SABANCI

HACI ÖMER SABANCI HOLDİNG A.Ş. 2012 ANNUAL REPORT

CONTENTS

WE ARE TURKEY; SABANCI OF RISING TURKEY!

We are a large and responsible family that diligently works to remain a driving force of the Turkish economy.

We work to provide benefits for everyone.
As Sabancı of Turkey, we are your assurance.

We are Sabancı, a proud part of this country and of our people; we are oriented towards benevolence, tenacity, thinking big, and sharing in our success...

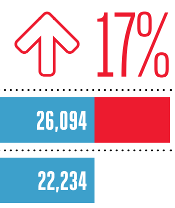
SABANCI OF GROWTH

WE CREATE VALUE FOR OUR SHAREHOLDERS THROUGH CONSISTENT GROWTH

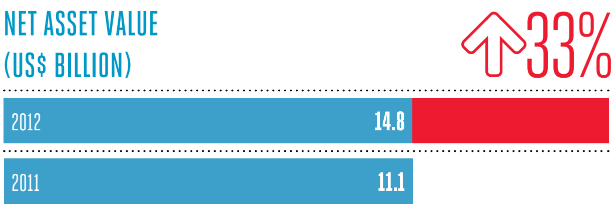
GROWTH THROUGH INNOVATIVE PRODUCTS AND SERVICES

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

TOTAL REVENUES (TL MILLION)



NET ASSET VALUE (US$ BILLION)



SABANCI OF TRUST

WE SEE THE TRUST OF OUR CUSTOMERS AS OUR MOST SIGNIFICANT ASSET

WE TRUST OUR BROAD CUSTOMER BASE

Putting great effort into understanding the needs of their customers quickly and accurately, Sabancı Group companies develop products and services that respond to these needs. Establishing long-term and solid relationships with their customers, the companies of the Sabancı Group reach a broad customer base.

Company	Customer Base	Distribution Channel
Akbank	12 million customers	961 branches
Teknosa	100 million visitors annually	283 stores in 77 provinces
Carrefoursa	90 million customers annually	243 hyper and supermarkets
Avivasa	1.7 million pension and life insurance customers	Over 900 financial consultants and branch insurance managers
Aksigorta	3.1 million policies annually	Over 1,800 agents and bankassurance channel
Brisa	3 million customers	900 branded sales points
Enerjisa	3.6 million customers in electricity distribution	7 provinces
Tursa	280,000 guests annually	4 hotels

SABANCI OF THE FUTURE

WE ARE WORKING TOWARDS A SUSTAINABLE FUTURE

SUSTAINABILITY AT WORK PURSUED WITH DETERMINATION

By managing its economic, social and environmental priorities, Sabancı Holding aims to perpetuate its sustainable profitability in the future. All companies within the Sabancı Group pursue their operations with an understanding of economic, social and environmental responsibility.

Cement

- The first waste heat recovery plant in Turkey operating at the Akçansa Çanakkale Plant has been selected as an exemplary project to represent Turkey at the Rio+20 Conference. As a result of the investment in power generation using waste heat that has been completed at the Çimsa Mersin Plant, a 20% saving in power consumption is expected.
- The Waste Feeding and Waste Energy Recovery Facility, which commenced operations in 2011 at the Çimsa Eskişehir Plant, has increased waste fuel usage to 30%.
- Çimsa became the first cement company in Turkey to receive the "Environmentally Friendly Product Certificate".
- The first sustainability reports within the industry were issued by Sabancı Group companies.

Energy

- The share of renewable energy resources within total installed power has reached 28%.
- The most efficient thermal power plant in Turkey is the Bandırma Natural Gas Combined Cycle Power Plant, with its efficiency rate of 59.3%.
- The carbon reduction credits generated by renewable energy plants are offered on voluntary carbon credit markets.

Banking

- Akbank was the first among Turkish deposit banks to issue a sustainability report.

Industry

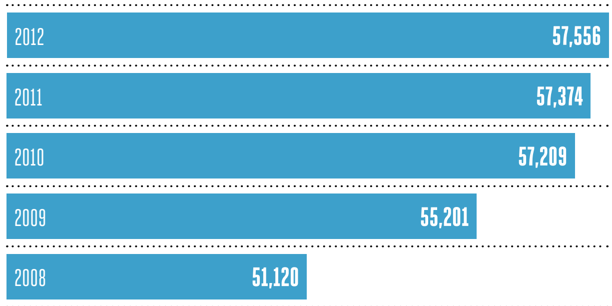
- Kordsa Global was awarded one first and two second place prizes at the Environment Awards organized by the İstanbul Chamber of Industry.
- Brisa contributed content to the Carbon Transparency Report 2012.
- Sasa increased the capacity of its treatment facilities and started working on the recycling of discharge water.

SABANCI OF STABILITY

WE PROSPER WITH OUR EXPERIENCED, VALUE-ADDING AND DEDICATED TEAM

SABANCI GROUP EMPLOYEE PROFILE

NUMBER OF EMPLOYEES



TRAINING PROGRAMS

- The annual average training received per person within Group companies is 34 hours.
- 140 executives received training in management coaching, while 40 high-level executives acted as mentors.

A DEDICATED TEAM

- The average seniority of Group employees is six years.

THE SABANCI 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.

The Holding's reputation, brand image and strong joint ventures helped further extend its operations into the global market. Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, Citi, Dia, Heidelberg Cement, 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 2012, the consolidated revenue of Sabancı Holding was TL 26.1 billion (US$ 14.6 billion) with EBITDA of TL 5.1 billion (US$ 2.8 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 the SEAQ International and Portal.

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

WE WILL CONTINUE INVESTING AND FOCUS ON ACCELERATING GROWTH IN 2013

LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Dear investors, valued business partners and employees,

The growth in the global economy weakened further in 2012 and uncertainty was prevalent. Economic growth slowed down from 3.9 percent to 3.2 percent globally and a number of developed economies have fallen into recession. Growth in the major developing countries has also decelerated notably, from 6.3 percent to 5.1 percent, largely due to weaker external demand, an increased uncertainty in the global environment and the lagging effects of policy tightening in some of these countries. On the positive side, there was significant improvement in financial market conditions in the second half of the year and economic conditions have improved slightly in the third quarter of the year by effective policy actions taken in emerging markets and the US. The ECB announced its strong commitment to defend the Euro; the ECB and the stronger members of the Euro Area gave conditional but strong commitment to support the reform process in the weak members. This commitment and ongoing reforms in Spain and Italy have stabilized the banking sector and the sovereign debt markets, borrowing costs for the weak members in the euro area fell and many stock markets around the world rose. These developments gave the necessary time for the weak members to accelerate structural reforms that will increase the competitiveness of their economies and to put their public finances and banking sectors in order. The Fed declared that monetary expansion would continue until unemployment comes down. Financial market conditions improved significantly in the second half of the year as a result of the effective measures taken in the Eurozone, the United States and developing economies. Risk appetite increased and markets all over the world experienced an uptrend. These developments resulted in an improvement in economic conditions in the last quarter of the year.

At the end of the year, our consolidated net sales increased 17 percent and totaled TL 26.1 billion. Our EBITDA reached TL 5.1 billion and our consolidated net profit was TL 1,856 million.

After growing above trend in 2010 and 2011, the Turkish economy has achieved a very successful soft landing in 2012 and slowed to a more sustainable growth rate of around 2.5 - 3 percent. There has been a significant improvement in the external and internal imbalances. The depreciation of the Turkish Lira followed by decisive tightening in monetary policy in 2011 has led to a significant rebalancing of the economy. Consumption and investment demand and imports decelerated but a fall in domestic demand has been more than offset by an increase in net exports thanks to successful diversification away from slow growing EU to faster growing new markets.

The labor market has shown remarkable resilience to the slowdown in the economy; the unemployment rate has stayed below the pre-crisis level. Inflation, which was 10.5 percent at the end of 2011, ended the year at 6.2 percent and remained within the Central Bank's target interval. As growth slowed down, the budget deficit slightly widened to 2 percent of GDP compared to the target of 1.5 percent; meanwhile, the current account deficit narrowed significantly, from 10 percent to around 6.2 percent of GDP. As a result, Turkey was upgraded to investment grade by the credit rating agency Fitch.

Sabancı Holding 2012 Performance

At the beginning of 2012, we set our Group's growth target as 15 percent, which was above the aggregate of our projected economic growth of 3 percent and inflation rate of 7 percent. At the end of the year, our consolidated net sales increased 17 percent and totaled TL 26.1 billion. Our EBITDA reached TL 5.1 billion and our consolidated net profit was TL 1,856 million.

Sabancı Holding's stock price was up 85 percent in 2012, outperforming the ISE-30, which was up 58 percent. Sabancı Holding's market capitalization exceeded US$ 11 billion. The primary reason behind this increase was the successful performance of Sabancı Holding's subsidiaries.

2012 Strategic Business Unit Assessments

Enerjisa added 151 MW in renewable electricity generation capacity and reached 1,804 MW. Enerjisa's 50 percent joint venture partner Verbund reached an agreement with E.ON, a leading global, private company in electricity and natural gas, to transfer its shares with Sabancı Holding's agreement in December 2012. With its new partnership structure, Enerjisa plans to increase its generation capacity to 8,000MW, generating more than 10 percent of Turkey's electricity consumption and to service 6 million customers in electricity distribution by 2020. Enerjisa also added natural gas import and trade to its business lines with the goal of growing regionally.

Akbank increased its market share in 2012. Akbank's market share in total loans increased 0.8 percent and reached 10.9 percent. The Bank moved up to the leadership position in consumer credit card loans, its market share increasing 0.9 percent to 18.3 percent. Citi sold a part of its shares, corresponding to 10.1 percent of Akbank, for US$ 1.15 billion in May to fulfill Basel III capital adequacy requirements. The transaction was completed in half a day through accelerated book building, an indication of foreign investors' trust in our country's banking system and Akbank.

In our industrials business, our priority is to invest in rapidly growing and high equity return ventures where we can differentiate with R&D, innovation and market growth strategies.

Our insurance companies Avivasa and Aksigorta are increasing their profitability while growing. We expect new private pension legislation to affect Turkey's savings rate positively and increase the number of participants in the private pension system significantly. Avivasa, one of the two leading companies in the sector, will surely benefit from this growth.

Teknosa's IPO was completed in May with a market capitalization of US$ 468 million. Some 100 million shoppers visited Teknosa last year. The Company generated TL 2.3 billion in net revenues and grew 40 percent in 2012, a pace more than double its sector. For the first time in Turkey, a technology retail company passed the € 1 billion sales threshold. Teknosa's net profit increased 50 percent on a comparable basis and totaled TL 50 million and the Company's return on equity reached 30 percent.

Kliksa.com, our new investment in B2C e-commerce, became operational in March. Kliksa.com had 1 million visitors per month and sales of TL 24 million at 2012 year-end.

Commodity prices declined in 2012 due to stagnation in global markets and slowdown in developing countries. These developments had a limiting effect on the growth and profitability of our industrial companies.

In our industrials business, our priority is to invest in rapidly growing and high equity return ventures where we can differentiate with R&D, innovation and market growth strategies. A good example is Brisa; the Company continues to develop successful business models in service and distribution channels. Brisa is strengthening its leadership in the replacement market with 30 percent market share by differentiating from the competition with innovative approaches.

Kordsa Global, a truly global Turkish Company with production facilities in eight countries, a 30 percent global market share in nylon 6.6, and a 10 percent global market share in polyester, increased its Indonesia facility capacity, in line with market developments.

Philip Morrissa increased its sales volume by 12.7 percent and market share to 45.7 percent with the successful performance of its products.

Temsa Global decided to spin off the Mitsubishi automotive distribution and Komatsu construction equipment businesses from its bus manufacturing business into two separate legal entities operating as subsidiaries of Temsa Global. The process, targeting effective management of the business units with allocation of resources and know-how, will be completed in 2013.

The cement sector was stable in 2012 in terms of sales volume; however, it is expected that the new infrastructure projects will accelerate the growth in the sector. As one of the areas in which the Sabancı Group is seeking growth, we are reviewing our current capacity in the sector. During the last five years we doubled our cement capacity; we aim to double it again in the coming five years. There are still opportunities for growth in the domestic market through acquisitions. Çimsa strengthened its position in Central Anatolia by acquiring Afyon Cement in 2012. Our goal is to be the leader not only domestically, but also regionally. We aim to grow by acquiring an existing facility in the region.

We place great emphasis on sustainability projects in the cement business. This year, a waste heat regeneration facility at Çimsa's Mersin plant was operationalized with an annual electricity generation capacity of 52GWh. The waste heat regeneration facility at Akcansa's Çanakkale plant was awarded an Energy Oscar at ICCI Energy and Environment Exhibition. Our environmental sensitivity is sealed with the awards we received. Çimsa's Kayseri plant was selected as the "Cleanest Industrial Enterprise in Turkey" by the Ministry of the Environment and Urbanization.

2013 Expectations

Conditional upon successful structural reforms in Southern European countries and the establishment of a new institutional structure in the Eurozone, we are in agreement with the expectations that the Eurozone will come out of stagnation at the second half of 2013, with conservative growth. The recovery of the Eurozone, a major export market for Turkey, with no doubt, would affect the Turkish economy positively.

In Turkey, the improvement in budgetary discipline, decrease in interest rates and the strong monetary policy increased economic activity during the last two months of last year. We expect the decreases in the interest rate to increase demand and ease the financing of new investments in 2013. With these developments we are cautiously optimistic for Turkey in 2013. Our economic growth expectation for Turkey, driven by domestic demand, is 4 percent.

Six more hydro power plant projects will be operational in 2013. We will reach 5,300 MW installed capacity in 2016; our goal is 8,000 MW installed capacity by 2020.

Turkey's rise to investment grade is an indication that we have passed an important threshold. Investment grade will support the financing of the current account deficit, decreasing the risk. A second rating upgrade by another credit rating agency would provide a great advantage. Following the inclusion of Turkey in the developing countries bond index, there will be more investments in Turkish bonds.

Although our growth expectation for 2013 is 4 percent, we believe the two fundamental macroeconomic goals for the Turkish economy in the medium and long-term should be "growth about 6 percent" and "lower current account deficit to less than 6 percent."

2013 Targets for Sabancı Group

In 2013, we will continue to deliver sustainable value for all of our stakeholders by focusing on competitiveness and efficiency in our current operations. Our goal is to continue to provide returns in excess of indexes to our shareholders.

Sabancı Group invested US$ 1.6 billion in 2012. In 2013, we plan to invest US$ 2.2 billion. Our planned investments amount to 6 percent of Turkey's expected GDP growth in 2013. Approximately 75 percent of our investments will be in the energy sector. In 2013, our number of employees will increase by 1 thousand, exceeding 58 thousand.

This year, we believe that our new partner E.ON, will contribute significantly to developing our Energy business. We aim to get 2,375MW out of our 5,000 MW licenses operational in 2013. Half of Enerjisa's generation portfolio consists of renewable resources. The portfolio is well balanced among natural gas, hydroelectricity, wind and coal based generation. Six more hydro power plant projects will be operational in 2013. We will reach 5,300 MW installed capacity in 2016; our goal is 8,000 MW installed capacity by 2020.

Infrastructure projects will gain momentum in Turkey in 2013. Sabancı Holding has the financial strength and the appetite for further investments and acquisitions. We believe that privatizations will provide opportunities to add a new business line to our Group. We are diligently evaluating arising opportunities with value creation discipline.

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

Sincerely,

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

BOARD OF DIRECTORS
(ELECTED FOR THE PERIOD OF MAY 2012–MAY 2015)

Güler Sabancı
Chairman and Managing Director

Erol Sabancı
Vice Chairman

Sevil Sabancı Sabancı
Board Member

Serra Sabancı
Board Member

Zafer Kurtul
Board Member and CEO

Mevlüt Aydemir
Board Member

A. Zafer İncecik
Board Member

Işın Çelebi
Board Member

Zekeriya Yıldırım
Board Member

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 Tyre and Tyre Reinforcement Materials Group. She currently serves as the Chairman and Managing Director of Sabancı Holding and 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 Sabancı Holding, he is also the Honorary Chairman and Consultant to the Board and a Board member of Akbank where he has been serving 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 different managerial positions within the Group and served as a member of the Board from 1997 to 2001. Sabancı, in addition to her Sabancı Holding Board membership, is a member of the Board of Trustees of Sabancı University and the Board of Sakıp Sabancı Museum. She is a member of TÜSİAD.

Serra Sabancı
Board Member
Serra Sabancı was born in 1975 in Adana and graduated from the University of Portsmouth. She also graduated from the Department of Economics, Istanbul Bilgi University 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.

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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)
Zafer Kurtul Board Member and CEO (5)
Mevlüt Aydemir Board Member (6)
A.Zafer İncecik Board Member (7)
Işın Çelebi Board Member (8)
Zekeriya Yıldırım Board Member (9)

SABANCI HOLDING MANAGEMENT

AUDIT COMMITTEE

A. Zafer İncecik
Işın Çelebi

CORPORATE MANAGEMENT COMMITTEE

A. Zafer İncecik
Sevil Sabancı Sabancı
Serra Sabancı
Mevlüt Aydemir

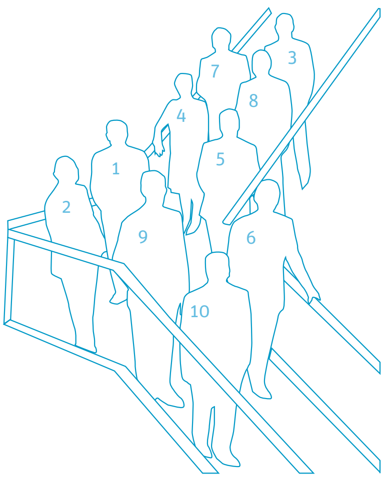
CEO, STRATEGIC BUSINESS UNIT PRESIDENTS

Zafer Kurtul Board Member and CEO (1)
Faruk Bilen Chief Financial Officer (2)
Ata Köseoğlu Strategy & Business Development (3)
Neriman Ülsever Human Resources (4)
Hayri Çulhacı Bank (5)
Haluk Dinçer Retail and Insurance (6)
Mehmet Göçmen Cement (7)
Selahattin Hakman Energy (8)
Mehmet N. Pekarun Industry (9)

CORPORATE MANAGEMENT

Nedim Bozfakıoğlu Secretary General (10)
Barış Oran Head of Finance
Bülent Bozdoğan Head of Internal Audit
Kürşat Özkan Head of Performance Team, Energy
Levent Demirağ Head of Tax, Accounting and Legal

Ahmet Güzeltuna Chief Advisor, Labor Relations
Ateş Eremekdar Director, Sabancı Center Management
Barbaros İneci Chief Economist
Burcu Tokmak Business Director, CEO Office
Elif Şen Kanburoğlu Chief Legal Counsel
Fezal Okur Director, Strategy and Business Development
Gökhan Eyigün Director, Strategy and Business Development
Güngör Kaymak Chief Information Officer
Kadri Özgüneş Director, Cement
Korhan Bilek Director, Retail and Insurance
Reha Demiröz Director, Accounting
Revna Besler Director, Human Resources
Suat Özyaprak Chief Communication Officer
Şerafettin Karakış Director, Tax Management
Tülin Şağul Director, Planning, Reporting and Finance
Volkan Kara Director, Strategy and Business Development



Zafer Kurtul
Board Member and CEO
Zafer Kurtul joined Akbank in 1998 as Executive Vice President and served as CEO between November 2000 and June 2009. In June 2009, Mr. Kurtul was appointed Vice Chairman. Previously, he served in executive positions at Citibank, BNP-Ak-Dresdner Bank and Societe Generale. Mr. Kurtul has an undergraduate degree from Istanbul University Faculty of Business Administration and an MBA in Finance from the University of Wisconsin-Madison. Accredited as a Chartered Financial Analyst (CFA), Zafer Kurtul is also a member of the Institute International D'etudes Bancaires. Mr. Kurtul was appointed CEO of Sabancı Group as of 19th July 2010.

Mevlüt Aydemir
Board Member
Born in Erzincan in the year 1948, Mevlüt Aydemir graduated from the Faculty of Economics of the Istanbul University. Married and father of two children, he served as a public accountant with the Ministry of Finance during the years 1972-1981, has carried out various functions at Sabancı Holding since 1981, and assumed the office of Member of the Board of Directors at the companies of the Group. He has been a Director of Sabancı Holding since May 2010.

A. Zafer İncecik
Board Member
Zafer Incecik was born in Izmir in the year 1942. Having completed his primary and secondary education in Istanbul, Dr. Incecik is an alumnus of St. George's Austrian High School. He started his college education in Vienna and completed the same at the Faculty of Electrical Engineering of Istanbul Technical University. He received his doctorate degree from the Vienna University of Technology in the field of semiconductor physics. Dr. Incecik has patents and articles, published during the periods he was in Austria and Germany, and was awarded Grand Medals of Honor by the Austrian and German states. Dr. Incecik is married with two children and two grandchildren.

Işın Çelebi
Board Member
Dr. Işın Çelebi has a metallurgical engineering degree from Middle East Technical University, a postgraduate degree in the same field from İTÜ and a master's degree in Economics from AÜSBF. After working at the State Planning Organization (DPT) and various companies, he was elected as a member of the Turkish Parliament and appointed as a minister. He currently works as a consultant for various major companies. Dr. Çelebi has been a Director of Sabancı Holding since May 2012.

Zekeriya Yıldırım
Board Member
Mr. Yıldırım was born in 1944. He has a bachelor's degree in İstanbul University Economics and a master's degree from Vanderbilt University (Nashville, Tennessee). He is the chairman of Yıldırım Consulting. Previously, he worked for the Turkish Central Bank and the Ministry of Finance and acted as a director at Doğan Holding between 2008 and 2010. Mr. Yıldırım is a member of the TÜSİAD High Advisory Council's Board of Governors.

VISION, MISSION STATEMENT AND MANAGEMENT APPROACH

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

CONSISTENT GROWTH IN NET ASSET VALUE

INVESTOR RELATIONS AND DIVIDEND POLICY

Investor Relations

Sabancı Holding management has open and frequent communications with its shareholders. The main objectives of Investor Relation activities are to increase Sabancı Holding's value for its current shareholders and attract new potential investors. Therefore, Holding management adopted in principle to share their strategic plans and results in a timely and transparent manner. This is a fundamental principle embodied in Sabancı Holding's corporate structure with three 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 2012, 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 a total of 383 face to face meetings at our headquarters in Istanbul, as well as in major international financial centers, such as London, New York, Boston, San Francisco, Zurich, Geneva, Frankfurt, Tokyo, Hong Kong, Stockholm, Paris, Vienna, Dubai and Abu Dhabi. Consequently, we have achieved an increase in coverage at local and international levels.

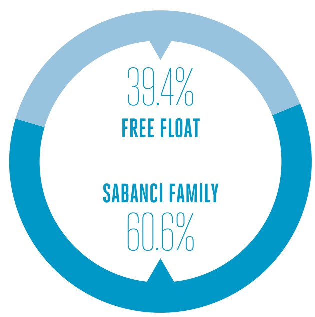
The Investor Relations Department will continue to share the strategic agenda with the investor community and targets to maintain its relations with existing and potential shareholders.

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

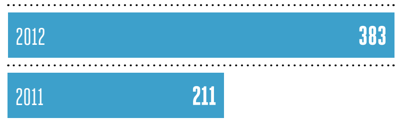
Dividend Policy

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.

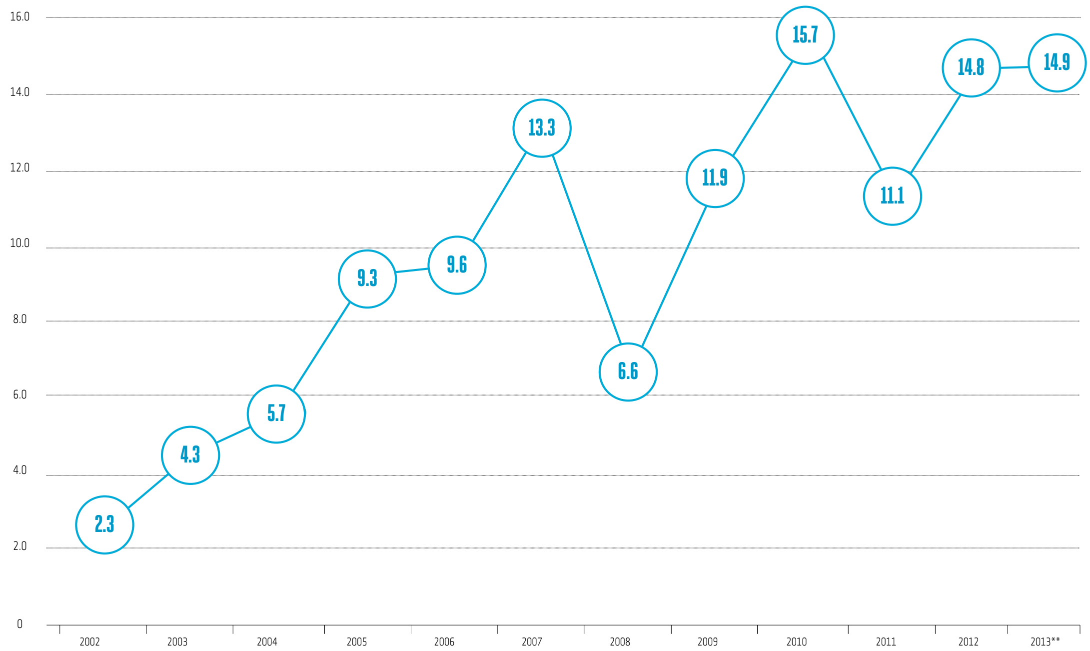
Shareholder Structure



NUMBER OF MEETINGS WITH INVESTORS AND ANALYSTS



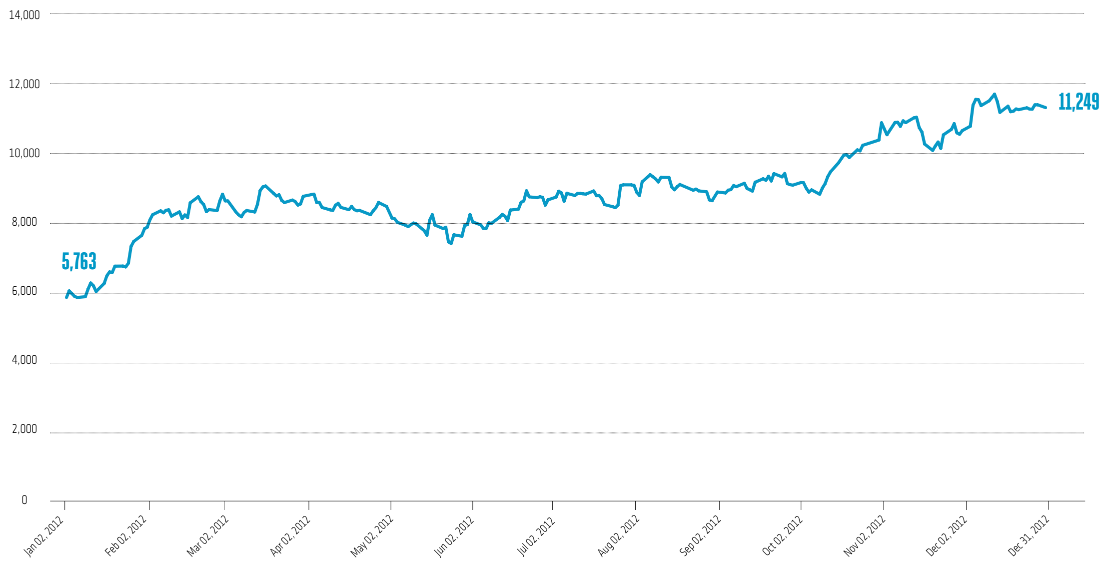
Net Asset Value of Sabancı Holding (US$ billion)* (2002-2013)



*The listed companies are valued based on their market capitalizations and non-listed companies' values are compiled from Sabancı Holding analyst reports published at the corresponding dates.

**As of February 28, 2013

Sabancı Holding Market Capitalization (US$ million) (January 2, 2012-December 31, 2012)



EFFECTIVE AND PRO-ACTIVE RISK MANAGEMENT PROCESS

RISK MANAGEMENT

With the knowledge that each risk carries new opportunities, we believe that "sustainable development" can only be achieved by identifying, defining, measuring and managing risk effectively. Creating value for our stakeholders, 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 established 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 as well as opportunities; therefore, it implements Enterprise Risk Management at all Group companies to manage risk in the most effective manner. A strong risk management culture has been adopted and has been integrated by risk professionals throughout Group companies. The risks at Group companies are followed through Key Risk Indicators identified by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported; risks pointed out by Key Risk Indicators are managed by Group companies with the coordination of Sabancı Holding.

Sabancı Group continued to create shareholder value in 2012 with its emphasis on risk management and has shown a sustainable growth performance. With a strong capital structure and effective risk management approach, Sabancı Group will continue to manage risks in all of its business lines.

Risk Management in Financial Companies

Sabancı Group financial institutions monitored developments in domestic and international markets carefully and managed risk through a robust risk management approach and systems. Akbank, the largest financial institution within the Group, maintained risk, measurement and growth balances at optimal levels with the help of conservative risk management, accurate forecasts, and timely strategic decisions. Akbank continued to achieve stable growth by effectively managing the impacts of the global crisis. 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.

RISK-FOCUSED MANAGEMENT APPROACH IN STRATEGIC DECISION MAKING

Effective risk management constitutes one of the most important competitive strengths of Akbank. General principles of the risk management strategies include:

- Effectively managing risks within the Bank's risk profile based on importance criteria; setting-up a centralized risk framework covering all major risk areas.
- Managing risk with a forward-looking approach, determining and analyzing risk from the beginning with the help of steering risk strategies, policies, models and parameters.
- Applying a risk-focused management approach in the strategic decision making process; achieving risk-return-capital optimization.
- Complying with all regulatory requirements regarding risk management, where the Bank operates.
- Following international developments and best practices closely; playing a leading role in risk management practices within the Turkish Banking Sector.

A HUMAN RESOURCES APPROACH THAT SUPPORTS STRATEGIC GOALS AND PERFORMANCE

HUMAN RESOURCES

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

To realize this goal, Sabancı Group Human Resources:

- maintains a high level of selectivity in recruitment and promotion,
- directs employees to motivating goals,
- sets high performance standards for employees,
- holds management and the employees accountable for the results of their work,
- creates opportunities for employees to realize their potential and use their skills,
- rewards outstanding performance.

Sabancı Group aims to be an employer for individuals who are:

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

Human Resources Policies 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

The goals of Human Resources Management 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

The main responsibilities of Human Resources Management 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.

SAFE, DYNAMIC AND ETHICAL WORK ENVIRONMENT

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 industry and market boundaries. In 2012, six Sabancı Group Companies have participated in 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 177 executives have attended this program.

Thirty Mentors and thirty one Mentees have attended the mentorship program which has been continuing for the last five years.

Building Organizational Capability

The priorities of Human Resources Management are 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

Human Resources Management strives 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

The objectives of Human Resources Management are to:

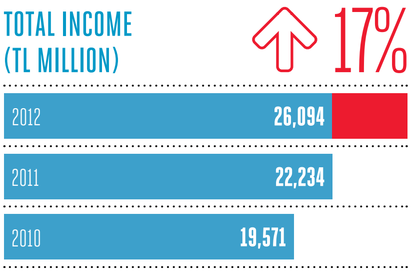
- Promote the development and expansion of an open, participatory and transparent culture that values diversity and creativity.
- Proactively seek and consider employee feedback and expectations while continuously developing approaches that strengthen commitment, motivation and retention.
- Create a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

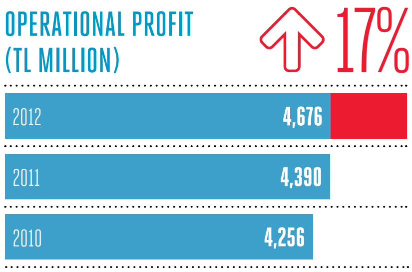
With Sabancı Golden Collar Awards, the priority is to communicate the critical issues for the Group to employees and to reward the best suggestions.

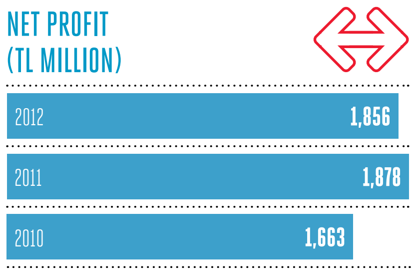
For the awards which were held in 2012, 23, 21 and 17 applications have been made to the Innovation, Productivity and Synergy categories, respectively.

2012 RESULTS

CONSOLIDATED RESULTS







2012 HIGHLIGHTS

Bank

- Akbank was named once again the "Most Valuable Banking Brand in Turkey – 2013," by Brand Finance with an assessed brand value of US$ 2.1 billion in the "Brand Finance Banking 500" report.
- Akbank was selected as "Turkey's Best Bank" in 2012 by Global Finance, EMEA Finance and, Global Banking and Finance Review magazines.
- Akbank received the "Best Use of CRM in Marketing" award from Retail Banker International and "the Best Information Security Intitiatives in Europe" award from Global Finance in 2012.

Insurance

- Aksigorta achieved a 36% increase in volume in the bankassurance channel.
- Aksigorta's net profit increase was 52%.
- Avivasa increased its fund size by 37% in 2012.

Energy

- Following Verbund's agreement with E.ON to transfer its shares in Enerjisa, Sabancı Holding signed a partnership agreement with E.ON and determined the strategic targets for Enerjisa as having a 10% generation market share with 8,000 MW of installed capacity by 2020 and 6 million distribution customers.
- With the commissioning of the Dağpazarı and Bares wind power plants, the operational installed capacity of Enerjisa rose to 1,804 MW and the share of renewable energy resources in operational installed capacity of Enerjisa reached 28%.
- Financing packages for the Tufanbeyli lignite power plant and the Bares wind power plant, € 750 million and € 135 million respectively, were signed in 2012. Total installed capacity of financed projects, including operational plants, climbed to 4,400 MW.
- The total generation portfolio of Enerjisa reached nearly 5,300 MW, with 1,804 MW in operation, 2,419 MW under construction or in engineering studies, and 1,000 MW with licenses approved.

IN 2012, SABANCI HOLDING MAINTAINED ITS PROFITABLE GROWTH.

Cement

- Çimsa acquired 51% of Afyon Cement from Italcementi for TL 57.5 million (US$ 65/ton of clinker).
- Çimsa proceeded with its sustainability efforts and completed its critical investments in this area. With the completion of the waste heat recovery plant in the Mersin Plant, a 20% savings in power consumption is expected.
- The Waste Feeding and Waste Energy Recovery Facility, which commenced operations in 2011 at the Çimsa Eskişehir Plant, has increased waste fuel usage to 30%.
- Akçansa issued its second Sustainability Report.
- Çimsa issued a GRI Sustainability Report.
- Akçansa was selected as the most admired company in its sector in Capital magazine's "2012 Most Admired Companies" survey. Akçansa has maintained this title for 11 years.
- Çimsa became the first cement company in Turkey to receive "Environmentally Friendly Product" Certification.

Retail

- Teknosa shares were listed on the ISE in May 2012.
- Teknosa sales totaled TL 2.3 billion with 283 stores and sales area exceeding 140 thousand m^2.
- Teknosa maintained its leading position with a 14.5% share in the overall consumer electronics market and a 42% share in technology superstores.
- Sabancı Holding maintained its market position in organized food retail with Diasa and Carrefoursa and continued to be the third largest group.

Industrials

- Brisa was awarded "The Most Competitive Company" prize by the Sectoral Associations Federation.
- Brisa maintained its market leadership position with Brisa, Lassa and Bridgestone brands.
- Continuing its innovative solutions in its sector, Brisa launched the "Tyre Hotel."
- Kordsa Global completed an expansion in its plant in Indonesia and is continuing its capacity expansion investments in its Indonesia and Izmit plants.
- Kordsa Global maintained its leadership in the industrial nylon 6.6 market with a 34% market share.
- Sabancı Holding reached an agreement to sell its 43.73% share in Olmuksa with its partner, International Paper.

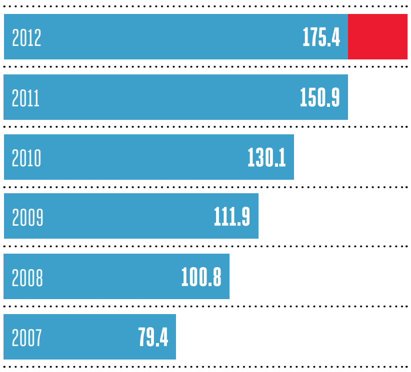
KEY INVESTMENT MESSAGES

MAJOR COMPETITIVE ADVANTAGES

Sabancı Group Companies are the leaders in their fields. In 2012, Sabancı Group's total assets were TL 175.4 billion and net profit was TL 1,856 million.

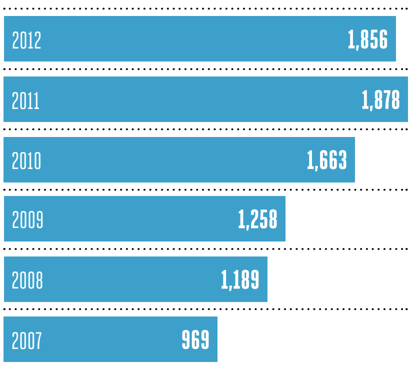
TOTAL ASSETS (TL BILLION)

16%



Sabancı Holding's assets have grown at a compounded average annual rate of 17% over the past five years.

CONSOLIDATED NET PROFIT (TL MILLION)



Sabancı Holding's consolidated net profit has increased at a compounded average annual growth rate of 14% over the last five years.

PORTFOLIO ALLOCATION TO SECTORS WITH HIGH GROWTH POTENTIAL

Banking

Increase in sector total assets in 2012

12.6%

Increase in sector total loans in 2012

16.2%

Insurance

Increase in non-life premiums underwritten in 2012

18%

Increase in pension assets under management in 2012

42%

Energy

Increase in the electricity demand in 2012 (kWh)

5%

Cement

Increase in domestic cement demand in 2012 (tons)

3%

Retail

Increase in organized retail revenues in 2012

9%

Industry

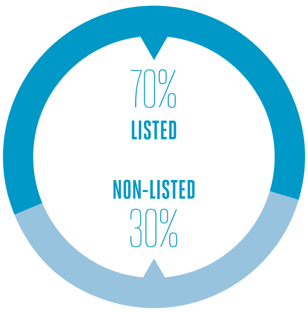
Increase in Turkey's exports in 2012

13%

STEPS FOR A WELL BALANCED AND TRANSPARENT PORTFOLIO

Ten Sabancı Group Companies are listed on the ISE. The share of listed companies in the Group's total net asset value is 70%. Sabancı Holding is planning new IPOs to increase this ratio.

NET ASSET VALUE



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

PLANNED IPOS

Avivasa

Enerjisa

PERCENTAGE OF FREE FLOAT

Banking	Akbank	41.1%
Insurance	Aksigorta	28%
Cement	Akçansa	20.6%
	Çimsa	32%
Retail	Teknosa	10%
	Carrefoursa	3%
Industry	Kordsa Global	8.9%
	Brisa	10.3%
	Sasa	49%
	Yünsa	30.6%

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. In 2012, investor relations activities included 383 meetings, approximately 500 phone calls and more than 100 email responses to investors.

3

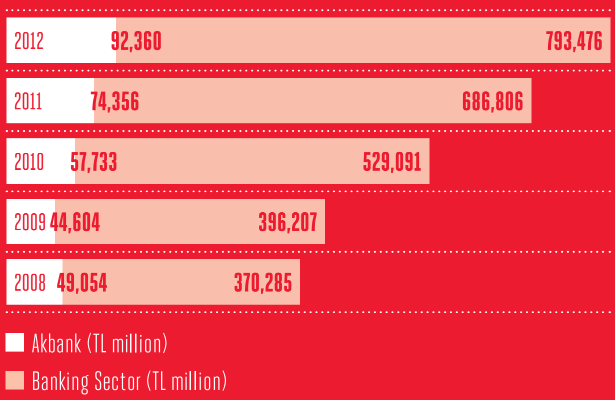
Within the framework of Corporate Governance Principles, the Board of Directors of Sabancı Holding has three independent members.

BANK OF RISING TURKEY

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

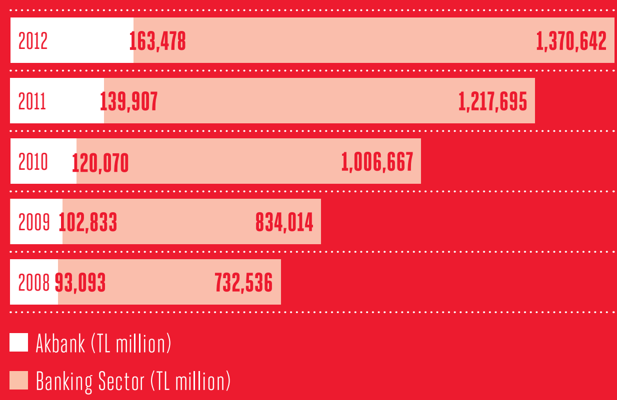
BANKING SECTOR AND AKBANK'S LOAN DEVELOPMENT

The Turkish banking sector's loans grew 16.2% in 2012 compared to the previous year, reaching TL 793 billion.



BANKING SECTOR AND AKBANK'S ASSET DEVELOPMENT

The Turkish banking sector's asset size grew by 12.6% in 2012 compared to the previous year, expanding to TL 1,371 billion.



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 the 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$ 12.1 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 17.9%.

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 2.8%, this ratio stands at 1.2% for Akbank. Furthermore, Akbank is currently setting aside 200% provisioning against non-performing loans when general loan loss provisions are taken into consideration.

HIGH GROWTH POTENTIAL

A high level of liquidity and low leverage ratio (7.3x) are Akbank's primary strengths that also support its sustainable profitable growth.

INTERNATIONAL REPUTATION

Thanks to the 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 2012. Breaking even more new ground with its syndication, securitization and overseas bond market transactions in 2012, Akbank continued to pave the way for the sector in foreign borrowing.

SABANCI OF HASAN YILMAZ IS BUILDING ON ITS STRENGTHS

AKBANK FOCUSES ON PROVIDING TOP QUALITY SERVICES TO A WIDE RANGE OF CONSUMER AND CORPORATE CUSTOMERS.

AKBANK

In 2012, 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, corporate, commercial and SME, 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 961 branches and a workforce of over 16,300 employees, Akbank operates from its Istanbul Head Office and 23 regional directorates throughout Turkey. In addition to branches, the Bank's traditional delivery channel, Akbank also offers banking services to customers through its consumer and corporate Internet branches as well as its Telephone Banking Center, 4,026 ATMs and more than 300,000 POS terminals, along with other high-technology distribution channels.

In 2010, the Akbank Banking Center commenced services 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) and Dubai (Akbank Dubai Limited), as well as a branch in Malta.

Following its strategic partnership by acquiring 20% of Akbank's shares in January 2007, Citigroup reduced its ownership to 9.9% in May 2012. The reduction was attributable to its capital planning preparations for the application of Basel III requirements.

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 crises 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.

As a pioneer in the field of digital banking in Turkey, Akbank has carried itself a step forward through the development of Akbank Direct. With this new project it is possible to become a member of the Akbank family without going to a branch and later taking advantage of the internet and mobile banking capabilities. Through its new products and services and with the aim being accessible to its customers, two-thirds of Akbank's customers complete their transactions by using alternative distribution channels.

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 2012, Akbank reported consolidated net profit of TL 3,005 million (approximately US$ 1,690 million) and total consolidated assets of approximately TL 163.5 billion (approximately US$ 92 billion). The consolidated capital adequacy ratio of Akbank, standing at 17.9%, is among the highest in the sector.

AKBANK WAS NAMED THE "MOST VALUABLE BANKING BRAND IN TURKEY - 2013" BY BRAND FINANCE.

AKBANK

Continuing operations guided by the responsibility to create value for the Turkish economy, Akbank's total loans grew 24.2% and reached TL 92.4 billion in 2012. As a result of effective risk management policies implemented by Akbank, the Bank's non-performing loan ratio of 1.2% remained below the sector average.

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

Akbank was named the "Most Valuable Banking Brand in Turkey - 2013" by Brand Finance with an assessed brand value of US$ 2.1 billion in the Brand Finance Banking 500 report.

In 2012, Akbank was named Turkey's Best Bank by Global Finance, EMEA Finance and Global Banking and Finance Review magazines.

With successful operations and long term strategic management, Turkey's innovative power Akbank, received the Best Use of CRM in Marketing award from Retail Banker International and the Best Information Security Initiatives in Europe award from Global Finance.

Established as a 100% 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), ISE Futures and Options Market, 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 100% owned subsidiary of Akbank. Ak Asset Management provides investment management services for 65 portfolios along with asset management services to large individual and corporate investors in accordance with their own investment expectations and risk profiles. In 2012, Ak Asset Management strengthened its position as a pioneer in the investment management sector through innovative investment products introduced to customers and was recognized as the Best Investment Management Company in Turkey by World Finance, two years in a row. Ak Asset Management completed 2012 as the market leader in both pension funds under management and discretionary portfolio management; it also maintained its number two position in the overall asset management sector.

Founded in 1988 as a 100% 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 41.1% 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$ 19.8 billion on December 31, 2012.

SABANCI OF YONCA KUBILAY CONTINUES TO PUT A SMILE ON THE FACES OF ITS CUSTOMERS

Yonca Kubilay, Akbank Akmerkez Branch – Private Banking Customer Relations Manager

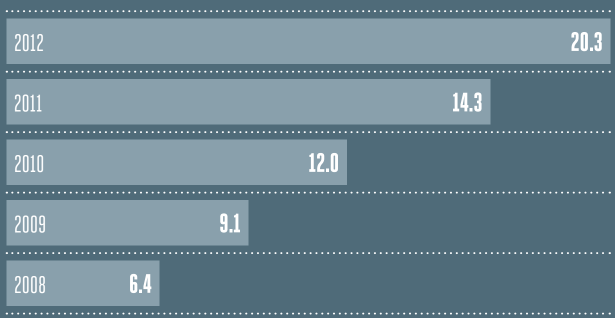
INSURANCE OF RISING TURKEY

Total underwritten insurance premiums as a percentage of GDP is 7.6% in EU countries, while it is 1.3% in Turkey.

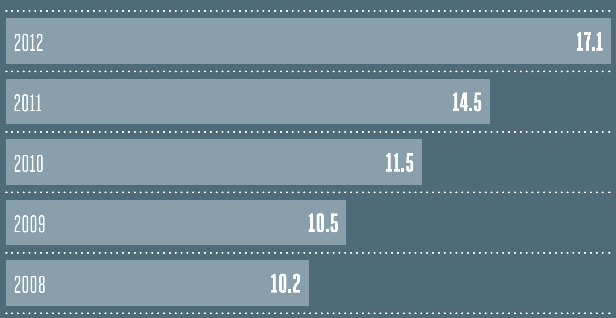
According to Insurance Europe, annual insurance premium per capita in Europe is € 1,816, while it is approximately € 100 in Turkey.

Over the last four years, average annual growth has been 15% in the life segment, 14% in the nonlife segment and 33% in the pension segment.

PENSION FUND SIZE IN TURKEY (TL BILLION)



NON-LIFE PREMIUMS WRITTEN IN TURKEY (TL BILLION)



The Sabancı Group Insurance Companies Network in Turkey includes 961 Akbank branches, more than 1,800 Aksigorta agencies, and more than 900 Avivasa financial consultants and brand insurance managers.

MARKET LEADERSHIP

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

HIGH BRAND AWARENESS

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

AvivaSA received the “Best Financial Campaign” award during the European Excellence Awards, the most prestigious award program in the field of communications in Europe. The award was based on the “Saving Gap in Retirement” research report dealing with the savings issue in Turkey.

MULTIPLE AND STRONG SALES CHANNELS

With Aksigorta’s more than 1,800 agents and 61 brokers; AvivaSA’s more than 900 financial consultants and branch insurance managers; extensive corporate sales, agencies, and telesales channels, insurance companies are consistently improving their service levels.

AKBANK, A STRONG STRATEGIC PARTNER

Of all insurance premiums written in 2012, a total of 23% were written through the bankassurance channel. Aksigorta and AvivaSA have exclusivity arrangements with Akbank that provides a sharp competitive edge.

KNOW-HOW TRANSFER FROM EUROPEAN PARTNERS

European partners, Aviva and Ageas, support Aksigorta and AvivaSA in bankassurance, multi-channel management, actuarial and claims management. Additionally, partner support in the reinsurance market also provides competitive advantages.

SABANCI OF NURDAN VURAL CONTINUES TO GIVE ASSURANCE TO TURKEY

Nurdan Vural, Aksigorta Claims Manager

WITH ITS MORE THAN 10,000 STAKEHOLDERS, LEADING INSURANCE COMPANY, AKSIGORTA, HAS ONE OF THE STRONGEST NETWORKS IN TURKEY.

SHAREHOLDERS' EQUITY (TL MILLION)
424

PREMIUMS GENERATED (TL BILLION)
1.3

SERVICES NETWORK
961
AKBANK BRANCHES
1,800
AGENTS

WORKFORCE
697

Established on April 28, 1960, Aksigorta A.Ş. serves customers across Turkey with 961 Akbank branches, 697 employees, more than 1,800 agents, 61 brokers and over 3,600 contracted institutions. Aksigorta has more than 10,000 stakeholders and the highest brand awareness in Turkey, according to independent public surveys.

Determined to lead the sector with a contemporary and dynamic brand identity, Aksigorta creates innovative, customer-oriented products and services. It ranks as one of Turkey's leading non-life insurance companies with more than TL 1.3 billion in premiums, a profitable structure and financial strength with approximately TL 424 million in shareholder equity. Based in Istanbul, Aksigorta provides, to individual and corporate customers across Turkey, a vast variety of products from health to travel, motor to compulsory earthquake insurance, business packages to liability insurance. It operates from 10 regional offices, of which four are located in Istanbul and with 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. This partnership focuses on the development of the sector and broadening public awareness about insurance as well as serving society and becoming the leader insurance company.

With global bankassurance experience, Ageas will contribute to Aksigorta's unique power coming from its stakeholder, Akbank, whose impact in the sector is gaining significance. In 2012, the Company coordinated its field personnel and IT structure with innovative bankassurance sector solutions and increased the production of the banking channel by 36%.

Aksigorta Service Center provides uninterrupted services, starting from the initial offering through its focus on every detail of the claims management process. In addition, Aksigorta strives to simplify this 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 beginning as soon as it receives claim notification via contracted auto repair and health services associations.

Based on ISO 9001 Standards, Aksigorta established a Quality Control System; it received certification in 1998. Within the non-life branch, Aksigorta was the first insurance company to earn ISO 10002:2004 Quality Management Customer Satisfactions-Complaint Handling System certification. Aksigorta has extended the certifications' validity until 2013.

Parallel to 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 the Şişli City Hall Science Center with all usage rights. 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 Living, Turkey." Aksigorta and AKUT teams have visited 30 provinces and 150 districts on the Disaster Training convoy; 3 million individuals have received training about natural disasters and insurance awareness.

Aksigorta, with investments in IT infrastructure and human resources, differentiated itself with profitable results in the market in 2012 with its focus on profitable channels and products. Utilizing these strategies, Aksigorta plans to maintain its sustainable profitability in 2013.

Determined to lead the sector with a contemporary and dynamic brand identity, Aksigorta creates innovative, customer-oriented products and services. It ranks as one of Turkey's leading non-life insurance companies with more than TL 1.3 billion in premiums, a profitable structure and financial strength with approximately TL 424 million in shareholder equity.

MULTIPLE DISTRIBUTION CHANNELS HAVE INSTILLED CONFIDENCE FOR 1.7 MILLION CLIENTS.

The Avivasa joint venture came into being when Ak Pension, a Sabancı Holding subsidiary and Aviva Life and Pension, part of the UK insurance giant Aviva operating in Turkey, combined forces in 2007. It has since joined the ranks of Turkey's leading private pension and life insurance companies as Avivasa Pension and Life.

Operating through the distribution channels of direct sales, bank sales, corporate projects, agencies and telesales, Avivasa serves a customer base that has reached 1.7 million in the private pension and life insurance sectors. Avivasa employs 1,460 personnel and has a sales staff with more than 900 financial advisors and branch insurance managers.

With regard to the bank sales channel that has recently assumed greater importance in the private pension sector, Avivasa has been strengthening its position daily thanks to its strategic union and integration with Akbank, another Group company. Avivasa's private pension and life insurance products are also available in the branches of global players Citibank and Burgan Bank.

In the direct sales channel where significant investments were made for human resources in 2012, Avivasa serves customers of varying socio-economic levels via its financial advisors outside of the Bank. The agency channel is intended to expand existing operations while the corporate projects channel brings private pension and life insurance products to Turkey's prominent organizations in addition to playing a leading role in the transfer of the funds held by foundations and trusts to the private pension system. Finally, the telesales channel reaches out to different customer segments by offering more affordable products.

According to data for December 2012 published by the Pension Monitoring Center, Avivasa commands funds totaling TL 4 billion and a market share of 20%. These funds are managed by Ak Portfolio of the Sabancı Group, one of the leading companies in the portfolio management sector.

Numerous customer-centric changes, chief among them state contribution, introduced by the new private pension system law that went into effect on January 1, 2013 are expected to accelerate the growth of the sector. By 2023, the 100th anniversary of the Republic of Turkey, the total magnitude of funds accumulating in the private pension system is forecasted to reach 8% of Turkey's GDP, climbing to TL 300 billion, boosted by transfers from foundations and trusts. Avivasa looks to remain a major player in this scenario with a fund magnitude of TL 60 billion.

According to December 2012 data published by the Insurance Association of Turkey, Avivasa also generates more than TL 198 million overall in life premiums, which translates to a market share of 7%.

Keeping a close watch on new opportunities in the sector, Avivasa focuses on developing its distribution channels while investing in technical infrastructure improvements and customer development. With its well known and highly recognizable brand name, organizational structure and influence in the market, Avivasa Pension and Life is positioned to seize all opportunities that present themselves.

ENERGY OF RISING TURKEY

Electricity demand in Turkey has one of the highest growth rates in the world in parallel with the rapid growth of the Turkish economy, industrialization and urbanization. Electricity demand has increased with an annual average rate of 6% over the past 10 years, and is forecast to double in the next decade.

Enerjisa moves forward to become the leading player in the Turkish electricity market by pursuing the opportunities offered by the competitive market established in order to meet the growing demand that requires US$ 8-10 billion of investment each year, in the most effective manner.

Enerjisa, engaged in all segments of the electricity value chain, aims to reach a 10% supply market share in the growing and developing Turkish electricity sector by 2015 with its efficiency and sustainability oriented generation and distribution projects, commercial activities focused on value creation, customer and innovation oriented marketing and sales strategies, and competitive business model.

ENERJISA IS MOVING TOWARD ITS GOAL OF BECOMING THE LEADING PLAYER

Having started its operations as an auto producer company in 1996, Enerjisa increased its total installed capacity to 1,804 MW in 2012. With its projects under construction and those with on-going engineering studies, Enerjisa targets to have an installed capacity of 5,300 MW in 2016 and to become the leading player in the Turkish electricity sector.

ENERJISA INSTALLED CAPACITY DEVELOPMENT (MW)

2016 (TARGET)	5,300
2012	1,804
2011	1,653
2010	1,392
2009	455

ELECTRICITY DEMAND IS GROWING IN LINE WITH ECONOMIC GROWTH

There is a direct correlation between electricity demand and economic development. The current per capita electricity consumption of Turkey corresponds to one-third of the OECD average, thus reflecting a strong potential to reach the consumption level of developed countries in the upcoming period.

PER CAPITA ELECTRICITY CONSUMPTION (KWH)

Brazil	2,384
Turkey	2,474
World	2,892
China	2,942
Greece	5,245
Spain	6,155
Germany	7,217
OECD	8,315
USA	13,361

*Source: International Energy Agency "Key World Energy Statistics 2012" (Net consumption)

ENERJİSA IS MOVING TOWARD ITS GOAL OF BECOMING THE LEADING PLAYER

INTEGRATED BUSINESS MODEL

Enerjisa operates in the generation, wholesale, retail and distribution segments of the growing Turkish electricity sector. Ranked among the leading private generation companies in Turkey, with installed capacity of 1,804 MW by the end of 2012, Enerjisa renders services to 3.6 million subscribers in seven provinces of the Başkent Electricity Distribution Region that it acquired in 2009, and inhabited by nearly 7 million residents. By 2012, Enerjisa reached a market share of nearly 4% in generation and nearly 10% in the electricity supply segments of the Turkish electricity sector.

DIVERSIFIED AND EFFICIENT GENERATION PORTFOLIO

Enerjisa targets an installed capacity of 5,300 MW in 2016 with its hydro, wind, domestic coal and natural gas based portfolio. Commissioned by Enerjisa in 2010, the Bandırma Natural Gas Combined Cycle Power Plant is the most efficient thermal power plant in Turkey with its efficiency value of 59.3%. Renewable energy projects account for 45% of Enerjisa's generation portfolio in line with the strategy to focus on domestic energy resources that are of high importance to improve the energy supply security of Turkey and decrease the current account deficit. Enerjisa contributes significantly to the sustainable growth of the Turkish electricity sector by implementing highly efficient and environmentally friendly technologies in its generation investments.

HIGHLY SKILLED WORKFORCE

Enerjisa strengthens its position of being the leading and pioneering participant in the Turkish electricity market by recruiting and retaining highly skilled employees and ensuring their continuous development.

PIONEERING PRACTICES IN ELECTRICITY DISTRIBUTION AND SALES

Enerjisa commissioned the first SCADA automation infrastructure, in the Turkish electricity distribution sector, in the Başkent Electricity Distribution region. The modules of the SAP ISU software application, oriented toward distribution operations, were put into service. There are also on-going studies relating to various advanced automation projects such as Geographic Information Systems. Başkent Electricity Distribution Company (Başkent Elektrik Dağıtım A.Ş.) has become the leading distribution company in the sector, continuing its innovation, rehabilitation and expansion investments for increasing the quality of electricity supply and ensuring the sustainable improvement in theft and loss ratios and making a network capital expenditure of nearly TL 300 million every year.

INNOVATION AND DIVERSIFICATION IN THE ELECTRICITY SUPPLY

Enerjisa supplies nearly 10% of end-user consumption through its wholesale and retail licenses. Enerjisa is always there in the everyday lives of its customers as the specialized, reliable, innovation oriented, and environment friendly leader of its sector focusing on customer satisfaction and making investments to utilize domestic resources. Enerjisa's sales and marketing team has already brought various innovations to the electricity sector of Turkey. Some examples of such innovative solutions include, commissioning of alternative sales and service channels comprising of the call center; mobile tools, ATM and Internet solution oriented packages comprising different tariffs developed and customized according to the requirements of the customers and supplementary products developed with its business partners such as banks; commissioning of the most advanced technology infrastructure comprised of SAP ISU and CRM software applications; ensuring the development of its employees with the Retail Academy developed jointly with Sabancı University; energy supplies based on the use of hydro and wind resources. Enerjisa conducts its activities creating value for its customers by listening to their requests and opinions.

FINANCING COMPETENCY

Enerjisa has rapidly continued financing its projects in 2012, with the Tufanbeyli Lignite financing package valued at € 750 million and the Bares Wind financing package valued at € 135 million; thus, it has marked important milestones for putting such plants into operation. With these financing packages, the capacities of Enerjisa's projects, for which financing has been secured, have reached nearly 4,400 MW together with the power plants in operation.


SABANCI OF MELIS
CONTINUES TO CREATE ENERGY

ENERJISA TARGETS TO REACH A 10% MARKET SHARE AND TO BECOME THE LEADER IN THE TURKISH ELECTRICITY MARKET.

The energy sector was selected as one of the key growth areas of Sabancı Holding within the scope of its strategic plans for 2015 and the related business fields of the Group have been identified as the electricity and natural gas sectors. The primary goal is to reach a 10% supply market share as the leading player of the Turkish electricity market by the year 2015.

In order to achieve this goal, a joint venture agreement based on equal share and management principles was signed with Verbund, one of the leading European electricity companies in May 2007. Verbund is the largest electricity producer and one of the most valuable companies in Austria. Sabancı Holding and Verbund jointly conduct all their activities in the electricity sector of Turkey, excluding nuclear energy investments.

Targeting to achieve a total installed capacity of 5,300 MW by 2016, Enerjisa has already secured a portfolio, through its projects in operation, under construction, in engineering studies and those approved for licensing, that will ensure reaching this target.

After Verbund started negotiations to transfer its 50% stake in Enerjisa to E.ON, one of the world's largest privately owned electricity and natural gas companies, by a strategic decision, Sabancı Energy Group signed a partnership agreement with E.ON in December 2012.

Getting ready to become a regional power player, in the coming period, with this partnership Enerjisa aims to generate 10% of the electricity consumed in Turkey by increasing its generation capacity to 8,000 MW and to serve approximately 6 million customers in the distribution sector by the year 2020. Furthermore, with this partnership with E.ON, natural gas import and trading activities will also be added to the business portfolio of Enerjisa as a participant in the Turkish natural gas sector; and thus, an important step has been taken for Enerjisa to become an integrated energy company. E.ON is expected to become an equal partner owning 50% of the shares in Enerjisa in the first quarter of 2013 after receiving the required permits from the Turkish and European public authorities and finalizing the other required processes.

Enerjisa targets leadership with a strategy combining generation, distribution, wholesale and retail activities in Turkish electricity sector. The activities that serve this purpose are carried out by the parent company, Enerjisa Enerji A.Ş., established in 2011 and comprising the operational companies of Enerjisa Power Generation (Enerjisa Enerji Üretim), Enerjisa Electricity Wholesale & Trading (Enerjisa Elektrik Enerjisi Toptan Satış), Enerjisa Electricity Retail (Enerjisa Elektrik Perakende Satış), Enerjisa Natural Gas Wholesale (Enerjisa Doğal Gaz Toptan Satış) and Başkent Electricity Distribution (Başkent Elektrik Dağıtım).

Enerjisa aims to add value for its shareholders, customers, employees, suppliers and society and to become the preferred supplier in all business segments by taking advantage of opportunities in the sector. Strengthening its competitive position in the market and continuously improving processes and systems to maintain its position are among the main objectives of Enerjisa.

Enerjisa had a 4% generation share and nearly 10% supply share in Turkish electricity market; the consolidated sales of Enerjisa companies totaled TL 4.6 billion in 2012.

THE 5,300 MW INSTALLED CAPACITY PORTFOLIO TARGETED FOR 2016 HAS ALREADY BEEN ESTABLISHED.

ENERJISA POWER GENERATION

Enerjisa Power Generation was established in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and capable supplier of energy.

The portfolio of Enerjisa Power Generation, that has rapidly grown since the year 2006, reached a total installed capacity of 1,804 MW by the end of 2012, including five natural gas combined cycle power plants operating in Kocaeli, Adana, Çanakkale, Mersin and Bandırma with a total installed capacity of 1,306 MW; various hydroelectric power plants in operation in Antalya, Mersin, Adana and Kahramanmaraş with a total installed capacity of 316 MW; and wind energy power plants operating in Balıkesir, Çanakkale, and İçel with a total installed capacity of 182 MW.

Aiming to diversify the generation portfolio, and to create a strategic advantage, 13 hydroelectric power plants, with a total installed capacity of 1,939 MW, the Tufanbeyli Thermal Power Plant, with the installed capacity of 450 MW, and wind power units, with an installed capacity of 30 MW, are currently in the design and construction stages. The portfolio of Enerjisa Power Generation reached the total installed capacity of 5,223 MW with the projects that are in operation, under construction, in the stage of engineering studies and the projects with licenses approved. With the projects with an approximate capacity of 100 MW that are followed up, Enerjisa has already created the portfolio for reaching its 5,300 MW target for the year 2016.

Enerjisa Power Generation makes major contributions to Turkish electricity supply security, by ensuring that the electricity generated at its power plants are used by both the leading industrial and commercial companies of Turkey and by end user consumers.

The portfolio of Enerjisa Power Generation has reached the total installed capacity of 5,223 MW with the projects that are in operation, under construction, in the stage of engineering studies and the projects with licenses approved.

ENERJISA TRADING MANAGES ELECTRICITY TRADE ACTIVITIES, BALANCING MARKET OPERATIONS AND GENERATION OPTIMIZATION.

ENERJISA TRADING

Enerjisa Trading assumes the role of Enerjisa Group optimizer. It performs value optimization for optimal management of electricity and gas sales and procurement activities through Enerjisa Natural Gas Wholesale Co. It also manages the operations in the balancing market, power plant generation optimization, import and export of electricity and carbon development activities in addition to electricity trading.

Enerjisa Trading also conducts the research and follow-up process related to long-term energy purchase agreements in order to meet the energy supply of Enerjisa Group companies and offers market risk management consultancy services.

Enerjisa Natural Gas Wholesale Company was incorporated in 2004 in order to secure the supply of natural gas for Enerjisa power plants in a long-term, reliable and cost-effective manner; develop fuel procurement strategies in the medium and long-term; establish fuel optimization systems and manage the risks related to such systems. The Company started operations upon obtaining the required licenses primarily for the purpose of supplying natural gas for the natural gas power plants of Enerjisa and optimizing their consumption as well as benefiting from new business opportunities emerging with the liberalization of the gas market in line with the developing market conditions. After submission of the related application to EMRA, Enerjisa Natural Gas Wholesale Company acquired the right to import (Spot LNG) by obtaining a 10 year license in 2010.

Enerjisa Trading performs electricity import, export and carbon trading activities. Enerjisa Trading also conducts the research and follow-up process related to long-term energy purchase agreements in order to meet the energy supply of Enerjisa Group companies and offers market risk management consultancy services.

ENERJISA REACHES 3.6 MILLION SUBSCRIBERS WITH ITS CUSTOMER SATISFACTION CENTERED SERVICES APPROACH.

ENERJISA SALES

Enerjisa conducts its sales activities oriented towards end user customers through its companies with wholesale and retail licenses.

Enerjisa Electricity Retail Company was established in 2011. The Company provides electricity sales services in the Başkent Distribution Region covering the provinces of Ankara, Zonguldak, Bartın, Karabük, Kırıkkale, Çankırı, and Kastamonu to non-eligible consumers, to those consumers bearing the eligible consumer characteristics but not using such rights and as the Last Resort Supplier to eligible consumers. The sales activities are conducted over the regulated retail tariff determined by the Energy Market Regulation Authority. In addition, it also provides electricity supply services, to the eligible consumers in the region through bilateral agreements, the terms of which are completely determined according to free market conditions. The Company has nearly 3.6 million registered subscribers.

Electricity and/or capacity sales to eligible consumers in the national market covering entire Turkey are conducted through, Enerjisa Trading that also offers the products, including carbon certificates to its customers, supporting the green energy economy.

Enerjisa provided nearly 20 billion kWh of energy to its customers in 2012. This amount corresponds to nearly 10% of the end-user customer supply market. As the specialized, reliable, innovation oriented, and environment friendly leader of its sector focusing on customer satisfaction and making investments to mobilize national resources, the Enerjisa sales team has introduced various innovations to Turkish electricity sector. Some examples of such innovations include, commissioning of alternative sales and service channels comprising the call center, mobile tools, ATM; Internet solution packages comprising different tariffs developed and customized according to the properties and requirements of the customers; supplementary products developed with its business partners such as banks; commissioning of the most advanced technology infrastructure; ensuring the development of the employees with the Retail Academy developed jointly with Sabancı University; and energy supplies based on the use of hydro and wind resources. Enerjisa conducts its activities creating value for its customers by listening to their requests and opinions.

As the specialized, reliable, innovation oriented, and environment friendly leader of its sector focusing on customer satisfaction and making investments to mobilize national resources, the Enerjisa sales team has introduced various innovations to Turkish electricity sector.

LEADERSHIP WITH AN INTEGRATED STRATEGY.

ENERJISA DISTRIBUTION

Enerjisa targets leadership with an integrated strategy by developing generation, distribution, trading and sales in the Turkish electricity sector.

In line with this strategic target, Enerjisa Distribution participated in the tender held for privatization through the block sale of 100% shares of Başkent Electricity Distribution Co. Inc. (Başkent EDAŞ) and won the tender by offering the highest bid at the amount of US$ 1,225 million on July 1, 2008.

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

Significant investments were made to upgrade the legacy systems of the acquired company, Başkent EDAŞ and particularly to improve customer services. The activities related to construction, maintenance and operation of the electricity distribution grid are performed for 3.6 million subscribers in the provinces of Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale, and Zonguldak provinces (Başkent Distribution Region).

In terms of the size of the distribution grid and the geographic area served, the Başkent Electricity Distribution region is the largest electricity distribution region in Turkey. 13.6 billion kWh of electricity was distributed over the distribution grid extending up to nearly 100,000 km in 2012. The Başkent Electricity Distribution region accounts for 9% of Turkey, in terms of the electricity consumption volume; it provides the necessary infrastructure operations to enable 7 million people to have access to electricity. Capital expenditures of nearly TL 260 million was spent for expansion, upgrading and improvement of the distribution network in 2012.

Given the regulated nature of the sector and the projected changes in the market for the upcoming years, Başkent EDAŞ is focused on the necessary preparations both strategically and operationally. All these preparations are planned in parallel to the long-term vision of the energy market and the target oriented at the highest level of customer satisfaction.

Başkent Electricity Distribution region accounts for 9% of Turkey, in terms of the electricity consumption volume; it provides the necessary infrastructure operations to enable 7 million people to have access to electricity.

CEMENT OF RISING TURKEY

In developing countries, per capita cement consumption increases in line with the rise in GDP per capita.

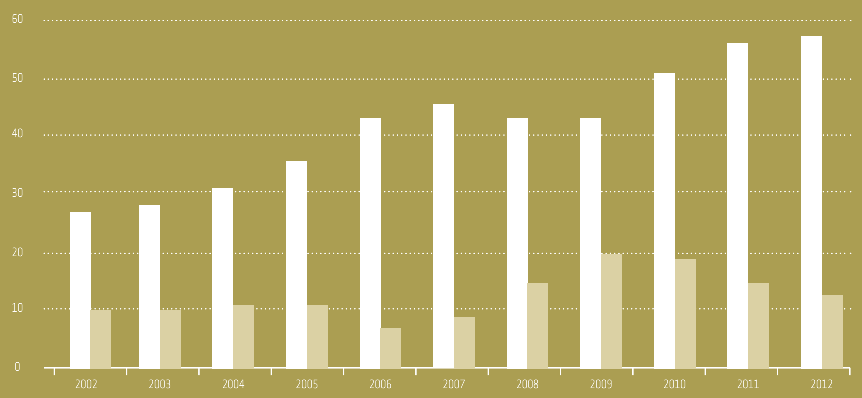
Annual cement consumption per capita increased with a CAGR of 7% during last 10 years in Turkey, reaching 767 kilograms.

The increase in infrastructure projects and expected urban transformation program is expected to drive growth in cement demand.

Turkey was one of the top cement exporting countries in 2012 with a total of 13.6 million tons of cement and clinker exported.

DOMESTIC CEMENT DEMAND INCREASES IN LINE WITH THE RISE IN GDP PER CAPITA.

DEMAND FOR CEMENT IS STEADILY INCREASING.



Akçansa Plants ●   Çimsa Plants ■

MARKET LEADERSHIP

Sabancı Group cement companies make up 18% of Turkey's total 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 their industry. Turkey's first waste heat regeneration project commissioned by Akçansa in September 2011, was one of the projects chosen to represent Turkey at the Rio +20 conference. The same project received several environmental awards from Istanbul Chamber of Industry, the Ministry of Energy and the Ministry of Environment and Urbanization. Akçansa's innovative, customer focused marketing approach resulted in another pioneer application: Akçansa's "Safkan Cement", Turkey's highest performance environmental cement, also received the "Innovative and Environmentally Friendly Product" award from the Istanbul Chamber of Industry.

Çimsa commissioned its waste heat regeneration project in 2012. Electricity generated from the project will provide 20% of the consumption of the Mersin plant. The plant was able to generate 32 million kWh between the period starting from April 2012 to the end of the year. The project also resulted in a decrease in CO_2 emissions of 15,580 tons. The GRI (Global Reporting Initiative, 2010) report of the Company was published in 2012, which was subject to independent audit and was approved as B+. Çimsa is the first cement company in Turkey to publish a GRI B+ level Sustainability report.

Çimsa's Kayseri plant was named as the "Cleanest Industrial Plant in Turkey" in the "Clean Turkey" contest by the Ministry of Environment and Urbanization.

Çimsa's Misis, Kozan, İnegöl and Pamukova Ready Mix Plants received the 2012 "Green Point" environment awards.

Akçansa's second GRI Report covering 2009-2011 operations was published in June 2012.

WIDE NETWORK OF OPERATIONS

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

Çimsa enhanced its network by acquiring 51% of the Afyon Cement shares from Italcementi, in 2012.

LOGISTICS 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 whose activities reached 1.7 million tons in 2012. Çimsa has eight terminals located abroad creating competitive advantages vis-a-vis competitors.

DIFFERENTIATED PRODUCTS

Çimsa, the leader of the white cement market in Turkey, is also one of the three important producers of the product globally with its terminals located abroad. Çimsa is the first cement company in Turkey to receive the "Environmentally Friendly Product" award. 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. Betonsa added "Polar Beton" and "Forta Beton" to its special products portfolio.

SABANCI OF UMUT BOYRAZ CONTINUES TO GROW

Umut Boyraz, Çimsa Purchasing Manager

TURKEY'S LARGEST CEMENT PRODUCER

AKÇANSA

TOTAL SALES
(TL MILLION)
1,056

EBITDA
(TL MILLION)
213
*CONSOLIDATED AND ADJUSTED EBITDA FIGURES WITH DIVIDENDS AND DONATIONS EXCLUDED

NET PROFIT (TL MILLION)
120

CAPACITY (THOUSAND TONS/YEAR)
6,500
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 plant and ready-mixed concrete at near 40 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 the formation of a partnership between Karabük Demir Çelik İşletmeleri (49%) and Akçansa (51%).

2012 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 in 2011 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. The same plant represented Turkey at the Rio +20 conference and received an award from the Minister of Energy.

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 2012 met 12.5% of Turkey's total cement consumption. Akçansa's domestic cement and clinker sales amounted to 5 million tons in 2012. By adding clinker and cement exports of 2.4 million tons, the Company's total cement and clinker sales totaled 7.4 million tons; total revenue was TL 1,056 million in 2012.

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. Annual ready-mixed concrete sales have reached 5 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 was 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%.

40 YEARS OLD, A YOUNG CEMENT AND READY MIX COMPANY

NET SALES (MILLION TL)
857

EBITDA (MILLION TL)
209

NET INCOME (MILLION TL)
115

CAPACITY (THOUSAND TON/ANNUM)
5,500
CLINKER

Çimsa, founded in 1972 is a "40 years young" cement and ready mixed concrete company, well known with its high quality innovative products, celebrating its 40th anniversary in 2012.

Guided by its vision "To be the most valuable cement and ready mix concrete company in Turkey" Çimsa continued to grow and create value by acquiring 51% of Afyon Cement shares in 2012.

Çimsa focused on sustainability activities in 2012 and has completed major investments. The Waste Heat Recovery Project in Mersin has been completed providing 50% of the electricity consumed in the two kilns of the plant. The project also decreases the carbon emissions of the plant substantially.

The alternative fuel usage rate at the Eskişehir plant increased to 30% in 2012 after the commissioning of the Hot Disc investment.

Çimsa published its GRI B+ awarded Sustainability Report of 2011 operations in December.

Çimsa's Misis, Kozan, İnegöl and Pamukova Ready Mix Plants were awarded the Green Point Environment Award.

The Environment and Urbanization Ministry has awarded Çimsa's Kayseri Plant as "the cleanest manufacturing facility" in Turkey.

Çimsa's CEM IV 32.5 gray cement, produced at its Kayseri Plant, received "green certification" from the German Construction and Environment Institute (IBU). The characteristics of the product and the assessment of the production process enabled Çimsa to be the first cement company in Turkey to receive this certification.

The Company mission is to be the business partner of international cement and ready-mixed concrete producers. Within this context, Çimsa has contributed to the national income by US$ 111 million through exporting 1.4 million tons of clinker and cement.

Çimsa is one of the top three 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 certification as well as the EC and CE certification required for cement products to be marketed in EU countries, Çimsa continues toward its goal to be more effective and active in international markets.

Defining its core business as supplying the necessary materials to provide for durable and reliable infra and super-structures in living and production areas, Çimsa strengthened its positioning as one of the leading companies in the industry in 2012. Serving Adana, Ankara, Afyon, Mersin, Kayseri, Denizli, Osmaniye, Kahramanmaraş, Malatya, Niğde, Nevşehir, Eskişehir, Kütahya, Bursa, Konya, Karaman, Aksaray, Sakarya and Bilecik, the Company's clinker production capacity reached 5.5 million tons with a ready-mixed concrete capacity of 3.5 million cubic meters during 2012. Çimsa's 2012 turnover was TL 857 million, 26% of which was international sales.

Seen as a pioneer, the Company is also recognized as a sector leader internationally; Çimsa bases its success on quality management, environmental management and work health and safety systems.

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

RETAIL OF RISING TURKEY

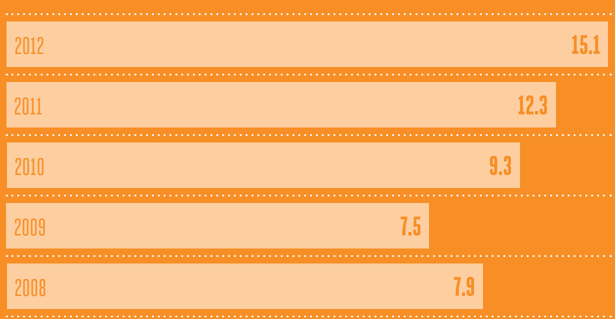
A SECTOR WITH HIGH-GROWTH POTENTIAL: ELECTRONICS RETAILING

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

ONLY 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 and a rapidly growing discount market segment all contribute to the growth of organized retailing; the number of organized retailing stores has increased by 15% annually since 2000.

ELECTRONICS RETAILING TURNOVER IN TURKEY (TL BILLION)



FOOD RETAILING TURNOVER (TL BILLION)

Source: Planet Retail, EuroMonitor, AC Nielsen, TurkStat, BCG

Teknosa, Diasa ve Carrefoursa stores are present in 77 provinces.

The electronics retail market grew by 32% and 23% in 2011 and 2012, respectively. Food retailing, with annual revenues of approximately TL 120 billion, makes up half of the sector. Organized retailing turnover grew by 9% in 2012 while GDP growth was 3%.

STRONG BRANDS

Teknosa was identified as the “Top of Mind technology products retailer” by Ipsos in 2012. Carrefoursa is the first brand to introduce the Turkish consumer to hypermarkets.

GEOGRAPHIC COVERAGE

Sabancı retail companies are present in 77 provinces in Turkey with 1,336 grocery stores and 283 technology stores at the end of 2012.

MULTI FORMATS

Sabancı retail companies have a variety of formats in all segments. Teknosa operates Standard, Extra and Exxtra stores with different formats. Diasa operates soft discount stores and has franchisee stores while 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.

SABANCI OF GİZEM CONTINUES TO INTRODUCE INNOVATIONS TO TURKEY

TURKEY'S LEADING TECHNOLOGY RETAILER

NET SALES (TL MILLION)
2,330

EBITDA (TL MILLION)
124

NET PROFIT (TL MILLION)
50

NUMBER OF STORES
283

SALES AREA (1,000 M²)
141

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. Having gone into operation with five stores in 2000, Teknosa provides services with 283 stores in 77 provinces today.

Teknosa offers a distinctive and enjoyable shopping experience with a total net sales area of more than 140,000 square meters and its broad product mix. Teknosa stores are visited by more than 100 million shoppers each year. Offering the latest technology to consumers and assisted by 3,700 employees, Teknosa closed 2012 with sales of TL 2.3 billion excluding VAT.

On May 17, 2012, Teknosa, one of the most dynamic and youngest Companies of Sabancı Holding was listed on ISE with 10% free float. With this public offering, Teknosa has created an investment opportunity for its employees, business partners, customers and the people who believe in the future of Teknosa. In 2012, Teknosa signed a cooperation agreement with one of the Europe's largest purchasing groups, Euronics. With the help of this agreement, Teknosa has both strengthened its leadership position and took an important step on the way to becoming a powerful player in the global retail arena.

Teknosa continues investing in Teknosa Akademi, established in 2005, and targets creating a platform for career planning and supplying a qualified labor force. The objective of Teknosa Akademi, which trains the retailers of the future, is to inform employees of new developments in retail sector, and improve their skills. In addition to the management training programs, education for professional and personal development is also provided. Teknosa Akademi is the first educational institution in its industry; it has graduated approximately 10,000 trainees since its establishment. Teknosa founded the first Assessment Center in the industry in 2007 within Teknosa Akademi; it provides employees with efficient and appropriate career planning opportunities starting from their first day at work.

Leading the industry, Teknosa runs its operations utilizing a customer-oriented scientific retailing approach. The Company meets its customers' after-sales needs and expectations with services provided by TeknoAsist. Customer requests are fielded at TeknoAsist service points in the stores, as well as through the 444 55 99 24/7 Hot Line. Teknosa also provides 24/7 services to its customers through the www.teknosa.com online store. Another service provided by Teknosa to its customers, Tekno Garanti enhances the warranty period of products purchased from Teknosa up to five years. The Company provides many additional benefits such as unlimited repair service at home and immediate replacement in order to ensure customer satisfaction.

Teknosa added another "first" to its services in 2011 providing after-sales services on customer premises (whether office or home) by offering the "Teknosa Service Packages" for many

OUTSTANDING SERVICE QUALITY THROUGHOUT TURKEY

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 information about customer expectations and purchasing habits. Customers are segmented based on their shopping habits. As of year-end 2012, Teknosa Card holders totaled more than 3 million. The card utilization rate on sales reached 56% by the end of its fifth year. The Teknosa Card program has achieved an incomparable success within the retail market with the respective usage ratio. 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 precise CRM solution in the world, strengthened customer relations with the monitoring system, providing Teknosa a significant step toward customized shopping. The Teknosa Card point system began as a pilot practice in September 2011 and was rolled out to whole country at the beginning of 2012.

Teknosa has the largest logistics center in its sector. The center where all logistical activities of Teknosa are managed, is located in Gebze with a 30,000 square meters indoor area and 62,000 square meters of total area. It is connected to all stores and activities are managed via IT support.

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 1.1 million people and the number of Twitter followers reached more than 70,000 as of the end of December 2012.

In parallel with the ascending profile of Teknosa, e-commerce company Kliksa was established on 2012. Kliksa started receiving orders as of March, 2012, and accomplished rapid growth in a short period of nine months. Kliksa has consolidated its position on the market by exceeding over 1 million individual users. Currently, approximately 160,000 products are on display at Kliksa.com including the categories of consumer electronics, books and stationery. The Company is committed to its target of growth in 2013 by increasing the number of categories, as well as broadening the product range.

Teknosa ranked 61st among the 500 companies included in the "Turkey's Largest Companies" list prepared by Fortune Turkey in 2012. The Company won the grand prize in the electronics retailing category of the Capital's research of "Turkey's Most Favored Companies of 2011", Furthermore, again in the same year, Teknosa won the prize in the developing market category of the "World Retail Awards" and became the first Turkish company to win this prize. The Company also won the best web design prize at the "Interactive Media Awards" in the e-commerce category and the grand prize in the electronics retailing category of "2012 Research on Brands Most Favored and Preferred by Customers in Shopping Centers" conducted in collaboration with Council of Shopping Center Turkey and GFK Turkey. The Company also won third prize in the "Direct Marketing Association Awards" with the project of Orange Outerwear in the category of loyalty applications. Finally, Teknosa was chosen as the most favored technology store in Digital Age's research of "Digital Lovermarks."

Teknosa, the leader of the Turkish technology retail market, undertakes social responsibility projects to serve society and enable the mass utilization of technology in many areas including education, sports, environment and the arts. Free-of-charge computer training programs are conducted for women in various provinces around Turkey within the context of the Technology for Women Project, ongoing since 2007. Technology for Women training programs were conducted in Yalova, Mardin, Alanya, Denizli, Malatya, Kırşehir, Muğla, Kahramanmaraş, Erzurum and Sakarya in 2012. During the year, the number of trainees exceeded 12,000 in 41 provinces. The project was enhanced with the new Adana permanent 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 the sector, with its approach and activities toward environmental responsibility. The Company introduced a "first" in the sector in 2009, by offering 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 2012 by collecting electronic wastes on the "World Environment Day."

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 28-years of experience in the air-conditioning sector. Its product portfolio includes Mitsubishi Heavy Industries, General, Sharp, Sigma (private label brand), Tronic (private label brand) and A/C Systems, Sharp refrigerators, Sharp and Teknokasa (private label brand) cash registers. İklimsa offers nearly 200 models under five different brands from 215 authorized dealers in 50 provinces and 222 authorized services in 62 provinces throughout Turkey. The brand also prioritizes after-sales services for customer satisfaction, offering outstanding service quality to its customers all over Turkey.

Teknosa is committed to its target of creating sustainable leadership and customer loyalty in 2013 and aims to expand its store chain throughout Turkey. In 2013, the Company will accelerate efforts regarding the new store investments, enrichment of its after-sales services and enhancement of its infrastructure, and conduct its operations in accordance with its growth targets.

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.

The successful global model of over 6,800 Dia stores was adapted to serve Turkey's local needs and expanded rapidly in a short time. Diasa provides consumers convenience and quality at discount prices. The discount format preferred by the Turkish consumers is a powerful growth engine for Diasa which has been one of the fastest growing food retail chains in Turkey.

In 2012, more than 75 million customers shopped at the Company's stores, Diasa continued to lead the market in Turkey. With its global expertise in private label products, accounting for 32% of the Company's sales.

Diasa continues its expansion especially focusing on franchise openings; and by year-end 2012, the Company operates in 44 provinces, mainly in the Marmara and Aegean regions.

Unique among Turkish food retailers, the Diasa franchise market share in the overall store network reached 44% in 2012. 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 and support provided by Diasa. Taking its cue from the shift toward organized retailing, 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 2013.

In 2012, Diasa opened stores in five 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 2012, the number of Dia Markets reached 412 accounting for 38% of the total network.

In 2012, 129 new stores were opened optimizing the store network. Fresh produce sections were improved in the whole network.

The loyalty card program, launched in 2011, reached 3.2 million members with 60% share in total sales.

Diasa generated TL 964 million in revenue in 2012 and reached a network of 1,093 stores with a combined retail space of 223,000 square meters.

STORES THAT PROVIDE CONSUMERS WITH A BROAD SELECTION OF HIGH QUALITY, REASONABLY PRICED PRODUCTS

Carrefour SA

TOTAL SALES REVENUE (TL MILLION)
2,493

EBITDA (TL MILLION)
64

NUMBER OF STORES
243

TOTAL SALES AREA (THOUSAND SQUARE METERS)
369

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 9,800 stores in 32 countries. Carrefoursa celebrated its 16th anniversary in 2012. Its mission is to provide Turkish consumers with a wide 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 large 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 2012 from its store network of 28 hypermarkets and 215 supermarkets operating a total sales area of 369,000 square meters. Nearly 90 million consumers shopped at Carrefoursa stores throughout the year.

Bodrum Midtown hypermarket, with approximately 5,000 square meters of retail space opened in June, offers a renewed shopping environment. Bodrum hypermarket also targets to be the supplier of the hotels and restaurants customers in the region.

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 improving the attraction for the customers. By September 2013, the extension and renovation project will be complete and the renewed Maltepe Park shopping center will open its doors.

Carrefoursa launched new formats to increase the access of its customers in 2012. The projects and results from 2012 showed that the Company had the infrastructure and determination to successfully implement its strategies, 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 2013, thanks to its sound cash position. It will retain its strong position in the market with new projects and continue to offer quality products at the lowest prices.

INDUSTRY OF RISING TURKEY

THE INNOVATIVE AND ENTREPRENEURIAL INDUSTRIALIST OF RISING TURKEY

Turkey has led developing countries with steps it has taken toward economic stability and healthy growth. As our rising Turkey realizes this acceleration in growth, we, “the Sabancı of Turkey,” continue growing in a way that provides added value to our country.

Turkish industry has been rapidly moving toward its aim of high-added value industry thanks to the progress of the past years. The Industrials Group, we feel fortunate to contribute to this target through our large scale activities. Our companies, all leaders in their respective industries, have maintained their competitive positions.

INDUSTRY GROUP COMPANIES THAT LEAD THEIR SECTORS

KORDSA GLOBAL Leader in Nylon 6.6 Market	34%
BRİSA Leader in Turkey's Renewal Tyre Market	30%
YÜNSA Leader in Turkey's Wool Fabric Market	29%
SASA Leading Turkish Producer of Polyester Fiber	45%
TEMSA Leader in bus exports among Turkish brands	40%

Distribution Network of Temsa, Bridgestone and Lassa Brands

Kordsa Global, Brisa, Sasa, Yünsa and Temsa Manufacturing Facilities

INNOVATIVE AND CORPORATE ENTREPRENEUR

Leading implementers of technology and innovations thanks to their ability to attain a long-term perspective toward their sectors, Industrials Group companies continued to create value for their customers in 2012, developing new business models through invesments in “new competence” and “new market” projects. Kordsa Global reinforced its high added value, preferred supplier position with Twixtra, Monolyx and Capmax, products that it has commercialized recently. Brisa accomplished a first in Turkey with the lastik.com.tr website, expanding online tyre sales to 19 provinces across Turkey. Temsa has launched TS30 in the United States following TS35 bus model. Yünsa expanded its market and realized profitable growth in its segment with products developed at its R&D center and projects aimed at the upper segment and women’s clothing.

LEADING AND COMPETITIVE

Industrials Group companies, each leaders in their respective sectors, have been rendering their market leadership permanent through the advantages of creating value for customers and sustainable competition. In 2012, Kordsa Global was the market leader in Nylon 6.6 with a share of 34%. Brisa, which was selected “the most competitive company” of 2012 at the Competition Congress organized by the Federation of Industrial Associations and the TUSIAD-Sabancı University Competition Forum, was the renewal tyre market leader with a share of 30%. Yünsa was the leader in the wool fabric market with a share of 29%. Temsa was the leader in bus exports among Turkish brands with a market share of 40%, while Sasa led Turkey’s polyester fiber market with a share of 45%.

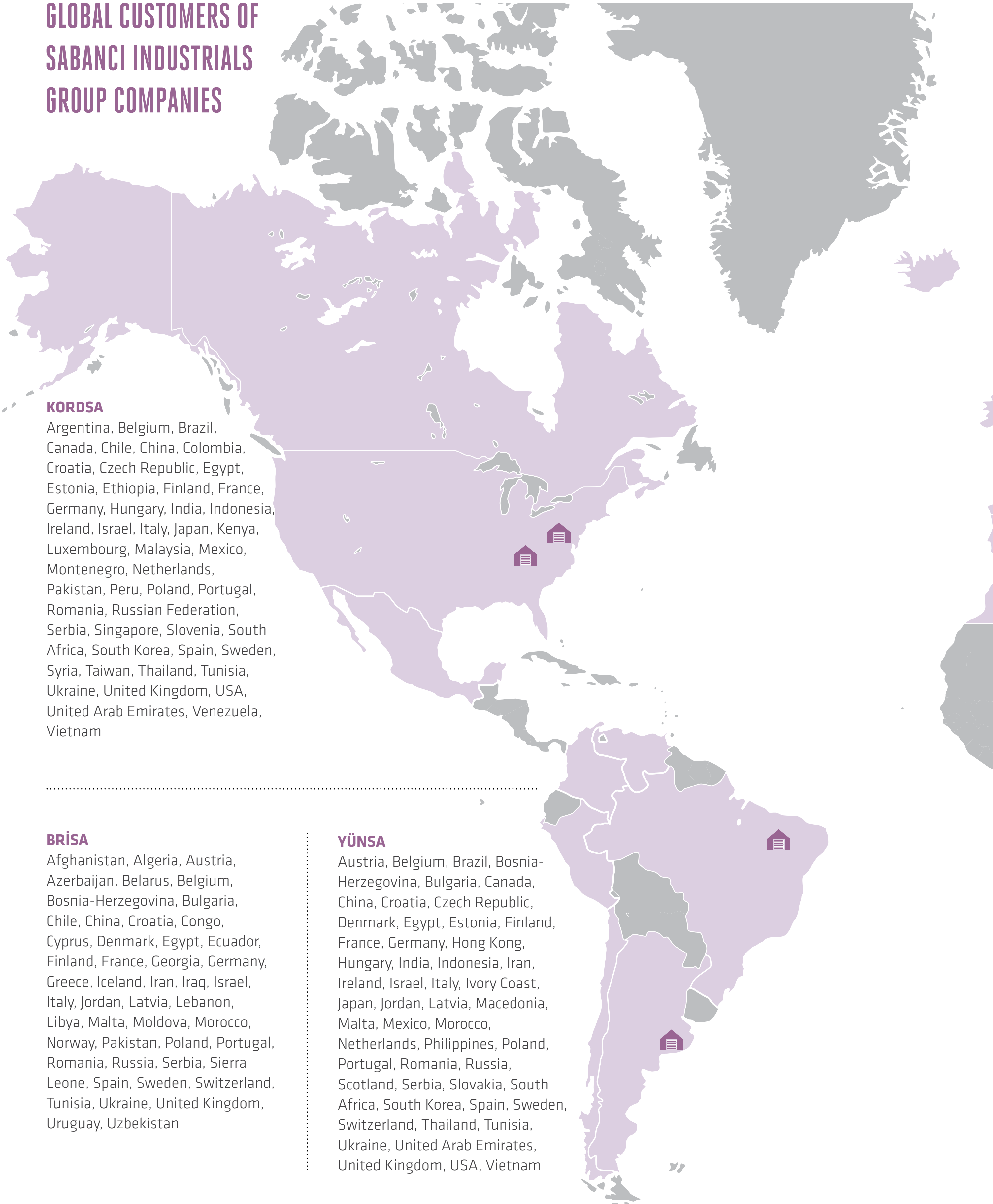
SUCCEEDING TOGETHER

Industrials Group companies have been working together on strategic and operational matters, in line with the target to increase inter-company synergies. Network teams that work on focused and innovative synergies continue joint studies on energy efficiency, R&D benchmarking, benefiting from similarities in production technologies, innovation, development of leadership teams, sales/marketing synergies, sustainable-profitable growth in strategic planning and financial processes.

SUSTAINABLE

The Industrials Group aims to contribute to environmental, economic and social dimensions of sustainability through focusing on environment-friendly products and energy efficiency. In 2012, Kordsa Global received the first prize in the “Innovative Environment-Friendly Products” category with Capmax at the environment awards organized by the Istanbul Chamber of Industry. The Company was awarded the runner-up prize in the “Energy-Efficient Product” category with Twixtra, while receiving the runner-up prize in the “Environment-Friendly and Energy Efficient Practice” category with its Cavitation project. Brisa ranked among companies that provided content for the 2012 report of the Carbon Disclosure Project, a key global conservationist study. Sasa, which decided to raise the capacity of its treatment facilities to reflect its environmental awareness to its operations, completed the project in 2012. The Company, which will publish its first sustainability report in 2013, continues to work on projects related to the reuse of discharge water released from its waste water treatment facility.

GLOBAL CUSTOMERS OF SABANCI INDUSTRIALS GROUP COMPANIES



KORDSA

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

BRİSA

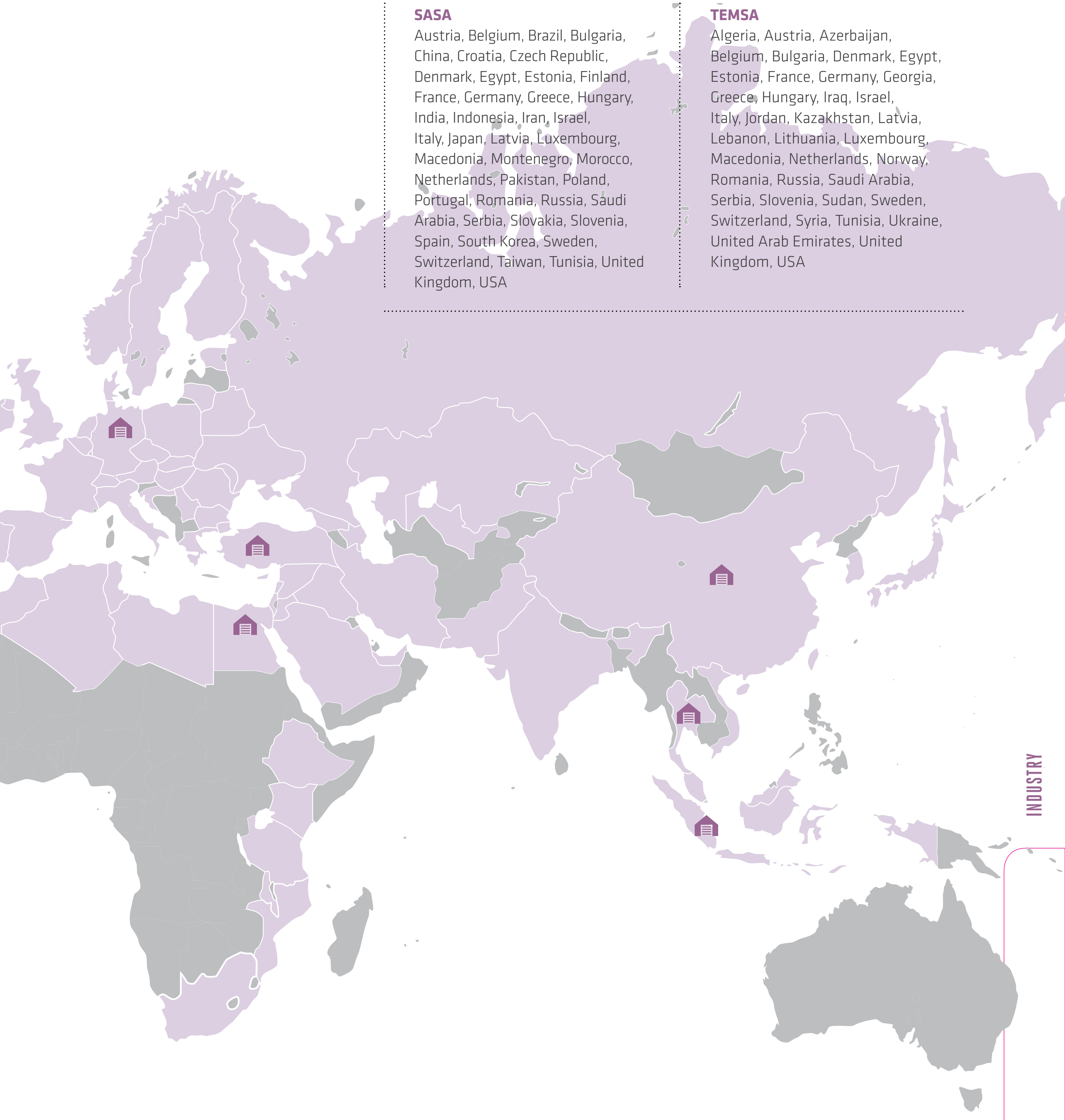
Afghanistan, Algeria, Austria, Azerbaijan, Belarus, Belgium, Bosnia-Herzegovina, Bulgaria, Chile, China, Croatia, Congo, Cyprus, Denmark, Egypt, Ecuador, Finland, France, Georgia, Germany, Greece, Iceland, Iran, Iraq, Israel, Italy, Jordan, Latvia, Lebanon, Libya, Malta, Moldova, Morocco, Norway, Pakistan, Poland, Portugal, Romania, Russia, Serbia, Sierra Leone, Spain, Sweden, Switzerland, Tunisia, Ukraine, United Kingdom, Uruguay, Uzbekistan

YÜNSA

Austria, Belgium, Brazil, Bosnia-Herzegovina, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Latvia, Macedonia, Malta, Mexico, Morocco, Netherlands, Philippines, Poland, Portugal, Romania, Russia, Scotland, Serbia, Slovakia, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Tunisia, Ukraine, United Arab Emirates, United Kingdom, USA, Vietnam

SASA
Austria, Belgium, Brazil, Bulgaria, China, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Japan, Latvia, Luxembourg, Macedonia, Montenegro, Morocco, Netherlands, Pakistan, Poland, Portugal, Romania, Russia, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, South Korea, Sweden, Switzerland, Taiwan, Tunisia, United Kingdom, USA

TEMSA
Algeria, Austria, Azerbaijan, Belgium, Bulgaria, Denmark, Egypt, Estonia, France, Germany, Georgia, Greece, Hungary, Iraq, Israel, Italy, Jordan, Kazakhstan, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Netherlands, Norway, Romania, Russia, Saudi Arabia, Serbia, Slovenia, Sudan, Sweden, Switzerland, Syria, Tunisia, Ukraine, United Arab Emirates, United Kingdom, USA



Sabancı Industrials Group Companies’ Manufacturing Facilities

WORLD LEADER IN NYLON AND POLYESTER YARN, CORD FABRIC AND SINGLE END CORD PRODUCTION

TYRE REINFORCEMENT MATERIALS

KORDSA GLOBAL

TOTAL SALES REVENUE (TL MILLION)

1,492

EBITDA (TL MILLION)

166

NET PROFIT (TL MILLION)

40

The World's largest industrial nylon yarn and leading polyester yarn, tyre cord fabric supplier, Kordsa Global, serves the tyre reinforcement and mechanic rubber products market.

The success story of Kordsa Global began in 1973 with a tyre cord fabric investment in Izmit. Over the past 39 years, the Company has become an industry leader with strategic acquisitions and strong business partners. The Company sustains its global leadership with approximately 4,000 employees, 10 business units in nine countries and on five continents.

The worldwide operations of Kordsa Global, with headquarters located in Istanbul, is in the following four regions.

Europe, Middle East and Africa (EMEA) Region:
Turkey, Germany, Egypt

North America Region:
Laurel Hill, North Carolina, USA
Chattanooga, Tennessee, USA

South America Region:
Brazil, Argentina

Asia-Pacific Region:
China, Indonesia, Thailand

2012 was a year that Kordsa Global maintained its market share in the tyre reinforcement materials sector, in which the Company is the industry leader, in spite of competition by Asian manufacturers. Kordsa Global also preserved its leadership in industrial nylon 6.6 yarn market with a 34% market share, and sustained its 8% market share in the PET-HMLS market.

Kordsa Global, which adopted the principle of achieving sustainable and profitable growth through creating added value for customers, and meeting the changing requirements of the customers, defined 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 volatile market conditions, aims for sustainable and profitable growth by increasing its operations in high value added fields of business.

In 2012, parallel with the market demand which has been shifting to the East for the last decade, Kordsa Global completed investment in Line 4 and started investments in Line 5 and Line 6 at the Indonesia plant in order to respond faster to customers' needs.

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 and savings with environment friendly characteristics, had its launch in June.

Kordsa Global realized capacity expansion investments in some of its operational units in response to global market trends. The Nylon 6.6 capacity expansion was started at the Izmit plant in 2012.

Additionally, Kordsa Global's Egypt unit, Nile Kordsa, completed a modernization project in 2012.

Kordsa Global received a various awards in 2012:

- Sabancı Holding / Golden Collar Awards
  - Innovation Category Grand Award
  - Synergy Category Grand Award
  - Innovation Category Honorary Mention
  - Efficiency Category Honorary Mention
- Kocaeli Chamber of Industry Awards
  - Grand Prize in Large Scale Enterprises Category
- Corporate Social Responsibility Association
  - Employee Safety Award.

In 2013, Kordsa Global plans to continue to invest in its future in line with its vision, realizing growth projects to sustain its market leadership and increasing its agility along with the quality of its services and products.

In 2013, which is also Kordsa Global's 40th year, the Company aims to further enhance its competencies in occupational safety and health and the environment. The Company also prioritizes providing sophisticated solutions to its customers with new products and sustaining service and product quality in its sector.

In 2012, Kordsa Global reached sales of TL 1,492 million. Kordsa Global's shares are listed on the Istanbul Stock Exchange with a free float of 8.9%.

SABANCI OF SEZGİN ZORLU CONTINUES TO INSPIRE TRUST

Sezgin Zorlu, Brisa Tyre Production Operator

MOST PREFERRED TYRE BRANDS IN TURKEY

TYRE

BRISA

TOTAL SALES REVENUE (TL MILLION)
1,424

EBITDA (TL MILLION)
209

NET PROFIT (TL MILLION)
93

SERVICES NETWORK
900
BRANDED SALES POINTS

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 seventh largest tyre producer in Europe, the Company has an enclosed manufacturing area of 361,000 square meters, one of the largest single tyre factories in the world.

Brisa produces automobile, light commercial vehicle, bus, truck, tractor and heavy equipment tyres with the Lassa and Bridgestone brands. Brisa produces over 600 different types of tyres with an annual production capacity of 10 million tyres. Brisa's sales network covers approximately 900 locations, including 461 exclusive dealerships throughout Turkey. Additionally, the Company serves clients through distinctive channels such as car dealerships and hypermarkets. Brisa tyres are mounted as original equipment on Renault, Toyota, Ford, Fiat, Honda, Hyundai, Isuzu, Otokar, Karsan, Türk Traktör, Mercedes Benz, BMC, Temsa, Mitsubishi and MAN vehicles, among others.

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

Apart from being Turkey's most preferred tyre brand, Lassa is rapidly expanding into 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 integrated services for routine and typical maintenance requirements of the tyre and similar needs of private car and light commercial vehicle owners. Beyond its reputation as a tyre retread brand, Bandag serves as a business partner with a complete tyre management system, helping to cut costs for fleets.

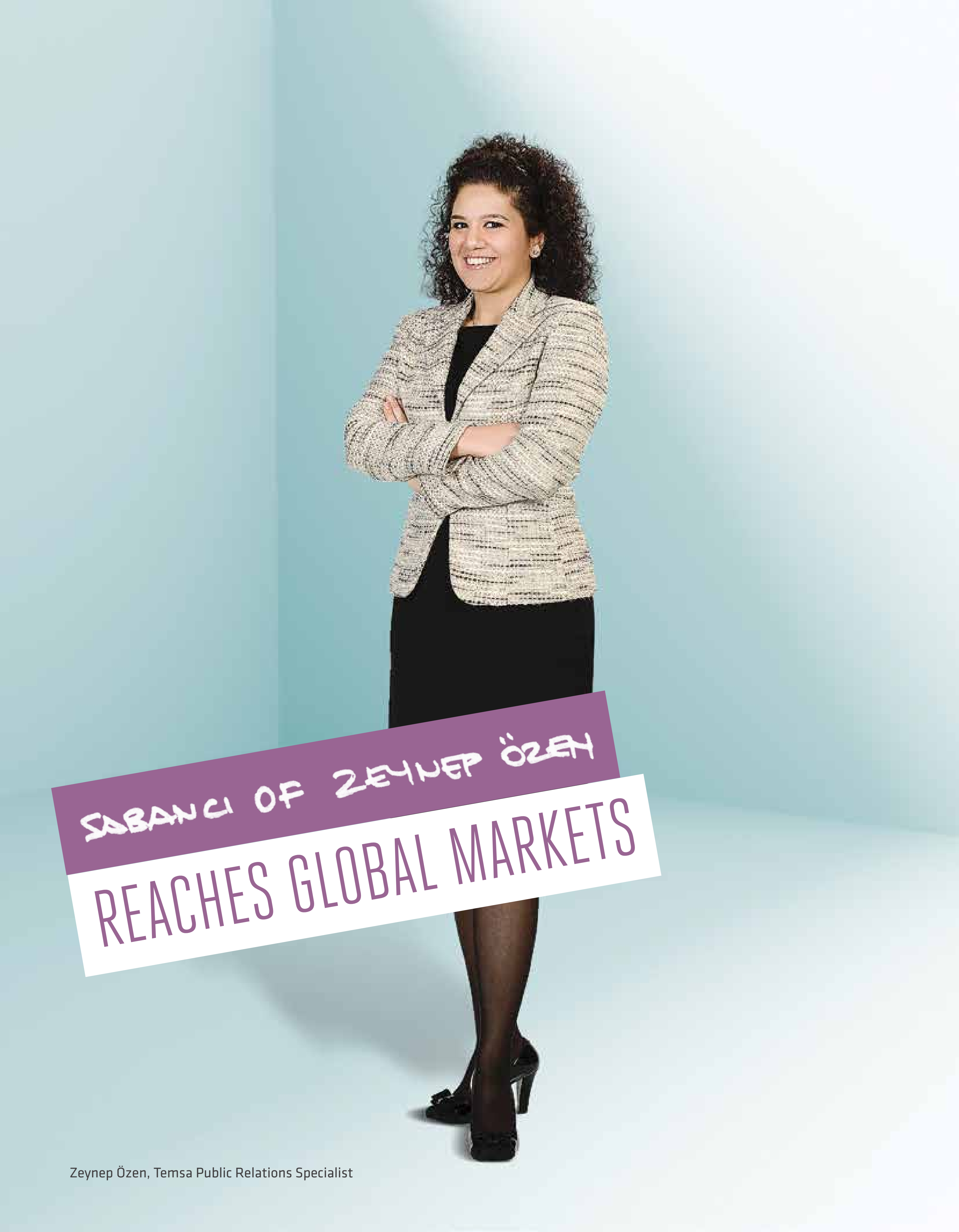
Brisa's lastik.com.tr website, Turkey's first online tyre sales and services system, provides complete services for end customers with a relentless focus on creating value for its customers.

Another innovation for Brisa this year was the "Tyre Hotel" service which offers storage for summer or winter tyres during the unused season. With this service, Brisa not only brings a solution to storage problems of car owners but also ensures the lifetime performance of tyres.

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

Brisa's net sales revenue totaled TL 1,424 million in 2012. Its shares are listed on the Istanbul Stock Exchange with a free float of 10.3%

SABANCI OF ZEYNEP ÖZEN REACHES GLOBAL MARKETS



Zeynep Özen, Temsa Public Relations Specialist

A GLOBAL SUPPLIER WITH IN-HOUSE KNOW-HOW

AUTOMOTIVE

TEMSA

Temsa, one of Turkey's leading automotive companies, manufactures and exports buses and coaches under its own brand; in addition, the Company is the official distributor of the Mitsubishi and Komatsu brands in the country.

Temsa's manufacturing facility in Adana has a single-shift annual production capacity of 4,000 buses and coaches and 7,500 light trucks, totaling 11,500 vehicles per year.

The Temsa Adana Plant occupies a total area of 555,000 square-meters. There, the Company manufactures Safir intercity buses and tourist coaches, Prestij midi-coaches and Avenue city buses designed specifically for urban public transport systems. The facility is also the manufacturing site for the TS35 and TS30 coaches for the United States market; the Avenue, Tourmalin and Safari buses for the European market, and the MD9 midi-coaches.

Temsa vehicles, designed and manufactured with in-house know-how, are sold to the world's leading automotive markets as well as to the Turkish market. In France alone, more than 3,000 Temsa brand buses and coaches are on the road. Additionally, Temsa's other major markets in Europe include Germany, Italy, Austria, Sweden, Lithuania and the Benelux countries. Thanks to its expanding product range, Temsa is also rapidly increasing its market share in the United States. In 2012, Temsa exported 60% of its total bus and coach production. 90% of its exports went to Western Europe and the United States, with the remaining 10% shipped to Eastern Europe and the Turkic Republics.

Temsa also continues to serve the Turkish industrial sector as distributor of Komatsu Construction Equipment for the last 30 years. The bucket products that Temsa manufactures for various construction equipment are highly popular in the sector due to their high quality and functionality. Having already established distributorships in Azerbaijan, Georgia and Iraq, the Temsa Komatsu Construction Equipment Business Unit plans to expand its presence to other regions.

Under its distributorship agreement with Mitsubishi Motors, Temsa conducts marketing, sales, service and spare parts operations for Mitsubishi passenger vehicles, Mitsubishi pickup and Mitsubishi Fuso Canter light trucks with a network of 37 authorized dealers. Temsa Global serves as distributor for the entire Mitsubishi Motors product range which includes ASX, Lancer, Lancer Evolution, Colt, Outlander and Pajero passenger vehicles as well as L200 pickup and Mitsubishi Fuso Canter light truck commercial vehicles.

SASA MAINTAINS ITS LEADING POSITION IN THE SECTOR.

TEXTILES

TOTAL SALES REVENUE (TL MILLION)
1,000

EBITDA (TL MILLION)
13

TOTAL PRODUCTION CAPACITY (THOUSAND TONS/YEAR)
280 DMT
350 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, more than 1,200 qualified employees and a Research and Development Center that was founded in 2002. Sasa's manufacturing facilities are located on two sites in Adana, Turkey. The main operations are situated on an area of 1 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 a DMT, its own raw material, production plant. Starting operations in 1977 with an annual capacity of 60,000 tons, the DMT Plant currently 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 has run at full manufacturing capacity in both specialty polymers and textile segments. The capacity expansions based on market studies for fibers and specialties polymers businesses were completed.

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). Sasa's total production capacity, including PTA-based production is 350,000 tons per year.

As an environmentally friendly company, Sasa decided to increase the capacity and quality of its wastewater treatment plant and the project was completed in 2012.

Sasa's advanced Research and Development facilities continue to develop products and processes for the fibers and polymers/chemicals businesses through close cooperation with 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."

Sasa's net sales revenue totaled TL 1 billion in 2012. The Company ranked 69th on the list of "Turkey's 500 Largest Industrial Enterprises" as prepared by the Istanbul Chamber of Industry; it ranked first in the Adana region.

EUROPE'S LARGEST WOOL FABRIC PRODUCER

YÜNSA

TOTAL SALES REVENUE (TL MILLION)
256

EBITDA (TL MILLION)
21

NET PROFIT (TL MILLION)
7

ANNUAL CAPACITY (MILLION)
13
METERS OF FABRIC
3.5
TONS OF YARN

Combining technology and the aesthetics of artistic expression in its textiles, Yünsa vies for world leadership in the worsted wool fabric market and is Europe's largest manufacturer of worsted wool. 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 with its both menswear and ladieswear fabrics, 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, cotton, linen and viscose blended 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 50 countries, the Company has sales offices in the United Kingdom and Germany and design offices in Italy and Turkey.

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; it also undertakes important initiatives and continues to invest in sustainable growth. To this end, the Company focused on research and development activities and was awarded during 2012 as the "Most Successful Company" for its cooperation with universities in R&D projects. 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 Standard. 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 2012, Yünsa performed strongly on an annual basis, with a 20% increase in sales revenue. Yünsa's sales totaled TL 256 million in 2012 with exports making up TL 148 million of sales.

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

143,000 SALES OUTLETS IN 81 PROVINCES

OTHER

TOBACCO

Philsa

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 reached almost US$ 550 million by the end of 2012. The factory manufactures 123 cigarette products for the Turkish and export markets.

Philip Morrissa

Philip Morrissa was established in 1994, as a 75/25 joint venture of Philip Morris and Sabancı Holding. The Company is the national distributor of Philip Morris cigarette brands in Turkey. Its distribution network serves an estimated 143,000 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 1,900. In 2012, Philip Morrissa sold over 48 billion cigarettes and captured a 45.7%* share of the Turkish market.

*Nielsen Retail Audit

EXPERIENCED AND QUALIFIED WORKFORCE IN INFORMATION TECHNOLOGIES

INFORMATION TECHNOLOGY

Bimsa

Founded in 1975, Bimsa has ranked among 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

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.

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 Hilton Parksa in 1990 and the opening of the Mersin Hiltonsa the same year. This was followed by the addition of the Adana Hiltonsa in 2001. Total accomodations 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 by the end of 2012.

All Sabancı-Hilton facilities are managed by Hilton Hotels.

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.

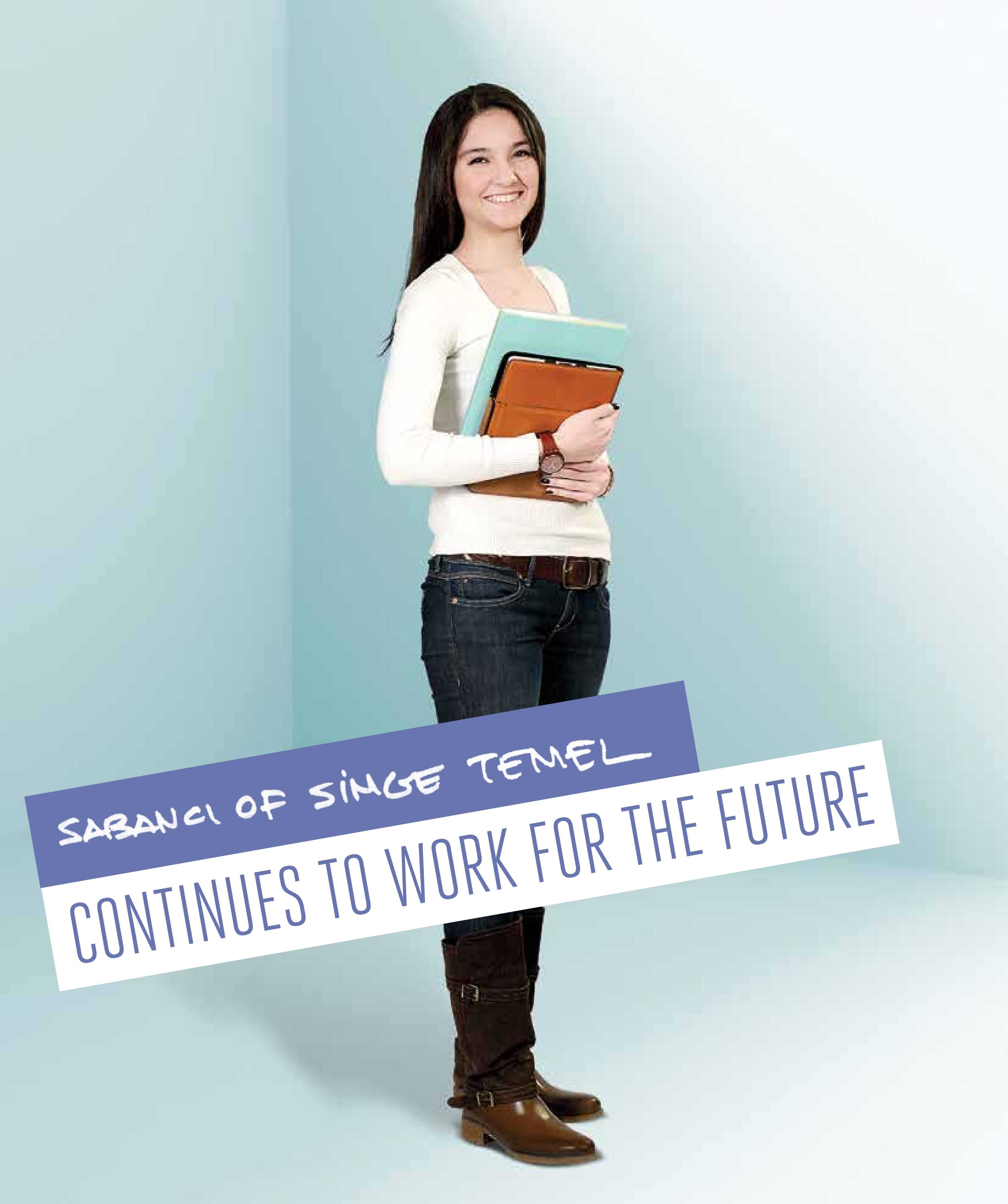
Sabancı Group shares the benefit of its industrial and economic clout extensively by supporting philanthropy and the arts through the Sabancı Foundation. As a result, Sabancı Foundation is the largest foundation established by a family in Turkey. Sabancı Foundation’s activities contribute to the value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

SUMMARY OF ACTIVITIES

1	UNIVERSITY
40	EDUCATIONAL INSTITUTIONS
17	TEACHER CENTERS
19	DORMITORIES
17	CULTURAL FACILITIES
13	SOCIAL FACILITIES
7	HEALTH CARE CENTERS AND FACILITIES
5	SPORTS FACILITIES
4	LIBRARIES
72	PROVINCES WITH PROJECTS SUPPORTED BY GRANTS

The provinces Sabancı Foundation operates in

SABANCI OF SİMGE TEMEL CONTINUES TO WORK FOR THE FUTURE



Simge Temel, Student at Sabancı University

THE MAIN DIFFERENTIATOR OF SABANCI UNIVERSITY IS ITS UNIQUE EDUCATIONAL SYSTEM.

SABANCI UNIVERSITY

The Sabancı Group established 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, unique university was designed during its foundation. 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; for this reason, Sabancı University is not organized into 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 12 different programs.

In October 2012, for the first time in Turkey, the Ministry of Science, Industry and Technology produced a University Entrepreneurship and Innovation Index; Sabancı University ranks first among the most entrepreneurial and innovative universities in Turkey. The University Entrepreneurship and Innovation Index includes five aspects: scientific and technological research competence; intellectual property pool; cooperation and interaction; culture of entrepreneurship and innovation; and economic contribution and commercialization.

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 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 from the 2011-2012 academic year, Sabancı School of Management launched its MBA program MIT Sloan MSMS dual degree program. Sabancı

Sabancı University Commencement

School of Management and MIT-Zaragoza Logistics Center offer a dual degree option where candidates can earn a Sabancı MBA degree and a Zaragoza Master of Engineering degree (ZLOG) in Logistics and Supply Chain Management in two years. Sabancı University is the only cooperation partner of MIT Sloan in Southeast Europe and Middle East regions, where Turkey is located. Sabancı University School of Management is also accredited by the AACSB International, proof of its high global standards. Sabancı University School of Management ranked 42nd in Executive MBA Programs and 77th in faculty in the Financial Times ranking for Europe's best management schools.

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

Graduates

A total of 5,367 students, 3,541 undergraduate and 1,826 graduate, have graduated from Sabancı University since 2000. To date, 73% of Sabanci graduates have already started working and another 20% continued their education at graduate and postgraduate levels. 89% of Sabancı University graduates were employed within one year of graduation.

Sabancı University graduates continue their postgraduate studies at some of 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 and is leading in advanced and interdisciplinary nanotechnology research projects that are rapidly being adopted by industry in the fields of physics, electronics, mechatronics, materials science, chemistry and biology. SUNUM aims to improve the university's international competitiveness in its intellectual property portfolio and contributes 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. It 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 highest dormitory capacity to total students ratio among universities in Turkey.

SSM REPRESENTS AN UP-TO-DATE AND VERSATILE APPROACH TO MUSEOLOGY.

SABANCI UNIVERSITY SAKIP SABANCI 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; it also hosts temporary international exhibitions. The facility regularly organizes and hosts concerts, conferences and seminars.

SSM Collections: Three Main Categories

Sakıp Sabancı Museum Collection of the Arts of the Book and Calligraphy 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 Arts of the Book and 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. 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.

The rooms on the ground floor of the Atlı Köşk display furniture influenced by baroque, rococo, neo-gothic, neo-classic and empire styles and 19th century decorations used by the Sabancı Family when the mansion served as their residence. The Archeological and Stone Works Collection consists of Roman, Byzantine and Ottoman pieces and is exhibited in the Museum’s garden.

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

SSM, the Arts of the Book and Calligraphy Collection

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. In 2011, the museum hosted exhibitions entitled "Across - The Cyclades and Western Anatolia during the Third Millennium BC" and "Sophie Calle - For the Last and First Time."

The Museum maintained its distinctive and innovative exhibition program in its 10th year in 2012. Since 2012 was also the 400th year of diplomatic relations between Turkey and the Netherlands, the SSM hosted two significant exhibitions from the Netherlands. The first exhibition of the year, "Rembrandt and His Contemporaries - The Golden Age of Dutch Art", featured works from the Rijksmuseum as well as one of the world's leading private collections. The exhibition presented the Golden Age of Dutch Art for the first time in Turkey, displaying 110 works by great artists including Rembrandt, Johannes Vermeer, Frans Hals, Jan Steen and Jacob van Ruisdael. The second exhibition of the year, "Cobra – 1000 Days of Free Art", was realized in collaboration with the Cobra Museum of Modern Art and the private collection of ABN AMRO Bank. This exhibition also from the Netherlands hosted the works of the Cobra movement which was active from 1948 to 1951. The last exhibition of the year, "Monet's Garden," was realized in cooperation with the Marmottan Monet Museum. The exhibition hosted works from the late period of Claude Monet, including pictures of Monet's house in the Giverny Garden, garden scenes, water lilies and his famous Japanese bridge paintings.

In 2012, the Arts of the Book and Calligraphy Collection was re-launched with a new design and a contemporary display, including 200 works of Islamic Art written by well-known calligraphers, all produced during a period extending from the end of the 14th century to the 20th century. This new permanent presentation of the Arts of the Book and Calligraphy Collection provides visitors to view animations linked to iPad applications with "augmented reality" technology and also take a detailed look at valuable and rare manuscripts, page by page. As part of the display, Kutluğ Ataman's video showing a mirror image of a right-hand monitor, a video version of the calligraphic mirror compositions known as "müsenna" or "aynalı" were also included in the collection.

SSM, "Monet's Garden" 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 works 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 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."

In 2011, Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery opened the exhibition "Lo and Behold: Ara Güler in Mardin." The exhibition was on view in 2012 as well with the support of Sabancı Foundation. 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 close to 300,000 visitors as of the end of 2012.


SSM, "Rembrandt and his Contemporaries" exhibition

SSM Educational Activities and Events

Children's Education

The extensive educational programs initiated during the "Picasso in Istanbul" exhibition continued in 2012 and have increased in number, variety and content. Special workshops were held for children during the year. A total of 19,829 students attended the workshops held in 2012.

Adult Education

Adult education began to be held at the SSM by 2011. In the same year, 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 2012, SSM increased the number of lectures held: Prof. Dr. Uşun Tükel lectured on "The Art in Europe – From the Anti-Reformation to the Enlightenment" and "Western Art – Modern Times" in three modules; Atilla Dorsay lectured on "A Look at the History of Cinema" and "History of Cinema – French Cinema"; Prof. Uğur Derman lectured on "Meetings on Hüsn-i Hat"; Prof. Dr. Ali Akay lectured on "Inquiries on Contemporary Art"; and Assist. Prof. Ali Rıza Özcan lectured on "Applied Calligraphy".

Events

In 2012, symposium, panel and conferences were held at the SSM in parallel with the museum collections and temporary exhibitions.

The first event of the year was held in memory of Prof. Oleg Grabar, a leading figure in Islamic art, architecture and archeology, for his contributions to Turkish Islamic art and architectural history studies. Prof. Oleg Grabar was also a member of the International Advisory Board of the Museum.

As part of the Arts of the Book and Calligraphy display, the seminar entitled "Codicological Studies on Manuscripts" and the panel entitled "Sultan Bayezid II, on the 500th year of his death: Books, Poets, Artists" were held. In the panel "Sultan Bayezid II, on the 500th year of his death: Books, Poets, Artists," a facsimile edition of a poetry book by Efsahî, an eulogy from the SSM's collection written for Sultan Bayezid II was also launched.

To support current exhibitions at the SSM, conference series, film screenings, gallery talks with students of Sabancı University and guided tours were organized and also Neighbor Day events were held in 2012 as well. Furthermore, as part of "Rembrandt and His Contemporaries – The Golden Age of Dutch Art" exhibition, an international symposium entitled "Rembrandt or Not? Scientific Research on Art" was hosted. Conservation scientists from the New York Metropolitan Museum, the Pratt Institute, the University of Copenhagen and the National Gallery of Denmark, presented scientific research on works by Rembrandt and his contemporaries.

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.

In 2012, SSM "the Seed" continued to house the masters of classical music with "Istanbul Recitals." Furthermore, the SSM hosted the "Strange Place for Jazz" event as part of Istanbul Jazz Festival in collaboration with Istanbul Foundation for Culture and Arts. Finally, "Jazz in Ramadan" and "Night Shift" concert series were also held at the SSM.

SABANCI FOUNDATION ADOPTED THE PRINCIPLE OF "SHARING WHAT IT HAS GAINED FROM THIS LAND WITH ITS PEOPLE."

SABANCI FOUNDATION

The Sabancı family has contributed to Turkey's economy through the many businesses they have founded. Family members have focused their efforts on launching institutions that also benefit the public in the fields of education, health care, culture, sports and social services and have played an active role in philanthropic work. Reflecting the philosophy of the late Hacı Ömer Sabancı, "To share what we have earned from this land with the people," the Sabancı family established the Hacı Ömer Sabancı Foundation (known as the Sabancı Foundation) in 1974; 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.

The 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 women, youth and persons with disabilities.

Over the past 38 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 2012, the Sabancı Foundation continued to support the collaboration between the Perkins School for the Blind and Türkan Sabancı Primary and Vocational School for the Visually Impaired. Also this year, Sabancı Planetarium was inaugurated at the Eskişehir Science Arts and Culture Park. The technological infrastructure of the planetarium has been provided by the Sabancı Foundation on the conditional donation of Çimsa.

In 2012, more than 1,300 students, including 380 new students, benefited from Sabancı Foundation scholarships. Since establishment, more than 37,000 students have obtained scholarships through the scholarship program. The Foundation continued to provide scholarships through the Sabancı Foundation-Vista Scholarship Program which had been initiated during the 2009-2010 academic year. Additionally, the Sabancı Foundation Awards Program recognized individuals with awards for their exceptional performance in education, sports, arts and culture at national and international levels.

World of Magical Dreams-”Studio Festi Dancers”-State Theater-Sabancı International Adana Theater Festival

With regard to the arts and culture, the Sabancı Foundation continued to support the Turkish Folk Dance Competition and the State Theater’- Sabancı International Adana Theater Festival in 2012. Mehtap Ar Children’s Theater, which has received support from the Sabancı Foundation since September 2006, has traveled to 60 provinces and 151 districts in Anatolia, reaching nearly 600,000 children with more than 2,500 performances. In 2012, the Foundation continued to support the Ankara International Music Festival, the Metropolis Antique City excavation in Izmir and the Turkish National Youth Philharmonic Orchestra (TUGFO) 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 nearly 270,000 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” visited by more than 60,000 visitors.

The United Nations Joint Program (UNJP), which was successfully completed in six pilot cities between 2006 and 2010, marked an important milestone toward protecting and promoting the human rights of women and girls. Upon completion of the Program, “Local Equality Action Plans” were launched to improve the quality of life of women and girls; 300,000 people were reached as part of the Sabancı Foundation Grant Program; and high school teachers received “Purple Certificates” designed for the education of teachers on gender equality.

In 2012, a new United Nations Joint Program was initiated with the partnership of United Nations Development Program, UN Women, Sabancı University, Ministry of Family and Social Policy, Ministry of Interior, Ministry of National Education and Union of Municipalities of Turkey to be implemented in 10 pilot cities for three years. Supported by Sabancı Foundation, the new joint program will be implemented under three components: Gender Responsive Budgeting, Sabancı Foundation Grant Program and Purple Certificate Program.

First launched in 2008, the Sabancı Foundation Social Development Grant Program aims to support civil society organizations in promoting social development to achieve equality and active participation for women, youth and persons with disabilities. Since 2008, the program has received 824 applications from 70 provinces in Turkey. The Foundation granted a total of TL 5.6 million to 28 projects implemented in 72 provinces. Out of these projects, 20 were completed reaching more than 60,000 individuals throughout the country.

In 2012, eight new projects were selected to be included under the Sabancı Foundation Grant Program. Project representatives convened on July 9-10, 2012 in Istanbul to meet with one another and share their experiences.

Sowing Season: Experience Sharing Meeting

On October 18, 2012, a meeting was organized under the theme "Sowing Season" to exchange information and experiences among the grantees that completed their projects in 2012 with the support of the Sabancı Foundation Grant Program. Several representatives from NGOs, public institutions and the press attended this meeting to contribute to the discussion. A book entitled "Sowing Season: Sabancı Foundation Grant Program Stories" was distributed to the participants and related organizations.

In 2012, the Sabancı Foundation continued to support the project entitled "Turkey's Changemakers," highlighting the stories and efforts of individuals who make significant contributions to social development and inspire society. Out of 1,000 applications, 86 Changemakers were selected and videotaped. The videos were shared on the program's website, Facebook, Twitter and YouTube, as well as several local Turkish daily Internet news portals, reaching more than 2 million viewings on domestic and international platforms.

Every year, Sabancı Foundation Philanthropy Seminars bring together civil society, foundations, academic, private and public sector representatives with international experts to allow for information sharing on new trends in philanthropy and the civil society sector. On December 10, 2012, the sixth annual Sabancı Foundation Philanthropy Seminar was held with the theme of "Philanthropy for Education: Innovations and Opportunities" with guest speakers Irene Pritzker, founder of the Innovation Development Progress Foundation and M'hammed Abbad Andaloussi, founder of the NGO Al Jisr, who works toward improvement of the education system via cooperation with the private sector, foundations and the public sector.

With respect to other 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. These projects, programs and events are listed below:

72 Provinces Benefiting from Grant Projects

123 Institutions:

- 1 University
- 40 Educational Institutions
- 19 Dormitories
- 17 Teachers Centers
- 17 Cultural Facilities
- 13 Social Facilities
- 7 Health Care Centers and Facilities
- 5 Sports Facilities
- 4 Libraries

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
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

COMMUNICATION PRINCIPLES OF THE SABANCI GROUP

The Sabancı Group targets the following principle as part of its communication efforts: Sabancı Group plans and implements its operations on the basis of striving for permanent competitive advantages by differentiating itself; and the Group's mission is to manage a strategic portfolio with a competitive and sustainable growth potential in such a way that it creates value for its shareholders. The principle thus adopted is manifested, in the Group's business target: to be ahead of the competition in the sectors we operate.

It is of crucial importance that the internal and external communication of the Group is maintained consistently, constantly and transparently in order to safeguard and promote the corporate reputation of Sabancı Group and to manage it in harmony with its business targets and social responsibilities.

In this context:

1. The Chairman and CEO of Sabancı Holding have public informational meetings at least once (usually twice) a year.
2. Group Heads inform the public at least once a year.
3. Sabancı Holding shares its first quarter, first half, nine months and annual financial results with the Capital Markets Board of Turkey (CMB), Istanbul Stock Exchange (ISE) and the public.
4. Material disclosures to the ISE and press releases are simultaneously posted on the website.
5. Activities of Sabancı Holding are shared with the public through its website in both Turkish and English. Sabancı Holding shares information with the public through social media channels (www.facebook.com/sabanciholding - www.twitter.com/sabanciholding)
6. Affiliates of Sabancı Holding inform the Sabancı Holding Corporate Communication Department prior to the implementation of the planned communication activities on a monthly and annual basis.
7. Sabancı Holding and its affiliates adhere to the principles set out in the Communications Guide in all communication activities.
8. Uses of the Sabancı brand have been outlined in the Sabancı Corporate Identity Guidelines. Sabancı Holding and its affiliates adhere to these principles in all matters relating to the use of the Sabancı brand.

Frequency of such activities may be increased in line with corporate and operational developments.

SABANCI 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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 2012, 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 2012 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 opinion 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 2012 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2012 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.

Istanbul, 7 March 2013

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 2012 AND 2011

(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 Current Period 31 December 2012 USD (*)	Audited Current Period 31 December 2012	Audited Restated Prior Period 31 December 2011
ASSETS				
Current Assets		**47.917.715**	**85.418.119**	**67.585.004**
Cash and Cash Equivalents	5	3.768.453	6.717.644	6.643.010
Financial Assets				
- Held for Trading	6.a	22.299	39.750	171.207
- Available for Sale	6.b	2.128.184	3.793.701	1.606.192
- Held to Maturity	6.c	1.036.124	1.846.994	1.216
- Time Deposits	6.d	66.280	118.150	169.989
Derivative Financial Instruments	27	302.469	539.181	833.952
Reserve Deposits with the Central Bank of the Republic of Turkey		8.550.433	15.242.002	12.835.843
Trade Receivables	8	863.719	1.539.665	1.524.438
Receivables from Finance Sector Operations	28	28.958.860	51.622.064	40.590.585
Inventories	10	1.004.824	1.791.200	1.640.132
Other Receivables	9	426.420	760.137	795.601
Other Current Assets	19	718.510	1.280.816	772.373
		47.846.575	**85.291.304**	**67.584.538**
Non-current Assets Held for Sale	21	71.140	126.815	466
Non-current Assets		**50.477.002**	**89.980.303**	**83.270.396**
Trade Receivables	8	14.436	25.734	42.119
Receivables From Finance Sector Operations	28	22.769.276	40.588.512	33.567.203
Financial Assets				
- Available for Sale	6.b	20.925.844	37.302.410	35.955.194
- Held to Maturity	6.c	1.004.417	1.790.474	4.653.919
- Time Deposits	6.d	-	-	1.507
Investments Accounted Through Equity Method	11	139.855	249.305	295.817
Investment Property	12	89.996	160.426	158.614
Property, Plant and Equipment	13	3.878.461	6.913.745	5.872.088
Intangible Assets	14	708.377	1.262.753	1.271.752
Goodwill	15	413.232	736.628	725.290
Deferred Tax Assets	26	183.566	327.225	327.830
Other Receivables	9	173.394	309.092	213.552
Other Non Current Assets	19	176.147	313.999	185.511
Total Assets		**98.394.717**	**175.398.422**	**150.855.400**

(*) 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 2012, 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 7 March 2013 and signed on its behalf by Zafer Kurtul, member of Board of Directors and CEO and Barış Oran, Head of Finance.

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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 2012 AND 2011

(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 Current Period 31 December 2012 USD (*)	Audited Current Period 31 December 2012	Audited Restated Prior Period 31 December 2011
LIABILITIES				
Short Term Liabilities		**71.475.628**	**127.412.455**	**113.432.029**
Financial Liabilities	7	7.723.866	13.768.564	12.684.385
Current Portion of				
Long-term Financial Liabilities	7	854.981	1.524.089	3.854.576
Trade Payables	8	1.099.633	1.960.205	1.799.029
Payables from Finance Sector Operations	29	58.301.562	103.928.365	90.625.096
Derivative Financial Instruments	27	337.242	601.168	683.187
Income Taxes Payable	26	263.289	469.339	137.152
Other Short Term Liabilities and Provisions	19	998.092	1.779.199	980.540
Other Payables	9	1.879.525	3.350.442	2.668.064
		71.458.191	**127.381.371**	**113.432.029**
Liabilities Relating to Non-current				
Assets Held for Sale	21	17.437	31.084	-
Long Term Liabilities		**9.801.931**	**17.472.923**	**11.950.229**
Financial Liabilities	7	5.897.342	10.512.601	9.291.921
Trade Payables	8	1.906	3.397	2.235
Payables from Finance Sector Operations	29	3.103.213	5.531.787	1.775.623
Derivative Financial Instruments	27	428.939	764.627	321.827
Provision for Employment Termination Benefits	18	97.485	173.777	138.869
Deferred Tax Liabilities	26	159.711	284.701	192.985
Other Long Term Liabilities and Provisions	19	40.946	72.990	132.669
Other Payables	9	72.390	129.043	94.100
EQUITY		**17.117.157**	**30.513.044**	**25.473.142**
Equity attributable to the parent	**20**	**9.116.502**	**16.251.076**	**13.899.520**
Share Capital	20	1.144.622	2.040.404	2.040.404
Adjustment to Share Capital		1.922.339	3.426.761	3.426.761
Treasury Share(-)	20	(29.298)	(52.227)	(52.227)
Share Premium	20	12.156	21.670	21.670
Revaluations Funds	20	387.162	690.155	(59.845)
Hedge Funds	20	(125.315)	(223.386)	(217.757)
Restricted Reserves	20	367.276	654.707	580.224
Translation Reserve	20	87.081	145.287	194.073
Net Income for the Year		1.035.461	1.855.754	1.877.987
Retained Earnings		4.315.018	7.691.951	6.088.230
Non-controlling Interests		**8.000.655**	**14.261.968**	**11.573.622**
TOTAL EQUITY AND LIABILITIES		**98.394.717**	**175.398.422**	**150.855.400**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2012, and therefore do not form part of these consolidated financial statements (Note 2.1.7). by CBRT at 31 December 2012, 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 2012 AND 2011

(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 2012 USD (*)	Audited Current Period 1 January - 31 December 2012	Audited Restated Prior Period 1 January - 31 December 2011
CONTINUING OPERATIONS				
Sales (net)	4,22	6.466.382	11.589.049	10.595.650
Interest, Premium, Commission and Other Income	4	8.093.152	14.504.547	11.637.857
Total		**14.559.534**	**26.093.596**	**22.233.507**
Cost of Sales (-)	4,22	(5.405.954)	(9.688.551)	(8.582.006)
Interest, Premium, Commission and Other Expense		(4.379.609)	(7.849.135)	(6.072.201)
Total		**(9.785.563)**	**(17.537.686)**	**(14.654.207)**
Gross Profit from Non-financial Operations		1.060.427	1.900.498	2.013.644
Gross Profit from Financial Operations		3.713.543	6.655.412	5.565.656
GROSS PROFIT		**4.773.971**	**8.555.910**	**7.579.300**
Marketing, Selling and Distribution Expenses (-)	23	(352.668)	(632.051)	(558.228)
General and Administrative Expenses (-)	23	(2.157.033)	(3.865.834)	(3.319.003)
Research and Development Expenses (-)	23	(9.612)	(17.226)	(12.861)
Other Operating Income	24	441.568	791.379	940.511
Other Operating Expenses	24	(87.365)	(156.575)	(239.506)
OPERATING PROFIT		**2.608.862**	**4.675.603**	**4.390.213**
Shares of Income of Investments Accounted For Under Equity Method	11	107.386	192.458	159.096
Financial Income	25	173.088	310.208	582.649
Financial Expenses (-)	25	(280.519)	(502.747)	(870.527)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.608.817**	**4.675.522**	**4.261.431**
Tax income/ (expense) fromcontinuing operations				
Current Income Tax Expenses	26	(553.174)	(991.398)	(768.955)
Deferred Income Tax Benefit/ (Charge)	26	39.819	71.363	27.504
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**2.095.462**	**3.755.487**	**3.519.980**
DISCONTINUED OPERATIONS				
Net income/ (loss) after tax from discontinued operations	21	4.040	7.240	11.143
NET INCOME FOR THE YEAR		**2.099.502**	**3.762.727**	**3.531.123**
ATTRIBUTABLE TO NET INCOME		**2.099.502**	**3.762.727**	**3.531.123**
- Non-controlling Interests		1.064.040	1.906.973	1.653.136
- Equity Holders of the Parent		1.035.461	1.855.754	1.877.987
Earnings per share				
- thousands of ordinary shares (TL)	31	5,08	9,10	9,20
Earnings per share from continuing operations				
- thousands of ordinary shares (TL)	31	5,06	9,06	9,15

(*) 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 2012, 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 2012 AND 2011

(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 2012	Prior Period 1 January - 31 December 2011
NET INCOME FOR THE PERIOD		**3.762.727**	**3.531.123**
Other Comprehensive Income/ (Loss):			
Net unrealized fair value gains from available for sale financial assets after tax	26	2.867.144	(1.658.785)
Losses on available for sale financial assets transferred to the income statement, after tax	26	(1.004.556)	(298.686)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	26	(24.585)	711
Currency translation differences	26	(179.382)	308.187
Cash flow hedges, after tax	26	(70.503)	74.672
Hedges of net investment in a foreign operation, after tax	26	107.791	(104.175)
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		**1.695.909**	**(1.678.076)**
TOTAL COMPREHENSIVE INCOME		**5.458.636**	**1.853.047**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**5.458.636**	**1.853.047**
- Non-controlling Interests		2.950.081	620.240
- Equity Holders of the Parent		2.508.555	1.232.807

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(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 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**
Balances at 1 January 2012	**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**
Transfers	-	-	-	-	-	-	23.000	-	(1.877.987)	1.854.987	-	-	-
Effect of company acquisitions (Note 3)	-	-	-	-	-	-	-	-	-	-	-	44.726	44.726
Company liquidation [*]	-	-	-	-	-	-	-	42.784	-	(42.784)	-	-	-
Disposal of assets [**]	-	-	-	-	-	-	-	-	-	(3.618)	(3.618)	(14.692)	(18.310)
Effect of subsidiary public offering (Note 20)	-	-	-	-	-	-	51.483	-	-	7.079	58.562	-	58.562
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	(3.520)	(3.520)	20.726	17.206
Dividends paid [***]	-	-	-	-	-	-	-	-	-	(208.423)	(208.423)	(312.495)	(520.918)
Total comprehensive income	-	-	-	-	750.000	(5.629)	-	(91.570)	1.855.754	-	2.508.555	2.950.081	5.458.636
Balances at 31 December 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**690.155**	**(223.386)**	**654.707**	**145.287**	**1.855.754**	**7.691.951**	**16.251.076**	**14.261.968**	**30.513.044**

[*] Sabancı Industrial Yarn and Tire Cord Fabric B.V. ("Sabancı B.V.") which has been a subsidiary of Kordsa, one of The Group's subsidiaries, operating in the Netherlands is liquidated.
[**] Akbank's, one of The Group's subsidiaries, total equity shares on Ak B Tipi Yatırım Ortaklığı A.Ş. amounting to 70,04 % is delivered to Egeli & Co. Yatırım Holding A.Ş.
[***] Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,10 (2011: TL 0,15)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(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 2012 USD (*)	Current Period 1 January- 31 December 2012	Restated Prior Period 1 January- 31 December 2011
Net income before tax from continuing operations		2.608.817	4.675.522	4.261.431
Net income before tax from discontinued operations	21	5.020	8.997	15.141
Adjustments to reconcile income before taxationto net cash provided by operating activities:				
Depreciation and amortisation expenses	4	311.103	557.558	505.786
Provision for loan losses	28	650.354	1.165.564	671.297
Changes in the fair value of derivative instruments		316.607	567.423	(55.895)
Unrealized interest and foreign currency (income) / expense		351.278	629.561	(1.099.966)
Unrealized interest expenses		(3.836)	(6.874)	144.013
Provision for employment termination benefits	18	40.186	72.021	46.702
Impairment charge on property, plant and equipment, intangible assets and investment property	4	11.626	20.836	33.329
Currency translation differences		(72.481)	(129.901)	164.650
Insurance technical reserves and other provisions		6.534	11.710	5.753
Income from associates	11	(107.386)	(192.458)	(159.362)
Gain on sale of subsidiaries	24	-	-	(209.085)
Bargain purchase gain	24	-	-	(20.625)
Reversal of impairment of non-current assets held for sale	24	-	-	(71.902)
Gain on sale of property, plant and equipment,intangible assets and investment properties		(4.370)	(7.832)	(164.428)
Provision for inventory impairment	10	(461)	(826)	2.549
Provision for doubtful receivables		5.930	10.628	32.220
Other		(3.002)	(5.381)	4.900
Net cash provided by operating activities beforechanges in operating assets and liabilities				
Changes in trade receivables		(3.389)	(6.073)	(386.198)
Changes in inventories		(77.450)	(138.806)	(556.953)
Changes in other receivables and other current assets		(386.461)	(692.616)	(667.960)
Changes in trade payables		87.402	156.642	507.116
Changes in other liabilities and other payables		810.603	1.452.763	579.179
Net cash used in operating activities ofnon-current assets held for sale		(17.456)	(31.285)	(5.110)
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		82.624	148.079	516.999
Changes in receivables from financial operations		(10.669.900)	(19.122.595)	(16.702.329)
Changes in payables from financial operations		9.504.867	17.034.622	9.668.754
Changes in reserve with the Central Bank of the Republic of Turkey		(1.522.992)	(2.729.507)	(8.065.860)
Income taxes paid		(533.462)	(956.071)	(520.836)
Employment termination benefits paid	18	(22.378)	(40.105)	(37.497)
Net cash (used in)/ provided by operating activities		**1.367.925**	**2.451.596**	**(11.564.187)**

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(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 2012 USD (*)	Current Period 1 January-31 December 2012	Restated Prior Period 1 January-31 December 2011
Cash flow investing activities:				
Capital expenditures	4	(942.663)	(1.689.441)	(1.446.101)
Changes in time deposits, financial assets available for saleand held to matuirty		(404.044)	(724.128)	4.462.978
Cash used in business combinations and subsidairy equity share acquisition		(32.100)	(57.530)	(184.972)
Proceeds from sale of subsidiarias		32.844	58.863	160.230
Proceeds from sale of non current assets held for sale, property, plant and equipment, intangible assets and investment property		34.379	61.614	356.705
Dividends received		130.460	233.810	167.860
Changes in the consolidation scope		(10.031)	(17.977)	-
Net cash used in investing activities		**(1.191.156)**	**(2.134.789)**	**3.516.700**
Cash flow from financing activities:				
Changes in financial liabilities		63.294	113.436	9.686.955
Dividends paid		(116.294)	(208.423)	(312.563)
Dividends paid to non-controlling interests		(174.364)	(312.495)	(381.229)
Capital increase of non-controlling interests		-	-	26.150
Net cash used in acquisition of subsidiary holding shares		-	-	(217.869)
Net cash provided by financing activities of non-current assets held for sale		(4.902)	(8.785)	-
Changes in the consolidation scope		2.363	4.235	-
Net cash provided by financing activities		**(229.903)**	**(412.032)**	**8.801.444**
Effect of change in foreign currency rates on cash and cash equivalents		(85.468)	(153.176)	392.131
Net increase/(decrease) in cash and cash equivalents		(138.601)	(248.401)	1.146.088
Cash and cash equivalents at the beginning of the period (**)		2.960.198	5.305.266	4.159.178
Cash and cash equivalents at the end of the period		**2.821.596**	**5.056.865**	**5.305.266**

(*) 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 937 and cash and equivalents at the end of the period comprise interest accrual TL 624 in the current period (31 December 2011: TL 343 and TL 937, respectively). Restricted deposits at the beginning of current period is TL 1.336.807 and at the end of the period is TL 1.660.155 (31 December 2011: TL 822.971 and TL 1.336.807, respectively).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 2012 is 57.556 (31 December 2011: 57.374). 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 2012, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 20):

	%
Sabancı family	43,61
Public quotation (*)	39,40
Sakıp Sabancı Holding A.Ş.	13,79
Sabancı University	1,51
Çimsa	1,06
Hacı Ömer Sabancı Foundation	0,63
	100,00

(*) Public quotation line includes Exsa and Tursa's, both of which are the Group's subsidiary, purchases from ISE which are respectively 1,29% and 0,21%. Besides, following the purchases of shareholders from public; Sabancı family's share reaches 43,65%, Sakıp Sabancı Holding A.Ş.'s share reaches 14,07% and Hacı Ömer Sabancı Foundation's share reaches 0,66%. The differences between above mentioned rates and this rates are included in public quotation line.

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at 31 December 2012 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

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

All the Subsidiaries are registered in Turkey.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 December 2012 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(**)

(*) According to the Share Purchase Agreement signed with E.ON SE dated 3 December 2012; Verbund AG's Enerjisa Enerji A.Ş. shares will be transferred to E.ON SE. As of 31 December 2012, legal procedures are ongoing. Related permission from Energy Market Regulatory Authority (EMRA) is obtained and official share transfer will be completed after completing all legal procedures in 2013.

(**) The transfer agreement of the Group's total share in Olmuksa to International Paper Container Holdings (Spain), S.L. has been signed on 19 September 2012. The transfer is completed on 3 January 2013. The entity has been classified as assets held for sale on the consolidated financial statements.

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 Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

The Capital Markets Board of Turkey ("CMB") sets out principles and procedures on the preparation, presentation and disclosure of financial statements prepared by companies in accordance with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué").

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This Communiqué is effective for the annual periods beginning from 1 January 2008 and supersedes the Communiqué No: XI–25 "The Financial Reporting Standards of the Capital Markets". The Communiqué requires companies to prepare their financial statements in accordance with International Financial Reporting Standards ("IASs/IFRSs") adopted by the European Union. However companies will apply IASs/IFRSs issued by the IASB until the differences of the IAS/IFRS adopted by the European Union from those issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"). Therefore, TASB's, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TASs/TFRSs") that are in line with the aforementioned standards will be adopted in reporting.

As of the date of this report, since the differences of the IAS/IFRS adopted by the European Union from those issued by the International Accounting Standards Board ("IASB") have not been announced by the Turkish Accounting Standards Board ("TASB"), financial statements are prepared in accordance with IAS/IFRS based on the CMB Communiqué No: XI-29..The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué Serial XI, No: 29 declared by the CMB on 17 April 2008 and 9 January 2009.

In accordance with the CMB's resolution 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, starting from 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for held for trading, available for sale and derivative financial instruments and investment properties that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Article no.1 of Law numbered 2499 has been abjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on 2 November 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".

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.

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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) Amendments to IFRSs affecting amounts reported in the financial statements

New and Revised IFRSs affecting the reported financial performance and / or financial position
None.

New and Revised IFRSs affecting presentation and disclosure only
None.

(b) New and Revised IFRSs applicable in 2012 with no material effect on the consolidated financial statements

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

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.

These amendments to IFRS 7 did not 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.

Amendments to IAS 12 Deferred Taxes – Recovery of Underlying Assets
The amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. Since the Group's investment properties are accounted for according to the cost model net of accumulated depreciation (except land), the amendment did not have any effect on the consolidated financial statements.

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(c) 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 IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 1	*Clarification of the Requirements for Comparative Information*
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 IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statements*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IFRSs	*Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 Presentation of Financial Statements
***(as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued* in May 2012)**

The amendments to IAS 1 as part of the Annual Improvements to IFRSs 2009-2011 Cycle are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

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IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- 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 value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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 fair value through profit or loss was presented in profit or loss.

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 (for example; financial instruments currently classified as available for sale may have to be accounted for according to the fair value method and the valuation differences may have to be recorded to net income). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

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* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that 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 return 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* will be withdrawn upon the effective date 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 proportional consolidation.

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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.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The Group management anticipates that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements. The application of IFRS 11 will change the classification and subsequent accounting of the Group's investment in joint ventures, which are classified as a jointly controlled entity under IAS 31 and have been accounted for using the proportionate consolidation method. Under IFRS 11, these entities will be classified as a joint venture and accounted for using the equity method.

IFRS 13 *Fair Value Measurement*

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 Group 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.

Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Group management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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IAS 19 *Employee Benefits*

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. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to IAS 19 require retrospective application. However, the Group 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.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- *Amendments to IAS 16 Property, Plant and Equipment; and*

- *Amendments to IAS 32 Financial Instruments: Presentation.*

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Group management does not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Group management does not anticipate that the amendments to IAS 32 will have a significant effect on the Group's consolidated financial statements.

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Group management anticipates that IFRIC 20 will have no effect to the Group's financial statements as the Group does not engage in such activities.

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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 2012:

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 %
AEO	70,29	-	70,29	70,29
Akbank	40,78	8,17	48,95	40,76
Bimsa	100,00	-	100,00	89,97
Çimsa	58,41	1,42	59,83	53,00
Exsa	61,68	38,32	100,00	46,23
Kordsa Global	91,11	-	91,11	91,11
Teknosa (1)	61,21	29,71	90,92	60,72
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	51,00	-	51,00	51,00

(1) Teknosa's proportion of effective interest declined to 60,72% from 70,29% as of 31 December 2012, after the initial public offering that took part at 17 May 2012.

(*) Represents Sabancı family shares involved in management.

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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 members (*)	Proportion of ownership interest %	Proportion of effective interest %
AEO	70,29	-	70,29	70,29
Akbank	40,78	8,17	48,95	40,76
Bimsa	100,00	-	100,00	89,97
Çimsa	58,41	1,42	59,83	53,00
Exsa (1)	61,68	-	100,00	46,23
Kordsa Global	91,11	-	91,11	91,11
Teknosa	61,21	38,32	90,92	60,72
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.

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 2012 and result of operations for the year ended 31 December 2012 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.

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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 2012:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Aksigorta [1]	36,00	36,00
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Enerjisa Enerji [3]	50,00	50,00
Olmuksa [2]	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 36% from 30,99% for both the Holding and Ageas through the purchase of shares from the ISE during the following months.

(2) The transfer agreement of the Group's total share in Olmuksa to International Paper Container Holdings (Spain),S.L. has been signed on 19 September 2012. The transfer is completed on 3 January 2013. The entity has been classified as assets held for sale on the consolidated financial statements.

(3) According to the Share Purchase Agreement signed with E.ON SE dated 3 December 2012; Verbund AG's Enerjisa Enerji A.Ş. shares will be transferred to E.ON SE. As of 31 December 2012, legal procedures are ongoing. Related permission from Energy Market Regulatory Authority (EMRA) is obtained and official share transfer will be completed after completing all legal procedures in 2013.

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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%).

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

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 2012 and result of operations for the year ended 31 December 2012 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).

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The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2012 and 2011:

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

(1) Classified as asset held for sale in the consolidated financial statements.

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 2012 comparatively with the consolidated balance sheet as of 31 December 2011 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the year 1 January - 31 December 2012 comparatively with the year 1 January - 31 December 2011.

Following the completion of sale agreement of the shares of Olmuksa owned by the Group on 19 September 2012, Olmuksa's statement of income line items have been classified as income or loss from discontinued operations. The Group reviewed prior year financial statements and reclassified TL 25.019 from other long term receivables to other non-current assets and TL 26.605 from other long term payables to payables from Finance Sector Operations. Besides, following the accounting policy change that took part at Enerjisa, which is a joint venture of the Group, TL 62.836 and TL 31.993 is classified from other non-current assets to fixed assets as of 1 January 2012 and 2011, respectively. In addition to that, Enerjisa's VAT receivable amounting to TL 77.125 is classified from other current assets to other non-current assets. Since the subsidiaries and joint ventures, which are individual tax payers, present their net deferred tax assets and liabilities on their financial statements, the Group reflected the effect of such net presentation to the consolidated financial statements. As of 1 January 2012, deferred tax assets and liabilities amounting to TL 258.804 have been netted off on the consolidated financial statements.

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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 2012 of TL 1,7826 = USD 1 and TL 1,7924 = 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 2012.

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% (2011: 5% and 11%) for TL deposits and other liabilities according to their maturities as of 31 December 2012. The reserve rates for foreign currency liabilities vary between 6% and 11,5% (2011: 6% and 11%) for deposit and other foreign currency liabilities according to their maturities as of 31 December 2012.

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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.

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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. 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

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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.

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.

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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".

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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.

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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.

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

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. The transfer should be completed until 8 May 2013. With the change in first clause of 20nd provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the postponement right of the Council of Ministers has been extended from two years to four years.

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

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With respect to that, according to the technical balance sheet report as at 31 December 2012 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with 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. 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 294.543 (31 December 2011: TL 157.674 TL), the surplus of the Fund amounts to TL 302.398 as of 31 December 2012 (31 December 2011: TL 322.392).

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

	31 December 2012	31 December 2011
Present value of funded obligations	(687.438)	(604.794)
- Pension benefits transferrable to SSI	(883.461)	(854.018)
- Post-employment medical benefits transferrable to SSI	490.566	406.898
- Other non-transferrable benefits	(294.543)	(157.674)
Fair value of plan assets	989.836	927.186
Surplus	**302.398**	**322.392**

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 2012	31 December 2011
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits (*)	%2,55	%4,16

(*) For the year 2012, the assumption represents the average rate calculated considering each individual’s remaining years to retirement.

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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.

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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 2012.

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 2012.

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.

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Equalisation Reserve

In accordance with the Regulation on Technical Reserves, insurance companied are reuqired 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.

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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.

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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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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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.

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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.

NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2012 are as follows:

Çimsa, a subsidiary of the Group, signed the share transfer agreement of 153.000.000 shares of Afyon Çimento Sanayii Türk A.Ş., with a nominal value of TL 1.530 owned 51% by PARCIB SAS, a 100% subsidiary of CIMENT FRANÇAIS, on 15 February 2012. According to the signed share transfer agreement, the total share transfer price of 153.000.000 shares is determined as TL 57.530. Share transfer price is determined through bargaining and denominated in Turkish Lira. Related permission is granted from Competition Authority at 12 April 2012 and share transfer is completed at 31 May 2012. Transfer price is paid in cash.

The fair value basis to the transaction and net assets acquired after the purchase are as follows:

	Fair value
Total current assets	25.813
Total non-current assets	78.631
Total liabilities	(13.911)
Book value of net assets	**90.533**
51% net asset value	46.172
Paid cash and cash equivalents	57.530
Goodwill	11.358

The non-controlling interest amount that reflects 49% of the subsidiary acquired amounting to TL 44.362 is accounted under shareholders' equity.

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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.S., TL 52.797 for Italgen Elektrik Üretim A.S., TL 25.392 for Alpaslan II Enerji Üretim Sanayi ve Ticaret A.S. and TL 60.405 for Pervari Elektrik Üretim Sanayi ve Ticaret A.S..

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

The acquisition resulted in bargain purchase gain amounting to TL 20.625 which has been recognized in other income on the 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

a) External revenues:

	1 January - 31 December 2012	1 January - 31 December 2011
Finance	14.504.547	11.637.857
Banking	13.935.272	11.188.718
Insurance	569.275	449.139
Energy	2.114.102	1.723.207
Industry	4.431.018	4.567.532
Retail	3.695.124	3.017.917
Cement	1.273.855	1.199.936
Other	74.950	87.058
Total	**26.093.596**	**22.233.507**

b) Segment assets:

	31 December 2012	31 December 2011
Finance	163.194.114	139.842.145
Banking	162.263.337	138.975.287
Insurance	930.777	866.858
Energy	5.298.536	4.259.671
Industry	3.755.607	4.065.238
Retail	1.335.589	1.101.276
Cement	1.747.642	1.540.927
Other	717.999	379.516
Segment assets (*)	**176.049.487**	**151.188.773**
Non-current assets held for sale (Note 21)	126.815	466
Investment in associates	249.305	295.817
Unallocated assets	448.423	613.766
Less: intercompany eliminationsand reclassifications	(1.475.608)	(1.243.422)
Total assets as per consolidated financial statements	**175.398.422**	**150.855.400**

(*) Segment assets mainly comprise operating assets.

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c) Segment liabilities:

	31 December 2012	31 December 2011
Finance	139.931.197	121.453.178
Banking	139.265.308	120.824.978
Insurance	665.889	628.200
Energy	785.453	647.566
Industry	684.950	949.167
Retail	1.094.801	780.906
Cement	202.391	212.554
Other	109.662	43.960
Segment liabilities (*)	**142.808.454**	**124.087.331**
Liabilities associated with non-currentassets held for sale (Note 21)	31.084	-
Unallocated liabilities	3.899.086	2.976.559
Less: intercompany eliminationsand reclassifications	(1.853.246)	(1.681.632)
Total liabilities as per consolidated financial statements	**144.885.378**	**125.382.258**

(*) 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 2012

	Finance										
	Banking	Insurance	Intra segment elimination	Total Finance	Energy	Industry	Retail	Cement	Other (**)	Inter segment elimination	Total
External revenues	13.935.272	569.275	-	14.504.547	2.114.102	4.431.018	3.695.124	1.273.855	74.950	-	26.093.596
Inter segment revenues	73.696	1.115	-	74.811	172.006	1.003	7.519	117	15.313	(270.769)	-
Total revenues	**14.008.968**	**570.390**	**-**	**14.579.358**	**2.286.108**	**4.432.021**	**3.702.643**	**1.273.972**	**90.263**	**(270.769)**	**26.093.596**
Cost of sales (*)	(7.471.116)	(500.420)	58.677	(7.912.859)	(1.950.575)	(3.865.080)	(2.955.173)	(986.385)	(67.496)	199.882	(17.537.686)
General and administrative expenses	(3.031.801)	(97.727)	24	(3.129.504)	(186.656)	(147.880)	(323.231)	(56.721)	(17.193)	52.811	(3.808.374)
Sales, marketing anddistribution expenses	-	-	-	-	(2.777)	(258.650)	(360.873)	(9.302)	(1.878)	1.429	(632.051)
Research and development expenses	-	-	-	-	-	(17.639)	-	-	-	413	(17.226)
Operating result	**3.506.051**	**(27.757)**	**58.701**	**3.536.995**	**146.100**	**142.772**	**63.366**	**221.564**	**3.696**	**(16.234)**	**4.098.259**
Other unallocated operatingexpenses										(57.460)	(57.460)
Other income/(expense)- net	370.560	64.483	(46.591)	388.452	8.200	59.986	15.773	(1.972)	163.293	1.072	634.804
Segment result	**3.876.611**	**36.726**	**12.110**	**3.925.447**	**154.300**	**202.758**	**79.139**	**219.592**	**166.989**	**(72.622)**	**4.675.603**

(*) 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.

(**) Other operating income related to the "Other" segment consists of the service income related to the E.On Verbund shareholding change (Note 24).

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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	4.567.532	3.017.917	1.199.936	87.058	-	22.233.507
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**	**4.572.488**	**3.021.140**	**1.200.040**	**104.226**	**(211.347)**	**22.233.507**
Cost of sales(*)	(5.868.180)	(420.661)	16.172	(6.272.669)	(1.515.679)	(3.819.110)	(2.358.775)	(926.945)	(74.088)	313.059	(14.654.207)
General and administrative expenses	(2.558.545)	(81.901)	11.713	(2.628.733)	(179.727)	(125.248)	(309.683)	(46.110)	(18.236)	44.882	(3.262.855)
Sales,marketing anddistribution expenses	-	-	-	-	(1.500)	(249.222)	(296.623)	(9.977)	(2.301)	1.395	(558.228)
Research and development expenses	-	-	-	-	-	(13.174)	-	-	-	313	(12.861)
Operating result	**2.809.275**	**(52.337)**	**27.885**	**2.784.823**	**163.829**	**365.734**	**56.059**	**217.008**	**9.601**	**148.302**	**3.745.356**
Other unallocated operatingexpenses	-	-	-	-	-	-	-	-	-	(56.148)	(56.148)
Other income/(expense)- net	396.141	72.677	(18.247)	450.571	(209)	(50.215)	7.976	(10.619)	309.666	(6.165)	701.005
Segment result	**3.205.416**	**20.340**	**9.638**	**3.235.394**	**163.620**	**315.519**	**64.035**	**206.389**	**319.267**	**85.989**	**4.390.213**

(*) 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.

(**) Other operating income related to the "Other" segment consists of gain on sale of 50% of Aksigorta shares (Note 24)

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e) Operating results

i) Banking:

	1 January - 31 December 2012	1 January - 31 December 2011
Interest income	11.649.475	9.473.644
Interest expense	(6.291.675)	(5.321.916)
Net interest income	**5.357.800**	**4.151.728**
Fee and commission income	2.359.493	1.762.356
Fee and commission expense	(316.673)	(273.976)
Net fee and commission income	**2.042.820**	**1.488.380**
Provision for loan losses	(891.263)	(313.299)
Foreign exchange trading gains and losses-net	28.495	41.011
Operating expense	(3.031.801)	(2.558.545)
Other operating income/(expense)	370.560	396.141
Segment result	**3.876.611**	**3.205.416**

Intersegment eliminations are excluded.

ii) Insurance

	1 January - 31 December 2012	1 January - 31 December 2011
Gross premiums received	570.390	450.225
Premiums ceded to reinsurers	(132.365)	(94.291)
Change in the provision for unearned Premiums net of reinsurance	(23.754)	(30.355)
Earned premiums, net of reinsurance	**414.271**	**325.579**
Claims paid	(334.198)	(278.609)
Claims paid-reinsures' share	39.670	36.793
Change in the provision for claims	6.570	1.426
Claims incurred, net	**(287.958)**	**(240.390)**
Change in life mathematical reserve, net	21.280	(12.698)
Commission expenses-net	(77.622)	(43.257)
General and administrative expenses	(97.727)	(81.901)
Other operational income/(expense)	64.482	72.677
Segment result	**36.726**	**20.340**

Intersegment eliminations are excluded.

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iii) Non-financial segments:

	1 January 31 December 2012	1 January 31 December 2011
Net sales	11.785.007	10.758.629
Cost of sales	(9.824.709)	(8.694.597)
Gross profit	**1.960.298**	**2.064.032**
Operating expenses	(1.440.260)	(1.307.949)
Other operating income/(expense)	245.280	256.599
Segment result	**765.318**	**1.012.682**

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 2012**	**31 December 2011**
Banking	4.033.679	3.210.463
Insurance	39.721	23.195
Industry	355.826	500.874
Cement	293.769	276.237
Energy	255.715	251.828
Retail	136.988	101.445
Other	(13.790)	(20.128)
Intersegment eliminations	(3.052)	151.775
Total	**5.098.856**	**4.495.689**

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

	31 December 2012	31 December 2011
Adjusted EBITDA for reported operating segments	5.098.856	4.495.689
Gain on sale of subsidiaries (Note 24)	-	247.350
Gain on sale of fixed asset	-	164.428
E.ON - Verbund shareholding change service income (Note 24)	138.125	-
Reversal of subsidiary impairment loss (Note 24)	-	71.902
Tax negotiation (Note 26)	-	(25.112)
Loss on sale of subsidiaries (Note 24)	-	(38.265)
Bargain purchase gain (net of costs related to the acquisition)	-	17.709
Restructuring costs	(7.932)	(23.302)
Other	-	(18.431)
Depreciation and amortisation	(553.446)	(501.755)
Operating profit	**4.675.603**	**4.390.213**
Financial expenses - net	(192.539)	(287.878)
Income from investmentsaccounted through equity method (Note 11)	192.458	159.096
Income before tax from continuing operations	**4.675.522**	**4.261.431**

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 2012**	**31 December 2011**
Current assets	2.237.445	2.062.504
Non-current assets	6.291.753	5.135.389
Total assets	**8.529.198**	**7.197.893**
Current liabilities	2.489.009	2.107.188
Non-current liabilities	2.389.277	2.131.318
Total liabilities	**4.878.286**	**4.238.506**
Non-controlling interests	4.744	4.550
Shareholders' equity	3.646.168	2.954.837
Total liabilities, non-controlling interests and,shareholders' equity	**8.529.198**	**7.197.893**

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Income Statement	31 December 2012	31 December2011
Operating profit	301.414	264.693
Financial income/ (expense)- net	(43.617)	(244.163)
Income before tax and non-controlling interests	257.797	20.530
Taxation on income	(58.386)	(36.417)
Income from continuing operations	199.411	(15.887)
Income after tax from discontinued operations	7.240	6.870
Net income for the period from continuing operations	**206.651**	**(9.017)**
Non-controlling interests	315	251
Equity holders of the parent	206.336	(9.268)

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

1 January – 31 December 2012

	Finance								
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	157.068	2.995	145.136	74.176	101.415	57.849	14.844	4.075	557.558
Impairment of property, plantand equipment, intangible assets	-	-	(961)	-	23.311	765	-	-	23.115
Capital expenditure	192.397	6.410	294.410	128.440	963.468	82.971	16.727	4.618	1.689.441

1 January – 31 December 2011

	Finance								
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	141.800	2.855	133.847	65.871	88.208	55.119	14.055	4.031	505.786
Impairment of property, plantand equipment, intangible assets	-	-	16.937	-	-	16.392	-	-	33.329
Capital expenditure	149.346	3.051	293.738	141.214	777.897	68.357	8.634	3.864	1.446.101

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NOTE 5 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Cash in hand		
- Banking	1.420.850	1.042.846
- Other companies	49.784	48.837
Bank – time deposits	1.664.683	2.148.068
Bank – demand deposits	1.861.009	1.604.727
Government bonds	1.580.557	968.081
Government bonds denominated in foreign currency	-	648.614
Other bonds denominated in foreign currency	136.571	172.566
Receivable from reverse repo transactions	-	8.210
Eurobonds	-	626
Other cash and cash equivalents	4.190	435
Total	**6.717.644**	**6.643.010**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,41% (31 December 2011: 0,20%), 0,38% (31 December 2011: 0,45%) and 11,60% (31 December 2011: 11,78%), respectively.

The analysis of maturities at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Demand	3.335.834	2.696.845
Up to 3 months	3.381.810	3.946.165
Total	**6.717.644**	**6.643.010**

As of 31 December 2012, 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 1.660.155 (31 December 2011: TL 1.336.807).

NOTE 6 – FINANCIAL ASSETS

a) Held for trading securities:

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

	31 December 2012	31 December 2011
Government bonds	14.284	127.946
Eurobonds	2.952	26.623
Share certificates	18.825	14.671
Other bonds denominated in TL	3.689	1.967
Total	**39.750**	**171.207**

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a) Held for trading securities:

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 3,93% (31 December 2011: 5,09%), 2,89% (31 December 2011: 4,46%) and %11,60 (31 December 2011: 11,09%), respectively. The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 1.157 (31 December 2011: TL 8.609).

The analysis of maturities at 31 December 2012 and 2011 is as follows:

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	2.204	-	2.204	22.674	2.241	24.915
1 to 5 years	6.391	-	6.391	101.151	7.227	108.378
Over 5 years	4.163	-	4.163	23.243	-	23.243
No maturity	18.825	8.167	26.992	14.249	422	14.671
Total	**31.583**	**8.167**	**39.750**	**161.317**	**9.890**	**171.207**

Period remaining to contractual repricing dates:

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	5.047	-	5.047	2.974	-	2.974
3 to 12 months	2.226	-	2.226	27.847	2.241	30.088
1 to 5 years	1.536	-	1.536	98.610	7.227	105.837
Over 5 years	3.949	-	3.949	17.637	-	17.637
No maturity	18.825	8.167	26.992	14.249	422	14.671
Total	**31.583**	**8.167**	**39.750**	**161.317**	**9.890**	**171.207**

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b) Available for sale securities:

	31 December 2012	31 December 2011
Debt securities		
- Government bonds	28.784.368	31.917.734
- Eurobonds	10.068.639	4.166.257
- Investment funds	239.123	186.017
- Other bonds denominated in foreign currency	1.969.248	1.258.302
Sub- total	**41.061.378**	**37.528.310**
Equity securities		
- Listed	4.031	4.030
- Unlisted	30.702	29.046
Sub- total	**34.733**	**33.076**
Total financial assets available for sale	**41.096.111**	**37.561.386**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,68% (31 December 2011: 4,45%), 4,42% (31 December 2011: 4,62%) and 9,97% (31 December 2011: 10,76%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 23.097.568 (31 December 2011: TL 13.258.228). Available for sale financial assets that are given as colleteral because of the Group's financing activities are amounting to TL 6.526.263 (31 December 2011: TL 5.398.650). Available for sale financial assets risks of which are undertaken by insurance policy owners are amounting to TL 182.745 (31 December 2011: TL 198.254).

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

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The maturity analysis at 31 December 2012 and 2011 is as follows:

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	3.537.214	15.307	3.552.521	1.591.712	14.480	1.606.192
1 to 5 years	19.871.294	105.256	19.976.550	29.759.200	132.878	29.892.078
Over 5 years	17.250.272	40.855	17.291.127	5.810.339	28.316	5.838.655
No maturity	250.963	24.950	275.913	196.647	27.814	224.461
Total	**40.909.743**	**186.368**	**41.096.111**	**37.357.898**	**203.488**	**37.561.386**

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

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	9.791.256	-	9.791.256	7.033.230	-	7.033.230
3 to 12 months	13.278.569	15.307	13.293.876	13.111.529	14.480	13.126.009
1 to 5 years	7.832.999	105.256	7.938.255	13.861.404	132.878	13.994.282
Over 5 years	9.755.956	40.855	9.796.811	3.155.088	28.316	3.183.404
No maturity	250.963	24.950	275.913	196.647	27.814	224.461
Total	**40.909.743**	**186.368**	**41.096.111**	**37.357.898**	**203.488**	**37.561.386**

c) Financial assets held to maturity:

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

	31 December 2012	31 December 2011
Government bonds	3.637.468	3.639.296
Eurobonds	-	1.015.839
Total	**3.637.468**	**4.655.135**

Effective interest rates of debt securities denominated at TL is 9,56% (31 December 2011: 11,11%). As of 31 December 2012 there exist no debt securities denominated at USD or EUR (31 December 2011: effective interest rates of such debt securities are 7,05% and 7,34% respectively). The Group's financial assets held to maturity subject to funds provided from repo are TL 358.131 (31 December 2011: TL 749.412). The amount of Group's held to maturity financial assets colleterals given for financial operations is TL 3.145.397 (31 December 2011 : TL 3.713.634).

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

	2012	2011
1 January	4.655.135	5.814.015
Additions	209	-
Transfers to cash and cash equivalents	-	(169.335)
Foreign exchange differences	(90.677)	172.731
Addition due to change in amortised cost	764	21.438
Redemptions and sales (*)	(927.963)	(1.183.714)
31 December	**3.637.468**	**4.655.135**

(*) According to IAS 39 Financial Instruments Recognition and Measurement Standard, Akbank has reclassified its foreign currency denominated securities issued by the Treasury of Republic of Turkey held in Held to maturity portfolio with nominal values of thousands EUR 300.476 and thousand USD 160.288 to Available for Sale portfolio with the sale intention of these securities out of which nominal value amounting to thousands EUR 216.000 have been sold.

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 December 2012 and 2011 is as follows:

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	1.846.994	-	1.846.994	1.216	-	1.216
1 to 5 years	1.790.474	-	1.790.474	3.638.080	-	3.638.080
Over 5 years	-	-	-	1.015.839	-	1.015.839
Total	**3.637.468**	**-**	**3.637.468**	**4.655.135**	**-**	**4.655.135**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 December 2012 and 2011 is as follows:

	31 December 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	3.433.339	-	3.433.339	3.433.478	-	3.433.478
3 to 12 months	204.129	-	204.129	205.818	-	205.818
1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	1.015.839	-	1.015.839
Total	**3.637.468**	**-**	**3.637.468**	**4.655.135**	**-**	**4.655.135**

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d) Time Deposits:

As of 31 December 2012, maturities of time deposits that are over 3 months denominated at USD and TL are respectively TL 67.439 and TL 50.711. Interest rates of time deposits are respectively 0,48% and 11,60%. The breakdown of maturities of time deposits that are over 3 months are as follows:

	31 December 2012	31 December 2011
3 to 12 months	118.150	169.989
1 to 5 years	-	1.507
Total	**118.150**	**171.496**

NOTE 7 – FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2012	31 December 2011
Short term	13.768.564	12.684.385
Short-term portion of long term	1.524.089	3.854.576
Total short term	**15.292.653**	**16.538.961**
Long-term funds borrowed, bank borrowings and debt securities in issue:		
Long term	10.512.601	9.291.921
Total	**25.805.254**	**25.830.882**

Effective interest rates of USD, EUR and TL denominated funds borrowed borrowings and debt securities in issue are 1,97% (31 December 2011: 2,06%), 1,44% (31 December 2011: 1,99%) and 7,63% (31 December 2011: 7,62%) respectively.

The maturity schedule of borrowings at 31 December 2012 and 2011 is summarised below:

	31 December 2012	31 December 2011
Up to 3 months	6.138.793	7.182.857
3 to 12 months	9.153.860	9.356.104
1 to years	7.897.106	7.239.558
Over 5 years	2.615.495	2.052.363
Total	**25.805.254**	**25.830.882**

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The maturity schedule of long term borrowings at 31 December 2012 and 2011 is summarised below:

	31 December 2012
2014	2.681.040
2015	2.462.093
2016	1.066.731
2017	1.687.241
2018 and after	2.615.496
Total	**10.512.601**

	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
Toplam	**9.291.921**

The repricing schedule of borrowings at 31 December 2012 and 2011 is summarised below :

	31 December 2012	31 December 2011
Up to 3 months	13.276.097	14.898.414
3 to 12 months	5.884.674	7.154.398
1 to 5 years	3.822.202	2.827.174
Over 5 years	2.822.281	950.896
Total	**25.805.254**	**25.830.882**

Major borrowing and funding transactions of Akbank and Enerjisa at 31 December 2012 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

As of 31 December 2012, there are two outstanding syndicated loan facilities; the first syndicated loan facility amounts to EUR 795.000 and USD 146.000 provided by 42 international banks and signed on 20 March 2012. All-in annual costs are Euribor/Libor+%1,45, respectively. The second syndicated loan facility amounts to EUR 857.000 and USD 450.000 provided by 46 international banks and signed on 16 August 2012. All-in annual costs are Euribor/Libor+%1,35, respectively.

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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 2012, total loan amount of EUR 1.000.000 has been used. (31 December 2011: EUR 946.600).

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, total loan amount of EUR 270.000 has been used (31 December 2011: EUR 155.000).

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 2012, Enerjisa has utilized EUR 111.850 with respect to this EUR 700.000 loan agreement (31 December 2011: EUR 74.000).

Enerjisa signed another loan agreement on 26 April 2012 with European Bank for Reconstruction and Development ("EBRD") amounting to EUR 135.000 to finance Bares Wind Power Plant. EUR 100.000 of the loan provided by EBRD and EUR 35.000 million of it is provided by BAWAG. As of 31 December 2012, total loan amount of EUR 135.000 has been used.

On 25 July 2012, Enerjisa signed a loan agreement of EUR 750.000 with a maturity of 11.5 years with various banks for the financing of Tufanbeyli Thermal Plant. EUR 608.000 million with maturity 11.5 years of the loan has been insured by Korea Trade Insurance Corporation (K-Sure). Creditors of the loan are Societe Generale, UniCredit Bank Austria Ag, HSBC Bank plc, Raiffeisen Bank International AG, The Bank of Tokyo-Mitsubishi UFJ Ltd., BNP Paribas ve Fortis Bank SA/NV, Akbank T.A.Ş., Deutsche Bank AG, Natixis and Erste Group Bank AG. As of 31 December 2012, there has been no loan withdrawal by Enerjisa.

The effect of the used loan on consolidated financial statements is limited to 50% joint venture share.

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Issued securities:
Securities issued consist of USD and TL assets.

The repayment plan for securities issued is started below in USD.

	31 December 2012		31 December 2011	
	US Dollar	TL	US Dollar	TL
2012	-	-	542.560	1.024.841
2013	636.730	1.131.851	619.349	1.169.889
2014	475.772	845.732	449.413	848.895
2015	1.206.576	2.144.809	1.100.006	2.077.802
2016	257.780	458.230	187.442	354.060
2017	599.195	1.065.129	118.837	224.471
2018	442.377	786.369	381.949	721.463
2019	14.921	26.524	-	-
2020	14.026	24.933	-	-
2021	13.177	23.423	-	-
2022	314.514	559.079	-	-
Total	**3.975.068**	**7.066.079**	**3.399.556**	**6.421.421**

The balance amounting to USD 3.975.068 consists of securitization deals and USD denominated securities issued by the Bank.

Additionally, as of 31 December 2012, there are bonds issued by the Bank amounting to TL 1.022.015 with 6 months maturity, TL 653.883 1 year maturity, TL 417.014 with 2 years maturity and TL 437.767 with 3 years maturity (31 December 2011: 6 months maturity TL 1.093.010; 2 years maturity TL 714.948).

NOTE 8 – TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term receivables:	31 December 2012	31 December 2011
Trade receivables	1.526.750	1.439.636
Notes and cheques receivables	173.504	251.148
	1.700.254	**1.690.784**
Less: allowance for doubtful receivables	(134.855)	(124.227)
Total	**1.565.399**	**1.566.557**

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As of 31 December 2012, trade receivables of TL 196.222 were past due but not impaired (31 December 2011: TL 168.690). The aging analysis of these trade receivables is as follows:

	31 December 2012	31 December 2011
Up to 3 months	135.330	122.286
3 to 6 months	38.750	17.234
6 to 9 months	17.780	5.219
Over 9 months	4.362	23.951
Total	**196.222**	**168.690**

As of 31 December 2012 and 2011 the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2012	31 December 2011
Up to 3 months	1.918	1.690
3 to 6 months	1.443	3.427
6 to 9 months	6.749	19.850
Over 9 months	124.745	99.260
Total	**134.855**	**124.227**

Short-term and long-term trade payables:	31 December 2012	31 December 2011
Trade payables	1.963.044	1.800.952
Notes payable	558	312
Total	**1.963.602**	**1.801.264**

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2012	31 December 2011
Receivables from credit card payments	179.562	170.601
Financial assets (*)	49.177	48.534
Other receivables	531.398	576.466
Total	**760.137**	**795.601**

(*) 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 2012	31 December 2011
Financial assets (*)	245.310	162.554
Deposits and guarantees given	21.690	20.851
Other	42.092	30.147
Total	**309.092**	**213.552**

(*) 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 2012	31 December 2011
Payables related to credit card transactions	2.045.457	1.687.016
Taxes and funds payable	257.653	232.705
Export deposits and transfer orders	163.341	20.074
Due to personnel	38.868	38.821
Payment orders to correspondent banks	19.223	24.328
Other	825.900	665.120
Total	**3.350.442**	**2.668.064**

Other long term payables:		
Deposits and guarantees received	76.065	59.064
Other	52.978	35.036
Total	**129.043**	**94.100**

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NOTE 10 - INVENTORIES

	31 December 2012	31 December 2011
Raw materials	344.395	470.359
Work in process	169.515	149.590
Finished goods and merchandises	1.057.233	870.383
Spare parts	99.803	84.746
Other inventories	146.884	92.510
	1.817.830	1.667.588
Allowance for impairment on inventory (-)	(26.630)	(27.456)
Total	**1.791.200**	**1.640.132**

The movement table of allowance for impairment on inventory is as follows:

	2012	2011
1 January	27.456	23.989
Charge for the period	13.889	15.852
Provision used	(15.445)	(13.303)
Currency translation difference	730	918
31 December	**26.630**	**27.456**

NOTE 11 – INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 December 2012	Share (%)	31 December 2011	Share (%)
Philsa	207.725	25,00	236.190	25,00
Philip Morrissa	41.580	24,75	55.414	24,75
Dönkasan	-	-	4.213	21,86
Total	**249.305**		**295.817**	

Income from associates is as follows:

	31 December 2012	31 December 2011
Philsa	158.581	123.875
Philip Morrissa	33.877	35.221
Total	**192.458**	**159.096**

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The summary financial information of associates is as follows:

	31 December 2012		31 December 2011	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	2.231.302	1.400.402	1.915.601	970.841
Philip Morrissa	731.697	563.697	734.772	510.881
Dönkasan	-	-	23.427	4.154
Total	**2.962.999**	**1.964.099**	**2.673.800**	**1.485.876**

Sales revenue

	1 January- 31 December 2012	1 January- 31 December 2011
Philsa(*)	12.401.105	9.456.362
Philip Morrissa	12.548.190	9.748.127

(*) Philsa conducts its sales activities through Philip Morrissa.

Net income

	1 January-31 December 2012	1 January-31 December 2011
Philsa	634.325	495.499
Philip Morrissa	136.876	142.308
Total	**771.201**	**637.807**

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NOTE 12 – INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals	Impairment	Transfers	Transfers from Non-current assets held for sale	Change within the scope of consolidation	31 December 2012
Cost:								
Land	156.080	-	(150)	-	-	-	8	155.938
Buildings	27.124	-	-	-	-	-	16	27.140
Total	**183.204**	**-**	**(150)**	**-**	**-**	**-**	**24**	**183.078**
Accumulated depreciation:								
Buildings	24.590	1.299	-	(3.240)	-	-	3	22.652
Net book value	**158.614**							**160.426**

	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**

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2012 is as follows:

	1 January 2012	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 assets held for sale	Transfers (**)	Impairment	31 December 2012
Cost:											
Land and land improvements	659.948	(1.207)	11.696	(2.756)	-	36.465	-	(6.904)	17.781	-	715.023
Buildings	2.377.461	(9.007)	31.370	(3.624)	1.122	7.909	-	(23.608)	22.028	-	2.403.651
Machinery and equipment	4.571.634	(62.175)	76.526	(72.946)	-	31.068	466	(108.484)	395.681	(496)	4.831.274
Motor vehicles	192.888	(295)	35.541	(49.595)	-	41	-	(88)	15.552	-	194.044
Furniture and fixtures	1.839.504	(4.403)	154.563	(144.160)	720	270	-	(4.141)	21.654	5.894	1.869.901
Total	**9.641.435**	**(77.087)**	**309.696**	**(273.081)**	**1.842**	**75.753**	**466**	**(143.225)**	**472.696**	**5.398**	**10.013.893**
Construction in progress	1.330.004	(7.701)	1.298.600	(4.250)	-	4	-	(924)	(480.838)	(25.589)	2.109.306
Total	**10.971.439**	**(84.788)**	**1.608.296**	**(277.331)**	**1.842**	**75.757**	**466**	**(144.149)**	**(8.142)**	**(20.191)**	**12.123.199**
Accumulated depreciation:											
Land and land improvements	102.909	(348)	11.142	(772)	-	-	-	(1.561)	-	-	111.370
Buildings	910.674	(3.816)	70.571	(1.204)	327	-	-	(11.011)	(381)	-	965.160
Machinery and equipment	2.615.537	(35.342)	214.936	(69.317)	-	-	-	(81.215)	-	5	2.644.604
Motor vehicles	106.321	400	15.431	(18.233)	-	-	-	(90)	-	-	103.829
Furniture and fixtures	1.363.910	(4.001)	147.958	(126.773)	550	-	-	(3.608)	287	6.168	1.384.491
Total	**5.099.351**	**(43.107)**	**460.038**	**(216.299)**	**877**	**-**	**-**	**(97.485)**	**(94)**	**6.173**	**5.209.454**
Net book value	**5.872.088**										**6.913.735**

(*) Results from the acquisition of Afyon Çimento detailed in Note 3.
(**) Transfers during the period consist of TL 8.048 to intangible assets.

The movement in property, plant and equipment for the year ended 31 December 2011 is as follows:

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	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 assets 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	3.877.787	131.578	52.084	(60.797)	(3.320)	92	369.593	(4.494)	262.541	(53.430)	4.571.634
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	**8.704.347**	**161.275**	**284.500**	**(337.970)**	**(49.590)**	**7.429**	**462.175**	**(4.494)**	**488.039**	**(74.276)**	**9.641.435**
Construction in progress	765.570	35.495	1.089.516	(22.329)	(71)	14.573	6.246	-	(558.996)	-	1.330.004
Total	**9.469.917**	**196.770**	**1.374.016**	**(360.299)**	**(49.661)**	**22.002**	**468.421**	**(4.494)**	**(70.957)**	**(74.276)**	**10.971.439**
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	**4.897.081**										**5.872.088**

(*) Related to acquisitions of Teknosa and Enerjisa detailed in Note 3.

(**) Transfers during the period consist of TL 24.249 to investment property and TL 35.203 to intangible assets.

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NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	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 2012
Cost	1.632.815	2.697	81.145	(13.923)	451	8.142	2.276	(2.091)	53	1.711.565
Accumulated amortisation (-)	(361.063)	(5.661)	(96.221)	12.994	(195)	(94)	-	1.472	(44)	(448.812)
Net book value	**1.271.752**									**1.262.753**

	1 January 2012	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**

(*) 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.

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NOTE 15 - GOODWILL

The movements in goodwill for the years ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	725.290	725.227
Additions	11.358	-
Currency translation differences	(20)	63
31 December	**736.628**	**725.290**

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 2012	31 December 2011
Cement	199.540	188.202
Retail	144.363	144.363
Energy	366.404	366.404
Tire, tire reinforcement	26.321	26.321
Total	**736.628**	**725.290**

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 (**)	%5,00	%17,00	%5,00
Discount rate (***)	%13,32	%9,52	%11,03
Years of used cash flows	until 2017	until 2017	until 2020

(**) 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.

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NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Commitments – Banking segment	31 December 2012	31 December 2011
Letters of guarantee given	12.050.871	8.857.504
Letters of credit	4.394.321	3.795.163
Foreign currency acceptance	199.864	120.751
Other guarantees given	1.698.493	1.221.178
Total	**18.343.549**	**13.994.596**

Commitments – Non-banking segment	31 December 2012	31 December 2011
Letters of guarantee given	1.052.352	760.542
Other guarantees given	187.908	230.848
Total	**1.240.260**	**991.390**

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 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Repurchase commitments	20.070.202	12.594.815
Resale commitments	-	8.210

Commitments to forward currency purchase/sale and swap transactions:

Trading derivative transactions:

	31 December 2012	31 December 2011
Foreign currency purchases	2.415.246	2.228.892
Foreign currency sales	2.422.464	2.244.317
Total	**4.837.710**	**4.473.209**

	31 December 2012	31 December 2011
Currency swap purchases	9.689.084	18.483.875
Currency swap sales	8.877.206	18.372.964
Interest rate swap purchases	12.170.185	8.480.649
Interest rate swap sales	12.170.185	8.480.649
Total	**42.906.660**	**53.818.137**

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	31 December 2012	31 December 2011
Spot purchases	1.788.052	1.838.510
Spot sales	1.789.588	1.844.883
Total	**3.577.640**	**3.683.393**
Currency options purchases	10.252.775	8.351.839
Currency options sales	10.252.885	8.351.839
Total	**20.505.660**	**16.703.678**
Future purchases	-	-
Future sales	94.351	54.165
Total	**94.351**	**54.165**
Other purchase transactions	274.665	541.123
Other sales transactions	1.100.146	498.157
Total	**1.374.811**	**1.039.280**

Hedging derivative transactions:

	31 December 2012	31 December 2012
Interest swap purchases	3.275.494	3.500.793
Interest swap sales	3.275.494	3.500.793
Total	**6.550.988**	**7.001.586**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2012 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	873.597	11.177.274	12.050.871
Letters of credits	2.764.791	1.629.530	4.394.321
Acceptance credits	168.340	31.524	199.864
Other guarantees	911.991	786.502	1.698.493
Total	**4.718.719**	**13.624.830**	**18.343.549**

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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**

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Financial institutions	3.636.342	2.441.661
Construction	2.476.285	1.921.442
Chemicals	1.750.524	1.623.660
Whole sale	1.580.930	1.169.914
Small-scale retailers	1.344.949	1.143.565
Steel and mining	1.258.952	1.128.046
Electricity, gas and water	580.218	468.510
Automotive	470.233	429.891
Food and beverage	582.227	350.733
Textile	375.186	314.280
Other manufacturing	437.908	308.493
Electronics	420.803	252.812
Telecommunications	163.129	171.443
Transportation	238.898	144.319
Agriculture and foresty	82.150	84.201
Tourism	117.461	75.768
Other	2.827.354	1.965.858
Total	**18.343.549**	**13.994.596**

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NOTE 17 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2012 is as follows:

		31 December 2012				
		Total TL Equivalent	TL	USD	EUR	Other
A.	Total amount of the Collaterals given for its own legal entity	1.317.924	735.739	223.918	48.099	69.914
B.	Collaterals given on behalf of fully consolidated companies	465.241	164.155	88.585	14.705	108.593
C.	Collaterals given on behalf of the third parties'debt for continuation of their economic activities	18.343.549	6.446.664	4.510.307	1.560.389	187.245
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	3.841	3.841	-	-	-
	Total Colleteras	**20.130.555**	**7.350.399**	**4.822.810**	**1.623.193**	**365.752**
A.	Total amount of the mortgages given for its own legal entity	3.089.700	-	17.734	1.300.373	-
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	-	-	-	-	-
	Total Mortgages	**3.089.700**	**-**	**17.734**	**1.300.373**	**-**
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 partieswhich are not in scope of C	-	-	-	-	-
	Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2012, the the ratio of other CPMs given by the Group to the equity is 0%.

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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 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	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 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	1.105	1.105	-	-	-
	Total Pledges	**1.105**	**1.105**	**-**	**-**	**-**

As of 31 December 2011, the ratio of other CPMs given by the Group to the equity is %0.

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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 2012, the amount payable consists of one month's salary limited to a maximum of TL 3 (31 December 2011: TL 2,7) 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 3,73% at the respective balance sheet date (31 December 2011: 4,66%). Severance pay ceiling is revised semi-annually. TL 3 severance pay ceiling, which is effective on 1 July 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 2012 and 2011 are as follows:

	2012	2011
1 January	138.869	120.809
Charge for the period	72.021	46.702
Payments during the period	(40.105)	(37.497)
Transfer from non-current assets held for sale	-	12.745
Business combinations	1.138	-
Change within the scope of the consolidation	(2.746)	(1.692)
Actuarial income	4.600	(2.198)
31 December	**173.777**	**138.869**

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NOTE 19 – OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2012	31 December 2011
Cheques in clearance	566.639	205.449
Prepaid expenses	263.796	136.513
Income accruals	173.828	18.273
Deductible Value Added Tax (VAT)	136.517	123.378
Deferred commission expense	35.445	29.974
Other	104.591	258.786
Total	**1.280.816**	**772.373**

Other Non Current Assets	31 December 2012	31 December 2011
VAT receivables	185.431	97.194
TEİAŞ receivables (*)	42.800	25.197
Deferred commission expenses	27.133	25.242
Insurance receivables (**)	12.035	-
Other non current assets	46.600	37.878
Total	**313.999**	**185.511**

(*) Enerjisa, a joint venture of the Group, installs transmission lines on behalf of Turkish Electric Transmission Company (Türkiye Elektrik İletim A.Ş. – TEİAŞ) and charges those costs to the Company. As of 31 December 2012, this balance mainly consists receivables related to Tufanbeyli, Hacınınoğlu, Menge and Kandil projects. These receivables will be collected by equal monthly installments with a maximum of ten years span.

(**) Consists of insurance receivables resulted from the accident happened at Köprü Project of Enerjisa, a joint venture of the Group.

Other Short Term Liabilities and Provisions

Liabilities	31 December 2012	31 December 2011
Cheques in clearance	973.641	355.431
Unearned commission income	232.729	48.045
Expense accruals	200.016	148.722
Unused vacation	58.842	47.944
Advances received	33.222	31.476
Saving deposits insurance	22.393	21.261
Deferred income	8.859	13.907
Other short term liabilities	13.132	1.301
	1.542.834	**668.087**

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Provisions	31 December 2012	31 December 2011
Credit card bonus provisions	166.622	150.524
Provision for unindemnified non-cash loans	21.715	78.460
Provision for lawsuit	20.970	20.281
Economical disadvantageous contracts	19.393	20.125
Other short term liability provisions	7.665	43.063
	236.365	**312.453**
Total	**1.779.199**	**980.540**

Other Long Term Liabilities and Provisions

	31 December 2012	31 December 2011
Unearned commission income	61.876	119.485
Other long term liability provisions	11.114	13.184
Total	**72.990**	**132.669**

NOTE 20 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2011: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2012 and 2011 is as follows:

Shareholders:	Share (%)	31 December 2012	Share (%)	31 December 2011
Sabancı family members	43,61	890.027	43,61	890.027
Public quotation (*)	39,40	803.860	39,40	803.860
Sakıp Sabancı Holding A.Ş.	13,79	281.388	13,79	281.388
Sabancı University	1,51	30.769	1,51	30.769
Çimsa	1,06	21.534	1,06	21.534
H.Ö. Sabancı Foundation	0,63	12.826	0,63	12.826
Share capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury share (-)		**(52.227)**		**(52.227)**
Share premium		**21.670**		**21.670**

(*) Public quotation line includes Exsa and Tursa's, both of which are the Group's subsidiary, purchases from ISE which are respectively 1,29% and 0,21%. Besides, following the purchases of shareholders from public; Sabancı family's share reaches 43,65%, Sakıp Sabancı Holding A.Ş.'s share reaches 14,07% and Hacı Ömer Sabancı Foundation's share reaches 0,66%. The differences between above mentioned rates and this rates are included in public quotation line.

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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 2012	31 December 2011
Legal reserves	321.338	298.339
Investments sales income	333.369	281.885
Total	**654.707**	**580.224**

At 17 May 2012, Holding has completed the initial public offering of the nominal shares of Teknosa amounting to TL 12.650, a subsidiary of the Group. In order to provide price level stability, Holding repurchased a total of TL 1.650 nominal shares. Following these transactions, Holding's effective ownership rate decreased to 60.72%, however this transaction did not result in a change in control power. Net effect of change in the effective ownership rate, and the cost of public offering amounting to TL 58.562 is accounted as an increase under shareholders' equity.

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.

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	Fair Value Revaluation Fund	Cash Flow Hedge	Net Investment Hedge	Currency Translation Differences
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
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	-	-	-
Transfer 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**
Balance as of 1 January 2012	**(59.845)**	**(139.607)**	**(78.150)**	**194.073**
Increases/ (decreases) during the period	1.461.927	(115.758)	54.925	(91.570)
Gains transfered to income statement	(511.930)	53.783	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(12.527)	-	-	-
Company liquidation	-	-	-	42.784
Tax effect	(187.470)	12.406	(10.985)	-
Balance as of 31 December 2012	**690.155**	**(189.176)**	**(34.210)**	**145.287**

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NOTE 21 – NON CURRENT ASSETS HELD FOR SALE

As of 1 January – 31 December 2012:

The transfer agreement of the Group's total share in Olmuksa to International Paper Container Holdings (Spain),S.L. is signed at 19 September 2012. The transfer is completed at 3 January 2013. The entity is classified as assets held for sale at the consolidated financial statements. Following the completion of sale agreement of the shares of Olmuksa owned by the Group at 19 September 2012, Olmuksa's statement of income lineitems are classified as income or loss from discontinued operations. As of 31 December 2012 Olmuksa's net asset value in the consolidated financial statements is TL 95.731 .

Olmuksa's statement of income for the periods 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December2011
Income	187.403	182.189
Expense	(178.406)	(173.369)
Net income before tax	**8.997**	**8.820**
Tax	(1.757)	(1.950)
Net income	**7.240**	**6.870**

As of 1 January – 31 December 2011:

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 is TL 466 as of 31 December 2011. The related asset has been transferred to property, plant and equipment in 2012.

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 2011, Advansa BV's income statement lineitems are classified as income or expense from discontinued operations.

Income statement of Advansa for the year ended 31 December 2011 is as follows:

Income statement

	1 January -31 December 2011
Revenue and income	99.068
Expenses	(92.747)
Income before tax	**6.321**
Taxation	(2.048)
Net income for the year	**4.273**

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NOTE 22 – REVENUE AND COST OF SALES

Sales Revenue

	1 January -31 December 2012	1 January -31 December 2011
Domestic sales	10.174.269	9.073.859
Foreign sales	1.824.381	1.892.646
Less: Discounts	(409.601)	(370.855)
Total	**11.589.049**	**10.595.650**

Cost of sales

	1 January -31 December 2012	1 January -31 December 2011
Cost of raw materials and merchandises	7.935.353	7.087.590
Change in finished goods, work in process inventory and trade goods	519.212	557.632
Depreciation and amortisation	263.893	231.023
Personnel expenses	154.757	131.941
Other	815.336	573.820
Total	**9.688.551**	**8.582.006**

NOTE 23 – EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2012 and 2011 are as follows:

	1 January -31 December 2012	1 January -31 December 2011
Personnel expenses	7.534	5.539
Depreciation and amortisation	4.663	3.836
Repair and maintenance expenses	126	25
Energy expenses	22	228
Other	4.881	3.233
Total	**17.226**	**12.861**

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Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2012 and 2011 are as follows:

	1 January -31 December 2012	1 January -31 December 2011
Personnel expenses	179.883	152.939
Rent expenses	118.507	100.652
Transportation, logistic and distribution expenses	88.313	41.861
Advertisement expenses	81.331	74.857
Depreciation and amortisation	34.551	31.127
Consultancy expenses	18.443	6.098
Energy expenses	13.748	10.942
Insurance expenses	9.743	7.342
Outsourced services	3.409	12.892
Communication expenses	2.417	2.176
Other	81.706	117.342
Total	**632.051**	**558.228**

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2012 and 2011 are as follows:

	1 January -31 December 2012	1 January -31 December 2011
Personnel expenses	1.618.450	1.386.831
Credit card and banking service expenses	368.037	347.121
Depreciation and amortisation	250.686	235.067
Taxes and duties	223.121	144.002
Repair and maintenance expenses	207.187	150.781
Communication expenses	175.820	114.839
Consultancy expenses	134.656	118.464
Insurance expenses	102.015	89.226
Energy expenses	98.088	42.475
Rent expenses	78.079	70.870
Outsourced services	41.607	41.604
Transportation, logistic and distribution expenses	2.778	3.595
Other	565.310	574.128
Total	**3.865.834**	**3.319.003**

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NOTE 24 – OTHER OPERATING INCOME/ EXPENSES AND GAIN/ LOSS

The details of other operating income/expenses and gain/loss at 31 December 2012 and 2011 are as follows:

31 December 2012

According to the Share Purchase Agreement signed with E.ON SE dated 3 December 2012; Verbund AG's Enerjisa Enerji A.Ş. shares will be transferred to E.ON SE. As of 31 December 2012, legal procedures are ongoing. Related permission from Energy Market Regulatory Authority (EMRA) is obtained and official share transfer will be completed after completing all legal procedures in 2013. Since it is virtually certain that all legal procedures will be completed in 2013, service income of TL 129.543 from this transaction is acrrued as other income from operations. Net income effect of this transaction after deducting charges and tax effects is TL 119.188.

Exsa A.Ş., a subsidiary of the group, donated a total of TL 11.088 during the year and this balance is included in other expenses.

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.

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NOTE 25 – FINANCIAL INCOME/EXPENSES

	1 January -31 December 2012	1 January -31 December 2011
Financial income		
Foreign exchange income	220.143	510.667
Interest income	90.065	71.982
Total	**310.208**	**582.649**
Financial expenses		
Foreign exchange losses	205.763	598.937
Interest expense	185.400	175.150
Other financial expenses	111.584	96.440
Total	**502.747**	**870.527**

Financial expenses relate to segments other than banking.

NOTE 26 – TAX ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Corporate and income taxes payable	1.288.258	329.468
Less: prepaid taxes	(818.919)	(192.316)
Total taxes payable	**469.339**	**137.152**

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 2012 is 20% (2011: 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.

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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.

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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.

The current year tax charge for comprehensive income stated on the statement of consolidated comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012			31 December 2011		
	Before Tax	**Tax**	**After Tax**	**Before Tax**	**Tax**	**After Tax**
Net unrealized fair value from available for sale financial assets	3.583.930	716.786	2.867.144	(2.073.481)	(414.696)	(1.658.785)
Net gain on available for sale financial assets transferred to the income statement	(1.255.695)	(251.139)	(1.004.556)	(373.358)	(74.672)	(298.686)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(30.731)	(6.146)	(24.585)	889	178	711
Cash flow hedges	(88.129)	(17.626)	(70.503)	93.340	18.668	74.672
Gain/ (loss) on net foreign investment hedge	134.739	26.948	107.791	(130.219)	(26.044)	(104.175)
Currency translation differences	(179.382)	-	(179.382)	308.187	-	308.187
Other comprehensive income	**2.164.732**	**468.823**	**1.695.909**	**(2.174.642)**	**(496.566)**	**(1.678.076)**

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The reconciliation of the current year tax charge for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Profit before tax	4.675.522	4.261.431
Expected tax charge according to parent company's tax rate %20 (2011: %20)	(935.104)	(852.286)
Tax rate differences of subsidiaries	(7.965)	(11.372)
Expected tax charge of the Group	**(943.069)**	**(863.658)**
Revenue that is exempt from taxation	28.802	96.655
Expenses that are not deductible in determined in taxable profit	(57.127)	(38.349)
Timing differences not subject to tax	6.790	420
Investment allowance incentives	(712)	2.620
Tax penalty	-	(5.022)
Other	45.281	65.883
Current year tax charge of the Group	**(920.035)**	**(741.451)**

As of 31 December 2011, Sasa and Çimsa benefited 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.

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%.

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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 2012 and 2011 using the enacted tax rates, is as follows:

	31 December 2012		31 December 2011	
	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	(586.712)	117.909	(487.995)	97.593
- Inventories	(76.689)	15.496	(53.302)	11.193
Provision for loan losses	(1.208.184)	241.637	(812.438)	162.488
Provision for employment termination benefits	(146.168)	29.563	(137.890)	28.041
Expense accruals	(101.263)	20.253	(74.206)	14.841
Provision for lawsuits	(20.670)	4.134	(49.459)	9.892
Carry forward tax losses	(157.655)	31.612	(197.041)	43.301
Repricing of fair value derivative instruments	(362.972)	72.594	(232.929)	46.586
Valuation differences on securities	-	-	(356.918)	71.384
Economically disadvantageous contracts	(19.393)	3.879	(20.125)	4.025
Investment incentives	(106.458)	6.707	(132.642)	14.000
Other temporary differences (*)	(517.069)	114.413	(408.856)	83.290
Deferred income tax assets		**658.197**		**586.634**
Defered income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	1.138.101	(221.338)	919.091	(193.869)
- Inventories	2.060	(412)	11.618	(2.324)
Reversal of country risk provision	74.038	(23.692)	85.513	(27.216)
Deferred financing charges	717	(143)	62.962	(12.592)
Repricing of fair value derivative instruments	-	-	212.774	(42.555)
Valuation differences on securities	862.982	(172.629)	3.137	(627)
IFRIC 12 "Service Concession Arrangements" correction	294.922	(58.984)	211.088	(42.218)
Customer relations and operating rights concession arrangements	554.995	(110.999)	578.550	(115.710)
Other temporary differences	294.543	(27.476)	67.248	(14.678)
Deferred income tax liabilities		**(615.673)**		**(451.789)**
Deferred tax asset/(liability), net		**42.524**		**134.845**

(*) Other temporary differences mostly include valuation difference on investment securities and other provisions.

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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.

At 31 December 2012 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 95.603 which can be offset against future taxable profits for a period of five years (31 December 2011: TL 80.911). The amount of the carry forward tax losses and the last fiscal periods that they can be utilized as of 31 December 2012 and 2011 is presented below:

	31 December 2012	31 December 2011
2013	6.728	14.796
2014	18.206	12.860
2015	39.412	52.876
2016	-	60
2017	31.257	319
Total	**95.603**	**80.911**

The movements in deferred income tax assets/liabilities for the years ended at 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	134.845	53.121
Charged to income statement	71.363	27.504
Charged to equity	(160.127)	59.265
Business combinations	(5.079)	9.521
Change within the scope of consolidation	59	(2.613)
Transfer from assets held for sale	-	(1.296)
Transfer to assets held for sale	1.024	(1.368)
Currency translation differences	5.436	(6.063)
Other	(4.997)	(3.226)
31 December	**42.524**	**134.845**

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NOTE 27 – DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2012

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	402.626	(406.341)
Forward currency purchases and sales	29.421	(38.485)
Currency and interest rate futures purchases and sales	50.637	(48.066)
Currency options purchases and sales	54.989	(61.841)
Total derivative instruments held for trading	**537.673**	**(554.733)**
Derivative instruments held for hedging:		
Forward currency purchases and sales	-	(810.600)
Interest rate swap purchases and sales	1.239	(462)
Currency options purchases and sales	269	-
Total derivative instruments held for hedging	**1.508**	**(811.062)**
Total derivative instruments	**539.181**	**(1.365.795)**

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	55.833	(58.914)
Currency and interest rate futures purchases and sales	54.569	(35.946)
Currency options purchases and sales	65.235	(69.770)
Other	9.042	(7.004)
Total derivative instruments held for trading	**832.601**	**(674.096)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(330.918)
Forward currency purchases and sales	1.351	-
Total derivative instruments held for hedging	**1.351**	**(330.918)**
Total derivative instruments	**833.952**	**(1.005.014)**

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. Akbank also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps.

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NOTE 28 – RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customer	31 December 2012	31 December 2011
Consumer loans and credit cards receivables	32.809.930	25.287.278
Small-scale enterprises	7.220.195	5.229.867
Construction	6.180.005	5.854.753
Other manufacturing industries	3.920.649	2.991.087
Financial institutions	3.572.952	3.595.713
Mining	3.506.317	2.732.393
Chemicals	2.875.014	2.995.353
Food and beverage, wholesale and retail	2.587.937	2.419.997
Textile	1.583.831	1.192.345
Telecommunication	1.527.280	1.964.739
Tourism	1.187.446	757.384
Automotive	1.142.310	889.707
Project finance loans	1.061.433	1.268.737
Health care and social services	694.031	3.982.466
Agriculture and forestry	545.259	306.684
Electronics	447.923	249.521
Other	20.250.229	11.588.621
	91.112.741	**73.306.645**
Non-performing loans	1.115.456	1.262.659
Total loans and advances to customers	**92.228.197**	**74.569.304**
Allowance for loan losses	(2.224.103)	(1.976.426)
Net loans and advances to customers	**90.004.094**	**72.592.878**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,91% p.a. (31 December 2011: 4,68% p.a.), 4,44% p.a. (31 December 2011: 5,10% p.a.) and 12,77% p.a. (31 December 2011: 13,03% p.a.), respectively.

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The movement of loan loss provision of banking segment as of 31 December 2012 by class is as follows:

	Corporate	Commercial	Total
1 January	**1.078.978**	**897.448**	**1.976.426**
Gross provisions	431.027	734.537	1.165.564
Recoveries	(99.183)	(178.366)	(277.549)
Written-off (*)	(267.538)	(372.795)	(640.333)
Currency translation differences	(5)	-	(5)
31 December	**1.143.279**	**1.080.824**	**2.224.103**

(*) TL 500,1 thousand of the Bank's non-performing loan portfolio has been sold to Girisim Varlık Yönetimi A.Ş. for TL 95,1 thousand on 1 October 2012. The amount that's been sold is shown under "Write-offs" in the above table.

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**

The maturity schedule of loans and advances to customers at 31 December 2012 and 2011 are summarised below:

	31 December 2012	31 December 2011
Up to 3 months	33.389.858	24.096.237
3 to 12 months	17.269.552	15.989.617
Current	**50.659.410**	**40.085.854**
1 to 5 years	27.929.837	24.156.809
Over 5 years	11.414.847	8.350.215
Non-current	**39.344.684**	**32.507.024**
Total	**90.004.094**	**72.592.878**

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The repricing schedule of loans and advances to customers at 31 December 2012 and 2011 are summarised below:

	31 December 2012	31 December 2011
Up to 3 months	49.040.233	35.947.093
3 to 12 months	19.543.894	20.413.180
1 to 5 years	18.097.408	13.748.109
Over 5 years	3.322.559	2.484.496
Total	**90.004.094**	**72.592.878**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 December 2012 and 2011 are summarised below:

	31 December 2012	31 December 2011
Gross investment in finance leases	2.352.020	1.650.376
Less: unearned finance income	(325.093)	(204.496)
Total investment in finance leases	2.026.927	1.445.880
Less: provision for impairment	(25.295)	(36.237)
Net investment in finance leases	**2.001.632**	**1.409.643**

Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 December 2012 and 2011 of lease receivables is summarised below:

	31 December 2012	31 December 2011
Up to 1 year	757.804	349.463
1 to 5 years	994.151	639.289
Over 5 years	249.677	420.891
Total	**2.001.632**	**1.409.643**

b) Insurance

	31 December 2012	31 December 2011
Receivables from insurance operations (net)	204.850	155.267

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NOTE 29 – PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2012			31 December 2011		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	6.355.668	41.716.837	48.072.505	3.903.466	40.858.803	44.762.269
Commercial deposits	6.145.817	20.889.328	27.035.145	5.204.736	17.906.634	23.111.370
Bank deposits	321.791	10.426.882	10.748.673	392.604	9.893.214	10.285.818
Funds provided from repo transactions	-	19.712.067	19.712.067	-	12.420.360	12.420.360
Other	830.282	2.442.909	3.273.191	221.261	1.019.525	1.240.786
Total	**13.653.558**	**95.188.023**	**108.841.581**	**9.722.067**	**82.098.536**	**91.820.603**

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,72% p.a. (31 December 2011: 2,77% p.a.), 1,47% p.a. (31 December 2011: 2,92% p.a.) and 6,81% p.a. (31 December 2011: 8,77% p.a.).

As at 31 December 2012 and 2011, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2012	31 December 2011
Demand	13.653.558	9.722.067
Up to 3 months	79.682.373	74.551.473
3 to 12 months	10.257.507	6.066.014
1 to 5 years	2.309.107	904.628
Over 5 years	2.939.036	576.421
Total	**108.841.581**	**91.820.603**

b) Insurance

	31 December 2012	31 December 2011
Payables from insurance operations (net)	72.171	59.130
Insurance technical reserves	546.400	520.986
Total	**618.571**	**580.116**

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NOTE 30 – MUTUAL FUNDS

As of 31 December 2012, the Group manages 41 (31 December 2011: 40) mutual funds ve 27 (31 December 2011: 19) pension funds which were established under Capital Markets Board Regulations. At 31 December 2012, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TL 7.939.581 (31 December 2011: TL 6.951.505). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates, provides other services and charges management fees ranging from 0,0000274% - 0,0001000%. At 31 December 2012, management fees and commissions earned by the Group amounted to TL 63.779 (31 December 2011: TL 124.882).

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 2012	31 December 2011
Earnings per share in full TL - ordinary share ('000)	9,10	9,20
Earnings per share of continuing operations in full TL- ordinary share ('000)	9,06	9,15
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 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Short term benefits	15.298	13.377
Benefits resulted from discharge	244	233
Other long term benefits	188	161
Total	**15.730**	**13.771**

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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 2012 and 2011 terms of TL are as follows:

	31 December 2012	31 December 2011
Assets	67.142.436	56.749.714
Liabilities	(73.856.883)	(68.569.141)
Net foreign currency balance sheet position	**(6.714.447)**	**(11.819.427)**
Net foreign currency position of off-balance sheet derivative financial instruments	6.709.990	11.224.319
Net foreign currency balance sheet and off-balance sheet position	**(4.457)**	**(595.108)**

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31 December 2012

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	4.376.753	2.395.346	1.809.351	20.910	151.146
Financial assets	12.256.506	8.643.262	3.613.244	-	-
Receivables from financial operations	37.006.716	25.176.303	11.758.634	29.078	42.701
Reserve deposits at Central Bank	12.688.205	6.555.054	3.930.968	-	2.202.183
Trade receivables	611.558	261.753	289.272	5.247	55.286
Other current assets	202.698	62.043	80.973	90	59.592
Total Assets	**67.142.436**	**43.093.761**	**21.482.442**	**55.325**	**2.510.908**
Liabilities:					
Funds borrowed and debt securities in issue	21.802.583	13.928.826	7.840.704	3.751	29.302
Customer deposits	50.966.998	32.709.906	15.236.139	899.240	2.121.713
Trade payables	428.627	149.446	201.198	626	77.357
Other payables and provisions	658.675	435.236	179.483	1.658	42.298
Total Liabilities	**73.856.883**	**47.223.414**	**23.457.524**	**905.275**	**2.270.670**
Net foreign currency position of off-balance sheet derivative financial instruments	**6.709.990**	**5.044.684**	**1.065.305**	**848.294**	**(248.293)**
Net foreign currency position	**(4.457)**	**915.031**	**(909.777)**	**(1.656)**	**(8.055)**
Net foreign currency monetary position	**(4.457)**	**915.031**	**(909.777)**	**(1.656)**	**(8.055)**
Net foreign currency monetary position (*)	**(490.769)**				

(*) As of 31 December 2012; net foreign currency position excluding the effects of Enerjisa's capitalized borrowing costs, banking industrial position and other foreign exchange assets and liabilities that do not result in foreign exchange gain/loss is TL (490.769).

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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)**
Net foreign currency monetary position	**1.889**				

(*) As of 31 December 2011; net foreign currency position excluding the effects of Enerjisa's capitalized borrowing costs, banking industrial position and other foreign exchange assets and liabilities that do not result in foreign exchange gain/loss is TL 1.889.

	31 December 2012	31 December 2011
Total export	1.770.613	1.732.516
Total import	2.156.346	2.443.090

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Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2012 and 2011 is summarized as follows:

31 December 2012	**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	(9.491)	9.491	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(9.491)**	**9.491**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(24.244)	68.973	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(24.244)**	**68.973**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	198	(198)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**198**	**(198)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	1.247	(1.247)	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**1.247**	**(1.247)**	**-**	**-**
	(32.290)	**77.019**	**-**	**-**

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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	30.571	(30.571)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**30.571**	**(30.571)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(33.988)	60.923	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(33.988)**	**60.923**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	283	(283)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**283**	**(283)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(6.909)	6.909	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(6.909)**	**6.909**	**-**	**-**
	(10.043)	**36.978**	**-**	**-**

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 2012 and 2011, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

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The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2012 and 2011 is summarized below as follows: (Please refer to Note 33.1.1.5 for banking industrial segment).

	31 December 2012	31 December 2011
Fixed interest rate financial instruments		
Financial assets	294.269	502.306
Financial assets at fair value through profit of loss	2.918	9.890
Available-for-sale financial assets	173.201	318.761
Time deposits	118.150	173.655
Financial liabilities	1.393.733	1.080.825
Floating interest rate financial instruments		
Financial assets	11.939	7.952
Financial liabilities	934.240	2.076.011

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 2012, 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 1.826 (31 December 2011: TL 5.043) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2012, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TL 68 (31 December 2011: TL 179) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2012, if the annual interest rate on EUR denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TL 45 (31 December 2011: TL 18) 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.

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As of 31 December 2012 and 2011 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

	31 December 2012						
Liabilities	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5years	Over 5 years
Customer deposits	108.841.581	109.686.548	82.721.726	10.808.347	10.420.707	2.572.273	3.163.495
Funds borrowed and debt securities in issue	22.212.514	24.208.518	1.129.543	4.328.042	8.632.952	7.867.483	2.250.498
Interbank money market deposits, funds borrowed and debt securities in issue	407.551	407.551	407.551	-	-	-	-
	131.461.646	134.302.617	84.258.820	15.136.389	19.053.659	10.439.756	5.413.993

	31 December 2011						
Liabilities	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5years	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

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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 2012 and 2011 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 2012[1][2]	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	3.188.421	3.614.318	647.299	1.236.102	968.759	762.158
Financial lease obligations	10.524	11.150	192	1.239	4.986	4.733
Trade payables	1.967.702	2.011.448	1.875.684	114.175	19.499	2.090
Payables from insurance operations	37.176	37.176	6.777	27.074	3.325	-
Other payables	308.166	308.166	182.404	20.118	36.112	69.532
	5.511.989	**5.982.258**	**2.712.356**	**1.398.708**	**1.032.681**	**838.513**

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**

(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.

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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.

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.

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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 2012	31 December 2011
Above average	35,79%	37,44%
Average	47,73%	49,48%
Below average	12,46%	10,88%
Unrated	4,02%	2,20%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2012 and 2011 are summarized below as follows:

31 December 2012	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	55.935.444	32.232.677	1.977.916	90.146.037
Close monitoring loans	608.822	2.335.798	11.585	2.956.205
Loans under follow up	484.949	630.507	37.426	1.152.882
Total	**57.029.215**	**35.198.982**	**2.026.927**	**94.255.124**
Provisions	(1.143.279)	(1.080.824)	(25.295)	(2.249.398)
	55.885.936	**34.118.158**	**2.001.632**	**92.005.726**

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)
	47.583.989	**25.008.889**	**1.409.643**	**74.002.521**

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The aging analysis of the loans under close monitoring for the year ended 31 December 2012 and 2011 are as follows:

31 December 2012	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	369.463	1.486.151	4.333	1.859.947
Past due 1- 2 months	107.779	651.485	4.024	763.288
Past due 2-3 months	131.580	198.162	254	329.996
Leasing payment receivables(uninvoiced)	-	-	2.974	2.974
	608.822	**2.335.798**	**11.585**	**2.956.205**

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**

Maximum exposure to credit risk of banking industrial segment:

	31 December 2012	31 December 2011
Loans and advances to banks	3.190.672	3.463.003
Loans and advances	90.004.094	72.592.878
Consumer loans and advances	*34.118.158*	*25.008.889*
Corporate loans and advances	*55.885.936*	*47.583.989*
Financial lease receivables	2.001.632	1.409.643
Trading financial assets	14.153	150.314
Trading purpose derivative financial assets	537.674	826.711
Available for sale and held to maturity financial assets	46.011.981	43.786.048
Other assets	1.130.325	766.545
Total	**142.890.531**	**122.995.142**

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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 2012 and 2011 are as follows:

31 December 2012	Assets held atfair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	17.731	-	17.731
A1, A2, A3	3.268	457.002	-	460.270
Baa1, Baa2, Baa3	-	1.033.864	-	1.033.864
Ba2 (*)	10.885	40.865.916	3.637.468	44.514.269
C	-	-	-	-
Total	**14.153**	**42.374.513**	**3.637.468**	**46.026.134**

31 December 2011	Assets held atfair 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**

(*) 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 2012 and 2011 are summarized as follows:

31 December 2012	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	526.879	251.150	2.376.123	36.520	3.190.672
Loans and advances	88.312.214	73.060	1.270.012	348.808	90.004.094
Consumer loans and advances	*34.118.158*	-	-	-	*34.118.158*
Corporate loans and advances	*54.194.056*	*73.060*	*1.270.012*	*348.808*	*55.885.936*
Financial lease receivables	2.001.632	-	-	-	2.001.632
Trading financial assets	14.153	-	-	-	14.153
Derivative financial instruments	333.929	30	118.516	85.199	537.674
Available for sale and held to maturity financial assets	45.191.606	9.390	677.652	133.333	46.011.981
Other assets	1.112.580	-	17.088	658	1.130.326
Total	**137.492.993**	**333.630**	**4.459.391**	**604.518**	**142.890.532**

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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	*25.008.889*	-	-	-	*25.008.889*
Corporate loans and advances	*45.482.799*	*122.675*	*1.482.258*	*496.257*	*47.583.989*
Financial lease receivables	1.409.643	-	-	-	1.409.643
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	**116.101.731**	**567.059**	**5.707.830**	**618.522**	**122.995.142**

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2012 and 2011 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	3.190.672	-	-	-	-	-	3.190.672
Loan and advances	3.647.509	1.865.079	12.005.765	21.821.799	16.545.784	34.118.158	90.004.094
Consumer loans	-	-	-	-	-	*34.118.158*	*34.118.158*
Corporate loans	*3.647.509*	*1.865.079*	*12.005.765*	*21.821.799*	*16.545.784*	-	*55.885.936*
Financial lease receivables	84.169	-	9.913	16.829	1.828.518	62.203	2.001.632
Trading financial assets	3.689	10.464	-	-	-	-	14.153
Derivative financial instruments	150.981	-	-	-	386.013	680	537.674
Available for sale and assets held for sale financial assets	1.697.091	43.909.170	-	-	405.720	-	46.011.981
Other assets	1.130.325	-	-	-	-	-	1.130.325
31 December 2012	**9.904.436**	**45.784.713**	**12.015.678**	**21.838.628**	**19.166.035**	**34.181.041**	**142.890.531**
31 December 2011	**10.011.399**	**43.912.556**	**8.968.724**	**16.002.669**	**18.822.830**	**25.276.964**	**122.995.142**

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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 2012 and 2011 is summarized below as follows:

31 December 2012	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.565.399**	**78.918**	**329.290**	**400.012**	**1.508**
Collateralized or secured with guarantees part of maximum credit	628.092	2.213	3.483	-	-
A. Neither past due nor impaired	1.329.616	77.102	329.290	392.663	1.508
B.Restructed otherwise accepted as past due and impaired	38.971	-	-	-	-
C. Past due but not impaired net book value	196.222	-	-	7.349	-
guaranteed amount by commitment	33.608	-	-	-	-
D. Net book value of impaired assets	590	1.816	-	-	-
- Past due (Gross amount)	135.445	18.309	3.250	-	-
- Impairment	(134.855)	(16.493)	(3.250)	-	-
- Collateralized or guaranteed part of net value	648	-	-	-	-

(*) Tax and other legal receivables are not included.

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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)	**1.566.557**	**84.199**	**286.986**	**469.498**	**1.351**
Collateralized or secured with guarantees part of maximum credit	369.159	-	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.

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. Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Asset Liability Committee (ALCO) performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

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

As of 31 December 2012, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

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		31 December 2012		31 December 2011	
Currency	Applied Schock (+/- x basis points)	Gains / Losses	Gains / Shareholders Equity- Losses / Shareholders Equity	Gains / Losses	Gains / Shareholders Equity- Losses / Shareholders Equity
TL	-400	2.171.947	9,53%	2.267.658	11,97%
TL	500	(2.283.194)	(10,02%)	(2.404.360)	(12,69%)
US Dollar	-200	680.741	2,99%	168.709	0,89%
US Dollar	200	(461.521)	(2,03%)	(50.532)	(0,27%)
Euro	-200	154.670	0,68%	359.510	1,90%
Euro	200	(228.395)	(1,00%)	(313.325)	(1,65%)
Total (for negative shocks)		3.007.358	13,20%	2.795.877	14,76%
Total (for positive shocks)		(2.973.110)	(13,05%)	(2.768.217)	(14,61%)

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.

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The average market risk table of Akbank at 31 December 2012 is as follows (*);

	31 December 2012		
	Average	**Maximum**	**Minimum**
Interest Rate Risk	94.460	130.739	58.182
Share Certificates Risk	1.785	748	2.821
Currency Risk	-	-	-
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	2.850	742	4.957
Counterparty Credit Risk	11.588	3.762	19.414
Total Amount Subject to Risk (**)	**110.683**	**135.991**	**85.374**

(*) 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.

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 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Total financial liabilities	143.957.561	124.913.252
Cash and cash equivalents	(6.717.644)	(6.643.010)
Net liability	137.239.917	118.270.242
Equity	30.513.044	25.473.142
Invested capital	167.752.961	143.743.384
Net liability/ invested capital ratio	82%	82%

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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.

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 .

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i) Banking industrial segment
Fair values of the financial assets and liabilities of the Group’s banking segment as of 31 December 2012 and 2011 are as follows:

	31 December 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	32.978	-	-	32.978
- Government bonds	7.495	-	-	7.495
- Eurobonds	2.969	-	-	2.969
- Government bonds denominated in foreign currency	-	-	-	-
- Treasury bills	-	-	-	-
- Share certificates	18.825	-	-	18.825
- Other	3.689	-	-	3.689
Derivative financial instruments	50.529	487.145	-	537.674
Available for sale securities	40.441.079	455.428	-	40.896.507
- Government bonds	38.703.853	-	-	38.703.853
- Eurobonds	-	-	-	-
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	-	-	-
- Mutual funds	239.122	-	-	239.122
- Equity securities	-	-	-	-
- Other	1.498.104	455.428	-	1.953.532
Total Assets	**40.524.586**	**942.573**	**-**	**41.467.159**
Trading derivative financial instruments	48.065	505.874	-	553.939
Hedging derivative financial instruments	-	658.845	-	658.845
Total liabilities	**48.065**	**1.164.719**	**-**	**1.212.784**

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 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 have been no transfers between the first and the second levels in the current and prior year.

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ii) Other industrial segment

	31 December 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	6.772	-	-	6.772
Available for sale securities	186.368	-	-	186.368
Derivatives held for trading	-	-	-	-
Derivatives held for hedging	-	1.508	-	1.508
Total Assets	**193.140**	**1.508**	**-**	**194.648**
Derivatives held for trading	-	794	-	794
Derivatives held for hedging	-	152.217	-	152.217
Total Liabilities	**-**	**153.011**	**-**	**153.011**

	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**

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 have been no transfers between the first and the second levels in the current and prior year.

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Classification of financial instruments and fair value

31 December 2012	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	-	6.717.644	-	-	6.717.644	6.717.644
Trade receivables	8	-	1.565.399	-	-	1.565.399	1.565.399
Other financial assets (*)	6, 9	3.637.468	1.187.379	41.096.111	-	45.920.958	45.985.695
Receivables from finance sector operations	28	-	92.210.576	-	-	92.210.576	96.229.839
Financial Liabilities							
Financial payables	7	-	-	-	25.805.254	25.805.254	25.805.254
Trade payables	8	-	-	-	1.963.602	1.963.602	1.963.602
Other financial liabilities (**)	9	-	-	-	3.456.167	3.456.167	3.456.167
Payables from finance sector operations(***)	29	-	-	-	108.913.752	108.913.752	108.960.460
31 December 2011							
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	4.655.135	1.180.649	37.561.386	-	43.397.170	43.568.094
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	-	-	-	91.879.733	91.879.733	91.512.159

(*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

Akbank, a subsidiary of the Group, has made necessary applications to issue Turkish Lira denominated bank bonds with different maturities, up to TL 400.000 of which will be offered to public and up to TL 800.000 of which will be allocated or sold to qualified investors.

Akbank has issued bonds abroad with nominal value of TL 1.000.000 redemption date of 5 February 2018 and fixed rated, 5 year term and 6 month coupon payments have been priced with an annual simple interest rate of 7,5%.

The transfer agreement of the Group's total share in Olmuksa to International Paper Container Holdings (Spain),S.L. at TL 101.230 is signed at 19 September 2012. The transfer is completed at 3 January 2013.

Aksigorta has been subjected to tax investigation in 2012 regarding corporate tax calculation of the year 2010 and additional tax amounting to TL 60.908 and its penalty amounting to TL 91.362 has been charged to the Company at 4 February 2013. The Company will utilize its legal rights against the claims and in this respect no payment is planned at this stage. No provision is accounted for in the financial statements regarding this matter.

The tax investigation was related to the spin off transaction which was subject to tax investigation in 2010. Upon reconcilement with the Ministry of Finance, adjustments have been made on the tax burden and the inter-related tax penalty that have been charged to the Company in 2010, amounting to TL 101.531 and TL 152.296 respectively, where the tax penalty has been waived and the total tax burden of TL 101.531 has been decreased to TL 8.500.

On 22 January 2013, Exsa, a subsidiary of the Group, is subjected to a tax penalty statement due to the corporate tax calculation in 2010 with an additional tax amounting to TL 39.219 and its penalty amounting to TL 58.829. The main comment at the tax investigation report in accordance with the penalty is related to the spin-off transaction that took part in 2010 which was previously subjected to another investigation report in 2011. Regarding to that report in 2011, the Company has already reached a reconcilement with the Ministry of Finance. On 22 January 2013, the Company applied to the Ministry of Finance to reach a reconcilement according to the same issue and the same year. No provision is accounted for in the financial statements regarding this matter.

On 3 December 2012, Verbund International and E.ON SE entered into a Share Purchase Agreement for the sale and transfer of all Verbund shares in Enerjisa Enerji A.Ş. to E.ON SE. As of 31 December 2012 legal procedures are ongoing. Related permission from Energy Market Regulatory Authority (EMRA) is obtained and official share transfer will be completed after completing all legal procedures in 2013.

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