous operating standards and a strong sense of responsibility toward shareholders, customers, suppliers, employees and its community. The Company provides services and products to customers throughout Turkey and neighboring countries from paper mills in Edirne and Çorum and corrugated box production facilities and warehouses in Gebze, Izmir, Adana, Bursa, Çorlu, Çorum, Manisa and Antalya.

International Paper, the world's largest manufacturer of paper and corrugated packaging, became an Olmuksa shareholder in 1998. This resulted in a more diverse product line and improvements in customer service. Olmuksa is increasing its export volume consistently.

In 2010, Olmuksa acquired DS Smith Plc. operations in Turkey. This acquisition extended the Company's business into new geographic areas and has strengthened its market position and service level in different end-user segments.

Attractive growth rates in the corrugated market sector, the positive impact of new legislation introduced in line with the EU accession process and Turkey's growing export volume have had a positive impact on the growth of the corrugated packaging segment.

Olmuksa aims to attain growth parallel to the corrugated market sector and the Turkish economy in 2012. Growth will be supported by investments in the modernization of the plants, to be implemented in line with the the market dynamics and customer expectations.

Olmuksa has taken steps to deliver a sustainable future. The Company's sustainability policy includes helping sustainability developments for its stakeholders and society, consistent ethical behavior, effective and responsible use of natural resources and creating economic value along with heightened environmental awareness.

The core factor behind the success of the Company throughout its 44-year history has been its focus on customer relationship management. With over 1,000 employees fully dedicated to serving its customers, Olmuksa will continue to offer innovative solutions to support its growth targets for 2012 and beyond.

The Company's sales totaled TL 403 million in 2011. Its shares are listed on the Istanbul Stock Exchange with a free float of 12.5%.

Dönkasan

Dönkasan is Turkey's leading recycled paper collecting, sorting and baling company. Its first plant was established in 1983 in Kartal, Istanbul, followed by facilities in Adana and Büyükçekmece. The Company has an annual processing capacity of more than 200,000 tons, of which the majority is devoted to supplying its main shareholders, Olmuksa and Kartonsan, with waste fiber.

Other

Tobacco

Philsa

A world-class manufacturer through investments in state-of-the-art technology

Philsa, a 75/25 manufacturing joint venture of Philip Morris and Sabancı Holding, was established in 1991. Starting operations in late 1992, the factory in Izmir-Torbalı has strengthened its reputation as a world-class manufacturer in the tobacco industry, thanks to an outstanding workforce and its state-of-the-art technology. Total investments in this plant exceeded US$ 500 million by the end of 2011. The factory manufactures 80 cigarette products for the Turkish and export markets.

Philip Morrissa

A nationwide distribution network

Philip Morrissa was established in 1994, as a 75/25 joint venture of Philip Morris and Sabancı Holding. The Company is the the national distributor of Philip Morris cigarette brands in Turkey. Its distribution network serves an estimated 152,000 sales outlets in 81 provinces throughout the country. Philip Morrissa has one of the largest sales networks in Turkey with 90 distributors and a Philip Morrissa / distributor combined sales force of more than 1,900. In 2011, Philip Morrissa sold over 43 billion cigarettes and captured a 44.8%* share of the Turkish market.

*Nielsen Retail Audit

Information Technology

Bimsa

Providing value-added solutions

Founded in 1975, Bimsa has been one of Turkey's leading business and information consulting service providers for the past 37 years. The Company provides hardware and software solutions to medium and large-scale companies by acting as a business and information technology consultant.

The Company's objective is to create value for client businesses by meeting all of their information technology needs. With its highly experienced workforce, Bimsa provides products, implementation consultation, installation and support services, performance management, business intelligence, SAP applications, human resources applications, Wonderware industrial automation solutions, Pratis.Net electronic purchasing and information security services.

Tourism
Tursa/AEO
Investing in Turkish tourism with five star hotels

The natural and historic splendor of Turkey captivates visitors from around the world. In 2011, more than 31.5 million tourists visited Turkey to partake of warm Turkish hospitality, splendid food, brilliant beaches and stunning archeological sites.

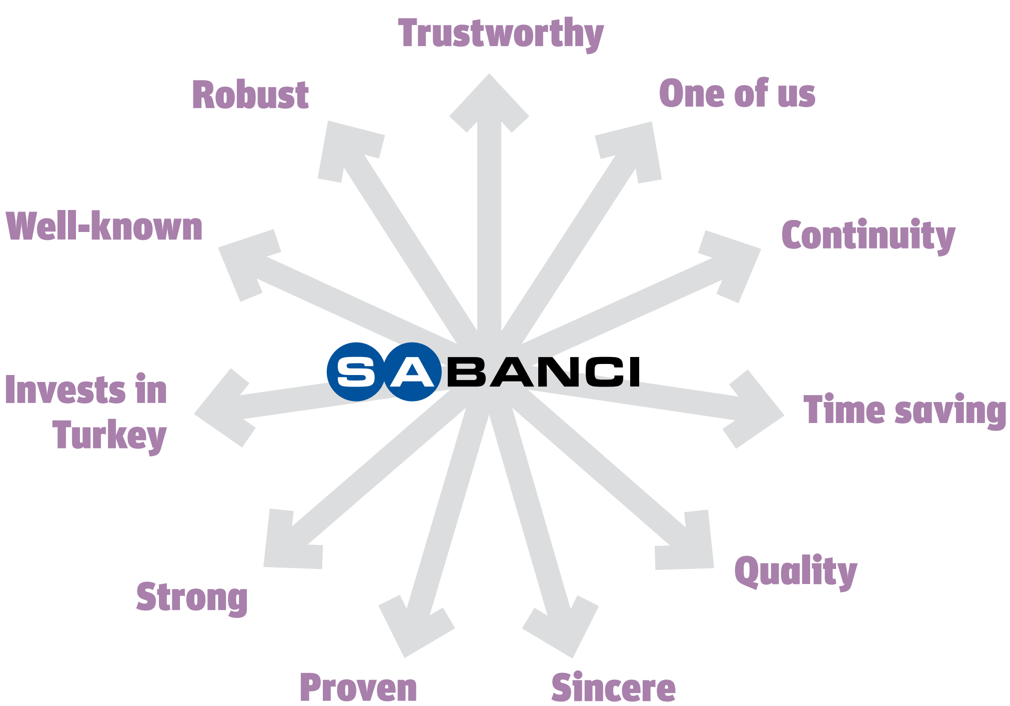
The Sabancı Group entered into the tourism sector many years ago with the Erciyas Hotel in Adana. The Group established a partnership with Hilton International in 1988 with the opening of the Ankara Hiltonsa. This partnership was extended further with the opening of the Hilton Parksa in 1990 and the opening of the Mersin Hiltonsa the same year; followed by the addition of the Adana Hiltonsa in 2001.

The Group now has a 100% share of Tursa and the Adana Hiltonsa, Mersin Hiltonsa and Hilton Parksa, as well as a majority stake in Ankara Enternasyonal Otelcilik, owner of Ankara Hiltonsa. All Sabancı-Hilton facilities are managed by Hilton Hotels. Total accommodations have now reached 1,831 beds; 630 beds at the Ankara Hiltonsa, 616 beds at the Adana Hiltonsa, 372 beds at the Mersin Hiltonsa and 213 beds at the Hilton Parksa.

Foundation of Rising Turkey

Reflecting the life philosophy of the late Hacı Ömer Sabancı, the Sabancı family built its future around the principle of "sharing what we have gained from this land with its people" and established the Hacı Ömer Sabancı Foundation in 1974.

Sabancı Group shares the benefits of its industrial and economic clout extensively by supporting philanthropy and the arts through the Sabancı Foundation. As a result, Sabancı Foundation is the largest foundation established by a family in Turkey. Sabancı Foundation's activities contribute to the value of the Sabancı brand.



Synovate 2010 Corporate Reputation Study

The provinces Sabancı Foundation operates in

Summary of Activities

1	University
40	Educational Institutions
17	Teacher Centers
19	Dormitories
16	Cultural Facilities
12	Social Facilities
7	Health Care Centers and Facilities
5	Sports Facilities
4	Libraries
71	Provinces with Projects Supported by Grants

Sabancı University

The Sabancı Group decided to establish a "world university" led by the Sabancı Foundation in 1994. Instead of choosing a university as a template or replicating existing examples and institutions, a new and unique university was designed during its foundation phase. It opened its doors to students in 1999 and has since set an example for many other universities.

The main differentiator of Sabancı University is its unique educational system. Academic programs at Sabancı University are innovative and interdisciplinary. The conventional system of departments sometimes hinders an interdisciplinary approach and causes restricted specialization in any given field prematurely. Therefore, Sabancı University is not organized in academic departments.

The educational system of the University is based on the common Foundations Development Year, which all students must complete regardless of their subsequent program choices. During this year, students develop a foundation of knowledge, critical reasoning, and an interdisciplinary approach. In the second phase of Foundations Development, students are free to choose the introductory courses of their preferred diploma program among the 12 programs.

Faculties

There are three educational faculties at Sabancı University: the Faculty of Engineering and Natural Sciences (FENS), the Faculty of Arts and Social Sciences (FASS) and the Sabancı School of Management (SOM). All faculties offer undergraduate, graduate and postgraduate programs.

The FENS offers undergraduate programs in Computer Science and Engineering, Biological Sciences and Bioengineering, Materials Science and Engineering, Mechatronics Engineering, Electronics Engineering and Manufacturing Systems/ Industrial Engineering and graduate programs in Information Technology, Biological Sciences and Bioengineering, Electronics Engineering, Computer Science and Engineering, Mechatronics Engineering, Industrial Engineering, Materials Science and Engineering, Physics and Mathematics.

The programs of the FASS include Economics, Visual Arts and Visual Communication Design, Cultural Studies, International Studies and Social and Political Sciences at the undergraduate level, in addition to graduate programs in Economics, Visual Arts and Visual Communication Design, Public Policy Analysis, Political Science, Conflict Analysis and Resolution, Cultural Studies, History, Turkish Studies and European Studies.

The Sabancı School of Management offers undergraduate, graduate and postgraduate degrees in Management and Executive Programs at the graduate level in Management and Finance. Starting with the 2011-2012 academic year, Sabancı School of Management launched its MBA program MIT Sloan MSMS dual degree program. Sabancı School of Management and MIT-Zaragoza Logistics Center offer a dual degree option whereby candidates can earn a Sabancı MBA degree and a Zaragoza Master of Engineering degree (ZLOG) in Logistics and Supply Chain Management in two years.

The Executive Development Unit (EDU) offers executive development programs for professionals.

Graduates

A total of 4,851 students have graduated from Sabancı University since 2000. Some 68% of Sabancı graduates started their careers, whereas 25% continued their education at graduate and postgraduate levels. Within a year of graduation, 86% of Sabancı graduates are employed.

Sabancı University graduates continue their postgraduate studies at the world's leading universities, including Carnegie Mellon University, University of California, Politecnico di Milano, Boston University, Harvard University, Brown University, Stanford University and University of Massachusetts.

Akbank, Unilever, Accenture, Turkcell, Procter & Gamble, Ford, Garanti Bank, Yapı Kredi and Deloitte & Touche are some of the companies that employ Sabancı University graduates.

Sabancı University Nanotechnology Research and Application Center (SUNUM)

Established by Sabancı University with the support of the Sabancı Foundation and the State Planning Organization, the Nanotechnology Research and Application Center (SUNUM) is the first interdisciplinary nanotechnology center in Turkey. SUNUM commenced operations in June 2011. The Center is leading advanced and interdisciplinary research projects that will be rapidly adopted by the industry in the application of nanotechnology in the fields of physics, electronics, mechatronics, materials science, chemistry and biology. The Center aims to improve the university's international competitiveness in its intellectual property portfolio and contribute to its progress in leading research.

A campus that lives and breathes

The Sabancı University campus has everything to meet the needs of its students. The campus has many amenities such as the Performing Arts Center, a sports center, a health center, a supermarket and a movie theater. Sabancı University has the best dormitory capacity to total students ratio among universities in Turkey.

Sabancı University
Sakıp Sabancı Museum (SSM)

The Sakıp Sabancı Museum (SSM) is located on the estate known as Atlı Köşk (Horse Mansion) which was bought by Hacı Ömer Sabancı in 1950 and used as a summer house by the family before it became a permanent residence for Sakıp Sabancı, housing his extensive calligraphy and painting collections. The mansion was bequeathed to Sabancı University, along with its collections and furniture in 1998. A modern gallery wing was added to the original structure and the Museum was opened to the public in 2002. The exhibition space was expanded in 2005 and upgraded to meet international technical standards.

The SSM currently offers a multi-faceted museum environment with rich collections, conservation units and exemplary educational programs as well as hosting temporary international exhibitions. It regularly organizes and hosts concerts, conferences and seminars.

SSM Collections: Three Main Categories
The Ottoman Calligraphy Collection at the SSM offers a comprehensive overview of 500 years of Ottoman calligraphy, with rare Korans, kıtas, albums, panels, hilyes, edicts, endowments deeds and menşurs. The Museum continually acquires additional examples to add to the Ottoman Calligraphy Collection. These are exhibited in the Ottoman Calligraphy Halls section of the mansion.

The Painting Collection at the Sakıp Sabancı Museum includes works produced between 1850 and 1950. The collection includes the most distinguished examples of early Turkish painting, as well as paintings by foreign artists who lived in Istanbul during the last period of the Ottoman Empire.

The Archeological and Stone Works Collection consists of Roman, Byzantine and Ottoman pieces and is exhibited in the Museum's garden. The three rooms on the ground floor at the Atlı Köşk display 18th and 19th century furniture and decorations used by the Sabancı Family when the mansion served as their residence.

Exhibitions Held at SSM
SSM has hosted numerous exhibitions since its opening in 2002.

From the "Medicis to the Savoias, Ottoman Splendour in Florentine Collections", "The Art of the Book from East to West and Memories of the Ottoman World Masterpieces of the Calouste Gulbenkian Museum, Lisbon", "Genghis Khan and His Heirs; The Great Mongol Empire", "In Praise of God - Anatolian Rugs in Transylvanian Churches" and "Istanbul, Isfahan, Delhi: Three Capitals of Islamic Art Masterpieces

from the Louvre Collection" are some of the history-themed exhibitions held at SSM. Grand retrospectives of the prominent masters of modern art, "Picasso in Istanbul", "Great Master of Sculpture Rodin in Istanbul", and "Salvador Dalí, A Surrealist in Istanbul" were exhibited at the Museum. In 2010, the museum hosted exhibitions entitled "Transcending Borders: The Art of Brush and Pen", "Legendary Istanbul - From Byzantium to Istanbul: 8,000 Years of a Capital", "Treasures of the Aga Khan Museum" and the "Jameel Prize 2009" exhibition organized by the Victoria and Albert Museum (V&A) of London.

The Museum maintained its distinctive and innovative exhibition program during 2011. The first exhibition of the year was entitled "Across - The Cyclades and Western Anatolia During the Third Millennium BC". The exhibition hosted approximately 340 artifacts from various Turkish museums as well as the National Archaeological Museum of Athens and the N. P. Goulandris Foundation Museum of Cycladic Art. The exhibition examined the relationship between Anatolia, where civilization took its first steps and the nearby Cyclades Islands in the Aegean, giving rise to similarities between the two cultures and focusing on the distinctive regional characteristics of each. This was the first project designed jointly by Turkish and Greek scholars. The second exhibition of the year, "For the Last and First Time", ran concurrently with the 12th Istanbul Biennial. The unique vision of Sophie Calle directed this exhibition toward the leading role of the sense of sight, came alive with her photographic artistry and video. By the end of 2011, the SSM Painting Collection exhibition entitled "While a Country is Changing - Turkish Painting from the Ottoman Reformation to the Republic" was opened to visitors. The collection, containing the works of significant artists of Turkish Painting, such as Osman Hamdi Bey, Fikret Muallâ, Halil Paşa, Abdülmecid Efendi and İzzet Ziya, will be exhibited permanently in the gallery designed exclusively for the exhibition.

Overseas Exhibitions Held by SSM

In addition to hosting various exhibitions on its own grounds, the Sakıp Sabancı Museum has promoted its collections by lending works of art to other venues outside the country. Prior to the establishment of the Museum, selected examples from the calligraphy and painting collections of Sakıp Sabancı were exhibited at the Metropolitan Museum of Art in New York, Los Angeles County Museum of Art, Harvard University Arthur M. Sackler Museum, Louvre Museum, Guggenheim Museum in Berlin and Museum für Angewandte Kunst in Frankfurt between 1998 and 2001.

Since its establishment, the Museum has loaned work to exhibitions such as "Mothers, Goddesses and Sultanas" held in Brussels in 2004 and 2005; "Turks: A Journey of a Thousand Years, 600-1600" held in London in 2006 and "Istanbul: The City and the Sultan" held in Amsterdam in 2006 and 2007.

Sakıp Sabancı Museum has hosted exhibitions made up entirely of its own collections at prestigious museums around the world. In 2007 and 2008, the SSM held exhibitions of numerous external venues: "Evocations, Passages, Atmospheres and Paintings from the Sakıp Sabancı Museum; Istanbul" at the Lisbon Gulbenkian Museum; "Letters in Gold: The Ottoman Art of Calligraphy from Sakıp Sabancı Museum" at Madrid's Real Academia de Bellas Artes de San Fernando; and "Ottoman Calligraphy from the Sakıp Sabancı Museum" at the Real Alcázar in Seville. The Museum contributed with pieces lent from its own collection to the exhibition "From Byzantium to Istanbul: One Port for Two Continents" held at the Grand Palais in Paris in 2009.

Within Turkey, two paintings from the SSM Painting Collection were loaned to the Istanbul Museum of Modern Art for the "Imagination and Reality of Modern and Contemporary Women Artists from Turkey" exhibition, which was open to the public from September 16, 2011 to January 22, 2012.

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery

On October 1, 2009, the Sakıp Sabancı City Museum in Mardin opened to introduce and display urban formation and cultural life in the region. The Dilek Sabancı Art Gallery aspires to establish a modern and contemporary art platform in Mardin through temporary exhibitions.

In 2010, Dilek Sabancı Art Gallery hosted its first exhibition entitled "Nature, Man and the Sea - With Works Selected from the Sabancı University Sakıp Sabancı Museum Collection". This exhibition was followed by "Abidin Dino in Mardin".

National Youth Philharmonic Orchestra

In 2011, Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery opened the exhibition “Lo and Behold: Ara Güler in Mardin”. It will be on view for a year with the support of Sabancı Foundation. The exhibition hosts one of the country’s greatest photography artists, Ara Güler, and showcases moments captured in the flow of life. Parallel to the exhibition, educational programs were held for children aged 7 to 14.

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery have welcomed more than 210,000 visitors as of the end of 2011.

SSM Education Activities and Events

The extensive educational programs initiated during the Picasso exhibition continued in 2011 and have increased in number, variety and content. During the year, special workshops and training programs were held for both children and adults. A total of 16,744 students attended the workshops held in 2011.

In 2011, adult education was coordinated by Prof. Dr. Hasan Bülent Kahraman. Prof. Dr. Semra Germaner and Prof. Dr. Ali Akay lectured on “Ottoman Modernization in Painting and the Arts of the Republic Period” and “Reading Contemporary Art”, respectively.

In 2011, SSM “The Seed” housed “Istanbul Recitals Claude - Achille Debussy Season”. Piano recitals and jazz concerts were held at the SSM “Fıstıklı Terrace” in September and October.

To support current exhibitions, films, conferences and gallery talks with students of Sabancı University and guided tours were organized. Neighbor Day events continue at the Museum.

Sabancı Foundation

19th Turkish Folk Dances Contest

The Sabancı Family has contributed to Turkey's economy through the many businesses they have founded. Meanwhile, family members have focused their efforts on launching institutions that also benefit the public in the fields of education, health, culture, sports and social services and have played an active role in philanthropic work. Reflecting the philosophy of the late Hacı Ömer Sabancı, namely, "To share what we have earned from this land with its people", the Sabancı family established the Hacı Ömer Sabancı Foundation (known as the Sabancı Foundation) in 1974 with the support of family members, and most prominently Sadıka Sabancı, the wife of Hacı Ömer Sabancı, who donated all of her personal wealth to the Foundation's endowment. Sabancı Foundation quickly became one of the largest foundations in Turkey.

The income base of the Foundation is sustained mainly through donations from family members, Sabancı Group companies and revenue generated by financial assets.

Sabancı Foundation is a founding member of the Turkish Third Sector Foundation (TÜSEV) and the European Consortium of Foundations on Human Rights and Disability; a Governing Council member of the European Foundation Center (EFC); and a member of the Council on Foundations (COF).

The Foundation's overall aim is to promote social development and social awareness among current and future generations by supporting initiatives that impact and bring change to people's lives by creating authentic, innovative and lasting values. In addition to its support of institutions, arts and culture and providing scholarships and awards, the Foundation supports civil society organizations in promoting equality and the active participation for youth, women and persons with disabilities.

Over the past 37 years, the Foundation has built more than 120 institutions at 78 sites across Turkey, specifically schools, student dormitories, health facilities, cultural centers, sports facilities, libraries, teacher centers, social facilities and the Sabancı University-one of its most significant investments.

In the 2010-2011 academic year, the Sabancı Foundation supported the School Principals Development Program for school principals whose colleagues had participated in the Sabancı University Purple Certificate Program previously. The School Principals Development Program has been extended to include a gender educational module; 188 principals from 142 schools attended the program in Izmir, Kars, Nevşehir, Şanlıurfa, Trabzon and Van.

Water Symphony-Studio Festi Dancers State Theater-Sabancı International Adana Theater Festival

In 2011, the Sabancı Foundation continued its support for the Perkins School for the Blind to provide teacher training at the Türkan Sabancı Primary and Vocational School for the Blind.

Also this year, the Sabancı Foundation completed construction of the Metin Sabancı Kindergarten and Primary Education Schools for Children with Cerebral Palsy and officially opened the school with a ceremony on October 16, 2011.

This year, almost 1,300 students, including 380 new students, have benefited from Sabancı Foundation Scholarships. Since its establishment, more than 36,000 students have obtained scholarships through this program. The Foundation continued to provide scholarships through the Sabancı Foundation-Vista Scholarship Program that was started during the 2009-2010 academic year. Additionally, the Sabancı Foundation Awards program recognized individuals with awards in 2011 for their exceptional performance in education, sports, arts and culture at national and international levels.

Arts and culture represent another important focus area of the Sabancı Foundation. The Foundation, which supports two annual events, the Turkish Folk Dance Competition and the State Theaters-Sabancı International Adana Theater Festival, has continued to expand its support in 2011. In September 2006, the Foundation began supporting the Mehtap Ar Children's Theater to make drama more accessible to children. Between September 2006 and December 2011, the theater traveled to 50 provinces and 100 townships in Anatolia where it staged approximately 2,500 performances to more than 500,000 children. In 2011, the Foundation continued its support for the Ankara International Music Festival, the Metropolis Antique City excavation in Izmir and the Turkish National Youth Philharmonic Orchestra which was structured within the framework of the Community Volunteers Foundation. This program trains young musicians under the leadership of the world-renowned conductor, Cem Mansur.

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery, restored by Sabancı Foundation has attracted more than 200,000 visitors since its opening on October 1, 2009. In November 2011, the Dilek Sabancı Art Gallery in Mardin hosted a year-long new exhibition entitled "Lo and Behold: Ara Güler in Mardin". Ara Güler is a prominent Turkish photographer.

With respect to programs, the Sabancı Foundation continued to support various projects, programs and events that aim to encourage and enable those who have the power to change the future and to make a difference in the lives of others.

Metin Sabancı Schools

Sabancı Foundation launched the Social Development Grant Program in 2009. This Grant Program aims to advance social development by supporting civil society organizations that promote equality and active participation for women, youth and persons with disabilities. Since 2009, the program has received 631 applications from 69 provinces in Turkey and allocated a total of TL 3.3 million to 19 projects operating in 71 provinces. Eleven of these projects supported by the Sabancı Foundation completed their activities, reaching more than 60,000 individuals through various programs and services.

Among these projects was the "Multidimensional Empowerment of Women" implemented by the Mother Child Education Foundation that provided literacy training and disability awareness raising activities for three years (2009-2011), reaching a total of 16,445 women, girls and women with physical disabilities in six provinces. The project was completed in October 2011.

Within the theme of "Sowing Season", the representatives of projects supported by Sabancı Foundation grants met on October 20, 2011 to share experiences and the outcomes of their first two years with the representatives of NGOs, public authorities and the press. Also, the book entitled "Sowing Season: Sabancı Foundation Grant Program Stories" was published, describing experiences and stories of the projects.

On December 8, 2011, the fifth annual Sabancı Foundation Philanthropy Seminar was held under the theme of "Philanthropy from Generation to Generation" with guest speakers Dr. Peggy Dulany, daughter of David Rockefeller and the Synergos Institute Chairman and Rockefeller's grandson, Michael Quattrone.

In 2011, the Sabancı Foundation continued to support the "Turkey's Changemakers" project that highlights the efforts of individuals who promote change and development in their communities and who made noteworthy impacts on the lives of others. As of December 2011, a total of 69 Changemakers were selected from among 850 candidates. Each Changemaker was filmed and the related videos were shared on the program website, Facebook, Twitter and YouTube, as well as several local Turkish daily Internet news portals. As a result, the Changemakers was seen by more than one million people.

Corporate Social Responsibility Policy And Principles

With this policy statement, the Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach. We expect all of our establishments that constitute the Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place priority on the development of society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole. We pursue a pioneering role with regard to actions that protect democracy, human rights as well as the environment. As the Sabancı Group, the SA-Ethics program, prepared and put into practice in accordance with the Principles of Corporate Social Responsibility, constitute a guide to our business operations. The basic principles that govern our social responsibility practices are;

1- As the Sabancı Group, we fulfill our social and environmental responsibilities toward society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.

2- We regard our human resources as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their personal rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a non-discriminatory, safe and healthy work environment. We undertake efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives.

   Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons are not tolerated.

   We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

   We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

   As the Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

3- We manage the environmental impact of our activities with a sense of responsibility. All of our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact. We require our companies, beyond their legal requirements, to apply the best environmental solutions to all they do and to support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness.

4- As the Sabancı Group, we struggle toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social and societal volunteering.

5- We develop and implement approaches to ensure that all of our partners and particularly our suppliers act in accordance with social responsibility standards of the Group.

6- We show sensitivity to the traditions and culture of Turkey and other countries in which we operate. We comply with all legal regulations currently in effect.

7- We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with the relevant regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. As the Sabancı Group, we share corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All of our executives and employees, starting with the CEO of Sabancı Holding A.Ş., undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders, our public commitment on the part of the Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

Zafer Kurtul
CEO and Board Member

Güler Sabancı
Chairman and Managing Director

Sabancı Group Environmental Policy

OUR PRINCIPLES

Sabancı Group has adopted the innovative and sustainable environmental approach in its operations.

Being aware of the fact that the public embraces the "sustainable", we adopt in our environmental activities integral, transparent and reliable management, as well as communication and collaboration with the public.

Our basic principle in our operations in different sectors is "to assume the responsibility of the lifecycle of products and services".

With such an approach, we manage our operations at each step of our development with an eye to their impacts on the environment.

OUR CORPORATE ENVIRONMENTAL POLICY

- We establish and implement our environmental standards at a level above and beyond the legal obligations.
- We aim at perfection through intercompany information and experience sharing.
- We adopt the proactive approach in all our operations for an uninterrupted improvement of our environmental performance.
- We identify and manage environmental risks.
- We try to apply the best available production techniques.
- While monitoring environmental developments and converting them into business opportunities, we contribute to sustainability.
- We support environmental awareness and information sharing for purposes of social development.

INTERGROUP ENVIRONMENTAL POLICY REQUIREMENTS

We observe the environmental law and other statutory obligations

While implementing the environmental applications at a level above and beyond the legal obligations, we ensure the control of compliance.

We identify our environmental impacts

We identify all our environmental impacts, develop a systematic approach of targeting, programming and monitoring, review the impacts and take improving actions.

We manage the intergroup source utilization

We determine the organizational roles, responsibilities and authorities in infrastructure, technology, finance and human resources, and ensure that our employees develop environmental awareness.

We ensure a systematic approach in our applications and create intercompany synergies

We establish our operational standards with a proactive approach and ensure that they are followed by everyone including our employees, suppliers and contractors.

In the course of our operations, we identify any risks endangering the environment using a proactive approach and try to take the measures to minimize them in a timely and thorough manner.

We continually try to improve and review our environmental performance

We set and implement targets for energy and waste management and for natural source consumption.

While aiming at continuous improvement through clean products and clean production technologies, we also take on the environmental responsibility of our products and services.

While reporting our operations unequivocally, we facilitate access to information.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hacı Omer Sabancı Holding A.Ş.

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. ("Holding") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards issued by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Markets Board.

Without qualifying our conclusion we would like to draw attention to the following matter:

Subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power relating to shares held by Holding and its Subsidiaries together with voting power which Holding effectively exercises relating to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of their shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are treated as non-controlling interests.

Additional Paragraph for US Dollar ("USD") Translation

"As explained in NOTE 2 to the consolidated financial statements USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the offical USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2011 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2011 for the consolidated statement of income and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of income and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of IAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency."

Additional Paragraph for Convenience Translation into English

The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

İstanbul, 30 March 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Ömer Tanrıöver
Partner

HACI ÖMER SABANCI HOLDİNG A.Ş.
AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

ASSETS	Note References	Unaudited Current Period 31 December 2011 USD (*)	Audited Current Period 31 December 2011	Audited Prior Period 31 December 2010
Current Assets		**35.818.296**	**67.657.179**	**54.970.903**
Cash and Cash Equivalents	5	3.516.867	6.643.010	4.962.185
Financial Assets				
- Held for Trading	6.a	90.638	171.207	851.346
- Available for Sale	6.b	850.332	1.606.192	9.402.429
- Held to Maturity	6.c	644	1.216	1.029.960
- Time Deposits	6.d	89.994	169.989	-
Derivative Financial Instruments	27	441.501	833.952	475.227
Reserve Deposits with the Central				
Bank of the Republic of Turkey		6.795.406	12.835.843	5.283.817
Trade Receivables	8	807.051	1.524.438	1.096.000
Receivables from Finance Sector Operations	28	21.489.007	40.590.585	29.241.185
Inventories	10	868.300	1.640.132	969.689
Other Receivables	9	421.198	795.601	492.046
Other Current Assets	19	447.111	844.548	663.124
		35.818.049	**67.656.713**	**54.467.008**
Non-current Assets Held for Sale	21	247	466	503.895
Non-current Assets		**44.182.871**	**83.457.025**	**75.088.981**
Trade Receivables	8	22.298	42.119	31.654
Receivables From Finance Sector Operations	28	17.770.768	33.567.203	28.784.892
Financial Assets				
- Available for Sale	6.b	19.034.991	35.955.194	33.699.788
- Held to Maturity	6.c	2.463.825	4.653.919	4.784.055
- Time Deposits	6.d	798	1.507	-
Investments Accounted Through Equity Method	11	156.608	295.817	299.803
Investment Property	12	83.972	158.614	151.525
Property, Plant and Equipment	13	3.075.452	5.809.221	4.865.088
Intangible Assets	14	673.277	1.271.752	1.076.704
Goodwill	15	383.975	725.290	725.227
Deferred Tax Assets	26	310.569	586.634	458.200
Other Receivables	9	126.302	238.571	144.511
Other Non Current Assets	19	80.036	151.184	67.534
Total Assets		**80.001.167**	**151.114.204**	**130.059.884**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2011, and therefore do not form part of these consolidated financial statements (Note 2.1.7).

The consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2012 and signed on its behalf by Zafer Kurtul, member of Board of Directors and CEO and Barış Oran, Head of Finance.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.
AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

LIABILITIES	**Note References**	**Unaudited Current Period 31 December 2011 USD (*)**	**Audited Current Period 31 December 2011**	**Audited Prior Period 31 December 2010**
Short Term Liabilities		**60.051.897**	**113.432.029**	**95.564.541**
Financial Liabilities	7	6.715.223	12.684.385	7.746.903
Current Portion of Long-term Financial Liabilities	7	2.040.646	3.854.576	870.645
Trade Payables	8	952.422	1.799.029	1.195.192
Payables from Finance Sector Operations	29	47.963.625	90.598.491	81.401.882
Derivative Financial Instruments	27	361.685	683.187	517.683
Income Taxes Payable	26	72.609	137.152	328.520
Other Short Term Liabilities and Provisions	19	519.106	980.540	1.046.241
Other Payables	9	1.426.581	2.694.669	2.128.355
		60.051.897	**113.432.029**	**95.235.421**
Liabilities Relating to Non-current Assets Held for Sale	21	-	-	329.120
Long Term Liabilities		**6.463.568**	**12.209.033**	**9.849.191**
Financial Liabilities	7	4.919.223	9.291.921	7.234.739
Trade Payables	8	1.183	2.235	2.845
Payables from Finance Sector Operations	29	940.030	1.775.623	1.590.837
Derivative Financial Instruments	27	170.378	321.827	289.554
Provision for Employment Termination Benefits	18	73.518	138.869	120.809
Deferred Tax Liabilities	26	239.181	451.789	405.079
Other Long Term Liabilities and Provisions	19	70.236	132.669	131.869
Other Payables	9	49.819	94.100	73.459
EQUITY		**13.485.702**	**25.473.142**	**24.646.152**
Equity attributable to the parent	**20**	**7.358.526**	**13.899.520**	**13.069.186**
Share Capital	20	1.080.208	2.040.404	2.040.404
Adjustment to Share Capital		1.814.157	3.426.761	3.426.761
Treasury Share(-)	20	(27.649)	(52.227)	(21.534)
Share Premium	20	11.472	21.670	21.670
Revaluations Funds	20	(31.682)	(59.845)	713.203
Hedge Funds	20	(115.282)	(217.757)	(180.699)
Restricted Reserves	20	307.176	580.224	392.295
Translation Reserve	20	(27.579)	194.073	7.728
Net Income for the Year		1.124.543	1.877.987	1.662.836
Retained Earnings		3.223.162	6.088.230	5.006.522
Non-controlling Interests		**6.127.176**	**11.573.622**	**11.576.966**
TOTAL EQUITY AND LIABILITIES		**80.001.167**	**151.114.204**	**130.059.884**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2011, and therefore do not form part of these consolidated financial statements (Note 2.1.7).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

CONTINUING OPERATIONS	**Note References**	**Unaudited 1 January-31 December 2011 USD (*)**	**Audited Current Period 1 January-31 December 2011**	**Audited Restated Prior Period 1 January-31 December 2010**
Sales (net)	4,22	6.449.679	10.770.964	8.637.786
Interest, Premium, Commission and Other Income	4	6.968.777	11.637.857	10.933.145
Total		**13.418.456**	**22.408.821**	**19.570.931**
Cost of Sales (-)	4,22	(5.224.972)	(8.725.704)	(7.092.536)
Interest, Premium, Commission and Other Expense		(3.636.049)	(6.072.201)	(4.867.198)
Total		**(8.861.021)**	**(14.797.905)**	**(11.959.734)**
Gross Profit from Non-financial Operations		1.224.707	2.045.260	1.545.250
Gross Profit from Financial Operations		3.332.728	5.565.656	6.065.947
GROSS PROFIT		**4.557.435**	**7.610.916**	**7.611.197**
Marketing, Selling and Distribution Expenses (-)	23	(341.217)	(569.832)	(511.613)
General and Administrative Expenses (-)	23	(1.994.787)	(3.331.295)	(3.264.064)
Research and Development Expenses (-)	23	(7.701)	(12.861)	(23.860)
Other Operating Income	24	563.957	941.808	542.360
Other Operating Expenses	24	(144.112)	(240.667)	(98.455)
OPERATING PROFIT		**2.633.575**	**4.398.069**	**4.255.565**
Shares of Income of Investments Accounted For Under Equity Method	11	95.426	159.362	169.122
Financial Income	25	351.553	587.094	444.827
Financial Expenses (-)	25	(523.518)	(874.275)	(540.954)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.557.036**	**4.270.250**	**4.328.560**
Tax income/ (expense) from continuing operations				
Current Income Tax Expenses	26	(460.800)	(769.536)	(768.234)
Deferred Income Tax Benefit/ (Charge)	26	15.650	26.136	(62.699)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**2.111.886**	**3.526.850**	**3.497.627**
DISCONTINUED OPERATIONS				
Net income/ (loss) after tax from discontinued operations	21	2.559	4.273	(10.893)
NET INCOME FOR THE YEAR		**2.114.445**	**3.531.123**	**3.486.734**
ATTRIBUTABLE TO NET INCOME		**2.114.445**	**3.531.123**	**3.486.734**
- Non-controlling Interests		989.902	1.653.136	1.823.898
- Equity Holders of the Parent		1.124.543	1.877.987	1.662.836
Earnings per share - thousands of ordinary shares (TL)	31	5,51	9,20	8,15
Earnings per share from continuing operations - thousands of ordinary shares (TL)	31	5,50	9,18	8,20

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2011, and therefore do not form part of these consolidated financial statements (Note 2.1.7).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note References	Current Period 1 January - 31 December 2011	Prior Period 1 January- 31 December 2010
NET INCOME FOR THE PERIOD		**3.531.123**	**3.486.734**
Other Comprehensive Income/ (Loss):			
Net unrealized fair value gains from available for sale financial assets after tax	26	(1.658.785)	1.244.351
Losses on available for sale financial assets transferred to the income statement, after tax	26	(298.686)	(313.707)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	26	711	20.947
Currency translation differences	26	308.187	(7.044)
Cash flow hedges, after tax	26	74.672	42.152
Net investment hedge in a foreign operation, after tax	26	(104.175)	23.424
OTHER COMPREHENSIVE INCOME/ (EXPENSE) (AFTER TAX)		**(1.678.076)**	**1.010.123**
TOTAL COMPREHENSIVE INCOME		**1.853.047**	**4.496.857**
ATTRIBUTABLE TOTAL COMPREHENSIVE INCOME		**1.853.047**	**4.496.857**
-Non-controlling Interests		620.240	2.420.236
-Equity Holders of the Parent		1.232.807	2.076.621

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

HACI ÖMER SABANCI HOLDİNG A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Share Capital	Adjustment to share capital	Treasury Share (-)	Share premium	Revaluation funds	Hedge funds	Restricted reserves	Translation reserve	Net income for the year	Retained earnings	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2010	**1.900.000**	**3.426.761**	**-**	**21.670**	**311.064**	**(194.426)**	**371.648**	**(11.254)**	**1.258.481**	**3.863.478**	**10.947.422**	**9.741.155**	**20.688.577**
Capital increase	140.404	-	(21.534)	-	-	-	-	-	-	(128.991)	(10.121)	12.088	1.967
Transfers	-	-	-	-	-	-	20.647	-	(1.258.481)	1.237.834	-	-	-
Addition of subsidiaries(*)	-	-	-	-	-	-	-	-	-	6.536	6.536	28.280	34.816
Effect of change in the effective ownership of subsidiaries	-	-	-	-	15.719	-	-	5.344	-	231.705	252.768	(252.768)	-
Dividends paid (**)	-	-	-	-	-	-	-	-	-	(204.040)	(204.040)	(372.025)	(576.065)
Total comprehensive income	-	-	-	-	386.420	13.727	-	13.638	1.662.836	-	2.076.621	2.420.236	4.496.857
Balances at 31 December 2010	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**713.203**	**(180.699)**	**392.295**	**7.728**	**1.662.836**	**5.006.522**	**13.069.186**	**11.576.966**	**24.646.152**
Balances at 1 January 2011	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**713.203**	**(180.699)**	**392.295**	**7.728**	**1.662.836**	**5.006.522**	**13.069.186**	**11.576.966**	**24.646.152**
Transfers	-	-	-	-	21.419	-	187.929	-	(1.662.836)	1.453.488	-	-	-
Company disposals	-	-	-	-	-	-	-	-	-	-	-	(141.159)	(141.159)
Acquisition of Holding shares by subsidiaries (Note 20)	-	-	(30.693)	-	-	-	-	-	-	(85.980)	(116.673)	(101.196)	(217.869)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	26.763	26.763	-	26.763
Dividends paid (**)	-	-	-	-	-	-	-	-	-	(312.563)	(312.563)	(381.229)	(693.792)
Total comprehensive income	-	-	-	-	(794.467)	(37.058)	-	186.345	1.877.987	-	1.232.807	620.240	1.853.047
Balances at 31 December 2011	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(59.845)**	**(217.757)**	**580.224**	**194.073**	**1.877.987**	**6.088.230**	**13.899.520**	**11.573.622**	**25.473.142**

(*) It comprises the effects of including Ak B Tipi Yatırım Ortaklığı A.Ş., Ak Global Funding BV and Akbank Dubai Limited in the consolidation and the current year subsidiary purchases.

(**) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,15 (31 December 2010: TL 0,10).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note References	Unaudited 1 January- 31 December 2011 USD (*)	Audited Current Period 1 January- 31 December 2011	Restated Prior Period 1 January- 31 December 2010
Net income before tax from continuing operations		2.557.036	4.270.250	4.328.560
Net income/ (loss) before tax from discontinued operations	21	3.785	6.321	(538)
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Depreciation and amortisation expenses	4	302.866	505.786	450.420
Provision for loan losses	28	401.974	671.297	485.336
Changes in the fair value of derivative instruments		(33.470)	(55.895)	(170.702)
Unrealized interest and foreign currency income		(658.662)	(1.099.966)	(396.001)
Unrealized interest expenses		86.235	144.013	(61.746)
Provision for employment termination benefits	18	27.965	46.702	63.484
Impairment charge on property, plant and equipment, intangible assets and investment property	4	19.957	33.329	23.101
Currency translation differences		98.593	164.650	(35.370)
Insurance technical reserves and other provisions		3.445	5.753	61.196
Income from associates	11	(95.426)	(159.362)	(169.122)
Gain on sale of subsidiaries	24	(125.201)	(209.085)	-
Bargain purchase gain	24	(12.350)	(20.625)	(11.510)
Reversal of impairment of non-current assets held for sale	24	(43.055)	(71.902)	-
Gain on sale of property, plant and equipment, intangible assets and investment properties		(98.460)	(164.428)	(43.944)
Provision for inventory impairment	10	1.526	2.549	(1.564)
Provision for doubtful receivables		19.293	32.220	17.867
Other		3.662	6.115	(93.775)
Net cash provided by operating activities before changes in operating assets and liabilities				
Changes in trade receivables		(231.256)	(386.198)	(58.583)
Changes in inventories		(333.505)	(556.953)	(157.375)
Changes in other receivables and other current assets		(399.976)	(667.960)	(43.447)
Changes in trade payables		303.662	507.116	240.054
Changes in other liabilities and other payables		346.814	579.179	(6.554)
Net cash used in operating activities of non-current assets held for sale		(3.785)	(6.321)	(155.823)
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		309.580	516.999	(485.861)
Changes in receivables from financial operations		(10.001.395)	(16.702.329)	(13.433.011)
Changes in payables from financial operations		5.789.673	9.668.754	8.444.505
Changes in reserve with the Central Bank of the Republic of Turkey		(4.829.856)	(8.065.860)	(1.643.534)
Income tax paid		(311.878)	(520.836)	(889.467)
Employment termination benefits paid	18	(22.453)	(37.497)	(53.114)
Net cash (used in)/ provided by operating activities		**(6.924.662)**	**(11.564.184)**	**(3.796.518)**
Cash flows investing activities:				
Capital expenditures	4	(865.929)	(1.446.101)	(1.112.055)
Changes in time deposits, financial assets available for sale and held to matuirty		2.672.442	4.462.978	(7.835.353)
Cash used in business combinations and subsidiary equity share acquisition		(110.762)	(184.972)	(29.031)
Proceeds from sale of subsidiaries		95.946	160.230	-
Net cash used in investing activities of non-current assets held for sale		-	-	(3.017)
Proceeds from sale of non current assets held for sale, property, plant and equipment, intangible assets and investment property		213.596	356.705	144.694
Dividends received		100.515	167.860	173.048
Net cash used in investing activities		**2.105.808**	**3.516.700**	**(8.661.714)**
Cash flows from financing activities:				
Changes in financial liabilities		5.800.572	9.686.955	5.276.254
Dividends paid		(187.163)	(312.563)	(204.040)
Dividends paid to non-controlling interests		(228.281)	(381.229)	(372.025)
Capital increase of non-controlling interests		15.659	26.150	1.967
Net cash used in acquisition of subsidiary holding shares		(130.460)	(217.869)	-
Net cash provided by financing activities of non-current assets held for sale		-	-	3.760
Net cash provided by financing activities		**5.270.327**	**8.801.444**	**4.705.916**
Effect of change in foreign currency rates on cash and cash equivalents		234.809	392.131	53.909
Net increase/(decrease) in cash and cash equivalents		686.282	1.146.091	(7.698.407)
Cash and cash equivalentsat the beginning of the period (**)		2.490.524	4.159.175	11.857.582
Cash and cash equivalents at the end of the period		**3.176.806**	**5.305.266**	**4.159.175**

(*)USD amounts presented above are translated from TL for convenience purposes only, at the official average TL exchange rate announced by CBRT and therefore do not form part of these consolidated financial statements (Note 2.1.7).

(**) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 343 and cash and equivalents at the end of the period comprise interest accrual TL 937 in the current period (31December 2010: TL 24.300 and TL 343 respectively). Restricted deposits at the beginning of current period is TL 822.971 and at the end of the period is TL 1.336.807 (31December 2010: respectively TL 999.165 and TL 822.971). As of 31 December 2010, cash and cash equivalents of Sasa, the subsidiary which had been treated as non-current assets held for sale as of 31 December 2010 , is TL 20.306 (31 December 2009: TL 11.816).

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 20). The number of employees in 2011 is 57.374 (31 December 2010: 57.209). Holding's registered address is as follows:

Sabancı Center, 4. Levent, Istanbul, Türkiye

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1997. As of 31 December 2011, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 20):

	%
Sabancı family	43,65
Public quotation (*)	37,56
Sakıp Sabancı Holding A.Ş.	14,07
Sabancı Üniversity	1,51
Exsa	1,29
Çimsa	1,06
Hacı Ömer Sabancı Foundation	0,66
Other	0,20
	100,00

(*) Public quotation of Holding is 39,40% as of 31 December 2011 which is the same as prior year. Shares purchased from ISE by subsidiaries are not included in the 37,56% public quotation ratio shown above.

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at 31 December 2011 are as follows:

Subsidiaries

	Nature of business	Business segment
Akbank T.A.Ş. ("Akbank")	Banking	Finance
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	Tire reinforcement	Industry
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	Automotive	Industry
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	Cement and clinker	Cement
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	Trade	Retailing
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	Trade	Other
Exsa UK Ltd. ("Exsa UK")	Trade	Other
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	Tourism	Other
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	Tourism	Other
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	Trade of data and processing systems	Other
Sasa Polyester Sanayi A.Ş. ("Sasa")	Chemicals and textile	Industry
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	Textile	Industry

For the purposes of segment information, Holding's stand-alone financial statements have been included within the "Other" business segment (Note 4).

All the Subsidiaries are registered in Turkey except for Exsa UK. Exsa UK is registered in the United Kingdom.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 December 2011 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Aksigorta A.Ş. ("Aksigorta")	Insurance	Finance	Ageas
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Pension	Finance	Aviva
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire	Industry	Bridgestone
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	Cement and clinker	Cement	Heidelberg
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	Trade of consumer goods	Retailing	Carrefour
Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş. ("Diasa")	Trade of consumer goods	Retailing	Dia S.A.
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	Energy production,sales and distribution	Energy	Verbund
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. ("Olmuksa")	Corrugated containers	Industry	International Paper

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

Article no.1 of Law numbered 2499 has been abjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on November 2, 2011 and Public Supervision, Accounting and Auditing Standards Board has been founded. 1st Temporary article of mentioned Statutory Decree no.660 states that current regulations applied for related issues will be enforced until standards and regulations are issued by the Institution. Therefore, in aforementioned case, no alterations is made in "Principles of Preparation of Financial Statements".

Preparation of Financial Statements in Hyperinflationary Periods In accordance with the CMB's decision No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the CMB Accounting Standards (including the application of IFRSs) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

The Group has prepared its consolidated financial statements within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended and including the information required by the CMB.

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

2.1.2 Adoption of New And Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in further sections.

(a) New and Revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has preferred to present the required analysis of items of other comprehensive income in the notes to the financial statements and presented the aggregate other comprehensive income amount in the statement of changes in equity. These changes have been applied retrospectively.

(b) New and Revised IFRSs affecting the reported financial performance and / or financial position

None.

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements
IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The Holding and its subsidiaries are not government-related entities. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments) *Financial Instruments: Classification of Rights Issues*

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

IFRIC 14 (Amendments) *Pre-payment of a Minimum Funding Requirement*

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

IFRIC 19 Extinguishing *Financial Liabilities with Equity Instruments*

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

Annual Improvements May 2010

Except for the amendments to IAS 1 described earlier in section (a), the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

(d) New and Revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	*Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 12	*Deferred Taxes – Recovery of Underlying Assets*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statement*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The group management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

• IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

• The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures.

Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of IFRS 11 may result in changes in the accounting of the Group's jointly controlled entity that is currently accounted for using proportionate consolidation. Under IFRS 11, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement.

However, the group management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The management anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognized in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the management have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The management anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the management have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. 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 effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

2.1.3 Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2011:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family ownership members (*) %	Proportion of effective interest %	Proportion of interest %
AEO	70,29	-	70,29	70,29
Akbank	40,85	5,56	46,41	40,80
Bimsa	100,00	-	100,00	89,97
Çimsa	53,00	1,42	54,42	53,00
Exsa (1)	61,68	38,32	100,00	46,23
Exsa UK	100,00	-	100,00	99,30
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa	48,71	51,28	99,99	48,71
Tursa	99,52	-	99,52	99,46
Yünsa	57,88	11,50	69,38	57,88
Sasa (2)	51,00	-	51,00	51,00

(1) Holding's effective equity interest has increased from 30,25% to 46,23% as the other partners did not use the preferential rights during the capital increase of Exsa.
(2) Holding participated directly to the shares of its subsidiary Sasa, in 2011 which had been in the portfolio of Advansa. Advansa shares have been sold to BBMMR Holding GmbH and the company is excluded from the consolidation.

(*) Represents Sabancı family shares involved in management.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2010:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa [3]	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank [4]	40,85	7,73	48,58	40,78
Aksigorta [5]	61,98	-	61,98	61,98
Bimsa	100,00	-	100,00	89,96
Çimsa	53,00	1,42	54,42	53,00
Exsa	45,70	54,30	100,00	30,25
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa	48,71	51,28	99,99	48,71
Tursa	99,52	-	99,52	99,45
Yünsa	57,88	11,50	69,38	57,88

[3] Advansa shares have been sold to BBMMR Holding GmbH in 2011 and the company is excluded from the consolidation.
[4] As a result of Akbank and Aviva shares held in Aksigorta’s portfolio, and Akbank shares held in Exsa’s portfolio, injected as capital in kind to Holding via spin-off process, the total Avivasa shares previously held by Aksigorta by 36,80% are currently increased to 40,78% in Holding’s share portfolio in 2010.
[5] The sale of Aksigorta shares that equals to the 50% of 61,98% total shares which are possessed by Holding for to Ageas Insurance International N.V. which have been completed in 2011, subsequent to the aforementioned sale, Ageas and Holding have established a joint venture based on 30,99% equal partnership and have began to be consolidated as a joint venture. After the sale of shares, the ownership rate has increased to 33,11% from 30,99% for both the Holding and Ageas through the purchase of shares from the ISE during the following months.

(*)Represents Sabanci family shares involved in management.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Holding and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Holding in its Subsidiaries are eliminated from shareholders’ equity and income for the period, respectively.

Financial statements of subsidiaries, whose financial position at 31 December 2011 and result of operations for the year ended 31 December 2011 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Holding and one or more other parties. The Group’s interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2011:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Aksigorta [1]	33,11	31,11
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Enerjisa Enerji [2]	50,00	50,00
Olmuksa	43,73	43,73

(1) The sale of Aksigorta shares that equals to the 50% of 61,98% total shares which are possessed by holding for to Ageas Insurance International N.V. have been completed in 2011, subsequent to the aforementioned sale Ageas and the company have created a joint venture based on 30,99% equal partnership and have began to be consolidated as a joint venture. After the sale of shares, the ownership rate has increased to 33,11% from 30,99% for both the Holding and Ageas through the purchase of shares from the ISE during the following months.

(2) As a result of the restructuring of the energy companies of the Group, Enerjisa Enerji A.Ş. has been established on 20 December 2011 through the spin-off of the shares of 50% joint ventures of the Holding, which are Enerjisa Enerji Üretim A.Ş., Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. and Enerjisa Elektrik Dağıtım A.Ş.. Enerjisa Enerji A.Ş. is owned equally by Hacı Ömer Sabancı Holding A.Ş. (50%) and Verbund (50%).

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2010:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Avivasa [1]	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan [2]	33,13	33,13
Enerjisa [3]	50,00	50,00
ETS [3]	50,00	50,00
EED [3]	50,00	50,00
Enerjisa Doğalgaz [3]	50,00	50,00
Olmuksa	43,73	43,73

(1) As a result of Akbank and Aviva shares held in Aksigorta's portfolio, and Akbank shares held in Exsa's portfolio, injected as capital in kind to Holding via spin-off process, the total Avivasa shares previously held by Aksigorta by 49,83% are currently included in Holding's share portfolio (Note 20).
(2) As a result of selling Dönkasan's shares to its joint venture, Olmuksa, by the Holding the Company turned into an associate accounted for under the equity method from a joint venture.
(3) As a result of the restructuring of the energy companies of the Group, Enerjisa Enerji A.Ş. has been established on 20 December 2011 through the spin-off of the shares of 50% joint ventures of the Holding, which are Enerjisa Enerji Üretim A.Ş., Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.,Enerjisa Elektrik Dağıtım A.Ş. and Enerjisa Doğalgaz Toptan Satış A.Ş.. Enerjisa Enerji A.Ş. is owned equally by Hacı Ömer Sabancı Holding A.Ş. (50%) and Verbund (50%).

Sabancı family members do not have any interest in the share capital of the Joint Ventures.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

d) Investments in Associates are accounted for by the equity method. These are entities over which the Holding generally has between 20% and 50% of voting rights, or over which the Holding has significant influence, but which it does not control. Unrealised gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation, whereas unrealised losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost (Note 15 and Note 2.1.3.e).

Associates whose financial position at 31 December 2011 and result of operations for the year ended 31 December 2011 are insignificant to the overall consolidated financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 6.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2011 and 2010:

Associates	Proportion of effective interest by the Holding %
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. ("Philsa")	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	24,75
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. ("Dönkasan") (1)	21,86

(1) As a result of selling Dönkasan's shares to its joint venture, Olmuksa, by the Holding the Company turned into an associate accounted for under the equity method from a joint venture.

Sabancı family members do not have any interest in the share capital of Associates.

e) Other investments in which the Holding and its Subsidiaries, have interest below 20%, or over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 6.b).

f) The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively.

The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as non- controling interest. Certain Sabancı family members, Sabancı Vakfı, a charitable foundation established by Sabancı family members and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated financial statements their interests are treated as non- controling interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

2.1.4 Offsetting

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

2.1.5 Comparatives and restatement of prior year financial statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year. The Group presented the consalidated balance sheet as of 31 December 2011 comparatively with the consolidated balance sheet as of 31 December 2010 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the year 1 January-31 December 2011 comparatively with the year 1 January-31 December 2010.

The consolidated income statement and statement of cash flows for the year ended 31 December 2011 has been restated according to the comparative principles in disclosure 2.1.3 and as mentioned in disclosure 2.3 in accordance with the change in the consolidation scope after the sales of 50% of 61,98% Aksigorta shares owned by the Holding in 2011 and in accordance with the comparative principles used for the preparation of consolidated financial statements for the year ended 2011.

Sasa shares owned by Advansa BV, which had been classified as non current assets held for sale in year 2010, have been purchased by the Holding and Advansa BV shares have been sold to a third party in 2011 as mentioned in the disclosure 2.1.3. Therefore income statement of Sasa for the year ended 31 December 2010 has been reclassified as continuing operations from discontinued operations in accordance with the change in the consolidation scope and comparative principles.

2.1.6 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.1.7 US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of income and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 December 2011 of TL 1,8889 = USD 1 and TL 1,6700 = USD 1, respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of income and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of IAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

2.2 Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the year end period 1 January – 31 December 2011.

Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied. There has been no significant changes in the current year at the Group's accounting estimates.

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the current period.

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial (Note 5).

2.3.2 Sale and repurchase agreements

In the banking segment, securities sold subject to linked repurchase agreements ("repos") are retained in the financial statements as trading, available-for-sale or held to maturity financial assets and measured in accordance with the policies used in measuring the relevant class. The counter party liability is included in customer deposits and the difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield method.

Securities purchased under agreements to resell ("reverse repos") are recorded as cash and cash equivalents. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the reverse repo agreement using the effective yield method.

2.3.3 Reserve deposits with the Central Bank of the Republic of Turkey

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

2.3.4 Trade receivables and allowance for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk allowance for trade receivables 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 the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

2.3.5 Related parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties. Related party activities and balances are disclosed in Note 32.

2.3.6 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.3.7 Financial Instruments

In accordance with IAS 39, in the banking segment the Group classifies its investments in debt and equity securities in the three following categories; assets held at fair value through profit or loss, held-to-maturity and, available-for-sale assets. Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity are classified as "held-to-maturity financial assets". 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 the interest rates, exchange rates or equity prices, or the client's servicing activity are classified as "available-for-sale financial assets". The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value if the fair values can be reliably measured.

Investments in which the Holding has an interest below 20% that do not have a quoted market price in active markets, for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. Unrealised gains and losses arising from changes in the fair value of available for sale debt securities are the differences between the fair value of such securities and their amortised cost at the balance sheet date. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Held to maturity investments are carried at amortised cost using the effective yield method.

The Bank has Consumer Price Index (''CPI'') linked government bonds in available for sale and held to maturity portfolios having 5-10 year term and fixed real coupon rates until the maturity. These marketable securities are valued by using effective interest method by considering the real coupon rates together with the changes in the CPI references between the issuance and balance sheet dates. Market values are used to for the fair value calculation. As of 1 January 2011, for the interim periods the Bank has started to use CPI at balance sheet date for the effective interest rate method calculation of these marketable securities, which were calculated considering the estimated inflation rate based on CPI. Used estimated inflation rates will be updated when necessary during the year, final valuation will be according to actual inflation rate.

Financial assets at fair value through profit or loss are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the income statement.

Interest received from financial assets at fair value through profit or loss is recognised in the income statement as part of interest income and dividend received is recognised in the income statement as part of dividend income. All purchases and sales of financial assets at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the trade date, which is the date that the banks commit to purchase or sell the assets.

2.3.8 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2010. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

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

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

Akbank and Enerjisa are hedged against cash flow risk arising from TL and foreign currency floating rate borrowings through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under value increase funds within equity.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.3.9 Investment property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 12). The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus is transferred to investment property.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

2.3. 10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 13). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	4-50
Buildings	18-50
Machinery and equipment	2-25
Motor vehicles	2-15
Furniture and fixtures	3-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets. Ordinary repair and maintenance expenses are charged to the income statements during the financial period in which they were incurred. Capital expenditures resulting in a capacity increase and increase in future economic benefits are included in the asset's carrying amount.

2.3.11 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 14). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Costumer relations and agreements are amortised using the straight-line method over their estimated useful life of 27 years and carried at cost less accumulated amortisation and impairment (Note 14).

2.3.12 Non-current assets held for sale and discontinued operations

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in consolidated income statement.

2.3.13 IFRIC 12 - Service Concession Arrangements

IFRIC 12, provides guidance on the accounting of public-to-private service concession arrangements by operators.

An arrangement within the scope of IFRIC 12 typically involves a private sector entity (an operator) constructing an infrastructure used to provide a public service or upgrading it, operating and maintaining that infrastructure for a specified period of time.

The Group accounts the amount that is received or will be received due to electricity distribution services at fair value of the service. This amount is recorded as a financial asset. The Group accounts the financial asset considering the cash basis given by the grantor or at the direction of the grantor associated with the electricity distribution services. The amount that should be paid by the grantor or at the direction of the grantor is accounted as a receivable in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

2.3.14 Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of premium in excess of par, the payment dates are considered (Note 20).

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in "Hedge Funds" under equity. 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 Funds" account under shareholders' equity.

2.3.15 Research expenses and development costs

Research costs are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2.3.16 Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

2.3.17 Deferred financing charges

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised using the effective interest method over the remaining life of the long-term bank borrowings.

2.3.18 Income taxes

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.3.19 Employee benefits

Retirement benefits

Akbank'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 by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

On 1 November 2005, Banking Law No.5411 ("New Law") which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26479 dated 31 March 2007, and its execution was annulled at the publication date of the decision.

Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these consolidated financial statements and at 17 April 2008, at No. 5754 of the Social Security Act (" New Law") circuit that regulates the principles and provisions of the Parliamentary General Assembly agreed and 8 May 2008 and published in the Official Gazette No. 26870th be entered into force. The main opposition party appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008.

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

The New Law requires that present value of post-employment benefits at the balance sheet date regarding the members of the fund to be transferred shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Under secretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. The transfer required by the New Law is to be completed until 8 May 2011. If the time frame for the transfer will not be sufficient, the transfer can be extended for two years with the decision of Council of Ministers.

In this extent, according to the technical balance sheet report dated 31 December 2010 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with TAS 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; and based on the technical balance sheet report as at December 31, 2010 the fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements. Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer 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 Akbank. The consolidated affiliates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other pension schemes.

The Group's obligation in respect of the post-employment benefits transferrable to SSI, has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations; and the Group's obligation related to other non-transferrable benefits has been calculated in accordance with IAS 19 by a registered actuary. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9,80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting TL 157.674 (31 December 2010: TL 85.337 TL), the surplus of the Fund amounts to TL 322.392 as of 31 December 2011 (31 December 2010: TL 462.242).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

	31 December 2011	31 December 2010
Present value of funded obligations	(604.794)	(424.002)
- Pension benefits transferrable to SSI	(854.018)	(760.219)
- Post-employment medical benefits transferrable to SSI	406.898	421.554
- Other non-transferrable benefits	(157.674)	(85.337)
Fair value of plan assets	927.186	886.244
Surplus	**322.392**	**462.242**

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

The principal actuarial assumptions used were as follows:

Discount rate	**31 December 2011**	**31 December 2010**
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%4,16	%4,66

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

Provision for Employment Termination Benefit

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 18).

2.3.20 Provisions, contingent liabilities and assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

2.3.21 Loans and advances to customers and provisions for loan impairment

Loans originated by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated and are carried at amortised cost using the effective yield method. Costs incurred due to obtaining guarantees for originated loans are not considered as transaction costs and are charged to the income statement. Loans originated by providing money directly to banks such as time or demand deposits are classified as due from banks.

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.

The provision made during the period is charged against the profit for the period. 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 the provision for loan losses for the period.

2.3.22 Investment incentives

The Group benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

2.3.23 Insurance technical reserves

Unearned premiums reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine and earthquake premiums issued before 14 June 2007. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") issued in Official Gazette No: 26606 dated 7 August 2007, unearned premium reserve and the reinsurer's share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premuiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Continued risk provisions

Within the framework of Regulation on Technical Reserves, insurance companies are requires to account for an unexpired risk reserve against the probability thati future lossed incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred lossed to current year earned premiums. If the loss ratio for a branch is higher than 95% the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premim reserve for the related branch. The difference between gross amount and net amount is considered as reinsurance portion.Opening outstanding claims provision amount is revised consistently with the current period, in calculation of expected loss ratio considered in the calculation of unexpired risk reserve as of 31 December 2010.

Outstanding claim and provision

The company accounts for outstanding claims provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted based on reports of experts or inital assessments of policyholders and experts, and salvage, subrogation and similar gains are not deducted as of 31 December 2011 (as of 31 December 2010, salvage, subrogation and similar gains have been deducted in calculations related to outstanding claim provisions).

The Company accounts for additional provisions for claims incurred but not reported which is calculated as the difference between the outstanding claims provisions and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on "Actuarial Chain Ladder Method" numbered 2010/12 and dated 20 September 2010 effective from 31 December 2010 and other related regulations.

Equalisation Reserve

In accordance with the Regulation on Technical Reserves, insurance companied are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, on order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non - proportional reinsurance aggreements are regarded as ceded premiums. The Group will continue to make a provision until %150 of the highest volume of the net premiums written in last 5 financial years.

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using statical and actuarial methods in order to cover the liabilities of insurane companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The apptroval of mathematical reserves is made by the actuaries based on current mortaliy tables valid for Turkish insurance companies and prepared by considering mortality statics prepared abroad.

2.3.24 Leasing transactions

2.3.24.1 The Group as a lessee

Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in leasing payables.

Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment. The interest element of the finance cost is charged to the income statement over the lease period.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.3.24.2 The Group as a lessor

Finance leases

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

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

2.3.25 Revenue recognition

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills (Note 4.e).

Commission income and fees for various banking services are recorded as income at the time they affect the transactions to which they relate.

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (Note 4.e).

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.3.26 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 31 earnings per share are calculated in accordance with IAS 33 "Earnings Per Share".

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

The companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by "free of charge share certificates". Such "free of charge share" distributions are considered as issued share incalculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

2.3.27 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish lira, which is the functional currency of the Holding.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders' equity.

2.3.28 Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

• deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The business combinations before 1 January 2010, is recorded as old version of IFRS 3.

Partial share purchase-sale transactions with non- controling interests

The group applies a policy of treating transactions with non- controling interests as transactions with equity owners of the group. For purchases from non- controling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non- controling interests are also recorded in equity. For disposals to non- controling interests, differences between any proceeds received and the relevant share of non- controling interests are recorded in equity under retained earnings since there is no caption for these gains or losses in accordance with the CMB Financial Reporting Standards.

2.3.29 Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has selected business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements.

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision- maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

2.4 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with CMB Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied to the financials to see the effect on net profit/loss for the period.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2011 are as follows:

Enerjisa, a joint venture of the Group, acquired 99,99% shares of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. on 30 March 2011, 99,99% shares of Italgen Elektrik Üretim A.Ş. on 31 March 2011, 99,99% shares of Alpaslan II Enerji Üretim Sanayi Ticaret A.Ş. on 18 April 2011 and 99,99% shares of Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş.on 30 May 2011. Since the acquired businesses are not fully operational as of the acquisition dates, these acquistions do not meet the business definition as stated in "IFRS 3 Busines Combinations". The excess amount of the considerations paid over the net assets acquired is associated with the electricity generation licenses and accounted for under intangible assets.

Aforementioned acquisitions of the joint venture Enerjisa resulted in TL 164.220 electricity generation license additions to intangible assets (Note 14). The cost of electricity generation licenses are TL 25.626 for IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., TL 52.797 for Italgen Elektrik Üretim A.Ş., TL 25.392 for Alpaslan II Enerji Üretim Sanayi ve Ticaret A.Ş. and TL 60.405 for Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş..

The net assets acquired after the purchase of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. shares are as follows:

	Fair value
Total current assets	7.979
Total non-current assets	52.678
Total liabilities	(253)
Book value of net assets	**60.404**
Paid cash and cash equivalents	60.404
Acquisition attributable to the consolidated financial statements completed by the joint venture	**-**

The net assets acquired after the purchase of Italgen Elektrik Üretim A.Ş. shares are as follows:

	Fair value
Total current assets	5.525
Total non-current assets	113.797
Total liabilities	(118)
Book value of net assets	**119.204**
Paid cash and cash equivalents	119.204
Acquisition attributable to the consolidated financial statements completed by the joint venture	**-**

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The net assets acquired after the purchase of Alpaslan II Enerji Üretim A.Ş. shares are as follows:

	Fair value
Total current assets	10
Total non-current assets	50.792
Total liabilities	(1)
Book value of net assets	**50.801**
Paid cash and cash equivalents	50.801
Acquisition attributable to the consolidated financial statements completed by the joint venture	**-**

The net assets acquired after the purchase of Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş. shares are as follows:

	Fair value
Total current assets	46.515
Total non-current assets	140.716
Total liabilities	(277)
Book value of net assets	**186.954**
Paid cash and cash equivalents	186.954
Acquisition attributable to the consolidated financial statements completed by the joint venture	**-**

Teknosa, a subsidiary of the Group, purchased 100% shares of İstanbul Mağazacılık Ltd.Şti. (Best Buy) for TL 27.148 at 11 July 2011 and this acquisition has been accounted for using the acquisition method. The fair value of net assets acquired and considerations paid as of 30 September 2011 are as follows:

	Fair value
Total current assets	35.484
Total non-current assets	14.735
Total liabilities	(2.446)
Book value of net assets	**47.773**
Paid cash and cash equivalents	27.148
Bargain purchase gain	(20.625)

The business combinations between the period 1 January – 31 December 2011 are as follows:

The acquisition resulted in bargain purchase gain amounting to TL 20.625 and it has been recognized in other income on consolidated financial statements. The consultancy expenses resulting from the acquisition transaction amounting TL 2.916 has been recognized in general and administrative expenses.

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NOTE 4 – SEGMENT REPORTING

Group management has revised the job descriptions in 2011. Group has reclassified tire, reinforcement and automotive operations as a separate industrial section. Textile, corrugated containers and box operations were classified under the "other" job section. Upper management has decided to merge tire, reinforcement, automotive, textile, corrugated containers and box operations under "Industry" job section. Prior period balances have been updated according to the current sections.

a) External revenues:

	1 January - 31 December 2011	1 January - 31 December 2010
Finance	11.637.857	10.933.145
Banking	11.188.718	10.582.492
Insurance	449.139	350.653
Energy	1.723.207	1.357.873
Industry	4.742.846	3.522.490
Retail	3.017.917	2.559.050
Cement	1.199.936	1.031.486
Other	87.058	166.887
Total	**22.408.821**	**19.570.931**

b) Segment assets:	**31 December 2011**	**31 December 2010**
Finance	139.842.145	120.916.734
Banking	138.975.287	119.452.975
Insurance	866.858	1.463.759
Energy	4.259.671	3.179.573
Industry	4.065.238	2.565.472
Retail	1.101.276	1.003.271
Cement	1.540.927	1.372.411
Other	83.699	295.715
Segment assets (*)	**150.892.956**	**129.333.176**
Non-current assets held for sale (Note 21)	466	503.895
Investment in associates	295.817	299.803
Unallocated assets	1.168.387	785.892
Less: intercompany eliminations and reclassifications	(1.243.422)	(862.882)
Total assets as per consolidated financial statements	**151.114.204**	**130.059.884**

(*) Segment assets mainly comprise operating assets.

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c) Segment liabilities:	**31 December 2011**	**31 December 2010**
Finance	121.453.178	102.280.525
Banking	120.824.978	101.282.777
Insurance	628.200	997.748
Energy	647.566	505.663
Industry	949.167	506.094
Retail	780.906	638.537
Cement	212.554	168.487
Other	43.960	34.352
Segment liabilities (*)	**124.087.331**	**104.133.658**
Liabilities associated with non-current assets held for sale (Note 21)	-	329.120
Unallocated liabilities	3.235.363	2.172.007
Less: intercompany eliminations and reclassifications	(1.681.632)	(1.221.053)
Total liabilities as per consolidated financial statements	**125.641.062**	**105.413.732**

(*) Segment liabilities mainly comprise operating liabilities and exclude items such as taxation, certain financial liabilities and unallocated liabilities.

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d) Segmental analysis for the period between 1 January – 31 December 2011

	Finance										
	Banking	**Insurance**	**Intra segment elimination**	**Total Finance**	**Energy**	**Industry**	**Retail**	**Cement**	**Other**	**Inter segment elimination**	**Total**
External revenues	11.188.718	449.139	-	11.637.857	1.723.207	4.742.846	3.017.917	1.199.936	87.058	-	22.408.821
Inter segment revenues	47.282	1.086	-	48.368	137.528	4.956	3.223	104	17.168	(211.347)	-
Total revenues	**11.236.000**	**450.225**	**-**	**11.686.225**	**1.860.735**	**4.747.802**	**3.021.140**	**1.200.040**	**104.226**	**(211.347)**	**22.408.821**
Cost of sales (*)	(5.868.180)	(420.661)	16.172	(6.272.669)	(1.515.679)	(3.962.808)	(2.358.775)	(926.945)	(74.088)	313.059	(14.797.905)
General and administrative expenses	(2.558.545)	(81.901)	11.713	(2.628.733)	(179.727)	(137.540)	(309.683)	(46.110)	(18.236)	44.882	(3.275.147)
Sales, marketing and distribution expenses	-	-	-	-	(1.500)	(260.826)	(296.623)	(9.977)	(2.301)	1.395	(569.832)
Research and deve lopment expenses	-	-	-	-	-	(13.174)	-	-	-	313	(12.861)
Operating result	**2.809.275**	**(52.337)**	**27.885**	**2.784.823**	**163.829**	**373.454**	**56.059**	**217.008**	**9.601**	**148.302**	**3.753.076**
Other unallocated operating expenses										(56.148)	(56.148)
Other income/ (expense)- net	396.141	72.677	(18.247)	450.571	(209)	(50.079)	7.976	(10.619)	309.666	(6.165)	701.141
Segment result	**3.205.416**	**20.340**	**9.638**	**3.235.394**	**163.620**	**323.375**	**64.035**	**206.389**	**319.267**	**85.989**	**4.398.069**

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and net foreign currency trading gains. In the insurance segment cost of sales includes premium ceded to reinsurance.

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d) Segmental analysis for the period between 1 January – 31 December 2010

	Finance										
	Banking	Insurance	Intra segment elimination	Total Finance	Energy	Industry	Retail	Cement	Other	Inter segment elimination	Total
External revenues	10.582.492	350.653	-	10.933.145	1.357.873	3.522.490	2.559.050	1.031.486	166.887	-	19.570.931
Inter segment revenues	22.900	1.236	-	24.136	79.253	2.455	4.510	14	12.944	(123.312)	-
Total revenues	**10.605.392**	**351.889**	**-**	**10.957.281**	**1.437.126**	**3.524.945**	**2.563.560**	**1.031.500**	**179.831**	**(123.312)**	**19.570.931**
Cost of sales(*)	(4.621.692)	(337.214)	28.426	(4.930.480)	(1.250.180)	(2.979.058)	(2.015.019)	(804.108)	(114.884)	133.995	(11.959.734)
General and administrative expenses	(2.540.087)	(60.010)	40.053	(2.560.044)	(180.206)	(136.673)	(271.295)	(45.282)	(24.147)	9.430	(3.208.217)
Sales,marketing and distribution expenses	-	-	-	-	(1.181)	(233.952)	(264.845)	(10.859)	(1.945)	1.169	(511.613)
Research and development expenses	-	-	-	-	-	(23.868)	-	(354)	-	362	(23.860)
Operating result	**3.443.613**	**(45.335)**	**68.479**	**3.466.757**	**5.559**	**151.394**	**12.401**	**170.897**	**38.855**	**21.644**	**3.867.507**
Other unallocated operating expenses	-	-	-	-	-	-	-	-	-	(55.847)	(55.847)
Other income/(expense)-net	314.367	64.945	(44.774)	334.538	44.639	20.325	(1.874)	(3.736)	38.309	11.704	443.905
Segment result	**3.757.980**	**19.610**	**23.705**	**3.801.295**	**50.198**	**171.719**	**10.527**	**167.161**	**77.164**	**(22.499)**	**4.255.565**

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and net foreign currency trading gains. In the insurance segment cost of sales includes premium ceded to reinsurance..

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

e) Operating results

i) Banking

	1 January - 31 December 2011	1 January - 31 December 2010
Interest income	9.473.644	8.994.490
Interest expense	(5.321.916)	(4.563.572)
Net interest income	**4.151.728**	**4.430.918**
Fee and commission income	1.762.356	1.610.902
Fee and commission expense	(273.976)	(213.955)
Net fee and commission income	**1.488.380**	**1.396.947**
Provision for loan losses	(313.299)	103.723
Foreign exchange trading gains and losses-net	41.011	52.112
Operating expense	(2.558.545)	(2.540.087)
Other operating income/(expense)	396.141	314.367
Segment result	**3.205.416**	**3.757.980**

Intersegment eliminations are excluded.

ii) Insurance:

	1 January - 31 December 2011	1 January - 31 December 2010
Gross premiums received	450.225	351.889
Premiums ceded to reinsurers	(94.291)	(86.249)
Change in the provision for unearned premiums net of reinsurance	(30.355)	(6.327)
Earned premiums, net of reinsurance	**325.579**	**259.313**
Claims paid	(278.609)	(247.719)
Claims paid-reinsures' share	36.793	48.600
Change in the provision for claims	1.426	(1.144)
Claims incurred, net	**(240.390)**	**(200.263)**
Change in life mathematical reserve, net	(12.368)	(2.698)
Commission expenses-net	(43.257)	(41.677)
General and administrative expenses	(81.901)	(60.010)
Other operational income/(expense)	72.677	64.945
Segment result	**20.340**	**19.610**

Intersegment eliminations are excluded.

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iii) Non-financial segments:

	1 January - 31 December 2011	1 January - 31 December 2010
Net sales	10.933.943	8.736.962
Cost of sales	(8.838.295)	(7.163.249)
Gross profit	**2.095.648**	**1.573.713**
Operating expenses	(1.331.845)	(1.250.454)
Other operating income/(expense)	256.735	97.663
Segment result	**1.020.538**	**420.922**

Intersegment eliminations are excluded.

The Group assesses the performance of its operating segments based on a measure of adjusted Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA"). Adjusted EBITDA does not include the effects of non-recurring income and expenses of the operating segments.

Excluding one off income/(expenses):	**31 December 2011**	**31 December 2010**
Banking	3.210.463	3.886.041
Insurance	23.195	23.279
Industry	512.761	288.589
Cement	276.237	229.358
Energy	251.828	101.389
Retail	101.445	60.546
Other	(20.128)	(34.964)
Intersegment eliminations	151.775	57.053
Total	**4.507.576**	**4.611.291**

A reconciliation of adjusted EBITDA to income before tax from continuing operations is as follows:

	31 December 2011	**31 December 2010**
Adjusted EBITDA for reported operating segments	4.507.576	4.611.291
Gain on sale of subsidiaries (Note 24)	247.350	-
Gain on sale of fixed asset	164.428	34.149
Adjustment of gain on sale of fixed asset	-	68.863
Reversal of subsidiary impairment loss (Note 24)	71.902	-
Tax negotiation (Note 26)	(25.112)	(15.592)
Loss on sale of subsidiaries (Note 24)	(38.265)	-
Bargain purchase gain (net of costs related to the acquisition)	17.709	11.510
Other	(41.733)	(15.932)
Depreciation and amortisation	(505.786)	(438.724)
Operating profit	**4.398.069**	**4.255.565**
Financial expenses - net	(287.181)	(96.127)
Income from investments accounted through equity method (Note 11)	159.362	169.122
Income before tax from continuing operations	**4.270.250**	**4.328.560**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

f) Interests in Joint Ventures:

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and income and expense items related to Joint Ventures which are proportionally consolidated in the consolidated financial statements as expressed in Note 2, are as follows on a combined basis:

Balance Sheet	**31 December 2011**	**31 December 2010**
Current assets	2.114.624	1.392.106
Non-current assets	5.188.228	4.134.445
Total assets	**7.302.852**	**5.526.551**
Current liabilities	2.127.902	1.109.088
Non-current liabilities	2.138.728	1.743.087
Total liabilities	**4.266.630**	**2.852.175**
Non-controlling interests	4.550	4.401
Shareholders' equity	3.031.672	2.669.975
Total liabilities, non-controlling interests and,shareholders' equity	**7.302.852**	**5.526.551**

Income Statement	**31 December 2011**	**31 December 2010**
Operating profit	271.885	145.894
Financial income/ (expense)- net	(243.685)	(5.225)
Income before tax and non-controlling interests	28.200	140.669
Taxation on income	(38.142)	(5.082)
Income before non-controlling interests	(9.942)	135.587
Non-controlling interests	(251)	(43)
Net income for the period from continuing operations	**(10.193)**	**135.544**

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g) Depreciation and amortisation charges, impairment and capital expenditures:

1 January – 31 December 2011

	Finance								
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	141.800	2.855	137.878	65.871	88.208	55.119	14.055	-	505.786
Impairment of property, plant and equipment, intangible assets	-	-	16.937	-	-	16.392	-	-	33.329
Capital expenditure	149.346	3.051	297.602	141.214	777.897	68.357	8.634	-	1.446.101

1 January – 31 December 2010

	Finance								
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	128.061	2.692	127.563	63.013	51.191	50.019	16.185	11.696	450.420
Impairment of property, plant and equipment, intangible assets	-	-	21.431	-	-	1.670	-	-	23.101
Capital expenditure	258.697	3.210	139.005	69.785	512.951	102.274	27.824	3.017	1.116.763

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NOTE 5 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
Cash in hand		
- Banking	1.042.846	813.004
- Other companies	48.837	6.288
Bank – time deposits	2.148.068	1.519.764
Bank – demand deposits	1.604.727	1.285.549
Government bonds	968.081	1.301.362
Government bonds denominated in foreign currency	648.614	1.011
Other bonds denominated in foreign currency	172.566	-
Receivable from reverse repo transactions	8.210	13.803
Eurobonds	626	5.654
Treasury bills	-	13.131
Other cash and cash equivalents	435	2.619
Total	**6.643.010**	**4.962.185**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,20% (31December 2010: 0,21%), 0,45% (31 December 2010: 0,44%) and 11,78%, respectively.

The analysis of maturities at 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
Demand	2.696.845	2.107.460
Up to 3 months	3.946.165	2.854.725
Total	**6.643.010**	**4.962.185**

As of 31 December 2011 total amount of the restriction on the Group's off- shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TL 1.336.807 (31 December 2010: TL 822.971).

NOTE 6 – FINANCIAL ASSETS

a) Held for trading securities:

The analysis of securities at fair value through profit and loss is as follows:

	31 December 2011	31 December 2010
Government bonds	127.946	693.662
Eurobonds	26.623	97.705
Treasury bills	-	9.768
Share certificates	14.671	46.081
Government bonds denominated in foreign currency	-	4.130
Other bonds denominated in TL	1.967	-
Total	**171.207**	**851.346**

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 5,09% (31 December 2010: 4,31%), 4,46% (31 December 2010: 4,67%) and %11,09 (31 December 2010: 10,06%), respectively. The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 8.609 (31 December 2010: TL 892).

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The analysis of maturities at 31 December 2011 and 2010 is as follows:

	31 December 2011			31 December 2010		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	22.674	2.241	24.915	62.956	22.413	85.369
1 to 5 years	101.151	7.227	108.378	424.840	214.910	639.750
Over 5 years	23.243	-	23.243	80.146	-	80.146
No maturity	14.249	422	14.671	24.732	21.349	46.081
Total	**161.317**	**9.890**	**171.207**	**592.674**	**258.672**	**851.346**

Period remaining to contractual repricing dates:

	31 December 2011			31 December 2010		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	2.974	-	2.974	82.550	-	82.550
3 to 12 months	27.847	2.241	30.088	79.333	22.413	101.746
1 to 5 years	98.610	7.227	105.837	326.274	214.910	541.184
Over 5 years	17.637	-	17.637	79.785	-	79.785
No maturity	14.249	422	14.671	24.732	21.349	46.081
Total	**161.317**	**9.890**	**171.207**	**592.674**	**258.672**	**851.346**

b) Available for sale securities:

	31 December 2011	**31 December 2010**
Debt securities		
-Government bonds	31.917.734	37.861.014
-Eurobonds	4.166.257	3.659.814
-Treasury bills	-	46.986
-Government bonds denominated in foreign currency	-	625.614
-Investment funds	186.017	68.376
-Other bonds denominated in foreign currency	1.258.302	758.967
Sub- total	**37.528.310**	**43.020.771**
Equity securities		
- Listed	4.030	25.681
- Unlisted	29.046	55.765
Sub- total	**33.076**	**81.446**
Total financial assets available for sale	**37.561.386**	**43.102.217**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 4,45% (31 December 2010: 4,34%), %4,62 (31 December 2010: 4,68%) and 10,76% (31 December 2010: 11,16%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 13.258.228 (31 December 2010: TL 11.320.252). Available for sale financial assets that are given as colleteral because of the Group's financing activities are amounting to TL 5.398.650 (31 December 2010: TL 5.813.064). Available for sale financial assets risks of which are undertaken by insurance policy owners are amounting to TL 5.616 (31 December 2010: 7.230 TL).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Akbank has inflation indexed (CPI) government bonds in its available-for sale and held to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. Starting from 1 January 2011, estimated inflation rate has been used for the valuation of these marketable securities. Estimated inflation rate will be updated during the year when necessary. As of 31 December 2011 the valuation of these securities are made by considering estimated annual inflation rate.

The maturity analysis at 31 December 2011 and 2010 is as follows:

	31 December 2011			31 December 2010		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	1.591.712	14.480	1.606.192	9.376.139	26.290	9.402.429
1 to 5 years	29.759.200	132.878	29.892.078	28.739.692	147.494	28.887.186
Over 5 years	5.810.339	28.316	5.838.655	4.621.517	41.263	4.662.780
No maturity	196.647	27.814	224.461	102.783	47.039	149.822
Total	**37.357.898**	**203.488**	**37.561.386**	**42.840.131**	**262.086**	**43.102.217**

Period remaining to contractual repricing dates for available-for-sale securities:

	31 December 2011			31 December 2010		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	7.033.230	-	7.033.230	7.334.812	-	7.334.812
3 to 12 months	13.111.529	14.480	13.126.009	20.763.448	26.290	20.789.738
1 to 5 years	13.861.404	132.878	13.994.282	11.737.408	147.494	11.884.902
Over 5 years	3.155.088	28.316	3.183.404	2.901.680	41.263	2.942.943
No maturity	196.647	27.814	224.461	102.783	47.039	149.822
Total	**37.357.898**	**203.488**	**37.561.386**	**42.840.131**	**262.086**	**43.102.217**

c) Financial assets held to maturity:

The breakdown of the held to maturity financial assets is listed below:

	31 December 2011	**31 December 2010**
Government bonds	3.639.296	4.545.587
Eurobonds	1.015.839	997.013
Government bonds denominated in foreign currency	-	270.553
Other	-	862
Total	**4.655.135**	**5.814.015**

Effective interest rates of debt securities denominated at USD, EUR and TL are respectively %7,05 (31 December 2010: %6,58), %7,34 (31 December 2010: %7,34) and %11,11 (31 December 2010: %11,16). The Group's financial assets held to maturity subject to funds provided from repo are TL 749.412 (31 December 2010: TL 816.670).). The amount of Group's held to maturity financial assets colleterals given for financial operations is TL 3.713.634 (31 December 2010 : TL 873.690).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

	31 December 2011	31 December 2010
1 January	5.814.015	10.413.428
Additions	-	1.051
Transfers to cash and cash equivalents	(169.335)	(813.266)
Foreign exchange differences	172.731	(2.968)
Addition due to change in amortised cost	21.438	35.096
Redemptions and sales	(1.183.714)	(3.819.326)
31 December	**4.655.135**	**5.814.015**

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 December 2011 and 2010 is as follows:

	31 December 2011			31 December 2010		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	1.216	-	1.216	1.029.960	-	1.029.960
1 to 5 years	3.638.080	-	3.638.080	3.787.042	-	3.787.042
Over 5 years	1.015.839	-	1.015.839	997.013	-	997.013
Total	**4.655.135**	**-**	**4.655.135**	**5.814.015**	**-**	**5.814.015**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 December 2011 and 2010 is as follows:

	31 December 2011			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	3.433.478	-	3.433.478	4.340.558	-	4.340.558
3 to 12 months	205.818	-	205.818	475.466	-	475.466
1 to 5 years	-	-	-	978	-	978
Over 5 years	1.015.839	-	1.015.839	997.013	-	997.013
Total	**4.655.135**	**-**	**4.655.135**	**5.814.015**	**-**	**5.814.015**

d)Time Deposits:

As of 31 December 2011 maturities of time deposits that are over 3 months denominated at USD, EUR and TL are respectively TL 21.924, TL15.397 and TL 134.175.Interest rates of time deposits are respectively % 4,3 ve % 0,45 ve % 11,87. The breakdown of maturities of time deposits that are over 3 months are as follows:

	31 December 2011	31 December 2010
3 to 12 months	169.989	-
1 to 5 years	1.507	-
Total	**171.496**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 7 – FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2011	31 December 2010
Short term	12.684.385	7.746.903
Short-term portion of long term	3.854.576	870.645
Total short term	**16.538.961**	**8.617.548**

Long-term funds borrowed,bank borrowings and debt securities in issue:

Long term	9.291.921	7.234.739
Total	**25.830.882**	**15.852.287**

Effective interest rates of USD, EUR and TL denominated funds borrowed borrowings and debt securities in issue are 2,06% (31 December 2010: 2,12%), 1,99% (31 December 2010: 1,83%) and 7,62% (31 December 2010:7,14%) respectively.

The maturity schedule of borrowings at 31 December 2011 and 2010 is summarised below:

	31 December 2011	31 December 2010
Up to 3 months	7.182.857	3.844.432
3 to 12 months	9.356.104	4.773.116
1 to years	7.239.558	6.040.748
Over 5 years	2.052.363	1.193.991
Total	**25.830.882**	**15.852.287**

The maturity schedule of long term borrowings at 31 December 2011 and 2010 is summarised below:

	31 December 2011
2013	2.309.744
2014	1.305.078
2015	2.616.002
2016	1.008.734
2017 and after	2.052.363
Total	**9.291.921**

	31 December 2010
2012	2.053.160
2013	1.086.738
2014	809.593
2015	2.091.257
2016 and after	1.193.991
Total	**7.234.739**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The repricing schedule of borrowings at 31 December 2011 and 2010 is summarised below :

	31 December 2011	31 December 2010
Up to 3 months	14.898.414	9.562.342
3 to 12 months	7.154.398	3.997.160
1 to 5 years	2.827.174	2.280.120
Over 5 years	950.896	12.665
Total	**25.830.882**	**15.852.287**

Major borrowing and funding transactions of Akbank and Enerjisa at 31 December 2011 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

As of 31 December 2011, there are three outstanding syndicated loan facilities; the first syndicated loan facility amounts to EUR 204.300 and USD 17.300 provided by 14 international banks with West LB AG London Branch acting as agent signed on 17 August 2010. Tranches with 1 year maturity have an all-in cost interest rate of Euribor+%1,75 and Libor+%1,75. The second syndicated loan facility amounts to EUR 652.216 and USD 405.708 provided by 42 international banks with West LB AG London Branch acting as agent signed on 23 March 2011. Tranches with 1 year maturity have an all-in cost interest rate of Euribor/Libor +%1.10 and tranches with 2 years maturity have an all-in cost interest rate of Euribor/Libor +%1.10. The third syndicated loan facility amounts to EUR 708.500 and USD 422.000 provided by 44 international banks with West LB AG London Branch acting as agent signed on 17 August 2011.Tranches with 1 year maturity have an all-in cost interest rate of Euribor/Libor +%1 and tranches with 2 years maturity have an all-in cost interest rate of Euribor/Libor +%1,10.

b) Enerjisa - Funds borrowed via IFC

On 13 June 2008 Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions on International Finance Corporation ("IFC") and WestLB, Akbank and the European Investment Bank's co-ordination. . These funds are considered to be used in the company's energy investments. The part of the loan amounting to EUR 513.000 is coordinated by IFC, EUR 495.000 has a maturity of 12 years and the remaining EUR 18.000 has a maturity of 15 years. EUR 158.000 of the aforementioned part will be provided by IFC and the remaining EUR 355.000 will be provided as a syndicated loan under the supervision of IFC and WestLB. KFW IPEX-Bank GmbH, Bank Austria Creditanstalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB AG, and Société Générale Bank have been participated in this financing package as authorised leading regulators. Akbank will provide a parallel loan agreement of EUR 352.000 which has a maturity of 12 years, with the participation of National Bank of Greece and remaining EUR 135.000 of loan will be provided by EIB. As of 31 December 2011, Enerjisa has used EUR 946.600 with respect to this EUR 1.000.000 loan agreement (31 December 2011: EUR 620.000).

Enerjisa signed another agreement on 23 December 2010 to borrow funds amounting to EUR 270.000 with the participations of Yapı ve Kredi Bankası A.Ş. for EUR 100.000, Akbank T.A.Ş. İstanbul Kurumsal Şubesi for EUR 100.000 and Finansbank A.Ş. Bahrain for EUR 70.000 for the purpose of financing Arkun Barrage and hydroelectric power plant energy project of the Enerjisa. As of 31 December 2011, Group has utilized EUR 155.000 with respect to this EUR 270.000 loan agreement.

Enerjisa also signed an agreement on 24 March 2011 with IFC and certain international financial institutions under the coordination of IFC, WestLB and Unicredit to borrow funds amounting EUR 700.000 for the purpose of financing energy projects. EUR 65.000 of the loan is provided by IFC and EUR 515.000 of it is provided by the participation of several financial institutions, namely KFW IPEX-Bank GmbH, UniCredit Bank Austria AG, Erste Bank, ING Bank N.V., Raiffeisen Bank International, FMO, BAWAG, WestLB AG and Societe Generale Bank, under the coordination of IFC, WestLB and Unicredit. Proparco has provided EUR 40.000 of the loan and TSKB has provided EUR 80.000 of the loan. As of 31 December 2011, Enerjisa has utilized EUR 74.000 with respect to this EUR 700.000 loan agreement.

The effect of the used loan on consolidated financial statements is limited to 50% joint venture share.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for securities issued is started below in USD.

	31 December 2011		31 December 2010	
	USD	TL	USD	TL
2011	-	-	435.467	669.574
2012	542.560	1.024.841	533.286	819.980
2013	619.349	1.169.889	583.480	897.160
2014	449.413	848.895	391.549	602.046
2015	1.100.006	2.077.802	1.001.150	1.539.368
2016	187.442	354.060	119.764	184.149
2017	118.837	224.471	72.705	111.791
2018	381.949	721.463	36.353	55.895
Total	**3.399.556**	**6.421.421**	**3.173.754**	**4.879.963**

The balance amounting to USD 3.399.556 consists of securitization deals and USD denominated securities issued by the Bank.

Additionally, as of 31 December 2011, there are bonds issued by the Bank amounting to TL 1.093.010 with 6 months maturity and TL 714.948 with 2 years maturity (31 December 2010: TL 966.804).

NOTE 8 – TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term receivables:	31 December 2011	31 December 2010
Trade receivables	1.439.636	994.935
Notes and cheques receivables	251.148	228.912
	1.690.784	**1.223.847**
Less: allowance for doubtful receivables	(124.227)	(96.193)
Total	**1.566.557**	**1.127.654**

As of 31 December 2011, trade receivables of TL 168.690 were past due but not impaired (31 December 2010: TL 139.082). The aging analysis of these trade receivables is as follows:

	31 December 2011	31 December 2010
Up to 3 months	122.286	102.854
3 to 6 months	17.234	25.087
6 to 9 months	5.219	720
Over 9 months	23.951	10.421
Total	**168.690**	**139.082**

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As of 31 December 2011 and 2010 the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2011	31 December 2010
Up to 3 months	1.690	1.105
3 to 6 months	3.427	3.354
6 to 9 months	19.850	13.207
Over 9 months	99.260	78.527
Total	**124.227**	**96.193**

Short-term and long-term trade payables:	31 December 2011	31 December 2010
Trade payables	1.800.952	1.197.298
Notes payable	312	739
Total	**1.801.264**	**1.198.037**

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2011	31 December 2010
Receivables from credit card payments	170.601	70.769
Financial assets (*)	48.534	40.244
Other receivables	576.466	381.033
Total	**795.601**	**492.046**

(*) Composed of financial assets accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş. in accordance with IFRS 3 "Business Combinations" and IFRIC 12 "Service Concession Arrangements."

Other long term receivables:	31 December 2011	31 December 2010
Financial assets (*)	162.554	95.576
Deposits and guarantees given	20.851	31.605
Other	55.166	17.330
Total	**238.571**	**144.511**

(*) Composed of financial assets accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş. in accordance with IFRS 3 "Business Combinations" and IFRIC 12 "Service Concession Arrangements."

Other short term payables:	31 December 2011	31 December 2010
Payables related to credit card transactions	1.687.016	1.313.783
Taxes and funds payable	232.705	191.578
Export deposits and transfer orders	38.821	55.227
Due to personnel	24.328	16.820
Payment orders to correspondent banks	20.074	15.274
Other	691.725	535.673
Total	**2.694.669**	**2.128.355**

Other long term payables:		
Deposits and guarantees received	59.064	53.902
Other	35.036	19.557
Total	**94.100**	**73.459**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 10 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials	470.359	267.138
Work in process	149.590	93.497
Finished goods and merchandises	870.383	507.601
Spare parts	84.746	74.467
Other inventories	92.510	50.975
	1.667.588	**993.678**
Allowance for impairment on inventory (-)	(27.456)	(23.989)
Total	**1.640.132**	**969.689**

The movement table of allowance for impairment on inventory is as follows:

	2011	2010
1 January	23.989	25.453
Charge for the period	15.852	15.607
Provision used	(13.303)	(17.171)
Currency translation difference	918	100
31 December	**27.456**	**23.989**

NOTE 11 – INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 December 2011	Share (%)	31 December 2010	Share (%)
Philsa	236.190	25,00	220.840	25,00
Philip Morrissa	55.414	24,75	78.963	24,75
Dönkasan	4.213	21,86	-	-
Total	**295.817**		**299.803**	

Income from associates is as follows:

	31 December 2011	31 December 2010
Philsa	123.875	108.131
Philip Morrissa	35.221	60.991
Dönkasan	266	-
Total	**159.362**	**169.122**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The summary financial information of associates is as follows:

	31 December 2011		31 December 2010	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	1.915.601	970.841	1.805.591	922.232
Philip Morrissa	734.772	510.881	786.907	467.865
Dönkasan	23.427	4.154	-	-
Total	**2.673.800**	**1.485.876**	**2.592.498**	**1.390.097**

Sales revenue

	1 January- 31 December 2011	1 January- 31 December 2010
Philsa (*)	9.456.362	8.163.135
Philip Morrissa	9.748.127	8.816.418
Dönkasan	73.882	-

(*) Philsa conducts its sales activities over Philip Morrissa.

Net income

	1 January- 31 December 2011	1 January- 31 December 2010
Philsa	495.499	432.524
Philip Morrissa	142.308	246.430
Dönkasan	1.785	-
Total	**639.592**	**678.954**

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NOTE 12 – INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2011 and 2010 are as follows:

	1 January 2011	Additions	Disposals	Impairment	Transfers	Transfers from non current assets held for sale	Change within the scope of consolidation	31 December 2011
Cost:								
Land	142.321	13	(12.993)	-	26.926	5	(192)	156.080
Buildings	18.941	580	(757)	(3.606)	8.691	3.780	(505)	27.124
Total	**161.262**	**593**	**(13.750)**	**(3.606)**	**35.617**	**3.785**	**(697)**	**183.204**
Accumulated depreciation:								
Buildings	9.737	1.723	(124)	-	11.368	1.986	(100)	24.590
Net book value	**151.525**							**158.614**

	1 January 2010	Additions	Disposals	Impairment	Transfers	Transfers from non current assets held for sale	Change within the scope of consolidation	31 December 2010
Cost:								
Land	196.126	15.278	(43.976)	-	(25.107)	-	-	142.321
Buildings	33.136	-	(11.558)	-	(2.637)	-	-	18.941
Total	**229.262**	**15.278**	**(55.534)**	**-**	**(27.744)**	**-**	**-**	**161.262**
Accumulated depreciation:								
Buildings	11.093	3.287	(2.041)	-	(2.602)	-	-	9.737
Net book value	**218.169**							**151.525**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2011 is as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Business combination(*)	Transfers from non current assets held for sale	Transfers to non current asssets held for sale	Transfers (**)	Impairment	31 December 2011
Cost:											
Land and land improvements	501.474	7.157	17.395	(272)	(713)	31	21.461	-	113.415	-	659.948
Buildings	2.385.787	28.650	21.729	(143.900)	(26.992)	-	62.959	-	59.047	(9.819)	2.377.461
Machinery and equipment	3.869.530	127.207	52.084	(60.797)	(3.320)	92	369.593	(4.494)	262.541	(53.430)	4.559.006
Motor vehicles	156.989	886	55.623	(35.867)	(636)	32	2.178	-	13.683	-	192.888
Furniture and fixtures	1.782.310	(6.996)	137.669	(97.134)	(17.929)	7.274	5.984	-	39.353	(11.027)	1.839.504
Total	**8.696.090**	**156.904**	**284.500**	**(337.970)**	**(49.590)**	**7.429**	**462.175**	**(4.494)**	**488.039**	**(74.276)**	**9.628.807**
Construction in progress	741.834	8.992	1.089.516	(22.329)	(71)	14.573	6.246	-	(558.996)	-	1.279.765
Total	**9.437.924**	**165.896**	**1.374.016**	**(360.299)**	**(49.661)**	**22.002**	**468.421**	**(4.494)**	**(70.957)**	**(74.276)**	**10.908.572**
Accumulated depreciation:											
Land and land improvements	97.831	3.488	8.680	(197)	(222)	-	4.824	-	(11.495)	-	102.909
Buildings	842.788	7.545	69.355	(32.960)	(7.482)	-	31.649	-	(10)	(211)	910.674
Machinery and equipment	2.208.146	58.558	191.791	(44.212)	(2.817)	33	251.283	(4.028)	-	(43.217)	2.615.537
Motor vehicles	106.239	(1.638)	15.373	(15.274)	(525)	11	2.135	-	-	-	106.321
Furniture and fixtures	1.317.832	3.952	140.433	(88.372)	(13.481)	2.230	4.768	-	-	(3.452)	1.363.910
Total	**4.572.836**	**71.905**	**425.632**	**(181.015)**	**(24.527)**	**2.274**	**294.659**	**(4.028)**	**(11.505)**	**(46.880)**	**5.099.351**
Net book value	**4.865.088**										**5.809.221**

(*) Related to acquisitions of Teknosa and Enerjisa as mentioned in Note 3.
(**) Transfers during the period consist of TL 24.249 to investment property and TL 35.203 to intangible assets.

The total mortgage amount on buildings because of bank loans and legal requirements is TL 2.148.620.

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The movement in property, plant and equipment for the year ended 31 December 2010 is as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Business combination (*)	Transfers(**)	Impairment	Mathematical adjustment	31 December 2010
Cost:									
Land and land improvements	440.394	348	36.346	(6.359)	9.105	32.946	-	(11.306)	501.474
Buildings	2.048.047	5.282	32.197	(9.698)	16.375	191.687	-	101.897	2.385.787
Machinery and equipment	3.249.574	38.047	28.078	(25.969)	20.359	568.877	(9.436)	-	3.869.530
Motor vehicles	152.027	236	23.398	(26.422)	237	7.513	-	-	156.989
Furniture and fixtures	1.610.306	5.366	178.800	(52.402)	4.647	37.003	(1.410)	-	1.782.310
Total	**7.500.348**	**49.279**	**298.819**	**(120.850)**	**50.723**	**838.026**	**(10.846)**	**90.591**	**8.696.090**
Construction in progress	844.977	5.784	717.925	-	-	(814.646)	(12.206)	-	741.834
Total	**8.345.325**	**55.063**	**1.016.744**	**(120.850)**	**50.723**	**23.380**	**(23.052)**	**90.591**	**9.437.924**
Accumulated depreciation:									
Land and land improvements	90.772	885	6.177	(3)	-	-	-	-	97.831
Buildings	755.336	4.879	61.677	(4.184)	751	2.602	-	21.727	842.788
Machinery and equipment	2.069.021	21.964	133.857	(18.527)	1.831	-	-	-	2.208.146
Motor vehicles	100.035	643	13.747	(8.251)	65	-	-	-	106.239
Furniture and fixtures	1.218.431	1.555	137.130	(41.179)	1.895	-	-	-	1.317.832
Total	**4.233.595**	**29.926**	**352.588**	**(72.144)**	**4.542**	**2.602**	**-**	**21.727**	**4.572.836**
Net book value	**4.111.730**								**4.865.088**

(*) The entity reviewed the tangible assets in 2010, accordingly the profit margin elimination on fixed assets are partially reversed.

The total mortgage amount on buildings because of bank loans and legal requirements is TL 1.422.624.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2011 and 2010 are as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Transfers	Business combinations (*)	Transfers from non current assets held for sale	Impairment	31 December 2011
Cost	1.353.706	10.980	71.492	(3.748)	(7.867)	35.340	164.872	10.367	(2.327)	1.632.815
Accumulated amortisation (-)	277.002	5.776	78.431	(4.381)	(2.617)	137	636	6.079	-	361.063
Net book value	**1.076.704**									**1.271.752**

	1 January 2010	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Transfers	Business combinations (*)	Transfers from non current assets held for sale	Impairment	31 December 2010
Cost	1.268.182	5.936	77.743	(4.535)	-	4.364	2.065	-	(49)	1.353.706
Accumulated amortisation (-)	211.550	1.072	66.198	(1.969)	-	-	151	-	-	277.002
Net book value	**1.056.632**									**1.076.704**

(*)Enerjisa, a joint venture of the Group, acquired the share of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., Italgen Elektrik Üretim A.Ş, Alpaslan II Enerji Üretim Sanayi ve Ticaret A.Ş. and Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş. in 2011. As a result of this acquisition, the excess of the considerations paid over the net assets is associated with electricity generation licenses and TL 164.220 is accounted for under intangible assets in total.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 15 - GOODWILL

The movements in goodwill for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	725.227	706.354
Additions	-	18.866
Currency translation differences	63	7
31 December	**725.290**	**725.227**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. An operating segment-level summary of the goodwill allocation is presented below:

	31 December 2011	31 December 2010
Cement	188.202	188.139
Retail	144.363	144.363
Energy	366.404	366.404
Tire, tire reinforcement	26.321	26.321
Total	**725.290**	**725.227**

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use after tax cash flow projections based on financial budgets approved by management. Cash flows beyond five-year period are projected using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the operating segment in which the CGU operates.

Assumptions used for value in use calculations are as follows:

	Energy	
Cash Generating Unit:	**Retail**	**Distribution**
Weighted Average Cost of Capital (USD Dolar)(*):	10%	8.50%
Years of used cash flows	until 2036	

(*) The TL amount calculated for determination of the recoverable amount has been converted into USD by using estimated exchange rates.

	Retail	Tire,tire reinforcement	Cement
Growth rate (**)	%5,40	%17,00	%10,00
Discount rate (***)	%12,16	%8,75	%13,34
Years of used cash flows	until 2036	until 2021	until 2015

(**) Weighted average growth rates used to extrapolate cash flows beyond the budget period.
(***) After tax discount rate applied to the cash flow projections.

Management determined gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after tax and reflect specific risks relating to the relevant operating segments.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Commitments – Banking segment	31 December 2011	31 December 2010
Letters of guarantee given	8.857.504	6.447.730
Letters of credit	3.795.163	2.557.786
Foreign currency acceptance	120.751	69.764
Other guarantees given	1.221.178	950.408
Total	**13.994.596**	**10.025.688**

Commitments – Non-banking segment	31 December 2011	31 December 2010
Letters of guarantee given	760.542	461.806
Other guarantees given	230.848	60.310
Total	**991.390**	**522.116**

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Repurchase commitments	12.594.815	11.470.108
Resale commitments	8.210	13.803

Commitments to forward currency purchase/sale and swap transactions:

Trading derivative transactions:

	31 December 2011	31 December 2010
Foreign currency purchases	2.228.892	1.298.329
Foreign currency sales	2.244.317	1.288.342
Total	**4.473.209**	**2.586.671**

	31 December 2011	31 December 2010
Currency swap purchases	18.483.875	8.911.169
Currency swap sales	18.372.964	8.697.663
Interest rate swap purchases	8.480.649	5.506.299
Interest rate swap sales	8.480.649	5.506.299
Total	**53.818.137**	**28.621.430**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	31 December 2011	31 December 2010
Spot purchases	1.838.510	577.939
Spot sales	1.844.883	579.603
Total	**3.683.393**	**1.157.542**
Currency options purchases	8.351.839	4.625.020
Currency options sales	8.351.839	4.625.020
Total	**16.703.678**	**9.250.040**
Future purchases	-	12.106
Future sales	54.165	12.106
Total	**54.165**	**24.212**
Other purchase transactions	541.123	59.087
Other sales transactions	498.157	59.087
Total	**1.039.280**	**118.174**

Hedging derivative transactions:

	31 December 2011	31 December 2010
Interest swap purchases	3.500.793	3.569.550
Interest swap sales	3.500.793	3.569.550
Total	**7.001.586**	**7.139.100**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2011 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	521.733	8.335.771	8.857.504
Letters of credits	2.736.445	1.058.718	3.795.163
Acceptance credits	81.337	39.414	120.751
Other guarantees	637.598	583.580	1.221.178
Total	**3.977.113**	**10.017.483**	**13.994.596**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2010 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	428.816	6.018.914	6.447.730
Letters of credits	1.514.588	1.043.198	2.557.786
Acceptance credits	59.408	10.356	69.764
Other guarantees	180.804	769.604	950.408
Total	**2.183.616**	**7.842.072**	**10.025.688**

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Financial institutions	2.441.661	1.322.972
Construction	1.921.442	1.389.535
Chemicals	1.623.660	1.213.418
Whole sale	1.169.914	783.254
Small-scale retailers	1.143.565	838.759
Steel and mining	1.128.046	971.050
Electricity, gas and water	468.510	593.210
Automotive	429.891	275.052
Food and beverage	350.733	292.303
Textile	314.280	245.674
Other manufacturing	308.493	369.845
Electronics	252.812	211.897
Telecommunications	171.443	176.748
Transportation	144.319	134.093
Agriculture and foresty	84.201	152.835
Tourism	75.768	70.701
Other	1.965.858	984.342
Total	**13.994.596**	**10.025.688**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 17 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2011 is as follows:

	31 December 2011				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A. Total amount of the Collaterals given for its own legal entity	1.280.456	417.677	144.802	45.782	477.380
B.Collaterals given on behalf of fully consolidated companies	589.318	133.038	96.529	32.262	195.105
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	13.994.596	5.394.175	3.495.189	771.320	113.404
D.Total amount of other Collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**15.864.370**	**5.944.890**	**3.736.520**	**849.364**	**785.889**
A.Total amount of the mortgages given for its own legal entity	2.148.620	57.954	-	855.498	-
B.Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other Mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	81	77	2		-
Total Mortgages	**2.148.701**	**58.031**	**2**	**855.498**	**-**
A. Total amount of the pledges given for its own legal entity		-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	1.105	1.105	-	-	-
Total Pledges	**1.105**	**1.105**	**-**	**-**	**-**

As of 31 December 2011, the the ratio of other CPMs given by the Group to the equity is 0%.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2010 is as follows:

	31 December 2010				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A. Total amount of the Collaterals given for its own legal entity	972.194	360.729	103.602	25.979	398.062
B. Collaterals given on behalf of fully consolidated companies	398.525	316.214	53.242	-	-
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	10.027.089	4.279.262	2.609.720	735.099	206.908
D. Total amount of other Collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**11.397.808**	**4.956.205**	**2.766.564**	**761.078**	**604.970**
A. Total amount of the Mortgages given for its own legal entity	1.422.624	59.917	-	665.027	-
B.Mortgagesgiven on behalf of fully consolidated companies	-	-	-	-	-
C.Mortgages given on behalf of the third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**1.422.624**	**59.917**	**-**	**665.027**	**-**
A.Total amount of the Pledgesgiven for its own legal entity	-	-	-	-	-
B.Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2010, the ratio of other CPMs given by the Group to the equity is %0.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 18 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2011, the amount payable consists of one month's salary limited to a maximum of TL 2,7 (31 December 2010: TL 2,5) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above.

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 Holding arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 4,66% at the respective balance sheet date (31 December 2010: 4,66%). Severance pay ceiling is revised semi-annually. 2,8 TL severance pay ceiling ,which is effective on 1 January 2012, has been considered in the provision for employment termination benefits calculations of the Group.

Movements in the provision for employment termination benefits for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	120.809	111.332
Charge for the period	46.702	49.798
Payments during the period	(37.497)	(52.062)
Transfer from non-current assets held for sale	12.745	-
Business combinations	-	1.050
Change within the scope of the consolidation	(1.692)	-
Actuarial income	(2.198)	10.691
31 December	**138.869**	**120.809**

NOTE 19 – OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2011	31 December 2010
Cheques in clearance	205.449	196.395
Prepaid expenses	136.513	176.293
Deductible Value Added Tax (VAT)	195.553	89.863
Deferred commission expense	29.974	67.358
Income accrual	18.273	18.081
Other	258.786	115.134
Total	**844.548**	**663.124**

Other Non Current Assets	31 December 2011	31 December 2010
Deferred finance expense	62.863	32.038
Deferred commission expense	25.242	20.532
Other	63.079	14.964
Total	**151.184**	**67.534**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Other Short Term Liabilities and Provisions

Liabilities	31 December 2011	31 December 2010
Cheques in clearance	355.431	368.837
Expense accruals	148.722	44.661
Unearned commission income	48.045	68.894
Unused vacation	47.944	46.575
Advances received	31.476	29.253
Saving deposits insurance	21.261	18.173
Deferred income	13.907	9.911
Other short term liabilities	1.301	7.521
	668.087	**593.825**
Provisions		
Credit card bonus provisions	150.524	143.173
Provision for unindemnified non-cash loans	78.460	89.269
Provision for lawsuit	20.281	52.451
Economical disadvantageous contracts	20.125	38.970
Other short term liability provisions	43.063	128.553
	312.453	**452.416**
Total	**980.540**	**1.046.241**

Other Long Term Liabilities and Provisions

	31 December 2011	31 December 2010
Unearned commission income	119.485	116.299
Other long term liability provisions	13.184	15.570
Total	**132.669**	**131.869**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 20 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2010: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2011 and 2010 is as follows:

Shareholders:	Share (%)	31 December 2011	Share (%)	31 December 2010
Sabancı family members	43,65	890.626	43,61	890.027
Public quotation (*)	37,56	766.312	39,40	803.860
Sakıp Sabancı Holding A.Ş.	14,07	287.100	13,79	281.388
Sabancı University	1,51	30.769	1,51	30.769
Exsa	1,29	26.408	-	-
Çimsa	1,06	21.534	1,06	21.534
H.Ö. Sabancı Foundation	<1	13.370	<1	12.826
Other	<1	4.285	-	-
Share capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury share (-)		**(52.227)**		**(21.534)**
Share premium		**21.670**		**21.670**

(*) Public quotation of Holding is 39,40% as of 31 December 2011 which is the same as prior year. Shares purchased from ISE by subsidiaries are not included in the 37,56% public quotation ratio shown above.

Exsa, a subsidiary of Holding from ISE, purchased shares of Holding from ISE in 2011 for investment purpose and became the shareholder of Holding with a 1,29% ownership ratio. This transaction is accounted for under equity as treasury share.

The transaction related with the injection of Akbank and Avivasa shares which held in Aksigorta's portfolio, and Akbank shares which are held in Exsa's portfolio, as capital in kind to Holding via spin-off process has been approved in the Exraordinary General Assembly on 4 January 2010 and the shares with a nominal value of TL 140.403.931 have been registered by CMB and Trade Registery on 12 January 2010.

As a result of the spin-off transaction, Çimsa, a subsidiary of the Holding has participated to the share capital of Holding by 1,06%. This transaction is accounted for under equity as treasury share.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years.

The details of restricted reserves mentioned above are as follows:

	31 December 2011	31 December 2010
Legal reserves	298.339	264.469
Investments sales income	281.885	127.826
Total	**580.224**	**392.295**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Dividend Distribution

Based on CMB, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2010. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves.

Furthermore, Group companies that are obliged to prepare consolidated financial stataments based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of Communiqué XI, No: 29.

Total amount of the reserves on the Holding's statutory books subject to dividend distrubtion is TL 2.212.646.

As of 11 May 2011, it has been decided to distribute 306.061 TL (gross) cash dividend from the net profit of Hacı Ömer Sabancı Holding A.Ş. for the year ended 31 December 2010 and distrubition has been completed.

	Fair Value Revaluation Fund	Cash Flow Hedge	Net Investment Hedge	Currency translation differences
Balance as of 1 January 2010	**311.064**	**(149.222)**	**(45.204)**	**(11.254)**
Change in the subsidiary effective rate	15.719	-	-	5.344
Increases/decreases during the period	632.950	(4.163)	11.940	13.638
Losses/(gains) transfered to income statement	(159.913)	9.382	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	10.677	-	-	-
Tax effect	(97.294)	(1.044)	(2.388)	-
Balance as of 31 December 2010	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Balance as of 1 January 2011	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Increases/ decreases during the period	(843.473)	(17.524)	(53.123)	135.195
Losses/(gains) transfered to income statement	(152.315)	24.324	-	51.150
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	362	-	-	-
Transfers to retained earnings	21.419	-	-	-
Tax effect	200.959	(1.360)	10.625	-
Balance as of 31 December 2011	**(59.845)**	**(139.607)**	**(78.150)**	**194.073**

NOTE 21 - NON CURRENT ASSETS HELD FOR SALE

Kordsa decided to consolidate its cloth production plants located in South America at Brasil. Fixed assets that remained idle and are expected to be sold within twelve months have been transferred to assets held for sale and are shown separately on the balance sheet. Since the income that proceeds from the sale is expected to exceed the carrying value of the relevant asset, there was not any provision for impairment registered on these operations that are held for sale. The net carrying value of the fixed assets which are classified as assets held for sale was TL 466 as of 31 December 2011 (31 December 2010: None).

Holding has sold its Advansa shares on 10 June 2011 which were owned by 99,93% and accounted as non current assets held for sale, to BBMMR Holding GmbH located in Germany at EUR 6.000. As of 31 December 2010, TL 503.895 of total assets of Advansa BV and TL 329.120 of total liabilities are classified as assets/liabilities held for sale.

The agreemet regarding the sale of the 50 % of Aksigorta A.Ş. shares owned by the Group was signed on 18 February 2011 with Ageas Insurance International N.V. and 9.482.940.100 units of Aksigorta A.Ş. shares were sold to Ageas Insurance International N.V. at USD 220.029. TL 247.350 gain on sale of the subsidiary has been recognized in the consolidated financial statements under the "other income" item. The sales of the shares has resulted in decrease of the Group's net asset value by TL 115.059 and non-controlling interests by TL 141.159. Company was started to being consolidated as a joint venture with the 30.99% effective share, 30.99% of income and expense items from Aksigorta was classified as income and expenses related to discontinued operations in 2010 consolidated income statement.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

Income statements related to discontinued operations of Aksigorta for the year ended 31 December 2010 and Advansa for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Sales revenue (net)	99.068	761.264
Cost of sales	(78.288)	(705.580)
Gross profit	**20.780**	**55.684**
Operating expenses	(13.047)	(75.394)
Other operating income/expense (net)	(635)	2.899
Operating profit	**7.098**	**(16.811)**
Financial income/expense (net)	(777)	16.273
Income/ (loss) before taxation	**6.321**	**(538)**
Taxation	(2.048)	(10.355)
Discontinued operations net income/(loss)	**4.273**	**(10.893)**

NOTE 22 – REVENUE AND COST OF SALES

Sales Revenue	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Domestic sales	9.239.554	7.472.571
Foreign sales	1.903.843	1.463.812
Less: Discounts	(372.433)	(298.597)
Total	**10.770.964**	**8.637.786**

Cost of sales	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Cost of raw materials and merchandises	7.193.765	5.518.626
Change in finished goods, work in process inventory and trade goods	558.398	303.857
Depreciation and amortisation	234.319	193.841
Personnel expenses	137.438	256.868
Other	601.784	819.344
Total	**8.725.704**	**7.092.536**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 23 – EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Personnel expenses	5.539	9.164
Depreciation and amortisation	3.836	2.790
Repair and maintenance expenses	228	109
Energy expenses	25	5
Other	3.233	11.792
Total	**12.861**	**23.860**

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Personnel expenses	155.426	148.333
Rent expenses	101.062	76.888
Advertisement expenses	74.857	67.479
Transportation, logistic and distribution expenses	49.822	75.813
Depreciation and amortisation	31.827	25.577
Consultancy expenses	6.098	14.728
Energy expenses	10.942	10.342
Outsourced services	12.892	5.896
Communication expenses	2.176	4.198
Insurance expenses	7.373	5.750
Other	117.357	76.609
Total	**569.832**	**511.613**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Personnel expenses	1.394.131	1.275.010
Credit card and banking service expenses	347.121	406.690
Depreciation and amortisation	235.804	216.516
Repair and maintenance expenses	150.990	175.141
Consultancy expenses	119.823	135.855
Taxes and duties	144.002	115.822
Communication expenses	114.839	103.738
Insurance expenses	90.059	76.699
Rent expenses	71.252	66.025
Energy expenses	42.475	43.067
Outsourced services	41.604	31.189
Transportation, logistic and distribution expenses	3.595	4.632
Other	575.600	613.680
Total	**3.331.295**	**3.264.064**

NOTE 24 – OTHER OPERATING INCOME/ EXPENSES AND GAIN/ LOSS

The details of other operating income/expenses and gain/loss at 31 December 2011 and 2010 are as follows:

31 December 2011

The agreement regarding the sale of the 50% of Aksigorta A.Ş. shares owned by the Group was signed on 18 February 2011 with Ageas Insurance International N.V. and 9.482.940.100 units of Aksigorta A.Ş. shares were sold to Ageas Insurance International N.V. at USD 220.029. TL 247.350 gain on sale of the subsidiary has been recognized in the consolidated financial statements under the other operating income. The sales of the shares has resulted in decrease of the Group's net asset value by TL 115.059 and non-controlling interests by TL 141.159.

Holding has sold its Advansa shares on 10 June 2011 which were owned by 99,93% and accounted as non current assets held for sale to BBMMR Holding GmbH located in Germany at EUR 6 million. TL 38.265 loss on sale of the subsidiary has been recognized in the consolidated financial statements under the other operating expenses.

The Group realised TL 89.965 impairment charge based on the difference between the fair value and carrying amount of Advansa that is transferred to non-current asset held for sale as of 31 December 2009. The impairment of the relevant sale of Advansa shares has been removed from financial statements. Holding participates Sasa shares in the portfolio of Advansa directly in 26 May 2011 and as a result of this situation, impairment excluded the sold part was reversed via taking into consideration the net book value of the company, TL 71.902 was indicated in other operating income at the consolidated financial statatements.

Teknosa, a subsidiary of the Group purchased 100% share of İstanbul Mağazacılık Ltd.Şti.'nin (Best Buy) amounting to TL 27.148. The acquisition resulted in negative goodwill amounting to TL 20.625 and it is recognized in other operating income on consolidated financial statements. The consultancy expenses resulting from the acquisition transaction amounting TL 2.916 is recognized in general and administrative expenses.

Group's tax compromise expenses are TL 25.112 for the year ended 31 December 2011.

Group's gain on sale of tangible assets is TL 164.428 for the year ended 31 December 2011.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

31 December 2010

Olmuksa, a joint venture of the Group, acquired 99,99% shares of DS Smith Çopikas and its joint venture DS Smith Trakya at 1 October 2010. The effect of the bargain purchase gain on consolidated financial statements is TL 10.694.

Group's tax compromise expenses are TL 15.592 for the year ended 31 December 2010.

Group has reviewed its tangible assets in 2010, and reversed TL 68.863 of profit margin elimination on fixed assets and recognized it under the other operating income.

NOTE 25 – FINANCIAL INCOME/EXPENSES

Financial income	1 January- 31 December 2011	1 January- 31 December 2010
Foreign exchange income	511.842	384.184
Interest income	72.888	53.131
Other	2.364	7.512
Total	**587.094**	**444.827**
Financial expenses		
Foreign exchange losses	600.666	388.208
Interest expense	176.279	86.636
Other financial expenses	97.330	66.110
Total	**874.275**	**540.954**

Financial expenses relate to segments other than banking.

NOTE 26 – TAX ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Corporate and income taxes payable	329.468	1.015.239
Less: prepaid taxes	(192.316)	(686.719)
Total taxes payable	**137.152**	**328.520**

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate of the fiscal year 2011 is 20% (2010: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for participation in subsidiaries

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Preferential right certificate sales and issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realised.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate can not benefit from this exemption.

Exemption for investment allowance

According to the regulation, published in the 27659 numbered Official Gazette on August 1, 2010 based on Law No. 6009 through article 5, the phrase " regarding only the years 2006, 2007 and 2008" on temporary article 69 of Income Tax Law No.193 has been revised which was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on 8 January 2010. With respect to this revision, undeductible investment allowance due to insufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the relevant year. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance.

As of 9 February 2012, the Constitutional Court has rescinded the phrase of the temporary article 69 of Income Tax Law stating that "Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the relevant year" which had been added through the article 5 of Law No.6009. The decision of the Constitutional Court numbered 2012/9 published in the 28208 numbered Official Gazette on 18 February 2012 and states that the %25 of the profit for the relevant year limitation has been removed from the temporary article 69 of Income Tax Law. This decision has not been executed till its anouncement in the Official Gazette in order to prevent any possible legal disputes, losses or any other abortive claims. As aresult of this revision, %100 of investments allowances are allowed to be deducted in the tax declarations, including both temporary and annual declarations, up to total amount of the relevant period profit subject to deduction.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The current year tax charge for comprehensive income stated on the statement of consolidated comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011			31 December 2010		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Net unrealized fair value from available for sale financial assets	(2.073.481)	(414.696)	(1.658.785)	1.555.439	311.088	1.244.351
Net gain on available for sale financial assets transferred to the income statement	(373.358)	(74.672)	(298.686)	(392.134)	(78.427)	(313.707)
Net gain included in the income statement due to transfer of availablefor sale financial assets into held to maturity assets	889	178	711	26.184	5.237	20.947
Cash flow hedges	93.340	18.668	74.672	52.690	10.538	42.152
Gain/ (loss) on net foreign investment hedge	(130.219)	(26.044)	(104.175)	29.280	5.856	23.424
Currency translation differences	308.187	-	308.187	(7.044)	-	(7.044)
Other comprehensive income	**(2.174.642)**	**(496.566)**	**(1.678.076)**	**1.264.415**	**254.292**	**1.010.123**

The reconciliation of the current year tax charge for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Profit before tax	4.270.250	4.328.560
Expected tax charge according to parent company's tax rate %20 (2010: %20)	(854.050)	(865.712)
Tax rate differences of subsidiaries	(11.372)	(13.320)
Expected tax charge of the Group	**(865.422)**	**(879.032)**
Revenue that is exempt from taxation	96.655	50.781
Expenses that are not deductible in determined in taxable profit	(38.349)	(58.804)
Timing differences not subject to tax	420	12.285
Investment allowance incentives	2.620	1.211
Tax penalty	(5.022)	(6.076)
Other	65.698	57.901
Current year tax charge of the Group	**(743.400)**	**(821.734)**
Corporate tax related to spinoff	**-**	**(9.199)**
Total tax expenses	**(743.400)**	**(830.933)**

Sasa and Çimsa benefit from Tax Law 6111 Restructuring of Miscellaneous Receivables in order to avoid the tax risks by withdrawing the lawsuit for assessed tax and tax penalty in the investigation report issued by TC Ministry of Finance. In this context, agreed tax and tax penalty has been calculated as TL 25.112.

The Group applied to the settlement of tax disputes commission for the tax and tax penalties charged as a result of tax investigation on Exsa and Aksigorta relating to the aforementioned spin off transaction. After the settlement, total amount to be paid has been agreed as TL 32.652. TL 17.768 of that amount has been recognised in other operating expense, TL 9.199 has been recognized in corporate tax and TL 5.685 has been recognized in net income of discontinued operations.

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Deferred taxes

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes, carry forward tax losses and investment incentive exceptions.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2011 and 2010 using the enacted tax rates, is as follows:

	31 December 2011		31 December 2010	
	Cumulative temporary differences	Deferred income tax assets/ (liabilities)	Cumulative temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property,plant and equipment and intangible assets	(487.995)	97.593	(362.927)	72.591
-Inventories	(53.302)	11.193	(48.784)	10.115
Provision for loan losses	(812.438)	162.488	(527.120)	105.424
Provision for employment termination benefits	(137.890)	28.041	(122.270)	25.053
Expense accruals	(74.206)	14.841	(107.017)	21.403
Provision for lawsuits	(49.459)	9.892	(60.582)	12.116
Carry forward tax losses	(197.041)	43.301	(230.974)	50.070
Electricity distribution income ceiling provision	(4.688)	938	(14.350)	2.870
Onerous contracts	-	-	(2.750)	550
Repricing of fair value derivative instruments	(232.929)	46.586	(309.429)	61.886
Valuation differences on securities	(356.918)	71.384	(2.432)	486
Economically disadvantageous contracts	(20.125)	4.025	(38.970)	7.794
Investment incentives	(132.642)	14.000	(41.017)	12.825
Other temporary differences (*)	(404.168)	82.352	(359.156)	75.017
Deferred income tax assets		**586.634**		**458.200**
Defered income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	919.091	(193.869)	934.407	(198.614)
- Inventories	11.618	(2.324)	1.237	(247)
Reversal of country risk provision	85.513	(27.216)	67.647	(19.628)
Deferred financing charges	62.962	(12.592)	27.181	(5.436)
Repricing of fair value derivative instruments	212.774	(42.555)	69.187	(13.837)
Valuation differences on securities	3.137	(627)	25.873	(5.175)
IFRIC 12 "Service Concession Arrangements" correction	211.088	(42.218)	135.820	(27.164)
Customer relations and operating rights concession arrangements	578.550	(115.710)	601.925	(120.385)
Other temporary differences	67.248	(14.678)	73.136	(14.593)
Deferred income tax liabilities		**(451.789)**		**(405.079)**
Deferred tax asset/(liability), net		**134.845**		**53.121**

(*) Other temporary differences mostly include valuation difference on investment securities and other provisions.

Implications of net presentation form for the consolidated balance sheet of the Group are reflected, in consequence of joint ventures and subsidiaries as an independent tax payers, presented their deferred income tax assets and liabilities as a net, however temporary differences, deferred income tax assets and liabilities shown in the table above are prepared on the basis of the gross value of items.

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Deferred Tax Assets:	**31 December 2011**	**31 December 2010**
To be recovered after one year	314.884	313.593
To be recovered within one year	271.750	144.607
Total	**586.634**	**458.200**

Deferred Tax Liabilities:		
To be recovered after one year	402.819	367.242
To be recovered within one year	48.970	37.837
Total	**451.789**	**405.079**

At 31 December 2011 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 80.911 which can be offset against future taxable profits for a period of five years (31 December 2010: TL 172.769). The amount of the carry forward tax losses and the last fiscal periods that they can be utilized as of 31 December 2011 and 2010 is presented below:

	31 December 2011	**31 December 2010**
2011	-	-
2012	14.796	41.565
2013	12.860	62.923
2014	52.876	39.412
2015	60	28.869
2016	319	-
Total	**80.911**	**172.769**

The movements in deferred income tax assets/liabilities for the years ended at 31 December 2011 and 2010 are as follows:

	2011	**2010**
1 January	53.121	107.447
Charged to income statement	26.136	(62.699)
Charged to equity	59.265	(14.498)
Business combinations	9.521	1.861
Change within the scope of consolidation	(2.613)	3.754
Transfer from assets held for sale	(1.296)	(1.145)
Currency translation differences	(6.063)	(647)
Other	(3.226)	19.048
31 December	**134.845**	**53.121**

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NOTE 27 – DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2011

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	647.922	(502.462)
Forward currency purchases and sales	64.875	(65.918)
Currency and interest rate futures purchases and sales	54.569	(35.946)
Currency options purchases and sales	65.235	(69.770)
Total derivative instruments held for trading	**832.601**	**(674.096)**
Derivative instruments held for hedging:		
Forward currency purchases and sales	1.351	-
Interest rate swap purchases and sales	-	(330.918)
Total derivative instruments	**833.952**	**(1.005.014)**

31 December 2010

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	364.571	(358.698)
Forward currency purchases and sales	33.778	(17.247)
Currency and interest rate futures purchases and sales	42.595	(34.923)
Currency options purchases and sales	34.283	(34.042)
Total derivative instruments held for trading	**475.227**	**(444.910)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(362.327)
Total derivative instruments	**475.227**	**(807.237)**

Akbank and Enerjisa hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under "Hedge Funds" within equity.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 28 – RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customer	**31 December 2011**	**31 December 2010**
Consumer loans and credit cards receivables	25.287.278	19.799.369
Construction	5.854.753	4.847.738
Small-scale enterprises	5.229.867	3.978.383
Financial institutions	3.595.713	3.402.482
Health care and social services	3.982.466	3.015.014
Chemicals	2.995.353	2.431.462
Telecommunication	1.964.739	2.057.515
Other manufacturing industries	2.991.087	1.847.710
Mining	2.732.393	1.832.725
Food and beverage, wholesale and retail	2.419.997	1.643.592
Project finance loans	1.268.737	1.046.585
Textile	1.192.345	805.779
Automotive	889.707	754.250
Tourism	757.384	611.639
Electronics	249.521	200.587
Agriculture and forestry	306.684	195.222
Other	11.588.621	8.685.807
	73.306.645	**57.155.859**
Non-performing loans	1.262.659	1.279.634
Total loans and advances to customers	**74.569.304**	**58.435.493**
Allowance for loan losses	(1.976.426)	(1.797.660)
Net loans and advances to customers	**72.592.878**	**56.637.833**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,68% p.a. (31 December 2010: 3,83% p.a.), 5,10% p.a. (31 December 2010: 4,40% p.a.) and 13,03% p.a. (31 December 2010: 11,85% p.a.), respectively.

The movement of loan loss provision of banking segment as of 31 December 2011 by class is as follows:

	Corporate	**Commercial**	**Total**
1 January	**969.340**	**828.320**	**1.797.660**
Gross provisions	309.673	361.624	671.297
Recoveries	(152.011)	(207.583)	(359.594)
Written-off	(48.043)	(84.913)	(132.956)
Currency translation differences	19	-	19
31 December	**1.078.978**	**897.448**	**1.976.426**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The movement of loan loss provision of banking segment as of 31 December 2010 by class is as follows:

	Corporate	Commercial	Total
1 January	**1.311.711**	**989.597**	**2.301.308**
Gross provisions	155.700	329.636	485.336
Recoveries	(281.563)	(299.305)	(580.868)
Written-off	(216.450)	(191.608)	(408.058)
Currency translation differences	(58)	-	(58)
31 December	**969.340**	**828.320**	**1.797.660**

The maturity schedule of loans and advances to customers at 31 December 2011 and 2010 are summarised below:

	31 December 2011	31 December 2010
Up to 3 months	24.096.237	17.910.340
3 to 12 months	15.989.617	10.624.887
Current	**40.085.854**	**28.535.227**
1 to 5 years	24.156.809	21.838.128
Over 5 years	8.350.215	6.264.478
Non-current	**32.507.024**	**28.102.606**
Total	**72.592.878**	**56.637.833**

The repricing schedule of loans and advances to customers at 31 December 2011 and 2010 are summarised below:

	31 December 2011	31 December 2010
Up to 3 months	35.947.093	27.868.620
3 to 12 months	20.413.180	15.428.629
1 to 5 years	13.748.109	12.159.295
Over 5 years	2.484.496	1.181.289
Total	**72.592.878**	**56.637.833**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 December 2011 and 2010 are summarised below:

Financial Lease Receivables:	31 December 2011	31 December 2010
Gross investment in finance leases	1.650.376	1.171.561
Less: unearned finance income	(204.496)	(153.949)
Total investment in finance leases	1.445.880	1.017.612
Less: provision for impairment	(36.237)	(34.641)
Net investment in finance leases	**1.409.643**	**982.971**

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Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 December 2011 and 2010 of lease receivables is summarised below:

	31 December 2011	31 December 2010
Up to 1 year	349.463	301.004
1 to 5 years	639.289	496.241
Over 5 years	420.891	185.726
Total	**1.409.643**	**982.971**

b) Insurance

	31 December 2011	31 December 2010
Receivables from insurance operations (net)	155.267	405.273

NOTE 29 – PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2011			31 December 2010		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	3.903.466	40.858.803	44.762.269	3.827.711	36.955.563	40.783.274
Commercial deposits	5.204.736	17.906.634	23.111.370	4.187.215	16.527.067	20.714.282
Bank deposits	392.604	9.893.214	10.285.818	192.116	7.493.638	7.685.754
Funds provided from repo transactions	-	12.420.360	12.420.360	-	11.421.202	11.421.202
Other	221.261	1.019.525	1.240.786	493.361	992.256	1.485.617
Total	**9.722.067**	**82.098.536**	**91.820.603**	**8.700.403**	**73.389.726**	**82.090.129**

Effective interest rates of USD, EUR and TL denominated customer deposits are 2,77% p.a. (31 December 2010: 1,76 % p.a.), 2,92% p.a. (31 December 2010: 2,29% p.a.) and 8,77% p.a. (31 December 2010: 7,03% p.a.).

As at 31 December 2011 and 2010, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2011	31 December 2010
Demand	9.722.067	8.700.403
Up to 3 months	74.551.473	69.691.748
3 to 12 months	6.066.014	2.411.479
1 to 5 years	904.628	1.104.302
Over 5 years	576.421	182.197
Total	**91.820.603**	**82.090.129**

b) Insurance

	31 December 2011	31 December 2010
Payables from insurance operations (net)	32.525	62.101
Insurance technical reserves	520.986	840.489
Total	**553.511**	**902.590**

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NOTE 30 – MUTUAL FUNDS

At 31 December 2011, the Group manages 40 (31 December 2010: 33) mutual funds ve 19 (31 December 2010: 18) pension funds which were established under Capital Markets Board Regulations. At 31 December 2011, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TL 6.951.505 (31 December 2010: TL 6.667.917). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates, provides other services and charges management fees ranging from 0,0000274% - 0,0001000%. At 31 December 2011, management fees and commissions earned by the Group amounted to TL 124.882 (31 December 2010: TL 158.972).

NOTE 31 – EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class that have been outstanding during the year.

	31 December 2011	31 December 2010
Earnings per share in full TL -ordinary share ('000)	9,20	8,15
Earnings per share of continuing operations in full TL -ordinary share ('000)	9,18	8,20
Weighted average number of shares with TL -0,01 face value each- ordinary shares	204.040.393.100	204.040.393.100

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. 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 retroactive effect for the period in which they were issued and for each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares.

There were no differences between the basic and diluted earnings per share for any class of shares for any of these periods.

NOTE 32 – RELATED PARTY DISCLOSURES

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors belonging to A group and over. Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Short term benefits	12.320	16.377
Benefits resulted from discharge	233	2.346
Other long term benefits	161	219
Total	**12.714**	**18.942**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

33.1 Financial Instruments and Financial Risk Management

33.1.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies, approved by their Board of Directors.

33.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analysing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 December 2011 and 2010 terms of TL are as follows:

	31 December 2011	31 December 2010
Assets	56.749.714	41.062.643
Liabilities	(68.569.141)	(45.150.673)
Net foreign currency balance sheet position	**(11.819.427)**	**(4.088.030)**
Net foreign currency position of off-balance sheet derivative financial instruments	11.224.319	4.265.131
Net foreign currency balance sheet and off-balance sheet position	**(595.108)**	**177.101**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

31 December 2011

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	4.991.131	2.846.134	2.005.017	20.573	119.407
Financial assets	7.288.979	4.024.172	3.264.807	-	-
Receivables from financial operations	34.938.562	24.474.068	10.359.787	41.238	63.469
Reserve deposits at Central Bank	8.609.832	8.163.721	-	-	446.111
Trade receivables	705.232	287.420	338.736	6.501	72.575
Other current assets	215.978	75.903	52.666	474	86.935
Total Assets	**56.749.714**	**39.871.418**	**16.021.013**	**68.786**	**788.497**
Liabilities:					
Funds borrowed and debt securities in issue	23.206.015	16.070.513	7.084.785	10.851	39.866
Customer deposits	44.233.111	29.335.078	13.398.351	806.780	692.902
Trade payables	586.115	130.062	234.431	416	221.206
Other payables and provisions	543.900	154.762	333.824	3.783	51.531
Total Liabilities	**68.569.141**	**45.690.415**	**21.051.391**	**821.830**	**1.005.505**
Net foreign currency position of off-balance sheet derivative financial instruments	**11.224.319**	**6.382.269**	**3.954.376**	**756.744**	**130.930**
Net foreign currency position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**
Net foreign currency monetary position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

31 December 2010

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	3.111.696	1.392.480	1.592.477	18.883	107.856
Financial assets	6.505.512	3.797.183	2.707.468	-	861
Receivables from financial operations	27.249.869	19.078.713	8.056.645	41.402	73.109
Reserve deposits at Central Bank	3.499.797	1.475.533	2.024.264	-	-
Trade receivables	481.354	153.839	264.375	7.619	55.521
Other current assets	214.415	42.825	95.493	1.215	74.882
Total Assets	**41.062.643**	**25.940.573**	**14.740.722**	**69.119**	**312.229**
Liabilities:					
Funds borrowed and debt securities in issue	13.907.185	8.802.457	5.032.103	9.537	63.088
Customer deposits	30.493.615	17.061.068	12.089.122	831.701	511.724
Trade payables	352.786	126.281	125.393	699	100.413
Other payables and provisions	397.087	203.429	148.483	2.048	43.127
Total Liabilities	**45.150.673**	**26.193.235**	**17.395.101**	**843.985**	**718.352**
Net foreign currency position of off-balance sheet derivative financial instruments	**4.265.131**	**452.963**	**2.625.873**	**787.355**	**398.940**
Net foreign currency position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**
Net foreign currency monetary position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**

	31 December 2011	31 December 2010
Total export	1.732.516	1.319.395
Total import	2.443.090	1.507.306

Ratio of the total hedging of foreign currency exposure

	31 December 2011	31 December 2010
USD	87%	99%
EUR	76%	85%
GBP	8%	8%

Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized as follows:

31 December 2011	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets/liabilities	38.214	(38.214)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**38.214**	**(38.214)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(112.658)	112.658	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(112.658)**	**112.658**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	354	(354)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**354**	**(354)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(8.636)	8.636	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(8.636)**	**8.636**	**-**	**-**
	(82.726)	**82.726**	**-**	**-**

31 December 2010	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets/liabilities	13.412	(13.412)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**13.412**	**(13.412)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(29.305)	29.305	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(29.305)**	**29.305**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	1.134	(1.134)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**1.134**	**(1.134)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(1.382)	1.382	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(1.382)**	**1.382**	**-**	**-**
	(16.141)	**16.141**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

33.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2011 and 2010, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized below as follows: (Please refer to Note 33.1.1.5 for banking industrial segment).

	31 December 2011	31 December 2010
Fixed interest rate financial instruments		
Financial assets	502.306	705.763
Financial assets at fair value through profit of loss	9.890	258.672
Financial assets available-for-sale	318.761	220.155
Time deposits	173.655	226.936
Financial liabilities	1.080.825	1.091.538
Floating interest rate financial instruments		
Financial assets	7.952	17.741
Financial liabilities	2.076.011	341.009
Other liabilities	-	-

Group composed various scenarios for borrowings issued at floating rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios: (Please refer to Note 33.1.1.5 for banking industrial segment).

At 31 December 2011, if the annual interest rate on TL denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 5.043 (31 December 2010: TL 1.541) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2011, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 179 (31 December 2010: TL 149) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2011, if the annual interest rate on EUR denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 18 (31 December 2010: TL 55) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

33.1.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

i) Banking industrial segment

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

As of 31 December 2011 and 2010 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

			31 December 2011				
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	91.820.603	92.649.738	71.309.377	13.328.364	6.393.888	974.744	643.365
Funds borrowed and debt securities in issue	22.549.125	24.516.166	2.388.454	3.884.574	9.137.351	7.491.001	1.614.786
Interbank money market deposits, funds borrowed and debt securities in issue	640.869	640.869	640.869	-	-	-	-
	115.010.597	**117.806.773**	**74.338.700**	**17.212.938**	**15.531.239**	**8.465.745**	**2.258.151**

			31 December 2010				
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	82.090.129	82.917.227	64.016.388	14.875.740	2.607.625	1.200.914	216.560
Funds borrowed and debt securities in issue	14.019.425	14.999.875	930.474	2.517.364	4.731.332	5.900.903	919.802
Interbank money market deposits funds borrowed and debt securities in issue	400.005	400.005	400.005	-	-	-	-
	96.509.559	**98.317.107**	**65.346.867**	**17.393.104**	**7.338.957**	**7.101.817**	**1.136.362**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

ii) Other industrial segment

The table below depicts the cash outflows the Group companies other than that of the banking segment will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2011 and 2010 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

31 December 2011[1][2]	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	2.787.245	2.815.782	547.844	742.698	949.315	575.925
Financial lease obligations	9.028	8.717	754	1.616	1.425	4.922
Trade payables	1.801.264	1.837.093	1.794.696	40.162	145	2.090
Payables from insurance operations	32.525	32.525	32.462	63	-	-
Other payables	384.067	384.067	140.634	41.842	88.920	112.671
	5.014.129	**5.078.184**	**2.516.390**	**826.381**	**1.039.805**	**695.608**

31 December 2010[1][2]	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	1.423.284	1.476.504	174.769	258.552	703.536	339.647
Financial lease obligations	9.263	9.843	121	2.404	3.190	4.128
Trade payables	1.198.037	1.198.735	1.039.141	159.594	-	-
Payables from insurance operations	62.101	62.101	29.713	32.388	-	-
Other payables	327.730	328.068	238.777	11.549	22.028	55.714
	3.020.415	**3.075.251**	**1.482.521**	**464.487**	**728.754**	**399.489**

[1] Maturity analysis is performed for only financial assets. Legal obligations are not considered in the analysis.
[2] The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

33.1.1.4 Credit Risk

i) Banking industrial segment

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements.

When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

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

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

Akbank 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.

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

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

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for corporate and commercial, SME, consumer and credit card loan portfolios.

Scoring systems calculate the risk of default for different types of customers and form different rating systems. The rating tool concentration by risk classes are as follows:

	31 December 2011	31 December 2010
Above average	37,44%	36,81%
Average	49,48%	45,01%
Below average	10,88%	11,98%
Unrated	2,20%	6,20%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2011 and 2010 are summarized below as follows:

31 December 2011	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	47.539.164	24.509.421	1.380.210	73.428.795
Close monitoring loans	480.203	777.857	12.025	1.270.085
Loans under follow up	643.600	619.059	53.645	1.316.304
Total	**48.662.967**	**25.906.337**	**1.445.880**	**76.015.184**
Provisions	(1.078.978)	(897.448)	(36.237)	(2.012.663)
	47.538.989	**25.008.889**	**1.409.643**	**74.002.251**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	36.772.839	19.072.698	967.617	56.813.154
Close monitoring loans	468.691	841.631	14.352	1.324.674
Loans under follow up	630.002	649.632	34.855	1.314.489
Total	**37.871.532**	**20.563.961**	**1.016.824**	**59.452.317**
Provisions	(969.340)	(828.320)	(34.641)	(1.832.301)
	36.902.192	**19.735.641**	**982.183**	**57.620.016**

The aging analysis of the loans under close monitoring for the year ended 31 December 2011 and 2010 are as follows:

31 December 2011	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	328.919	334.239	534	663.692
Past due 1- 2 months	110.354	332.423	972	443.749
Past due 2-3 months	40.930	111.195	1.021	153.146
Leasing payment receivables (uninvoiced)	-	-	9.498	9.498
	480.203	**777.857**	**12.025**	**1.270.085**

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	304.559	416.599	782	721.940
Past due 1-2 months	91.545	327.097	1.786	420.428
Past due 2-3 months	72.587	97.935	3.575	174.097
Leasing payment receivables (uninvoiced)	-	-	8.209	8.209
	468.691	**841.631**	**14.352**	**1.324.674**

Maximum exposure to credit risk of banking industrial segment:

	31 December 2011	31 December 2010
Loans and advances to banks	3.463.003	2.424.347
Loans and advances	72.592.878	56.637.833
Consumer loans and advances	*25.236.943*	*19.735.641*
Corporate loans and advances	*47.355.935*	*36.902.192*
Financial lease receivables	1.408.984	982.183
Trading financial assets	150.314	567.942
Derivative financial assets	826.711	471.041
Available for sale and held to maturity financial assets	43.786.048	48.619.738
Other assets	766.545	486.631
Total	**122.994.483**	**110.189.715**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

The Moody's rating analysis of trading securities, available for sale financial assets and held to maturity financial assets of the banking industrial segment for the years ended for 31 December 2011 and 2010 are as follows:

31 December 2011	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	162.927	-	162.927
A1, A2, A3	-	599.615	-	599.615
Baa1, Baa2, Baa3	-	362.127	-	362.127
Ba2 (*)	150.314	37.650.892	4.655.135	42.456.341
C	-	-	-	-
Total	**150.314**	**38.775.561**	**4.655.135**	**43.581.010**

31 December 2010	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	151.538	-	151.538
A1, A2, A3	-	410.138	-	410.138
Baa1, Baa2, Baa3	-	197.292	-	197.292
Ba2 (*)	567.942	41.978.379	5.814.015	48.360.336
C	-	-	-	-
Total	**567.942**	**42.737.347**	**5.814.015**	**49.119.304**

(*) Government bond and treasury bills of Turkish Treasury.

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2011 and 2010 are summarized as follows:

31 December 2011	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	454.533	444.378	2.514.436	49.656	3.463.003
Loans and advances	70.491.688	122.675	1.482.258	496.257	72.592.878
Consumer loans and advances	*25.236.943*	-	-	-	*25.236.943*
Corporate loans and advances	*45.254.745*	*122.675*	*1.482.258*	*496.257*	*47.355.935*
Financial lease receivables	1.408.984	-	-	-	1.408.984
Trading financial assets	150.314	-	-	-	150.314
Derivative financial instruments	336.621	6	459.782	30.302	826.711
Available for sale and held to maturity financial assets	42.523.431	-	1.221.942	40.675	43.786.048
Other assets	735.501	-	29.412	1.632	766.545
Total	**116.101.072**	**567.059**	**5.707.830**	**618.522**	**122.994.483**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

31 December 2010	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	481.956	598.929	1.301.491	41.971	2.424.347
Loans and advances	55.194.350	-	1.104.180	339.303	56.637.833
Consumer loans and advances	*19.735.641*	-	-	-	*19.735.641*
Corporate loans and advances	*35.458.709*	-	*1.104.180*	*339.303*	*36.902.192*
Financial lease receivables	982.183	-	-	-	982.183
Trading financial assets	567.942	-	-	-	567.942
Derivative financial instruments	168.542	1.800	285.263	15.436	471.041
Available for sale and held to maturity financial assets	47.801.317	-	818.421	-	48.619.738
Other assets	458.571	-	28.060	-	486.631
Total	**105.654.861**	**600.729**	**3.537.415**	**396.710**	**110.189.715**

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2011 and 2010 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	3.463.003	-	-	-	-	-	3.463.003
Loan and advances	3.426.340	1.592.142	8.968.724	16.002.669	17.366.060	25.236.943	72.592.878
Consumer loans	-	-	-	-	-	*25.236.943*	*25.236.943*
Corporate loans	*3.426.340*	*1.592.142*	*8.968.724*	*16.002.669*	*17.366.060*	-	*47.355.935*
Financial lease receivables	1.408.984	-	-	-	-	-	1.408.984
Trading financial assets	1.977	148.337	-	-	-	-	150.314
Derivative financial instruments	488.385	2.904	-	-	295.401	40.021	826.711
Available for sale and assets held for sale financial assets	455.506	42.169.173	-	-	1.161.369	-	43.786.048
Other assets	766.545	-	-	-	-	-	766.545
31 December 2011	**10.010.740**	**43.912.556**	**8.968.724**	**16.002.669**	**18.822.830**	**25.276.964**	**122.994.483**
31 December 2010	**8.000.356**	**49.573.904**	**6.521.943**	**10.428.917**	**15.928.954**	**19.735.641**	**110.189.715**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

ii) Other industrial segment

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized below as follows:

31 December 2011	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.566.577**	**84.199**	**286.986**	**469.498**	**1.351**
Collateralized or secured with guarantees part of maximum credit	369.179	-	526	-	-
A. Neither past due nor impaired	1.394.580	82.385	286.986	469.498	1.351
B.Restructed otherwise accepted as past due and impaired	486	-	-	-	-
C. Past due but not impaired net book value	168.690	-	-	-	-
guaranteed amount by commitment	26.940	-	-	-	-
D. Net book value of impaired assets	2.821	1.814	-	-	-
-Past due (Gross amount)	127.048	14.914	3.285	-	-
-Impairment	(124.227)	(13.100)	(3.285)	-	-
-Collateralized or guaranteed part of net value	1.189		-	-	-

(*) Tax and other legal receivables are not included.

31 December 2010	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposureas of reporting date (A+B+C+D)	**1.127.654**	**405.273**	**253.384**	**392.604**	**4.186**
Collateralized or secured with guarantees part of maximum credit	443.878	-	1.302	-	-
A. Neither past due nor impaired	980.897	366.847	253.384	392.604	4.186
B.Restructed otherwise accepted as past due and impaired	7.220	-	-	-	
C. Past due but not impaired net book value	139.082	32.712	-	-	
guaranteed amount by commitment	36.183	18.904	-	-	
D. Net book value of impaired assets	455	5.714	-	-	
-Past due (Gross amount)	96.648	44.060	3.279	-	
-Impairment	(96.193)	(38.346)	(3.279)	-	
-Collateralized or guaranteed part of net value	1.993	7.386	-	-	

(*) Tax and other legal receivables are not included.

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33.1.1.5 Value at Risk

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of Akbank, include interest rate stress testing. The results of the stress tests are reviewed by the Assets and Liabilities Committee. As at 31 December 2011 and 2010, assuming that all other variables are constant, and TL and foreign currency interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

	Impact on income		Impact on other reserves	
Change in interest rates	**2011**	**2010**	**2011**	**2010**
(+) 1%	(210.752)	(112.228)	(528.311)	(605.690)
(-) 1%	212.386	108.512	562.100	701.592

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as "Inherent method" and "Standard method".

According to the "inherent method", the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization bounders and control efficiency is increased.

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.

According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

The table below represents average market risk table of Akbank at 31 December 2011 and 2010 calculated in accordance with the "Standard Method for Market Risk Calculations" as set out in Section 3 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, "Calculation of Market Risk with the Standard Method" (*):

	31 December 2011			31 December 2010		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Interest rate risk	386.672	384.553	354.310	370.197	420.064	355.151
Capital risk	14.301	16.176	10.470	12.679	13.364	2.425
Currency risk	53.771	53.573	42.805	10.539	6.589	8.906
Commodity risk	7.382	27.820	1.105	981	1.086	877
Total (**)	**462.126**	**482.122**	**408.690**	**394.396**	**441.103**	**367.359**

(*) The table above has been prepared using Akbank's consolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, related to the 5411 numbered Banking Law which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency.
(**) Total balance represents the total capital requirement for market risk.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

33.1.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as the total liability less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Total liability	124.913.252	104.230.204
Cash and cash equivalents	(6.643.010)	(4.962.185)
Net liability	118.270.242	99.268.019
Equity	25.473.142	24.646.152
Invested capital	143.743.384	123.914.171
Net liability/ invested capital ratio	82%	80%

NOTE 34 – FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

For all other segments other than those of the banking segment the following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for uncollectibility are carried at amortised cost using the effective yield method, and hence are considered to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at their fair values and accordingly their carrying amounts approximate their fair values.

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Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value is as stated below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
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);
Level 3: Inputs for the asset or liability that are not based on observable market data .

i) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2011 and 2010 are as follows:

	31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	159.000	2.317	-	161.317
- Government bonds	116.161	-	-	116.161
- Eurobonds	26.623	-	-	26.623
- Government bonds denominated in foreign currency	-	2.317	-	2.317
- Treasury bills	-	-	-	-
- Share certificates	14.249	-	-	14.249
- Other	1.967	-	-	1.967
Derivative financial instruments	54.569	772.142	-	826.711
Available for sale securities	35.553.222	1.794.046	-	37.347.268
- Government bonds	30.344.783	849.004	-	31.193.787
- Eurobonds	4.062.865	-	-	4.062.865
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	646.297	-	646.297
- Mutual funds	186.017	-	-	186.017
- Equity securities	-	-	-	-
- Other	959.557	298.745	-	1.258.302
Total Assets	**35.766.791**	**2.568.505**	**-**	**38.335.296**
Trading derivative financial instruments	35.946	637.089	-	673.035
Hedging derivative financial instruments	-	219.851	-	219.851
Total liabilities	**35.946**	**856.940**	**-**	**892.886**

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.

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	31 December 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	592.674	-	-	592.674
- Government bonds	465.691	-	-	465.691
- Eurobonds	97.705	-	-	97.705
- Government bonds denominated in foreign currency	4.130	-	-	4.130
-Treasury bills	416	-	-	416
-Share certificates	24.732	-	-	24.732
Derivative financial instruments	42.595	428.446	-	471.041
Available for sale securities	42.786.659	44.639	-	42.831.298
-Government bonds	37.759.252	-	-	37.759.252
-Eurobonds	3.659.674	139	-	3.659.813
-Treasury bills	46.986	-	-	46.986
-Government bonds denominated in foreign currency	512.329	-	-	512.329
-Mutual funds	68.376	-	-	68.376
- Equity securities	25.574	-	-	25.574
-Other	714.468	44.500	-	758.968
Total Assets	**43.421.928**	**473.085**	**-**	**43.895.013**
Trading derivative financial instruments	34.923	405.651	-	440.574
Hedging derivative financial instruments	-	309.429	-	309.429
Total liabilities	**34.923**	**715.080**	**-**	**750.003**

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 were no transfers between the first and the second levels in the current and prior year.

ii)Other industrial segment

	31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	9.685	-	-	9.685
Available for sale securities	181.148		-	181.148
Derivatives held for trading	-	6.703	-	6.703
Derivatives held for hedging	-	1.351	-	1.351
Total Assets	**190.833**	**8.054**		**198.887**
Derivatives held for trading	-	2.547	-	2.547
Derivatives held for hedging	-	111.706	-	111.706
Total Liabilities		**114.253**		**114.253**

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	31 December 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	258.672	-	-	258.672
Available for sale securities	215.153	-	-	215.153
Derivatives held for trading	-	4.186	-	4.186
Total Assets	**473.825**	**4.186**	**-**	**478.011**
Derivatives held for trading	-	4.335	-	4.335
Derivatives held for hedging	-	52.899	-	52.899
Total Liabilities	**-**	**57.234**	**-**	**57.234**

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 were no transfers between the first and the second levels in the current and prior year.

Classification of financial instruments and fair value

31 December 2011	**Note**	**Held to maturity financial assets**	**Loans and receivables including(cash and cash equivalents)**	**Available for sale financial assets**	**Financial liabilities at amortized cost**	**Book value**	**Fair value**
Financial Assets							
Cash and cash equivalents	5	-	6.643.010	-	-	6.643.010	6.643.010
Trade receivables	8	-	1.566.557	-	-	1.566.557	1.566.557
Other financial assets (*)	6 , 9	6.603.478	171.496	37.561.386	-	44.336.360	44.507.284
Receivables from finance sector operations	28	-	74.157.788	-	-	74.157.788	74.072.429
Financial Liabilities							
Financial payables	7	-	-	-	25.830.882	25.830.882	25.830.882
Trade payables	8	-	-	-	1.801.264	1.801.264	1.801.264
Other financial liabilities (**)	9	-	-	-	2.787.066	2.787.066	2.787.066
Payables from finance sector operations(***)	29	-	-	-	87.164.249	87.164.249	86.796.675
31 December 2010							
Financial Assets							
Cash and cash equivalents	5	-	4.962.185	-	-	4.962.185	4.962.185
Trade receivables	8	-	1.127.654	-	-	1.127.654	1.127.654
Other financial assets (*)	6 , 9	6.757.458	-	43.102.217	-	49.859.675	50.275.352
Receivables from finance sector operations	28	-	58.026.077	-	-	58.026.077	59.891.794
Financial Liabilities							
Financial payables	7	-	-	-	15.852.287	15.852.287	15.852.287
Trade payables	8	-	-	-	1.198.037	1.198.037	1.198.037
Other financial liabilities (**)	9	-	-	-	3.136.621	3.136.621	3.136.621
Payables from finance sector operations(***)	29	-	-	-	82.152.230	82.152.230	82.146.646

(*) Other financial assets consist of other receivables, time deposits, securities available for sale and held for trading.
(**) Other financial liabilities consist of other payables.
(***) Technical Insurance Reserves are not included.

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

The share transfer agreement, with Parcib SAS, the subsidiary of Ciment Français, related to the sale of the 153.000.000 shares of Afyon Çimento Sanayii Türk A.Ş. held by the Group portfolio having a nominal value of TL 1.530, was signed on 15 February 2012. 153.000.000 shares, which consists of 51% of the shares held by the Group, will be sold to Parcib SAS for a consideration of TL 57.530. The share transfer amount was determined by bargaining purchase method. Payment for the shares and the transfer of shares will take place after providing Turkish Competition Authority permission and fulfillment of other transactions stated at the share transfer agreement. The transfer amount of shares will be subject to before and after closing adjustments based on the share transfer agreement.

On 1 February 2012, Klik İç ve Dış Ticaret A.Ş. joint venture of Teknosa, a joint venture of the Group, started its operations in electonic trading.

As of 29 March 2012, shares in Aksigorta, a joint venture of the Group, increased the share percentage to 35,37%, equally for Holding and Ageas Insurance International N.V. with the last acquisitions from ISE.