HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated balance sheet of Hacı Ömer Sabancı Holding A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as at 31 December 2013, and the consolidated statement of profit or loss, 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 information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Other Matter

5. 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

6. "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 2013 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2013 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of profit or loss 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 TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency."

Reports on Other Legal and Regulatory Requirements

7. In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 25 April 2013, and the committee is comprised of 3 members. Since the date of its establishment, the committee has held meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

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

Ömer Tanrıöver, SMMM
Partner
İstanbul, 7 March 2014

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HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2013 AND 2012

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

ASSETS	Note References	Unaudited Current Period 31 December 2013 USD (*)	Current Period 31 December 2013	Restated Prior Period 31 December 2012
Current Assets		**49.259.377**	**105.134.288**	**84.164.475**
Cash and Cash Equivalents	5	4.566.792	9.746.904	6.330.284
Financial Assets		6.003.267	12.812.773	5.720.174
- Held for Trading	6.a	57.975	123.737	31.583
- Available for Sale	6.b	5.025.144	10.725.165	3.779.346
- Held to Maturity	6.c	832.458	1.776.715	1.846.994
- Time Deposits	6.d	87.690	187.156	62.251
Trade Receivables	8	567.502	1.211.220	992.237
Receivables from Finance Sector Operations	30	27.839.077	59.416.942	51.924.082
Reserve Deposits with the Central Bank of the Republic of Turkey		7.820.213	16.690.681	15.242.002
Other Receivables	9	286.712	611.929	705.429
Derivative Financial Instruments	29	828.101	1.767.417	539.175
Inventories	10	882.468	1.883.451	1.509.187
Prepaid Expenses	11	155.882	332.698	245.209
Other Current Assets	20	295.322	630.305	868.790
		49.245.336	**105.104.320**	**84.076.569**
Assets Classified As Held for Sale	22	14.041	29.968	87.906
Non-current Assets		**47.526.839**	**101.436.531**	**87.661.555**
Financial Assets		14.252.106	30.418.270	38.924.773
- Available for Sale	6.b	9.390.213	20.041.531	37.134.299
- Held to Maturity	6.c	4.861.893	10.376.739	1.790.474
Trade Receivables	8	19.299	41.189	24.127
Receivables From Finance Sector Operations	30	27.974.607	59.706.203	40.976.081
Other Receivables	9	21.402	45.679	18.894
Derivative Financial Instruments	29	295.262	630.177	-
Investments Accounted Through Equity Method	12	2.324.368	4.960.899	3.808.105
Investment Property	13	163.420	348.788	105.497
Property, Plant and Equipment	14	1.826.750	3.898.832	3.089.902
Intangible Assets		367.658	784.693	433.493
- Goodwill	16	224.399	478.935	181.644
- Other Non Current Assets	15	143.259	305.758	251.849
Prepaid Expenses	11	15.470	33.018	13.963
Deferred Tax Assets	28	232.106	495.383	176.375
Other Non Current Assets	20	34.391	73.400	90.345
Total Assets		**96.786.216**	**206.570.819**	**171.826.030**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

These consolidated financial statements have been approved for issue by the Board of Directors on 7 March 2014 and signed on its behalf by Zafer Kurtul, Member of Board of Directors and CEO and Barış Oran, Head of Planning, Reporting and Finance Department.

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2013 AND 2012

(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 31 December 2013 USD (*)	Current Period 31 December 2013	Restated Prior Period 31 December 2012
LIABILITIES				
Short Term Liabilities		**70.689.512**	**150.872.625**	**125.832.866**
Financial Liabilities	7	7.642.719	16.311.856	13.264.547
Current Portion of Long-Term Financial Liabilities	7	943.562	2.013.844	1.433.532
Trade Payables	8	898.887	1.918.494	1.301.086
Payables from Finance Sector Operations	31	57.802.974	123.368.888	104.022.892
Short Term Employee Benefits	19	22.105	47.178	44.373
Other Payables	9	1.832.496	3.911.097	3.070.401
Derivative Financial Instruments	29	557.652	1.190.196	600.412
Deferred Income	11	151.169	322.641	253.255
Income Taxes Payable	28	48.788	104.128	436.452
Short Term Provisions		287.493	613.596	375.638
- Short Term Provisions		0		
for Employee Benefits	19	77.528	165.467	182.188
- Other Short Term Provisions	17	209.965	448.129	193.450
Other Short Term Liabilities	20	501.667	1.070.707	1.030.278
Long Term Liabilities		**11.096.629**	**23.683.537**	**15.480.120**
Financial Liabilities	7	5.578.364	11.905.902	9.307.256
Trade Payables	8	279	596	3.980
Payables from Finance Sector Operations	31	5.303.003	11.318.200	5.248.142
Other Payables	9	15.562	33.215	17.118
Derivative Financial Instruments	29	33.268	71.003	612.809
Deferred Income	11	31.243	66.683	61.876
Long Term Provisions		83.044	177.240	146.241
- Long Term Provisions		-		
for Employee Benefits	19	81.206	173.319	142.370
- Other Long Term Provisions	17	1.837	3.921	3.871
Deferred Tax Liabilities	28	50.464	107.706	82.205
Other Long Term Liabilities	20	1.402	2.992	493
EQUITY		**15.000.075**	**32.014.657**	**30.513.044**
Equity Attributable to the Parent	**21**	**7.981.278**	**17.034.439**	**16.251.076**
Share Capital	21	956.006	2.040.404	2.040.404
Adjustment to Share Capital		1.605.567	3.426.761	3.426.761
Treasury Shares (-)	21	-	-	(52.227)
Share Premium		10.153	21.670	21.670
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss		581	1.240	(2.736)
- Actuarial Gains/Losses		581	1.240	(2.736)
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss		(236.534)	(504.839)	612.055
- Currency Translation Reserve	21	121.223	258.722	145.286
- Hedge Reserve	21	(99.092)	(211.491)	(223.386)
- Revaluation Reserve	21	(258.666)	(552.070)	690.155
Restricted Reserves	21	433.996	926.278	654.707
Retained Earnings		4.400.285	9.391.529	7.691.951
Net Income for the Year		811.224	1.731.396	1.858.491
Non-controlling Interests		**7.018.797**	**14.980.218**	**14.261.968**
TOTAL EQUITY AND LIABILITIES		**96.786.216**	**206.570.819**	**171.826.030**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(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 2013 USD (*)	Current Period 1 January - 31 December 2013	Restated Prior Period 1 January - 31 December 2012
CONTINUING OPERATIONS				
Sales (net)	4,23	5.023.325	9.560.895	7.088.379
Cost of Sales (-)	4,23	(4.169.072)	(7.934.994)	(5.984.178)
Gross Profit From Non-Financial Operations		**854.253**	**1.625.901**	**1.104.201**
Interest, Premium, Commission and Other Income	4	7.668.395	14.595.256	13.978.889
Interest, Premium, Commission and Other Expense (-)		(3.639.895)	(6.927.813)	(7.431.542)
Gross Profit From Financial Operations		**4.028.500**	**7.667.443**	**6.547.347**
GROSS PROFIT		**4.882.753**	**9.293.344**	**7.651.548**
General and Administrative Expenses (-)	24	(2.049.274)	(3.900.384)	(3.291.152)
Marketing, Selling and Distribution Expenses (-)	24	(449.861)	(856.221)	(553.342)
Research and Development Expenses (-)	24	(6.825)	(12.990)	(12.314)
Other Operating Income	25	398.846	759.124	835.519
Other Operating Expenses (-)	25	(302.255)	(575.281)	(286.434)
Interest in Income of Investments		-		
Accounted Through Equity Method	12	79.555	151.417	404.797
OPERATING PROFIT		**2.552.939**	**4.859.009**	**4.748.622**
Income From Investment Activities	26	21.466	40.856	30.766
Expense From Investment Activities (-)	26	(1.718)	(3.269)	(1.250)
OPERATING PROFIT BEFORE		-		
FINANCIAL EXPENSES		**2.572.687**	**4.896.596**	**4.778.138**
Financial Income	27	7.858	14.957	55.393
Financial Expenses (-)	27	(110.653)	(210.606)	(187.595)
NET INCOME BEFORE TAX		-		
FROM CONTINUING OPERATIONS		**2.469.893**	**4.700.947**	**4.645.936**
Tax Income / (Expense) from Continuing Operations		-		
Current Income Tax Expense	28	(410.577)	(781.452)	(936.224)
Deferred Income Tax Benefit / Charge	28	(86.504)	(164.643)	74.057
NET INCOME FOR THE PERIOD		-		
FROM CONTINUING OPERATIONS		**1.972.811**	**3.754.852**	**3.783.769**
DISCONTINUED OPERATIONS		-		
Net Income / (Loss) After Tax		-		
From Discontinued Operations	22	47.181	89.800	(18.304)
NET INCOME FOR THE PERIOD		**2.019.992**	**3.844.652**	**3.765.465**
ALLOCATION OF NET INCOME		-		
- Non-controlling Interests		1.110.312	2.113.256	1.906.974
- Equity Holders of the Parent		909.681	1.731.396	1.858.491
Earnings per share				
- thousands of ordinary shares (TL)	33	4,46	8,49	9,11
Earnings per share from continuing operations				
- thousands of ordinary shares (TL)	33	4,23	8,05	9,20

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(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 2013	Restated Prior Period 1 January - 31 December 2012
NET INCOME FOR THE PERIOD		**3.844.652**	**3.765.465**
Other Comprehensive Income / (Loss) :			
Items That Will Not Be Reclassified Subsequently To Profit or Loss		**3.976**	**(2.736)**
Actuarial gains / (losses)	28	3.976	(2.736)
Items That Will Be Reclassified Subsequently To Profit or Loss		**(2.892.482)**	**1.695.907**
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	28	(2.408.339)	2.867.144
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	28	(624.919)	(1.004.556)
Net gains/(losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	28	(9.335)	(24.585)
Currency translation differences	28	143.364	(179.384)
Cash flow hedges, after tax	28	91.503	(70.503)
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	28	(84.756)	107.791
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		**(2.888.506)**	**1.693.171**
TOTAL COMPREHENSIVE INCOME		**956.146**	**5.458.636**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**956.146**	**5.458.636**
- Non-controlling Interests		337.792	2.950.081
- Equity Holders of the Parent		618.354	2.508.555

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 2013 AND 2012

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

					Accumulated Other Comprehensive Income or Loss That Will									
					Not Be Reclassified	Be Reclassified to Profit or Loss								
	Share Capital	Adjustment to share capital	Treasury shares (-)	Share premium	Actuarial gains/ losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**-**	**194.073**	**(217.757)**	**(59.845)**	**580.224**	**6.088.230**	**1.877.987**	**13.899.520**	**11.573.622**	**25.473.142**
Transfers	-	-	-	-	-	-	-	-	23.000	1.854.987	(1.877.987)	-	-	-
Acquisition effects (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	44.726	44.726
Subsidiary liquidation (*)	-	-	-	-	-	42.784	-	-	-	(42.784)	-	-	-	-
Disposal of assets	-	-	-	-	-	-	-	-		(3.618)	-	(3.618)	(14.692)	(18.310)
Effect of subsidiary public offering (Note 21)	-	-	-	-	-	-	-	-	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	-	-	-	-	(2.736)	(91.571)	(5.629)	750.000	-	-	1.858.491	2.508.555	2.950.081	5.458.636
Balances at 31 December 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(2.736)**	**145.286**	**(223.386)**	**690.155**	**654.707**	**7.691.951**	**1.858.491**	**16.251.076**	**14.261.968**	**30.513.044**
Balances at 1 January 2013	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(2.736)**	**145.286**	**(223.386)**	**690.155**	**654.707**	**7.691.951**	**1.858.491**	**16.251.076**	**14.261.968**	**30.513.044**
Transfers	-	-	-	-	-	-	-	-	271.571	1.586.920	(1.858.491)	-	-	-
Change in shareholding structure by the effect of shares purchase (***)	-	-	-	-	-	-	-	-	-	(2.541)	-	(2.541)	504.107	501.566
Joint venture disposals (****)	-	-	-	-	-	-	-	-	-	62.856	-	62.856	-	62.856
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	124	-	3.570	-	3.694	3.266	6.960
Effect of disposal of subsidiaries' shares (*****)	-	-	52.527	-	-	-	-	-	-	275.699	-	327.926	268.718	596.644
Change in the consolidation method	-	-	-	-	-	-	-	-	-	(13.384)	-	(13.384)	-	(13.384)
Dividends paid (**)	-	-	-	-	-	-	-	-	-	(213.542)	-	(213.542)	(395.633)	(609.175)
Total comprehensive income	-	-	-	-	3.976	113.436	11.895	(1.242.349)	-	-	1.731.396	618.354	337.792	956.146
Balances at 31 December 2013	**2.040.404**	**3.426.761**	**-**	**21.670**	**1.240**	**258.722**	**(211.491)**	**(552.070)**	**926.278**	**9.391.529**	**1.731.396**	**17.034.439**	**14.980.218**	**32.014.657**

(*) Sabancı Industrial Yarn and Tire Cord Fabric B.V. ("Sabancı B.V."), which operates in Netherlands and is owned by Kordsa, a subsidiary of the Group, was liquidated.

(**) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,10 (2012: TL 0,10).

(***) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.'s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary starting from 1 July 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

(****) The share transfer agreement of Diasa shares representing 40% ownership in the Group's portfolio to Şok Marketler Tic. A.Ş. has been signed on 19 April 2013. Following the completion of all legal procedures, official share transfer has been realized on 1 July 2013.

(*****) Net profit after tax due to the sale of Sabancı Holding shares, owned by Çimsa and Tursa, the Group's subsidiaries, as well as Sabancı Holding, Akbank and Teknosa shares owned by Exsa, have been accounted for under equity.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(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 2013 USD (*)	Current Period 1 January- 31 December 2013	Restated Prior Period 1 January- 31 December 2012
Net income before tax from continuing operations		2.469.893	4.700.947	4.645.936
Net income before tax from discontinued operations	22	47.181	89.800	(16.547)
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Depreciation and amortisation expenses	4	229.257	436.345	361.163
Provision for loan losses	30	927.256	1.764.846	1.165.564
Changes in the fair value of derivative instruments		(947.838)	(1.804.020)	524.577
Interest income and foreign currency gains		85.484	162.702	629.561
Interest expense		71.987	137.012	(6.874)
Provision for employment termination benefits	19	30.494	58.040	58.734
Impairment charge on property, plant and equipment, intangible assets and investment property	4	11.261	21.433	5.464
Income from associates	12	(79.555)	(151.417)	(404.797)
Provision for / (reversal of) inventory impairment	10	1.146	2.181	(1.766)
Provision for/ (reversal of) doubtful receivables		3.161	6.017	1.408
(Profit) / loss from disposal of joint venture shares	22	(63.677)	(121.196)	-
Other		(7.228)	(13.757)	(22.749)
Net cash provided by operating activities before changes in operating assets and liabilities		**2.778.822**	**5.288.933**	**6.939.674**
Changes in trade receivables		(127.180)	(242.062)	(8.723)
Changes in inventories		(197.785)	(376.445)	(173.564)
Changes in other receivables and other current assets		122.173	232.531	(484.797)
Changes in trade payables		322.610	614.024	124.041
Disposal of joint venture assets		(20.324)	(38.683)	-
Changes in other liabilities and other payables		638.221	1.214.726	1.407.313
Net cash provided in operating activities of assets classified as held for sale		45.975	87.505	30.980
Currency translation differences		51.658	98.321	(104.966)
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		(48.673)	(92.639)	128.444
Changes in receivables from financial operations		(14.572.466)	(27.735.774)	(19.369.114)
Changes in payables from financial operations		13.272.020	25.260.635	17.095.058
Changes in reserve with the Central Bank of the Republic of Turkey		(1.448.610)	(2.757.140)	(2.729.507)
Income taxes paid		(410.918)	(782.101)	(904.301)
Employment termination benefits paid	19	(29.018)	(55.230)	(30.794)
Net cash used in operating activities		**(2.402.317)**	**(4.572.332)**	**(5.019.930)**
Cash flows from investing activities:		-		
Capital expenditures	4	(363.803)	(692.427)	(560.054)
(Sale) / purchase of available for sale and held to matuirty financial assets		- (1.749.505)	(3.329.832)	(824.574)
Cash used in business combinations, net		-	-	(53.437)
Proceeds from sale of non current assets held for sale, property, plant and equipment and intangible assets		33.315	63.408	57.156
Dividends received		171.379	326.185	246.065
Net cash (used in) investment activities of non-current assets		-	-	(3.776)
Cash provided from the sale of subsidiary		313.479	596.644	58.562
Change int the effective ownership of subsidiaries		11.716	22.300	(12.656)
Cash provided from the sale of joint venture		76.969	146.495	-
Cash used in the acquisiton of shares of joint venture	3	(74.082)	(141.000)	-
Net cash (used in) investing activities		**(1.580.532)**	**(3.008.227)**	**(1.092.714)**
Cash flows from financing activities:		-		
Changes in financial liabilities		3.211.046	6.111.584	(65.001)
Dividends paid		(112.196)	(213.542)	(208.423)
Dividends paid to non-controlling interests		(207.867)	(395.633)	(312.495)
Capital increase of joint ventures		(904.219)	(1.721.000)	(432.544)
Net cash (used in) financing activities of assets classified as held for sale		- -	-	(8.785)
Net cash provided by / (used in) financing activities		**1.986.765**	**3.781.409**	**(1.027.248)**
Effect of change in foreign currency rates on cash and cash equivalents		325.115	618.792	(153.176)
Net increase/(decrease) in cash and cash equivalents		1.107.852	2.108.575	(353.394)
Cash and cash equivalents at the beginning of the period (**)		2.453.373	4.669.505	5.022.899
Cash and cash equivalents at the end of the period		**3.561.225**	**6.778.080**	**4.669.505**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official average TL exchange rate announced by CBRT at 31 December 2013 and therefore do not form part of these consolidated financial statements (Note 2.1.6).

(**) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 208 and cash and cash equivalents at the end of the period comprise interest accruals of TL 624 (31 December 2012: TL 624 and TL937 respectively). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TL 1.660.155 and TL 2.968.616, respectively (31 December 2012: TL 1.336.807 and TL 1.669.155, respectively).

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

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 21). The number of employees in 2013 is 58.907. (31 December 2012: 57.556). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BIST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 31 December 2013, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 21):

	%
Sabancı Family (*)	43,65
Public Quotation	40,11
Sakıp Sabancı Holding A.Ş.(*)	14,07
Other (*)	2,17
	100

(*) Publicly traded / registered shares are excluded since the Central Registry Agency is not able to share the number of registered shares on principle.

Subsidiaries

As of 31 December 2013, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	**Name of Exchange Traded**	**Nature of business**	**Business segment**	**Number of employees**
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	16.445
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	BİST	Tire reinforcement	Industry	4.062
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.904
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.109
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	4.305
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	23
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	4
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	8
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of data and processing systems	Other	107
Sasa Polyester Sanayi A.Ş. ("Sasa")	BİST	Chemicals and textile	Industry	1.229
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.909
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa") (*)	BİST	Trade of consumer goods	Retailing	8.095

(*) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.'s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary starting from 1 July 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP (Continued)

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

Joint Ventures

As at 31 December 2013, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	711
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	-	Pension	Insurance	Aviva	1.673
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.265
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	1.650
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	-	Energy	Energy	E.ON SE (*)	9.833

(*) According to the Share Purchase Agreement signed with E.ON SE dated 3 December 2012; Verbund AG"s Enerjisa Enerji A.Ş. shares were transferred to E.ON SE. As of April 2013, the legal procedures and official share transfer are completed.

All the Joint Ventures are registered in Turkey.

Affiliates

As at 31 December 2013, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Associates	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees*
Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa)	-	Tobacco products production	Industry	Philip Morris	2.229
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	-	Tobacco products marketing and sales	Industry	Philip Morris	2.229

(*) Number of employees represent the total number of employees of Philsa and Philip Morrissa.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance with TAS

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 Turkish Accounting Standards issued by POA.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Also, the consolidated financial statements and its notes are presented in accordance with the format requirements announced by the new communique. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB‟s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

Functional and Presentation Currency

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 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 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.

c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 Basis of Consolidation (continued)

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 2013 and 2012:

	31 December 2013		31 December 2012	
Subsidiaries	**Direct and indirect ownership interest by the Holding and its Subsidiaries %**	**Proportion of ownership interest %**	**Direct and indirect ownership interest by the Holding and its Subsidiaries %**	**Proportion of ownership interest %**
AEO (1)	76,85	76,85	70,29	70,29
Akbank	40,77	40,77	40,78	40,76
Bimsa	100,00	100,00	100,00	89,97
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa Global	91,11	91,11	91,11	91,11
Teknosa	60,29	60,29	61,21	60,72
Temsa	48,71	48,71	48,71	48,71
Tursa (2)	100,00	100,00	99,52	99,46
Yünsa	57,88	57,88	57,88	57,88
Sasa	51,00	51,00	51,00	51,00
Carrefoursa (3)	50,93	50,93	-	-

(1) After the Group shares which are possessed by AEO have been transferred to Sabancı Holding A.Ş, the effective interest rate of AEO has reached to 76,85%.

(2) After the Group shares which are possessed by Tursa have been transferred to Sabancı Holding A.Ş, the effective interest rate of Tursa has reached to 100%

(3) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.‟s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary starting from 1 July 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 Basis of Consolidation (continued)

The balance sheets and statements of profit or loss 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 2013 and result of operations for year ended 31 December 2013 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).

d) Joint arrangements are agreements where Holding and its subsidiaries together with one or more parties are subject to joint control and undertake an economic operation through an agreement. Joint agreements are grouped according to the procedure described below and the relevant accounting:

i) Joint operation – If Holding and its subsidiaries have rights and liabilities relating to operations subject to a joint arrangement, such rights and liabilities are accounted through proportionate consolidation method in the consolidated financial statements.

ii) Joint venture – If Holding and its subsidiaries have rights on net assets relating to operations subject to a joint arrangement, such net assets are accounted through equity method in the consolidated financial statements.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 Basis of Consolidation (continued)

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 2013:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Aksigorta	36,00	36,00
Avivasa	49,83	49,83
Brisa	43,63	43,63
Enerjisa Enerji(1)	50,00	50,00

(1) According to the Share Purchase Agreement signed with E.ON SE dated 3 December 2012; Verbund AG"s Enerjisa Enerji A.Ş shares were transferred to E.ON SE. As of April 2013, the legal procedures and official share transfer are completed.

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	36,00	36,00
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa(2)	38,78	38,78
Diasa(3)	40,00	40,00
Enerjisa Enerji	50,00	50,00
Olmuksa(1)	43,73	43,73

(1) 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.

(2) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V."s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary starting from 1 July 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

(3) The share transfer agreement of Diasa shares representing 40% ownership in the Group's portfolio to Şok Marketler Tic. A.Ş. has been signed on 19 April 2013. Following the completion of all legal procedures, official share transfer has been realized on 1 July 2013.

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 Basis of Consolidation (continued)

e) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influce rather than control over the business operations. Unrealized gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation considering the Group share, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is not applied for Investments in Associates if 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 recognized at fair value if the fair value can be determined objectively; otherwise, they are recognized at cost (Note 12 and Note 2.e). Financial statements of associates, whose financial position at 31 December 2013 and result of operations for the period year ended 31 December 2013 are insignificant to the overall consolidated financial statements are not consolidated on the grounds of materiality. Such associates are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2013 and 31 December 2012:

Associates	**Proportion of effective interest by the Holding %**
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. ("Philsa")	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	24,75

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

f) Other investments 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).

g) 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-controlling 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-controlling interest and are not included in the Holding‟s net assets and profits attributable to shareholders of the Holding.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.3 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.

2.1.4 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 2013 comparatively with the consolidated balance sheet as of 31 December 2012 and presented the consolidated statement of profit or loss, statement of cash flows and statement of changes in equity for the year 1 January-31 December 2013 comparatively with the year 1 January-31 December 2012. As a result of the share transfer agreements signed in April 2013 and September 2012 of Diasa and Olmuksa, the results of Diasa and Olmuksa have been reclassified to "Discontinued Operations" and "Assets Classified As Held for Sale" on the consolidated statement of profit or loss and consolidated balance sheet, respectively.

In addition to the above-mentioned reclassifications, on 7 June 2013, Public Oversight Accounting and Auditing Standards Authority ("POA") published the "Communiqué on the Principles of Financial Reporting" for the entities that are obliged to apply TAS / TFRS to prepare their financial statements in accordance with TAS/TFRS in the Official Gazette No. 28676 dated 13 June 2013 except for the financial institutions such as banks, insurance companies, capital market institutions operating under the scope of Banking Act 5411, the Capital Market Law No. 6362, No. 5684, No. 4683 of the Insurance Law, Private Pension Savings and Investment. In addition, starting from 1 January 2013 based on the adoption of TFRS 10 Consolidated Financial Statements, TAS 27 Separate Financial Statements, TFRS 11 Joint Arrangements and TAS 28 Investments in Associates and Joint Ventures, the Group reviewed the consolidation principles based on the definition of control and restated its previously reported consolidated financial statements. Within this scope, the Group evaluated shareholder structure, legal form of the company subject to joint arrangement, agreement terms and forms. As a result of this evaluation all of the Group companies within the scope of joint arrangement have been concluded as joint ventures and are consolidated through equity method. There have been no changes in the accounting of subsidiaries.

In accordance with the adoption of TFRS 11, total current assets decreased by TL 1.271.462, total non-current assets decreased by TL 2.380.848, total short term liabilities decreased by TL 1.580.490 and total long term liabilities decreased by TL 2.071.820 as of 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.4 Comparatives and Restatement of Prior Year Financial Statements (continued)

The table below summarises the restatements to the consolidated balance sheet, statement of profit or loss and statemnt of comprehensive income of the Group as at and for the year ended 31 December 2012:

	Before Restatement 31 December 2012	Adjustments/ Reclassifications	Restated 31 December 2012
ASSETS			
Current assets	**85.418.119**	**(1.253.644)**	**84.164.475**
Cash and Cash Equivalents	6.717.644	(387.360)	6.330.284
Financial Assets	5.798.595	(78.421)	5.720.174
- Held for Trading	39.750	(8.167)	31.583
- Available for Sale	3.793.701	(14.355)	3.779.346
- Held to Maturity	1.846.994	-	1.846.994
- Time Deposits	118.150	(55.899)	62.251
Trade Receivables	1.539.665	(547.428)	992.237
Receivables from Finance Sector Operations	51.622.064	302.018	51.924.082
Reserve Deposits with the Central Bank of the Republic of Turkey	15.242.002	-	15.242.002
Other Receivables	760.137	(54.708)	705.429
Derivative Financial Instruments	539.181	(6)	539.175
Inventories	1.791.200	(282.013)	1.509.187
Prepaid expenses	-	245.209	245.209
Other Current Assets	1.280.816	(412.026)	868.790
	85.291.304	**(1.214.735)**	**84.076.569**
Assets Classified As Held for Sale	126.815	(38.909)	87.906
Non-current Assets	**89.980.303**	**(2.318.748)**	**87.661.555**
Financial Assets	39.092.884	(168.111)	38.924.773
- Available for Sale	37.302.410	(168.111)	37.134.299
- Held to Maturity	1.790.474	-	1.790.474
Trade Receivables	25.734	(1.607)	24.127
Receivables From Finance Sector Operations	40.588.512	387.569	40.976.081
Other Receivables	309.092	(290.198)	18.894
Investments Accounted Through Equity Method	249.305	3.558.800	3.808.105
Investment Property	160.426	(54.929)	105.497
Property, Plant and Equipment	6.913.745	(3.823.843)	3.089.902
Intangible Assets	1.262.753	(829.260)	433.493
Goodwill	-	*181.644*	*181.644*
Other Non Current Assets	-	*251.849*	*251.849*
Goodwill	736.628	(736.628)	-
Prepaid Expenses	-	13.963	13.963
Deferred Tax Assets	327.225	(150.850)	176.375
Other Non Current Assets	313.999	(223.654)	90.345
Total Assets	**175.398.422**	**(3.572.392)**	**171.826.030**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.4 Comparatives and Restatement of Prior Year Financial Statements (continued)

	Before Restatement 31 December 2012	Adjustments/ Reclassifications	Restated 31 December 2012
LIABILITIES			
Short Term Liabilities	**127.412.455**	**(1.579.589)**	**125.832.866**
Financial Liabilities	13.768.564	(504.017)	13.264.547
Current Portion of Long-Term Financial Liabilities	1.524.089	(90.557)	1.433.532
Trade Payables	1.960.205	(659.119)	1.301.086
Payables from Finance Sector Operations	103.928.365	94.527	104.022.892
Short Term Employee Benefits	-	44.373	44.373
Other Payables	3.350.442	(280.041)	3.070.401
Derivative Financial Instruments	601.168	(756)	600.412
Deferred Income	-	253.255	253.255
Income Taxes Payable	469.339	(32.887)	436.452
Short Term Provisions	-	375.638	375.638
- Short Term Provisions for Employee Benefits	-	182.188	182.188
- Other Short Term Provisions	-	193.450	193.450
Other Short Term Liabilities	1.779.199	(748.921)	1.030.278
Liabilities Relating to Assets Classified As Held for Sale	31.084	(31.084)	-
Long Term Liabilities	**17.472.923**	**(1.992.803)**	**15.480.120**
Financial Liabilities	10.512.601	(1.205.345)	9.307.256
Trade Payables	3.397	583	3.980
Payables from Finance Sector Operations	5.531.787	(283.645)	5.248.142
Other Liabilities	129.043	(111.925)	17.118
Derivative Financial Instruments	764.627	(151.818)	612.809
Deferred Income	-	61.876	61.876
Long Term Provisions	-	146.241	146.241
- Long Term Provisions for Employee Benefits	-	142.370	142.370
- Other Long Term Provisions	-	3.871	3.871
Provision For Employee Termination Benefits	173.777	(173.777)	-
Deferred Tax Liabilities	284.701	(202.496)	82.205
Other Long Term Liabilities	72.990	(72.497)	493
EQUITY	**30.513.044**	**-**	**30.513.044**
Equity Attributable to the Parent	**16.251.076**	**-**	**16.251.076**
Share Capital	2.040.404	-	2.040.404
Adjustment to Share Capital	3.426.761	-	3.426.761
Treasury Shares (-)	(52.227)	-	(52.227)
Share Premium	21.670	-	21.670
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss	-	(2.736)	(2.736)
-Actuarial Gains/Losses	-	(2.736)	(2.736)
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss	612.055	-	612.055
- Currency Translation Reserve	145.286	-	145.286
- Hedge Reserve	(223.386)	-	(223.386)
- Revaluation Reserve	690.155	-	690.155
Restricted Reserves	654.707	-	654.707
Retained Earnings	7.691.951	-	7.691.951
Net Income for the Year	1.855.755	2.736	1.858.491
Non-controlling Interests	**14.261.968**	**-**	**14.261.968**
TOTAL EQUITY AND LIABILITIES	**175.398.422**	**(3.572.392)**	**171.826.030**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.4 Comparatives and Restatement of Prior Year Financial Statements (continued)

	Before Restatement 1 January-31 December 2012	Adjustments/ Reclassifications	Restated 1 January-December 2012
CONTINUING OPERATIONS			
Sales (net)	11.589.049	(4.500.670)	7.088.379
Cost of Sales (-)	(9.688.551)	3.704.373	(5.984.178)
Gross Profit From Commercial Operations	**1.900.498**	**(796.297)**	**1.104.201**
Interest, Premium, Commission and Other Income	14.504.547	(525.658)	13.978.889
Interest, Premium, Commission and Other Expense (-)	(7.849.135)	417.593	(7.431.542)
Gross Profit From Financial Operations	**6.655.412**	**(108.065)**	**6.547.347**
GROSS PROFIT	**8.555.910**	**(904.362)**	**7.651.548**
General and Administrative Expenses (-)	(3.865.834)	574.682	(3.291.152)
Marketing, Selling and Distribution Expenses (-)	(632.051)	78.709	(553.342)
Research and Development Expenses (-)	(17.226)	4.912	(12.314)
Other Operating Income	791.379	44.140	835.519
Other Operating Expenses (-)	(156.575)	(129.859)	(286.434)
Interest in Income of Investments Accounted Through Equity Method	192.458	212.339	404.797
OPERATING PROFIT	**4.868.061**	**(119.439)**	**4.748.622**
Income From Investment Activities	-	30.766	30.766
Expense From Investment Activities (-)	-	(1.250)	(1.250)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES	**4.868.061**	**(89.923)**	**4.778.138**
Financial Income	310.208	(254.815)	55.393
Financial Expenses (-)	(502.747)	315.152	(187.595)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**4.675.522**	**(29.586)**	**4.645.936**
Tax Income / (Expense) from Continuing Operations			
Current Income Tax Expense	(991.398)	55.174	(936.224)
Deferred Income Tax Benefit	71.365	2.692	74.057
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	**3.755.489**	**28.280**	**3.783.769**
DISCONTINUED OPERATIONS			
Net (Loss) After Tax From Discontinued Operations	7.240	(25.544)	(18.304)
NET INCOME FOR THE PERIOD	**3.762.729**	**2.736**	**3.765.465**
ALLOCATION OF NET INCOME			
- Non-controlling Interests	1.906.974	-	1.906.974
- Equity Holders of the Parent	1.855.755	2.736	1.858.491

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.4 Comparatives and Restatement of Prior Year Financial Statements (continued)

	Before Restatement 1 January-31 December 2012	Adjustments/ Reclassifications	Restated 1 January-December 2012
NET INCOME FOR THE PERIOD			
Other Comprehensive Income / (Loss) :	**3.762.729**	**2.736**	**3.765.465**
Items That Will Not Be Reclassified Subsequently To Profit or Loss	**-**	**(2.736)**	**(2.736)**
Actuarial Gains / Losses	-	(2.736)	(2.736)
Items That Will Be Reclassified Subsequently To Profit or Loss	**1.695.907**	**-**	**1.695.907**
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	2.867.144	-	2.867.144
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	(1.004.556)	-	(1.004.556)
Net gains/(losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	(24.585)	-	(24.585)
Currency translation differences	(179.384)	-	(179.384)
Cash flow hedges, after tax	(70.503)	-	(70.503)
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	107.791	-	107.791
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**1.695.907**	**(2.736)**	**1.693.171**
TOTAL COMPREHENSIVE INCOME	**5.458.636**	**-**	**5.458.636**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME	**5.458.636**	**-**	**5.458.636**

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.6 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 profit or loss 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 2013 of TL 2,1343 = USD 1 and TL 1,9033 = 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 profit or loss 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 TAS 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 and Estimates and Errors

Changes made in the accounting policies and corrections regarding accounting errors are applied retrospectively and prior year financial statements are restated.

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods.Except for the principles set forth in Note 2.1.4. There is no significant change in the accounting estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year financial statements are restated. The Group did not detect any significant accounting error in the current period.

2.3 New and Revised Turkish Accounting Standards

(a) New and revised standards affecting disclosures, financial performance and balance sheet of the Group

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 including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as revised in 2011) were issued.

Key requirements of these five standards are described below:

TFRS 10 replaces the parts of TAS 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 TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is control. In addition, TFRS 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 TFRS 10 to deal with complex scenarios.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 New and Revised Turkish Accounting Standards (continued)

(a) New and revised standards affecting disclosures, financial performance and balance sheet of the Group (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

TFRS 11 replaces TAS 31 *Interests in Joint Ventures*. TFRS 11 deals with how a joint arrangement on which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* have been withdrawn upon the issuance of TFRS 11. Under TFRS 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 TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 should be accounted through equity method; however, joint operations under TAS 31 may be accounted for either through equity or proportionate consolidation methods.

TFRS 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 TFRS 12 are more extensive than those in the current standards.

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

The application of TFRS 11 for the periods starting from 1 January 2013 caused a change in the accounting and classification of interests in its joint ventures, Akçansa, Aksigorta, Avivasa, Brisa, Carrefoursa, Diasa, Enerjisa and Olmuksa (for 2012) which were previously accounted through proportionate consolidation method. In accordance with TFRS 11, these companies are classified as joint ventures and are accounted through equity method. Net assets, profit or loss and other comprehensive income relating to the share of the Group in these companies are included in "Investments Accounted Through Equity Method" and "Interest in Income of Investments Accounted Through Equity Method" accounts in the consolidated balance sheet and profit and loss and other comprehensive income statement, respectively. Except for the shares held in these companies, the Group does not have any other joint ventures.

TAS 19 *Employee Benefits*

The amendments to TAS 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 TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately in other comprehensive income to reflect the full value of the plan deficit or surplus relating to the net pension asset or liability recognized in the consolidated balance sheet. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 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 TAS 19 require retrospective application. Financial statements are restated due to the requirement of TAS 19 retrospective application. The Group calculated the net effect of this amendment and reclassified the actuarial loss after tax amounting to TL 2.736 as of 1 January 2013 from net income for the period to the actuarial gain / loss fund account. This amendment has had no impact on the total equity of the Group.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 New and Revised Turkish Accounting Standards

(a) New and revised standards affecting disclosures, financial performance and balance sheet of the Group (continued)

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 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 TAS 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 TAS 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 have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) New and revised standards applicable in 2013 with no material effect on the consolidated financial statements of the Group

TAS 1 (Amendments)	*Presentation of Financial Statements*
TFRS 13	*Fair Value Measurements*
TFRS 7 (Amendments)	*Presentations–Offsetting Financial Assets and Financial Liabilities*
Amendments to TFRS	*Annual Improvements 2009/11 Term other than the Amendments to TAS 1*
TFRS Interpretation 21	*Stripping Costs in the Production Phase of a Surface Mine*

(c) The Group has not applied the following new and revised standards that have been issued but are not yet effective:

TFRS 9	*Financial Instruments*
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*
Amendments to TAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to TFRS 10, 11, TAS 27	*Investment Entities*[1]
Amendments to TAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to TAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
TFRS Interpretation 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies

2.4.1 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).

2.4.2 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.

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

The reserve rates for TL liabilities vary between 5% and 11,5% (2012: 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 13% (2012: 6% and 11,5%) for deposit and other foreign currency liabilities according to their maturities as of 31 December 2013.

2.4.4 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).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.5 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 34.

2.4.6 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.

2.4.7 Financial Instruments

In accordance with TAS 39, 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.7 Financial Instruments (continued)

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.

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.

2.4.8 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 TAS 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.8 Derivative financial instruments (continued)

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.

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.

Enerjisa is 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.

2.4.9 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 13). 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 TAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus is transferred to investment property. Assets held under operating leases are not disclosed as investment property.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

2.4.11 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 15). 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 15).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.12 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 the consolidated statement of profit or loss.

2.4.13 TFRS Interpretation 12 - Service Concession Arrangements

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

An arrangement within the scope of TFRS Interpretation 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 TAS 39 "Financial Instruments: Recognition and Measurement".

2.4.14 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 21).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.14 Shareholders' equity (continued)

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.

2.4.15 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.

2.4.16 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.

Turkish Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised TAS 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 TAS 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.17 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.

2.4.18 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (continued)

2.4.18 Income taxes (continued)

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

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

Current and deferred tax for the period

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

2.4.19 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.19 Employee benefits (continued)

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.

With respect to that, according to the technical balance sheet report as at 31 December 2013 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.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.19 Employee benefits (continued)

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 TAS 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 225.809 (31 December 2012: TL 294.543), the surplus of the Fund amounts to TL 444.642 as of 31 December 2013 (31 December 2012: TL 302.398).

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

	31 December 2013	31 December 2012
Present value of funded obligations	(681.635)	(687.438)
- Pension benefits transferrable to SSI	(1.008.716)	(883.461)
- Post-employment medical benefits transferrable to SSI	552.890	490.566
- Other non-transferrable benefits	(225.809)	(294.543)
Fair value of plan assets	1.126.277	989.836
Surplus	**444.642**	**302.398**

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 2013	31 December 2012
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits (*)	4,34%	2,55%

(*) For the year 2013, the assumption represents the average rate calculated considering each individual's remaining years to retirement.

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 19). All actuarial gains and losses are accounted for under equity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.20 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.

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.4.21 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.22 Investment incentives

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

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

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

2.4.23 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.23 Insurance technical reserves (continued)

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 2013.

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 2013.

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

Equalisation Reserve

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.23 Insurance technical reserves (continued)

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.

2.4.24 Leasing transactions

2.4.24.1 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.24.2 The Group as a lessor

Finance leases

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

Operating leases

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

2.4.25 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.f.i).

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 f.ii).

Non-Life:

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.25 Revenue recognition (continued)

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.

2.4.26 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 33 earnings per share are calculated in accordance with IAS 33 "Earnings Per Share".

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

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

2.4.27 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.27 Foreign currency transactions (continued)

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.

2.4.28 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 TAS 12 Income *Taxes* and TAS 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 TFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.28 Business combinations (continued)

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.

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 TAS 39, or TAS 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (continued)

2.4.28 Business combinations (continued)

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 the financial statement model published by the POA.

2.4.29 Segment reporting

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

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 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 2013 are as follows:

Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V."s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. Share amount has been paid in cash. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%. As a result of the share transfer, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore the Company has been consolidated as a subsidiary as of 1 July 2013 and "non-controlling interests" amounting to TL 504.107, which represent 49,07% of total shares, has been accounted for under equity. Since the ownership of the Group on Carrefoursa shares was 38,78% before the share transfer, net loss amounting to TL 16.479 of the company for the period ended 30 June 2013 has been accounted for under "interest in income of investments accounted through equity method".

The details of goodwill and company value that are calculated in accordance with TFRS 3 "Business Combinations" are as follows:

Consideration paid	141.000
Fair value of previously held shares	455.665
Non-controlling interests	504.107
	1.100.772
Book value of Carrefoursa as of 30 June 2013	739.982
Goodwill (*)	360.790

(*) Goodwill is accounted for on a provisional basis in accordance with TFRS 3 "Business Combinations" as of 31 December 2013.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Enerjisa, a joint venture of the Group has won the privatization tenders of İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ) and Toroslar Elektrik Dağıtım A.Ş. (TOROSLAR), both of which were under the control of the Republic of Turkey Prime Ministry Privatization Administration, by offering the highest bids amounting to USD 1 billion 227 million and USD 1 billion 725 milllion respectively.

As of 31 July 2013, legal procedures regarding AYEDAŞ distribution region have been completed and share purchase agreement has been signed.

As of 30 September 2013, legal procedures regarding TOROSLAR distribution region have been completed and share purchase agreement has been signed.

Enerjisa Elektrik Dağıtım A.Ş. has been accounted through equity method since it is included within Enerjisa Enerji A.Ş.'s, the Group's joint venture. Therefore, the total transferred assets, liabilities and goodwill are presented by their net asset values in the assets accounted through equity method account on the Group's consolidated balance sheet.

The details of the identifiable assets acquired and the liabilities assumed in accordance with TFRS 3 "Business Combinations" are as follows:

Ayedaş Distribution Region:

	Fair value
Total current assets	504.825
Total non-current assets	2.175.783
Total liabilities	(1.210.220)
Fair value of net assets	**1.470.388**
Cash and cash equivalents paid	2.363.448
Goodwill	893.060

Toroslar Distribution Region:

	Fair value
Total current assets	996.221
Total non-current assets	3.353.621
Total liabilities	(1.941.286)
Fair value of net assets	**2.408.556**
Cash and cash equivalents paid	3.512.721
Goodwill	1.104.165

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Acquisitions during the accounting period 1 January 2012- 31 December 2012

On 15 February 2012, Çimsa, a subsidiary of the Group, has signed a share purchase agreement for the acquisition of 153.000.000 shares with a nominal value of TL 1.530 which represent 51% of total share capital of Afyon Çimento Sanayii Türk A.Ş. which was previously owned by PARCIB SAS, a wholly owned subsidiary of CIMENT FRANÇAIS. As per the share purchase agreement TL 57.530 has been determined as the consideration to be paid for the transfer of 153.000.000 shares.

The necessary approvals of the Competition Board have been obtained on 12 April 2012 and the share transfer has been completed on 31 May 2012. The consideration for the transfer of shares has been paid in cash.

Temporary basis during Afyon Çimento Sanayii Türk A.Ş.‟s acquisition process and the fair value of the acquisition is as follows:

	Fair values
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	46.172
Cash and cash equivalents paid	57.530
Goodwill	11.358

Non-controlling interest amounting to TL 44.362, which corresponds to the 49% of the book value of net assets of the acquired subsidiary, has been accounted for under equity.

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

NOTE 4 - SEGMENT REPORTING

According to the changes stated in Note 2.1.2 Changes in the Basis of Consolidation, the Group has restated Segmental Analysis. In this context, since Joint Ventures are accounted through Equity Method, segmental analysis for sales and operating profit is performed through Companies" standalone financial results by the senior management. Segmental analysis for net income is performed through consolidated financial results. Segment reporting details presented below reflect the combined total of standalone performance results of all companies regardless of the type and shareholding rates of the affiliates.

Holding key management reviews the results and performance of its reportable operating segments based on EBITDA (earnings before interest, foreign currency gains and losses and due date income and expenses as part of other operating income and expenses and depreciation and amortization). In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statement readers to utilize this data during their analyses.

a) External Revenues (Consolidated):

	1 January - 31 December 2013	1 January - 31 December 2012
Finance / Banking	14.595.256	13.978.890
Industry	4.176.945	3.825.907
Retail	4.348.027	2.324.792
Cement	953.665	857.089
Other	82.258	80.590
Total (*)	**24.156.151**	**21.067.268**

(*)The distribution of income refers to total revenue in the consolidated income statement.

b) Segment assets (Consolidated):

	31 December 2013	31 December 2012
Finance / Banking	193.709.430	162.263.337
Industry	3.679.868	3.360.448
Retail	2.725.550	1.008.556
Cement	1.323.596	1.264.903
Other	1.028.150	1.597.911
Segment assets (*)	**202.466.594**	**169.495.155**
Assets classified as held for sale (Note 22)	29.968	87.906
Investments accounted through equity method	4.960.899	3.808.105
Unallocated assets	436.550	175.939
Less: intersegment eliminations	(1.323.192)	(1.741.075)
Total assets as per consolidated financial statements	**206.570.819**	**171.826.030**

(*) Segment assets mainly comprise operating assets in the consolidated financial statements.

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

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment liabilities (Consolidated):

	31 December 2013	31 December 2012
Finance / Banking	171.263.563	139.265.308
Industry	2.095.004	1.881.478
Retail	1.557.034	807.764
Cement	279.059	493.426
Other	472.396	86.344
Segment liabilities (*)	**175.667.056**	**142.534.320**
Unallocated Liabilities	211.835	594.191
Less: intersegment eliminations	(1.322.729)	(1.815.525)
Total liabilities as per consolidated financial statements	**174.556.162**	**141.312.986**

(*) Segment liabilities mainly comprise operating liabilities in the consolidated financial statements.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	9.588.041	9.588.041	6.266.399	6.266.399
Financial assets	43.230.595	43.230.595	44.641.045	44.641.045
Derivative financial instruments	2.397.047	2.397.047	537.674	537.674
Reserve deposits with the Central Bank of Republic of Turkey	16.690.681	16.690.681	15.242.002	15.242.002
Receivables from finance sector operations	119.530.903	119.530.903	93.159.950	93.159.950
Property, plant and equipment	849.510	849.510	798.193	798.193
Intangible assets	162.215	162.215	113.757	113.757
Other(***)	1.260.438	1.260.438	1.504.317	1.504.317
Total segment assets	**193.709.430**	**193.709.430**	**162.263.337**	**162.263.337**
Financial liabilities	28.957.596	28.957.596	22.620.065	22.620.065
Payables from finance sector operations	135.595.588	135.595.588	110.589.936	110.589.936
Derivative financial instruments	1.242.558	1.242.558	1.212.784	1.212.784
Other(***)	5.467.821	5.467.821	4.842.523	4.842.523
Total segment liabilities	**171.263.563**	**171.263.563**	**139.265.308**	**139.265.308**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities.. These items are included in non-segment assets and liabilities.

Banking segment consists of Akbank. Akbank's accumumlated non-controlling interests calculated from its financial statements amount to TL 13.472.181 as of 31 December 2013 (31 December 2012: TL 13.455.538).

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (continued):

ii) Insurance:

Cash and cash equivalents	1.144.926	-	927.497	-
Financial assets	594.090	-	512.285	-
Receivables from finance sector operations	432.541	-	529.311	-
Investments accounted through equity method	-	298.133	-	261.493
Property, plant and equipment	16.950	-	37.339	-
Intangible assets	30.505	-	16.845	-
Other(***)	607.981	-	196.649	-
Total segment assets	**2.826.993**	**298.133**	**2.219.926**	**261.493**
Payables from finance sector operations	2.006.295	-	1.456.645	-
Trade payables	-	-	-	-
Other(***)	85.071	-	111.948	-
Total segment liabilities	**2.091.366**	**-**	**1.568.593**	**-**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities.. These items are included in non-segment assets and liabilities.

Insurance segment consist of Aksigorta and Avivasa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (continued):

iii) Energy:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	865.113	-	348.291	-
Financial assets	616	-	422	-
Trade receivables	1.748.785	-	593.221	-
Inventories	86.308	-	33.641	-
Investments accounted through equity method	-	3.840.575	-	2.338.950
Property, plant and equipment	8.523.690	-	6.034.630	-
Intangible assets	6.584.804	-	2.675.848	-
Other(***)	4.821.929	-	1.142.620	-
Total segment assets	**22.631.245**	**3.840.575**	**10.828.673**	**2.338.950**
Financial liabilities	7.583.767	-	4.575.675	-
Payables to Privatization Administration	3.631.549	-	-	-
Trade payables	1.303.460	-	798.213	-
Other(***)	2.033.198	-	671.028	-
Total segment liabilities	**14.551.974**	**-**	**6.044.916**	**-**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities. These items are included in non-segment assets and liabilities.

Energy segment consists of Enerjisa and its subsidiaries.

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

NOTE 4 - SEGMENT REPORTING (continued)

d) The balance sheet items by segment (continued):

iv) Industry:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	68.841	55.679	153.546	140.523
Financial assets	10	10	585	21
Trade receivables	1.417.586	961.417	1.142.763	711.640
Inventories	1.277.315	996.182	1.183.575	932.800
Investments accounted through equity method	242.371	477.475	249.305	462.335
Property, plant and equipment	1.802.319	1.281.287	1.729.006	1.227.508
Intangible assets	136.318	102.191	156.306	128.882
Other(***)	406.209	313.071	254.925	314.806
Total segment assets	**5.350.969**	**4.187.312**	**4.870.011**	**3.918.515**
Financial Liabilities	1.861.783	1.281.322	1.837.760	1.282.065
Trade payables	762.209	571.923	569.015	425.451
Other(***)	307.970	241.759	297.532	173.962
Total segment liabilities	**2.931.962**	**2.095.004**	**2.704.307**	**1.881.478**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding’s portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities. These items are included in non-segment assets and liabilities.

Industry segment consists of Kordsa, Temsa, Sasa, Yünsa, Brisa, Olmuksa, Philsa and Philsa Morrissa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (continued):

v) Retail:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	481.633	481.633	535.523	355.210
Financial assets	-	-	3.009	3.009
Trade receivables	67.612	67.368	173.769	43.720
Inventories	774.524	774.524	742.483	471.973
Investment property	255.299	255.299	152.084	11.124
Investments accounted through equity method	-	-	-	420.727
Property, plant and equipment	746.970	746.970	881.557	89.346
Intangible assets	15.946	15.946	25.937	9.422
Other(***)	322.730	383.810	422.680	16.926
Total segment assets	**2.664.714**	**2.725.550**	**2.937.042**	**1.421.457**
Financial liabilities	27.146	27.146	178.424	-
Trade payables	1.215.483	1.215.467	1.299.165	769.405
Other(***)	314.405	314.421	242.493	38.359
Total segment liabilities	**1.557.034**	**1.557.034**	**1.720.082**	**807.764**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablitiesThese items are included in non-segment assets and liabilities.

Retailing segment consists of Teknosa, Carrefoursa and Diasa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (continued):

vi) Cement:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	56.888	44.901	27.448	22.103
Financial assets	161.994	57	183.337	57
Trade receivables	539.262	208.268	487.533	190.477
Inventories	222.183	105.110	226.179	105.637
Investments accounted through equity method	-	344.716	-	324.600
Property, plant and equipment	1.440.164	778.098	1.390.763	752.124
Intangible assets	55.816	20.587	334.008	169.988
Other(***)	317.811	166.576	46.082	24.517
Total segment assets	**2.794.118**	**1.668.313**	**2.695.350**	**1.589.503**
Financial liabilities	302.113	123.002	591.039	366.912
Trade payables	307.612	114.895	236.374	89.263
Other(***)	92.189	41.162	81.171	37.251
Total segment liabilities	**701.914**	**279.059**	**908.584**	**493.426**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities. These items are included in non-segment assets and liabilities.

Cement segment consists of Akçansa and Çimsa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (continued):

vii) Other:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Cash and cash equivalents	478.027	478.027	1.047.521	1.047.521
Financial assets	11.272.928	382	9.788.111	815
Trade receivables	17.607	17.552	19.161	18.939
Inventories	7.636	7.636	729	728
Property, plant and equipment	260.338	223.790	255.952	219.658
Intangible assets	4.854	4.854	4.690	4.690
Other(***)	236.376	295.909	305.339	305.560
Total segment assets	**12.277.766**	**1.028.150**	**11.421.503**	**1.597.911**
Financial liabilities	250.320	250.320	-	-
Trade payables	23.273	23.185	19.055	18.773
Other(***)	124.327	198.891	141.131	67.571
Total segment liabilities	**397.920**	**472.396**	**160.186**	**86.344**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liablities. These items are included in non-segment assets and liabilities.

Other segment consists of Sabancı Holding A.Ş., Exsa, Tursa, AEO and Bimsa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated income statement:

	31 December 2013			31 December 2012		
	Total Consolidation of Segments Before Elimination	**Elimination and Consolidation Adjustments**	**Consolidated**	**Total Consolidation of Segments Before Elimination**	**Elimination and Consolidation Adjustments**	**Consolidated**
Total revenue	**24.196.333**	**(40.182)**	**24.156.151**	**21.115.924**	**(48.656)**	**21.067.268**
Cost of sales and interest, premiums, commissions and other expenses	(15.027.785)	164.978	(14.862.807)	(13.475.715)	59.996	(13.415.719)
General administration expenses	(3.909.843)	9.459	(3.900.384)	(3.308.576)	17.424	(3.291.152)
Sales, marketing and distribution expenses	(856.983)	762	(856.221)	(554.634)	1.292	(553.342)
Research and development expenses	(12.990)	-	(12.990)	(12.314)	-	(12.314)
Other operating income/(expense) - net	293.782	(109.939)	183.843	574.722	(25.637)	549.085
Interest in income of joint ventures	151.416	1	151.417	409.522	(4.725)	404.797
Operating profit	**4.833.930**	**25.079**	**4.859.009**	**4.748.929**	**(306)**	**4.748.623**
Income/(expense) from investing activities - net	187.020	(149.433)	37.587	49.202	(19.687)	29.515
Operating profit before financial expense	**5.020.950**	**(124.354)**	**4.896.596**	**4.798.131**	**(19.993)**	**4.778.138**
Financial income/(expense) - net	(218.213)	22.564	(195.649)	(159.641)	27.439	(132.202)
Income before tax	**4.802.737**	**(101.790)**	**4.700.947**	**4.638.490**	**7.446**	**4.645.936**
Tax	(946.095)	-	(946.095)	(861.554)	(613)	(862.167)
Profit/(loss) after tax from discontinued operations	(31.398)	121.198	89.800	(43.848)	25.544	(18.304)
Income for the period	**3.825.244**	**19.408**	**3.844.652**	**3.733.088**	**32.377**	**3.765.465**
Net income attributable to equity holders of the parent	**-**	**-**	**1.731.396**	**-**	**-**	**1.858.491**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment:

i) Banking:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Interest, commission and other income	14.615.165	14.615.165	14.008.968	14.008.968
Interest, commission and other expenses	(7.075.504)	(7.075.504)	(7.471.116)	(7.471.116)
General administration expenses	(3.574.073)	(3.574.073)	(3.031.801)	(3.031.801)
Other operating income/(expense) - net	363.188	363.188	369.830	369.830
Interest in income of joint ventures	-	-	-	-
Operating profit	**4.328.776**	**4.328.776**	**3.875.881**	**3.875.881**
Income/(expense) from investing activities - net	4.970	4.970	730	730
Operating profit before financial expense	**4.333.746**	**4.333.746**	**3.876.611**	**3.876.611**
Financial income/(expense) - net	-	-	-	-
Profit before tax	**4.333.746**	**4.333.746**	**3.876.611**	**3.876.611**
Tax	(889.214)	(889.214)	(792.512)	(792.512)
Net income	**3.444.532**	**3.444.532**	**3.084.099**	**3.084.099**
Net income attributable to equity holders of the parent	**-**	**1.404.336**	**-**	**1.257.079**
EBITDA	4.499.665	4.499.665	4.032.949	4.032.949

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

Akbank's net income attributable to non-controlling interets is TL 2.040.196 as of 31 December 2013 (31 December 2012: TL 1.827.020).

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

ii) Insurance:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Gross premiums	1.759.026	-	1.508.875	-
Premiums, commission and other expenses	(1.523.045)	-	(1.333.606)	-
General administration expenses	(264.768)	-	(219.815)	-
Other operating income/(expense) - net	240.251	-	165.685	-
Interest in income of joint ventures	-	88.018	-	39.504
Operating profit	**211.464**	**88.018**	**121.139**	**39.504**
Income/(expense) from investing activities - net	88.771	-	4	-
Operating profit before financial expense	**300.235**	**88.018**	**121.143**	**39.504**
Financial income/(expense) - net	(31.981)	-	(2.083)	-
Profit before tax	**268.254**	**88.018**	**119.060**	**39.504**
Tax	(47.048)	-	(26.269)	-
Net income	**221.206**	**88.018**	**92.791**	**39.504**
Net income attributable to equity holders of the parent	**-**	**88.018**	**-**	**39.504**
EBITDA	184.834		95.218	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

iii) Energy:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Sales revenue (net)	6.698.103	-	4.572.345	-
Cost of sales	(5.754.441)	-	(3.901.151)	-
General administration expenses	(598.235)	-	(381.980)	-
Sales, marketing and distribution expenses	(18.400)	-	(304)	-
Other operating income/(expense) - net	(101.347)	-	19.699	-
Interest in income of joint ventures	-	(233.771)	-	95.294
Operating profit	**225.680**	**(233.771)**	**308.609**	**95.294**
Income/(expense) from investing activities - net	-	-	-	-
Operating profit before financial expense	**225.680**	**(233.771)**	**308.609**	**95.294**
Financial income/(expense) - net	(776.109)	-	(64.534)	-
Profit before tax	**(550.429)**	**(233.771)**	**244.075**	**95.294**
Tax	82.881	-	(53.484)	-
Net income	**(467.548)**	**(233.771)**	**190.591**	**95.294**
Net income attributable to equity holders of the parent	**-**	**(233.771)**	**-**	**95.294**
EBITDA	476.811		501.874	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

iv) Industry:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Sales revenue (net)	5.671.363	4.177.394	5.253.929	3.829.832
Cost of sales	(4.793.172)	(3.686.902)	(4.503.717)	(3.404.607)
General administration expenses	(167.054)	(111.057)	(181.017)	(121.802)
Sales, marketing and distribution expenses	(357.607)	(209.464)	(323.906)	(208.287)
Research and development expenses	(26.908)	(12.990)	(24.518)	(12.314)
Other operating income/(expense) - net	155.652	123.667	92.733	75.205
Interest in income of joint ventures	191.398	254.380	187.733	228.259
Operating profit	**673.672**	**535.028**	**501.237**	**386.286**
Income/(expense) from investing activities - net	26.058	25.502	(210)	(392)
Operating profit before financial expense	**699.730**	**560.530**	**501.027**	**385.894**
Financial income/(expense) - net	(212.761)	(161.345)	(159.944)	(118.319)
Profit before tax	**486.969**	**399.185**	**341.083**	**267.575**
Tax	(37.005)	(27.103)	(31.749)	(9.955)
Profit/(loss) after tax from discontinued operations	-	-	16.556	(18.304)
Net income	**449.964**	**372.082**	**325.890**	**239.316**
Net income attributable to equity holders of the parent	**-**	**327.100**	**-**	**256.759**
EBITDA	755.864	559.563	658.288	492.859

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

v) Retail:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Sales revenue (net)	5.557.808	4.356.523	4.879.296	2.329.707
Cost of sales	(4.385.223)	(3.472.771)	(3.830.054)	(1.881.480)
General administration expenses	(126.962)	(90.292)	(80.837)	(32.236)
Sales, marketing and distribution expenses	(920.933)	(638.957)	(887.393)	(339.469)
Other operating income/(expense) - net	(211.710)	(178.001)	(4.252)	(607)
Interest in income of joint ventures	-	(16.480)	-	(2.131)
Operating profit	**(87.020)**	**(39.978)**	**76.760**	**73.784**
Income/(expense) from investing activities - net	6.948	6.948	(31)	-
Operating profit before financial expense	**(80.072)**	**(33.030)**	**76.729**	**73.784**
Financial income/(expense) - net	(25.731)	(27.220)	(18.064)	(11.278)
Profit before tax	**(105.803)**	**(60.250)**	**58.665**	**62.506**
Tax	19.810	13.091	(13.719)	(14.194)
Profit/(loss) after tax from discontinued operations	(78.494)	(31.398)	(63.860)	(25.544)
Net income	**(164.487)**	**(78.557)**	**(18.914)**	**22.768**
Net income attributable to equity holders of the parent	**-**	**(64.722)**	**-**	**2.952**
EBITDA	10.861	29.253	185.007	116.791

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

vi) Cement:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Sales revenue (net)	2.155.949	953.724	1.913.057	857.154
Cost of sales	(1.664.278)	(726.629)	(1.501.861)	(651.016)
General administration expenses	(88.632)	(42.880)	(78.844)	(42.144)
Sales, marketing and distribution expenses	(18.837)	(6.271)	(15.830)	(5.000)
Other operating income/(expense) - net	(2.193)	(4.512)	(14.313)	(11.410)
Interest in income of joint ventures	-	59.267	-	43.871
Operating profit	**382.009**	**232.699**	**302.209**	**191.455**
Income/(expense) from investing activities - net	16.927	5.138	(6.876)	10.310
Operating profit before financial expense	**398.936**	**237.837**	**295.333**	**201.765**
Financial income/(expense) - net	(44.257)	(23.364)	(47.164)	(29.978)
Profit before tax	**354.679**	**214.473**	**248.169**	**171.787**
Tax	(69.678)	(32.144)	(51.430)	(24.097)
Net income	**285.001**	**182.329**	**196.739**	**147.690**
Net income attributable to equity holders of the parent	**-**	**124.495**	**-**	**99.914**
EBITDA	486.883	279.629	412.123	116.791

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Since the net profit after tax from the sale of Sabancı Holding shares in 2013, owned by Çimsa are accounted under equity, combined and consolidated results have not been included in the table above.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

vii) Other:

	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013	Combined(*) 31 December 2012	Consolidated(**) 31 December 2012
Sales revenue (net)	742.504	93.527	636.866	90.263
Cost of sales	(66.111)	(65.979)	(67.612)	(67.496)
General administration expenses	(95.137)	(91.541)	(84.050)	(80.593)
Sales, marketing and distribution expenses	(2.291)	(2.291)	(1.878)	(1.878)
Other operating income/(expense) - net	(5.535)	(10.560)	150.238	146.429
Interest in income of joint ventures	-	-	-	-
Operating profit	**573.430**	**(76.844)**	**633.564**	**86.725**
Income/(expense) from investing activities - net	122.346	144.461	42.059	38.554
Operating profit before financial expense	**695.776**	**67.617**	**675.623**	**125.279**
Financial income/(expense) - net	(6.284)	(6.284)	(61)	(66)
Profit before tax	**689.492**	**61.333**	**675.562**	**125.213**
Tax	(10.725)	(10.725)	(20.891)	(20.971)
Net income	**678.767**	**50.608**	**654.671**	**104.242**
Net income attributable to equity holders of the parent	**-**	**85.945**	**-**	**106.887**
EBITDA	589.821	(61.091)	639.623	92.147

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.
(***) Since the net profit after tax from the sale of Sabancı Holding shares in 2013, owned by Tursa, as well as Sabancı Holding, Akbank and Teknosa shares owned by Exsa in 2013, are accounted under equity, the combined and consolidated results have not been included in the above table.

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

NOTE 4 - SEGMENT REPORTING (Continued)

g) Net income attributable to equity holders of the parent

The net income attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2013	31 December 2012
Banking	1.437.912	1.257.182
Insurance	68.220	39.504
Industry	324.448	263.986
Cement	124.494	99.914
Energy	(149.406)	(23.894)
Retail	(338)	2.952
Other	34.447	106.886
Total	**1.839.777**	**1.746.530**

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2013	31 December 2012
Adjusted net income for reported operating segments (Equity holders of the Parent)	1.839.777	1.746.530
Akbank Competition Board penalty	(52.593)	-
Sales income from non-performing loans of Akbank	19.015	-
Aksigorta profit from the sale of real estate	26.192	-
Provision for impairment of the subsidiary Aksigorta Merter B.V.	(6.394)	-
Provision for restructuring and other expenses of Carrefoursa	(64.384)	-
Fair value differences of shares previously held during the acquisition of Carrefoursa shares	41.134	-
Gain on sale of Diasa shares	84.841	-
Temsa profit from the sale of real estate	9.080	-
Impairment of old natural gas installations of Enerjisa	(78.000)	-
E.ON- Verbund service income of ownership changes	-	119.189
Other	(87.272)	(7.228)
Net income (Equity holders of the Parent)	**1.731.396**	**1.858.491**

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

NOTE 4 - SEGMENT REPORTING (Continued)

h) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

1 January – 31 December 2013

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	170.889	-	133.371	59.525	-	56.805	15.755	436.345
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	21.113	320	21.433
Capital expenditure	279.123	-	181.432	73.578	-	136.153	22.141	692.427

1 January – 31 December 2012

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	157.068	-	114.328	51.459	-	23.132	15.176	361.163
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	5.464	-	5.464
Capital expenditure	192.397	-	211.822	97.493	-	41.616	16.726	560.054

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

NOTE 4 - SEGMENT REPORTING (Continued)

h) Depreciation and amortisation charges, impairment and capital expenditures (Combined)(continued):

1 January – 31 December 2013

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	170.889	7.703	216.955	122.853	288.893	85.457	16.905	909.655
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	204.888	26.907	320	232.115
Capital expenditure	279.123	21.119	291.997	162.064	2.825.558	179.655	22.141	3.781.657

1 January – 31 December 2012

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	157.068	7.222	184.737	108.553	203.253	88.371	15.445	764.649
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	46.621	5.464	-	52.085
Capital expenditure	192.397	14.861	401.113	175.407	1.926.936	113.384	16.726	2.840.824

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

NOTE 5 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Cash in hand		
- Banking	1.532.438	1.420.850
- Other companies	13.127	40.637
Bank – time deposits	2.042.429	1.341.986
Bank – demand deposits	3.753.081	1.845.477
Government bonds	2.329.633	1.580.557
Eurobonds	14.471	-
Other bonds	59.556	97.096
Other cash and cash equivalents	2.169	3.681
Total	**9.746.904**	**6.330.284**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,21% (31December 2012: 0,41%), 0,12% (31 December 2012: 0,38%) and 9,37% (31 December 2012: 11,60%), respectively.

The analysis of maturities at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Demand	5.300.815	3.310.645
Up to 3 months	4.446.089	3.019.639
Total	**9.746.904**	**6.330.284**

As of 31 December 2013, 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 2.968.616 (31 December 2012: TL 1.660.155).

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 2013	31 December 2012
Share certificates	58.377	18.825
Government bonds	7.746	6.117
Eurobonds	2.149	2.952
Other bonds	55.465	3.689
Total	**123.737**	**31.583**

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

NOTE 6 – FINANCIAL ASSETS (Continued)

a) Held for trading securities (continued) :

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 3,92% (31 December 2012: 3.93%), 2,89% (31 December 2012: 2,89%) and %11,38 (31 December 2012: 11,60%), respectively. The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 5.116 (31 December 2012: TL 1.157).

The analysis of maturities at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
3 to 12 months	842	2.204
1 to 5 years	16.865	6.391
Over 5 years	47.653	4.163
No maturity	58.377	18.825
Total	**123.737**	**31.583**

Period remaining to contractual repricing dates:

	31 December 2013	31 December 2012
Up to 3 months	55.485	5.047
3 to 12 months	6.754	2.226
1 to 5 years	823	1.535
Over 5 years	2.298	3.950
No maturity	58.377	18.825
Total	**123.737**	**31.583**

None of the Group companies has held for trading financial instruments except the Banking sector.

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

NOTE 6 – FINANCIAL ASSETS (Continued)

b) Available for sale securities:

	31 December 2013	31 December 2012
Debt securities		
- Government bonds	20.844.035	28.719.554
- Eurobonds	6.888.515	9.972.986
- Investment funds	248.690	239.123
- Other bonds denominated in foreign currency	2.769.765	1.969.248
Sub- total	**30.751.005**	**40.900.911**
Equity securities		
- Listed	91	4.031
- Unlisted	15.600	8.703
Sub- total	**15.691**	**12.734**
Total financial assets available for sale	**30.766.696**	**40.913.645**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,52% (31 December 2012: 3,68%), 3,75% (31 December 2012: 4,42%) and 9,44% (31 December 2012: 9,97%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 19.534.511 (31 December 2012: TL 23.097.568). Available for sale financial assets that are given as colleteral because of the Group's financing activities are amounting to TL 3.919.373 (31 December 2012: TL 6.526.263). No available for sale financial assetes exist whose risk is undertaken by insurance policy holders (31 December 2012: 182.745 TL).

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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NOTE 6 – FINANCIAL ASSETS (Continued)

b) Available for sale securities (continued):

The maturity analysis at 31 December 2013 and 2012 is as follows:

	31 December 2013			31 December 2012		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	10.476.476	-	10.476.476	3.537.214	3.009	3.540.223
1 to 5 years	7.261.650	-	7.261.650	19.871.294	-	19.871.294
Over 5 years	12.764.190	-	12.764.190	17.250.272	-	17.250.272
No maturity	263.933	447	264.380	250.962	894	251.856
Total	**30.766.249**	**447**	**30.766.696**	**40.909.742**	**3.903**	**40.913.645**

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

	31 December 2013			31 December 2012		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	8.468.425	-	8.468.425	9.791.256	-	9.791.256
3 to 12 months	11.209.122	-	11.209.122	13.278.569	3.009	13.281.578
1 to 5 years	3.811.264	-	3.811.264	7.832.999	-	7.832.999
Over 5 years	7.013.505	-	7.013.505	9.755.956	-	9.755.956
No maturity	263.933	447	264.380	250.962	894	251.856
Total	**30.766.249**	**447**	**30.766.696**	**40.909.742**	**3.903**	**40.913.645**

c) Financial assets held to maturity:

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

	31 December 2013	31 December 2012
Government bonds	12.153.454	3.637.468
Total	**12.153.454**	**3.637.468**

Effective interest rates of USD, EUR and TL denominated debt securities are 3,42% (31 December 2012: None), 3% (31 December 2012: None) and TL is 9,96% (31 December 2012: 9,56%). The Group's financial assets held to maturity subject to funds provided from repo are TL 7.064.453 (31 December 2012: TL 358.131). The amount of Group's held to maturity financial assets colleterals given for financial operations is TL 3.875.664 (31 December 2012: TL 3.145.397).

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NOTE 6 – FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity (continued):

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

	31 December 2013	31 December 2012
1 January	**3.637.468**	**4.655.135**
Additions	9.969.319	209
Foreign exchange differences	172.740	(90.677)
Addition due to change in amortised cost	162.081	764
Redemptions and sales (*)	(1.788.154)	(927.963)
31 December	**12.153.454**	**3.637.468**

(*) According to TAS 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 280.476 and USD 160.288 have been sold.

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 December 2013 and 2012 is as follows:

	31 December 2013			31 December 2012		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	1.776.715	-	1.776.715	1.846.994	-	1.846.994
1 to 5 years	3.916.884	-	3.916.884	1.790.474	-	1.790.474
Over 5 years	6.459.855	-	6.459.855	-	-	-
Total	**12.153.454**	**-**	**12.153.454**	**3.637.468**	**-**	**3.637.468**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 December 2013 and 2012 is as follows:

	31 December 2013			31 December 2012		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	4.499.278	-	4.499.278	3.433.339	-	3.433.339
3 to 12 months	1.265.436	-	1.265.436	204.129	-	204.129
1 to 5 years	3.077.667	-	3.077.667	-	-	-
Over 5 years	3.311.073	-	3.311.073	-	-	-
Total	**12.153.454**	**-**	**12.153.454**	**3.637.468**	**-**	**3.637.468**

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

NOTE 6 – FINANCIAL ASSETS (Continued)

d) Time Deposits:

As of 31 December 2013, maturities of time deposits that are over 3 months denominated at TL is 187.156. Interest rate of time deposits is 0,12%. The breakdown of maturities of time deposits that are over 3 months are as follows:

	31 December 2013	31 December 2012
3 to 12 months	187.156	62.251
Total	**187.156**	**62.251**

NOTE 7 – FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2013	31 December 2012
Short term	16.311.856	13.264.547
Short-term portion of long term	2.013.844	1.433.532
Total short term	**18.325.700**	**14.698.079**
Long term funds borrowed, bank borrowings and debt securities:		
Long term	11.905.902	9.307.256
Total	**30.231.602**	**24.005.335**

Effective interest rates of USD, EUR and TL denominated funds borrowed borrowings and debt securities in issue are 1,58% (31 December 2012: 1,97%), 1,19% (31 December 2012: 1,44%) and 7,70% (31 December 2012: 7,63%) respectively.

The maturity schedule of borrowings at 31 December 2013 and 2012 is summarised below:

	31 December 2013	31 December 2012
Up to 3 months	6.612.819	5.991.502
3 to 12 months	11.712.881	8.706.577
Short term borrowings and short term portion of long term borrowings	**18.325.700**	**14.698.079**
1 to 5 years	10.535.757	7.331.506
Over 5 years	1.370.145	1.975.750
Long term borrowings	**11.905.902**	**9.307.256**
Total	**30.231.602**	**24.005.335**

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

NOTE 7 – FINANCIAL LIABILITIES (Continued)

The maturity schedule of long term borrowings at 31 December 2013 and 2012 is summarised below:

	31 December 2013	**31 December 2012**
2014	-	2.569.969
2015	6.354.895	2.323.506
2016	1.082.645	912.828
2017	1.779.555	1.525.202
2018	1.318.662	1.975.750
2019 and after	1.370.145	-
Total	**11.905.902**	**9.307.255**

The repricing schedule of borrowings at 31 December 2013 and 2012 is summarized below :

	31 December 2013	**31 December 2012**
Up to 3 months	15.574.420	13.128.805
3 to 12 months	7.032.834	5.396.431
1 to 5 years	6.462.417	3.822.203
Over 5 years	1.161.931	1.657.896
Total	**30.231.602**	**24.005.335**

The transactions related with the funds and loans as of 31 December 2013 are as follows:

a) Akbank – Funds borrowed via syndicated credit facilities

As of 31 December 2013 there are two syndicated loans. The first syndicated loan facility amounts to EUR 779 million and USD 419,5 million provided by 38 international banks and signed on 16 August 2013. All-in annual costs are Euribor/Libor+%0,75. The second syndicated loan facility amounts to EUR 790 million and USD 348 million provided by 44 international banks and signed on 21 March 2013. The annual cost of loan for 1 year and 2 years terms are Euribor/Libor+%1,00 and Euribor/Libor+%1,25, respectively.

NOTE 7 – FINANCIAL LIABILITIES (Continued)

b) Enerjisa – Funds borrowed

On 13 June 2008 Group's joint venture Enerjisa, signed a EUR 1 billion loan agreement provided from international financial institutions, International Finance Corporation ("IFC"), 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 million is coordinated by IFC, EUR 495 million has a maturity of 12 years and the remaining EUR 18 million has a maturity of 15 years. EUR 158 million of the aforementioned part will be provided by IFC and the remaining EUR 355 million 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 million which has a maturity of 12 years, with the participation of National Bank of Greece and remaining EUR 135 million of loan will be provided by EIB. As of 31 December 2012, total loan amount of EUR 1 billion has been used. The above mentioned loan‟s repayments commenced on 15 June 2012 and the outstanding balance as of 31 December 2013 is EUR 811 million.

Enerjisa signed another agreement on 23 December 2010 to borrow funds amounting to EUR 270 million with the participations of Yapı ve Kredi Bankası A.Ş. for EUR 100 million, Akbank T.A.Ş. İstanbul Kurumsal Şubesi for EUR 100 million and Finansbank A.Ş. Bahrain for EUR 70 million for the purpose of financing Arkun Barrage and hydroelectric power plant energy project of the Enerjisa. As of 30 November 2013, total loan amount of EUR 270 million has been used.

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 million for the purpose of financing energy projects. EUR 65 million of the loan is provided by IFC and EUR 515 million 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 million of the loan and TSKB has provided EUR 80 million of the loan. As of 31 December 2013, Enerjisa has utilized EUR 226 million with respect to this EUR 700 million loan agreement (31 December 2012: EUR 112 million).

Enerjisa signed another loan agreement on 26 April 2012 with European Bank for Reconstruction and Development ("EBRD") amounting to EUR 135 million to finance Bares Wind Power Plant. EUR 100 million of the loan provided by EBRD and EUR 35 million of it is provided by BAWAG. As of 24 August 2012, total loan amount of EUR 135 million has been used.

As of 25 July 2012, Enerjisa, joint venture of the Group, signed a loan agreement of EUR 750 million with a maturity of 11,5 years with various banks for the financing of Tufanbeyli Thermal Plant. The major part of EUR 608 million with maturity 11,5 years of the loan has been insured by Korea Trade Insurance Corporation (K-Sure). Creditors of the loan include Societe Generale, UniCredit Bank Austria AG, HSBC Bank plc, Raiffeisen Bank International AG, The Bank of Tokyo-Mitsubishi UFJ Ltd., BNP Paribas and Fortis Bank SA/NV, Akbank T.A.Ş., Deutsche Bank AG, Natixis and Erste Group Bank AG. As of 31 December 2013, Enerjisa has utilized EUR 544 million with respect to this EUR 750 million loan agreement.

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

NOTE 7 – FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2013		31 December 2012	
	USD	**TL**	**USD**	**TL**
2013	-	-	636.730	1.131.851
2014	497.127	1.059.079	475.772	845.732
2015	1.274.524	2.715.246	1.206.576	2.144.809
2016	260.786	555.578	257.780	458.230
2017	609.135	1.297.701	599.195	1.065.129
2018	716.987	1.527.469	442.377	786.369
2019	19.842	42.271	14.921	26.524
2020	18.900	40.265	14.026	24.933
2021	18.006	38.360	13.177	23.423
2022	335.209	714.129	314.514	559.079
Total	**3.750.516**	**7.990.098**	**3.975.068**	**7.066.079**

The balance amounting to USD 3.750.516 consists of securitization deals and USD denominated securities issued by the Bank.

Additionally, as of 31 December 2013, there are bonds issued by the Bank amounting to TL 933.802 with 6 months maturity, TL 778.610 with 1 year maturity, TL 151.665 with 2 years maturity and TL 391.956 with 3 years maturity, TL 883.017 with 5 years maturity. (31 December 2012: 6 months maturity TL 1.022.015; 1 years maturity TL 653.883 ; 2 years maturity TL 417.014; 3 years maturity TL 437.767).

On April 15, 2013, Başkent Elektrik Dağıtım A.Ş issued bonds with a total face value of TL 350 million, a maturity date of 11 April 2016, quarterly coupon payments and a coupon rate of DIBS + 2%.

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

Short-term and long-term receivables:	**31 December 2013**	**31 December 2012**
Trade receivables	1.143.074	936.189
Notes and cheques receivables	173.995	115.791
Income accruals	-	16.086
	1.317.069	**1.068.066**
Less: allowance for doubtful receivables	(64.660)	(51.702)
Total	**1.252.409**	**1.016.364**

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

NOTE 8 – TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term and long-term receivables (continued):

As of 31 December 2013, trade receivables of TL 134.048 were past due but not impaired (31 December 2012: TL 121.094). The aging analysis of these trade receivables is as follows:

	31 December 2013	31 December 2012
Up to 3 months	92.627	76.571
3 to 6 months	19.650	26.426
6 to 9 months	20.752	16.839
Over 9 months	1.019	1.258
Total	**134.048**	**121.094**

As of 31 December 2013 and 2012 the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2013	31 December 2012
Up to 3 months	2.550	1.908
3 to 6 months	411	1.165
6 to 9 months	859	407
Over 9 months	60.840	48.222
Total	**64.660**	**51.702**

Short-term and long-term trade payables:	31 December 2013	31 December 2012
Trade payables	1.917.092	1.277.290
Notes payable	485	558
Expense accruals	1.513	27.218
Total	**1.919.090**	**1.305.066**

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2013	31 December 2012
Receivables from credit card payments	36.497	179.562
Other receivables	575.432	525.867
Total	**611.929**	**705.429**

Other long term receivables:	31 December 2013	31 December 2012
Deposits and guarantees given	3.331	7
Other receivables	42.348	18.887
Total	**45.679**	**18.894**

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES (continued)

Other short term payables:	**31 December 2013**	**31 December 2012**
Payables related to credit card transactions	2.336.981	2.045.457
Taxes and funds payable	202.186	212.506
Export deposits and transfer orders	63.170	38.868
Payment orders to correspondent banks	161.185	163.341
Other	1.147.575	610.229
Total	**3.911.097**	**3.070.401**

Other long term payables:		
Financial lease payables	20.590	3.877
Other	12.625	13.241
Total	**33.215**	**17.118**

NOTE 10 - INVENTORIES

	31 December 2013	**31 December 2012**
Raw materials	260.669	292.547
Work in process	214.719	157.871
Finished goods and merchandises	1.149.265	898.368
Spare parts	148.149	62.704
Other inventories	142.179	120.824
	1.914.981	**1.532.314**
Allowance for impairment on inventory (-)	(31.530)	(23.127)
Total	**1.883.451**	**1.509.187**

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

	2013	**2012**
1 January	23.127	24.162
Effects of change in consolidation method due to acquisition of shares	6.222	-
Charge for the period	12.689	13.387
Provision used	(10.508)	(15.153)
Currency translation difference	-	731
31 December	**31.530**	**23.127**

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NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	**31 December 2013**	**31 December 2012**
Prepaid expenses	306.039	243.653
Advances given for inventory purchases	22.860	1.556
Other	3.799	-
Total	**332.698**	**245.209**

Long term prepaid expenses	**31 December 2013**	**31 December 2012**
Advances given for property, plant and equipment	28.963	11.802
Prepaid expenses	3.855	2.161
Other	200	-
Total	**33.018**	**13.963**

Short term deferred income:	**31 December 2013**	**31 December 2012**
Unearned commission income	257.160	224.679
Advances received	61.475	28.452
Deferred income	3.865	124
Other	141	-
Total	**322.641**	**253.255**

Long term deferred income:	**31 December 2013**	**31 December 2012**
Unearned commission income	66.683	61.876
Total	**66.683**	**61.876**

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows :

	31 December 2013	**Share (%)**	**31 December 2012**	**Share (%)**
Aksigorta	179.323	36,00	152.671	36,00
Avivasa	118.810	49,83	108.822	49,83
Brisa	248.025	43,63	213.927	43,63
Carrefoursa(*)	-	-	420.727	38,78
Akçansa	344.716	39,72	324.600	39,72
Enerjisa	3.840.575	50,00	2.338.950	50,00
Philsa	204.542	25,00	207.725	25,00
Philip Morrissa	37.829	24,75	41.580	24,75
Temsa Mısır	(12.921)	73,75	(897)	73,75
Total	**4.960.899**		**3.808.105**	

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

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Share of income from Associates and Joint Ventures included in Holding's consolidated net income is as follows:

	31 December 2013	31 December 2012
Aksigorta	57.809	17.522
Avivasa	30.209	21.982
Brisa	62.982	40.526
Carrefoursa (Note 3)	(16.479)	(2.131)
Akçansa	59.268	43.871
Enerjisa	(233.771)	95.294
Philsa	153.640	158.581
Philip Morrissa	49.979	33.877
Temsa Mısır	(12.220)	(4.725)
Total	**151.417**	**404.797**

The summary financial information of Associates and Joint Ventures is as follows:

	31 December 2013		31 December 2012	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	1.894.896	1.397.290	1.267.633	843.548
Avivasa	957.446	719.501	961.648	743.252
Brisa	1.418.146	849.673	1.250.322	760.001
Carrefoursa(*)	-	-	1.659.330	574.424
Akçansa	1.361.387	480.380	1.299.692	469.555
Enerjisa	23.386.619	15.705.547	10.946.565	6.268.666
Philsa	2.515.535	1.697.366	2.231.272	1.400.402
Philip Morrissa	1.087.898	935.056	731.697	563.697
Temsa Mısır	27.208	44.728	35.341	35.459
Total	**32.649.135**	**21.829.541**	**20.383.500**	**11.659.004**

(*) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V."s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

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NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales Revenue

	1 January - 31 December 2013	1 January - 31 December 2012
Aksigorta	1.526.138	1.311.332
Avivasa	232.888	197.544
Brisa	1.489.492	1.424.003
Carrefoursa	1.196.127	2.549.589
Akçansa	1.202.225	1.055.902
Enerjisa	6.698.103	4.572.345
Philsa(*)	13.595.790	12.401.105
Philip Morrissa	13.879.686	12.548.190
Temsa Mısır	1.545	5.183

(*) Philsa, which is a manufacturing company, conducts its sales activities through Philip Morrissa, which is a marketing company.

Net income	1 January - 31 December 2013	1 January - 31 December 2012
Aksigorta	160.581	48.673
Avivasa	60.624	44.119
Brisa	144.355	92.885
Carrefoursa	(42.493)	(5.496)
Akçansa	159.548	120.826
Enerjisa	(467.542)	190.588
Philsa	614.558	634.325
Philip Morrissa	201.934	136.876
Temsa Mısır	(16.569)	(6.406)

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

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2013 and 2012 are as follows:

	1 January 2013	Additions	Disposals	Impairment	Transfers	Currency translation differences	Change in consolidation method due to acquisition of shares	31 December 2013
Cost:								
Land	116.873	-	(1.895)	-	-	-	100.228	215.206
Buildings	751	69.424	-	-	36.993	-	67.039	174.207
Total	**117.624**	**69.424**	**(1.895)**	**-**	**36.993**	**-**	**167.267**	**389.413**
Accumulated depreciation:								
Buildings	(12.127)	(1.895)	-	-	-	2.757	(29.360)	(40.625)
Net book value	**105.497**							**348.788**

	1 January 2012	Additions	Disposals	Impairment	Transfers	Currency translation differences	Change in consolidation method due to acquisition of shares	31 December 2012
Cost:								
Land	116.968	-	-	-	-	-	(95)	116.873
Buildings	939	-	-	-	-	-	(188)	751
Total	**117.907**	**-**	**-**	**-**	**-**	**-**	**(283)**	**117.624**
Accumulated depreciation:								
Buildings	(15.222)	(428)	-	3.941	-	-	32	(12.127)
Net book value	**102.685**							**105.497**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2013 is as follows:

	1 January 2013	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers from non-current assets held for sale	Transfers to non-current assets held for sale	Change in consolidation method due to acquisition of shares (**)	31 December 2013
Cost:										
Land and land improvements	315.888	1.840	2.257	(2.710)	21.523	(320)	-	(2.299)	229.737	565.916
Buildings	1.970.221	22.513	34.229	(30.235)	48.002	-	105	(32.471)	339.030	2.351.394
Machinery and equipment	2.660.587	165.441	34.070	(11.743)	99.230	-	5.022	(18.892)	-	2.933.715
Motor vehicles	169.324	831	67.171	(41.512)	1.598	-	13	(237)	-	197.188
Furniture and fixtures	1.547.024	4.970	191.180	(140.946)	40.624	-	61	(393)	591.451	2.233.971
Total	**6.663.044**	**195.595**	**328.907**	**(227.146)**	**210.977**	**(320)**	**5.201**	**(54.292)**	**1.160.218**	**8.282.184**
Construction in progress	**174.318**	**7.253**	**175.961**	**(2.150)**	**(265.504)**	**-**	**-**	**(1)**	**119.131**	**209.008**
Total	**6.837.362**	**202.848**	**504.868**	**(229.296)**	**(54.527)**	**(320)**	**5.201**	**(54.293)**	**1.279.349**	**8.491.192**
Accumulated depreciation:										
Land and land improvements	(60.752)	366	(6.890)	242	1	-	-	819	(147.193)	(213.407)
Buildings	(791.900)	(12.775)	(59.918)	24.023	-	-	(43)	7.968	-	(832.645)
Machinery and equipment	(1.632.991)	(78.227)	(115.063)	10.225	(55)	(63)	(4.170)	14.406	-	(1.805.938)
Motor vehicles	(87.947)	(509)	(25.330)	17.201	65	-	(13)	237	(418.453)	(514.749)
Furniture and fixtures	(1.173.870)	(3.446)	(152.458)	132.362	101	(21.889)	(57)	376	(6.740)	(1.225.621)
Total	**(3.747.460)**	**(94.591)**	**(359.659)**	**184.053**	**112**	**(21.952)**	**(4.283)**	**23.806**	**(572.386)**	**(4.592.360)**
Net book value	**3.089.902**									**3.898.832**

(*) Transfers during the period consists of TL 17.381 to intangible assets and TL 36.993 to investment property.

(**) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.‟s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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	Business combinations (**)	Transfers(*)	Impairment	31 December 2012
Cost:								
Land and land improvements	264.314	(1.206)	4.617	(2.083)	39.732	10.514	-	315.888
Buildings	1.929.762	(9.007)	30.191	(3.495)	17.887	4.883	-	1.970.221
Machinery and equipment	2.523.873	(82.074)	49.234	(66.402)	86.482	149.463	11	2.660.587
Motor vehicles	169.813	(294)	35.044	(49.252)	111	13.902	-	169.324
Furniture and fixtures	1.498.189	(3.027)	137.219	(112.284)	1.268	19.765	5.894	1.547.024
Total	**6.385.951**	**(95.608)**	**256.305**	**(233.516)**	**145.480**	**198.527**	**5.905**	**6.663.044**
Construction in progress	**155.590**	**(3.845)**	**233.913**	**(4.246)**	**4**	**(204.819)**	**(2.279)**	**174.318**
Total	**6.541.541**	**(99.453)**	**490.218**	**(237.762)**	**145.484**	**(6.292)**	**3.626**	**6.837.362**
Accumulated depreciation:								
Land and land improvements	(52.672)	349	(5.934)	772	(3.267)	-	-	(60.752)
Buildings	(730.836)	3.816	(56.455)	1.172	(9.978)	381	-	(791.900)
Machinery and equipment	(1.576.424)	35.342	(101.118)	64.628	(55.414)	-	(5)	(1.632.991)
Motor vehicles	(91.645)	(401)	(13.735)	17.904	(70)	-	-	(87.947)
Furniture and fixtures	(1.148.256)	2.861	(122.404)	96.873	(999)	(287)	(1.658)	(1.173.870)
Total	**(3.599.833)**	**41.967**	**(299.646)**	**181.349**	**(69.728)**	**94**	**(1.663)**	**(3.747.460)**
Net book value	**2.941.708**							**3.089.902**

(*) Transfers during the period consist of TL 6.665 to intangible assets.
(**) Results from the acquisition of Afyon Çimento detailed in Note 3.

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

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2013 and 2012 are as follows:

	1 January 2013	Currency translation differences	Additions	Disposals	Business combinations	Change in consolidation method due to acquisition of shares (**)	Transfers	Impairment / (reversal)	31 December 2013
Cost	542.061	12.816	118.135	(17.840)	-	40.481	17.381	-	713.034
Accumulated amortisation (-)	(290.212)	(5.324)	(74.791)	1.569	-	(38.480)	-	(38)	(407.276)
Net book value	**251.849**								**305.758**

	1 January 2012	Currency translation differences	Additions	Disposals	Business combinations(*)	Transfers	Impairment/ (reversal)	31 December 2012
Cost	468.115	1.918	69.837	(7.660)	3.039	6.759	53	542.061
Accumulated amortisation (-)	(229.511)	(5.627)	(61.091)	6.917	(763)	(94)	(43)	(290.212)
Net book value	**238.604**							**251.849**

(*) Results from the acquisition of Afyon Çimento detailed in Note 3.

(**) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.‟s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

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

NOTE 16 - GOODWILL

The movements in goodwill for the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
1 January	181.644	170.306
Change in the controlling interest of Carrefoursa (Note 3)(*)	360.790	-
Provision for impairment	(63.499)	-
Additions (Note 3)	-	11.357
Foreign currency translation adjustments	-	(19)
31 December	**478.935**	**181.644**

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 2013	31 December 2012
Cement	155.323	155.323
Retail	297.291	-
Industry	26.321	26.321
Total	**478.935**	**181.644**

(*) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V."s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013, whereas it has been consolidated as a joint venture previously. As a result of the acquisition of 12% equity shares of Carrefoursa; in accordance with the Article 17 of the Capital Markets Board's Communique Serial: IV, No: 44, "Principles Regarding the Collection of Corporation Shares Through Takeover Bid", and with the framework of the permit numbered 29833736 - 110.05.01-2827 of the Capital Markets Board of Turkey dated 26 September 2013, H.Ö Sabancı Holding's call to repurchase of CARFA and CARFB shares owned by other shareholders resulted in its ownership to increase to 50.93%.

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.

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

NOTE 16 – GOODWILL (Continued)

Assumptions used for value in use calculations are as follows:

	Retail	**Industry**	**Cement**
Growth rate (**)	5,00%	9,00%	6,00%
Discount rate (***)	13,00%	9,47%	13,97%
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.

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	**31 December 2013**	**31 December 2012**
Provision for liabilities	352.010	193.450
Credit points	*114.587*	*165.087*
Litigation	*96.672*	*4.373*
Uncompensated and not encashed non-cash loans	*52.027*	*21.715*
Onerous contracts	*80.920*	-
Other short-term provisions	*7.804*	*2.275*
Other	96.119	-
Total	**448.129**	**193.450**

Other long term provisions	**31 December 2013**	**31 December 2012**
Provision for liabilities	3.921	3.871
Uncompensated and not encashed non-cash loans	-	*3.128*
Other	*3.921*	*743*
Total	**3.921**	**3.871**

Commitments – Banking segment	**31 December 2013**	**31 December 2012**
Letters of guarantee given	16.974.742	12.050.871
Letters of credit	6.030.755	4.394.321
Foreign currency acceptance	1.705.986	199.864
Other guarantees given	3.144.150	1.698.493
Total	**27.855.633**	**18.343.549**

Commitments – Non-banking segment	**31 December 2013**	**31 December 2012**
Letters of guarantee given	548.596	447.504
Other guarantees given	377.581	153.590
Collateral notes given	35	-
Mortgages, guarantees and pledges for tangible assets	94.565	79.131
Total	**1.020.777**	**680.225**

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
Repurchase commitments	23.003.288	20.070.202
Resale commitments	-	-

Commitments to forward currency purchase/sale and swap transactions:

Transactions for held for trading

	31 December 2013	31 December 2012
Currency swap purchases	5.833.256	2.283.214
Currency swap sales	5.804.606	2.296.387
Total	**11.637.862**	**4.579.601**

	31 December 2013	31 December 2012
Currency swap purchases	24.038.821	9.689.084
Currency swap sales	22.572.098	8.877.206
Interest swap purchases	18.109.785	11.210.308
Interest swap sales	18.109.785	11.210.308
Total	**82.830.489**	**40.986.906**

	31 December 2013	31 December 2012
Spot purchases	4.544.293	1.788.052
Spot sales	4.553.556	1.789.588
Total	**9.097.849**	**3.577.640**

	31 December 2013	31 December 2012
Currency, interest and securities options purchases	30.912.645	10.252.775
Currency, interest and securities options sales	30.790.492	10.252.884
Total	**61.703.137**	**20.505.659**

	31 December 2013	31 December 2012
Future purchases	5.229	-
Future sales	70.213	94.351
Total	**75.442**	**94.351**

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Transactions for held for trading (continued):

	31 December 2013	31 December 2012
Other purchase transactions	202.181	274.665
Other sales transactions	1.322.316	1.100.146
Total	**1.524.497**	**1.374.811**

Derivative transactions for hedging:

	31 December 2013	31 December 2012
Interest swap purchases	3.387.336	3.275.494
Interest swap sales	3.387.336	3.275.494
Total	**6.774.672**	**6.550.988**

	31 December 2013	31 December 2012
Foreign currency purchases	54.054	-
Foreign currency sales	169.278	92.479
Total	**223.332**	**92.479**

	31 December 2013	31 December 2012
Currency swap purchases	3.102.178	3.169.981
Currency swap sales	2.640.102	3.241.445
Total	**5.742.280**	**6.411.426**

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2013 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	2.253.468	14.721.274	16.974.742
Letters of credits	4.730.953	1.299.802	6.030.755
Acceptance credits	1.652.958	53.028	1.705.986
Other guarantees	1.266.886	1.877.263	3.144.149
Total	**9.904.265**	**17.951.367**	**27.855.632**

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	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**

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 million and its penalty amounting to TL 58 million. 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 reconciliation settlement according to the same issue and the same year but no reconciliation was provided. The Company filed a lawsuit related to this matter. Exsa management did not allow any provision in the financial statements for period ended on 31 December 2013 taking into account the legal advisors‟ and tax experts‟ opinions stating that the final legal process has not yet been completed and the uncertainty about the tax penalty and is still continuing.

Aksigorta, one of the Group's joint ventures, has been subjected to tax investigation in 2012 regarding corporate tax calculation of the year 2010 and additional tax amounting to TL 61 million and its penalty amounting to TL 91 million has been charged to the Company at 4 February 2013. 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 102 and TL 152 million respectively, where the tax penalty has been waived and the total tax burden of TL 102 million has been decreased to TL 9 million and paid in 2011. Aksigorta appealed for a reconciliation settlement process to Ministry of Finance on 4 March 2013. No reconciliation was provided in the meeting held between Aksigorta and the Ministry of Finance Central Reconciliation Commission on 10 October 2013 and Aksigorta filed a lawsuit by the Tax Court as of 24 October 2013. As of the date of this report, there is uncertainty on the process regarding this issue and the results of this process.

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Financial institutions	4.641.088	3.636.342
Construction	2.746.189	2.476.285
Chemicals	3.921.747	1.750.524
Wholesale	6.548.609	1.580.930
Small-scale retailers	2.229.458	1.344.949
Steel and mining	1.711.456	1.258.952
Food and beverage	661.056	582.227
Electricity, gas and water	819.191	580.218
Automotive	418.084	470.233
Other manufacturing	526.743	437.908
Electronics	573.711	420.803
Textile	581.914	375.186
Transportation	315.837	238.898
Telecommunications	201.480	163.129
Tourism	348.467	117.461
Agriculture and forestry	92.939	82.150
Other	1.517.663	2.827.354
Total	**27.855.632**	**18.343.549**

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

NOTE 18 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2013 is as follows:

	31 December 2013				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A. Total amount of the Collaterals given for its own legal entity	936.658	297.738	255.171	30.270	5.421
B. Collaterals given on behalf of fully consolidated companies	2.546.322	2.225.773	70.090	13.498	131.318
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	27.855.633	10.823.407	4.730.847	2.274.465	256.212
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 Colleterals	**31.338.613**	**13.346.918**	**5.056.108**	**2.318.233**	**392.951**
A. Total amount of the mortgages given for its own legal entity	87.224	-	16.507	17.706	-
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	**87.224**	**-**	**16.507**	**17.706**	**-**
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	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2013, the the ratio of other CPMs given by the Group to the equity is 0%.

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

NOTE 18 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2013 is as follows:

	31 December 2013				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A. Total amount of the Collaterals given for its own legal entity	287.232	171.381	54.087	141	-
B. Collaterals given on behalf of fully consolidated companies	16.305	16.194	-	-	-
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	27	22	2	-	-
D.Total amount of other Collaterals	4.016	4.016	-	-	-
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	4.016	-	-	-	-
Total Colleterals	**307.580**	**191.613**	**54.089**	**141**	**-**
A. Total amount of the mortgages given for its own legal entity	8.022.362	-	-	2.731.947	-
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	**8.022.362**	**-**	**-**	**2.731.947**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2013, the the ratio of other CPMs given by the Group to the equity is 0,013%.

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

NOTE 18 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries 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	728.599	257.024	163.683	46.723	69.914
B. Collaterals given on behalf of fully consolidated companies	444.070	143.086	88.528	14.705	108.593
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	18.343.548	6.446.626	4.510.304	1.560.389	187.288
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 Colleterals	**19.516.217**	**6.846.736**	**4.762.515**	**1.621.817**	**365.795**
A. Total amount of the mortgages given for its own legal entity	73.252	-	17.734	17.706	-
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	**73.252**	**-**	**17.734**	**17.706**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

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

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

NOTE 18 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures 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	589.325	478.716	60.234	1.376	-
B. Collaterals given on behalf of fully consolidated companies	21.172	21.069	58	-	-
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	42	38	2	-	-
D.Total amount of other Collaterals	3.841	3.841	-	-	-
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 Colleterals	**614.380**	**503.664**	**60.294**	**1.376**	**-**
A. Total amount of the mortgages given for its own legal entity	3.016.450	-	-	1.282.688	-
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	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**3.016.450**	**-**	**-**	**1.282.688**	**-**
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	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2012, the ratio of other CPMs given by the Group to the equity is 0,013%.

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

NOTE 19 – EMPLOYEE BENEFITS

Payables related to employee benefits	31 December 2013	31 December 2012
Payables to personnel	24.112	20.822
Social security premiums payable	21.134	22.369
Other	1.932	1.182
Total	**47.178**	**44.373**

Short term provision for employee benefits

	31 December 2013	31 December 2012
Unused vacation pay provision	65.903	55.014
Bonus provision	16.851	74.358
Other provisions for employee benefits	82.713	52.816
Total	**165.467**	**182.188**

Long term provision for employee benefits

	31 December 2013	31 December 2012
Unused vacation pay provision	1.843	1.781
Bonus provision	1.019	2.113
Provision for retirement pay liability	162.547	133.963
Other provisions for employee benefits	7.910	4.513
Total	**173.319**	**142.370**

Provision for retirement pay liability:

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 2013, the amount payable consists of one month's salary limited to a maximum of TL 3 (31 December 2012: TL 3) 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 2013, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 4,28 % at the respective balance sheet date (31 December 2012: 3,73%). Severance pay ceiling is revised semi-annually. 3 TL severance pay ceiling, which is effective on 1 January 2014, has been considered in the provision for employment termination benefits calculations of the Group.

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

NOTE 19 -PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Long term provision for employee benefits (continued):

Provision for retirement pay liability (continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2013 and 2012 are as follows:

	2013	**2012**
1 January	133.963	102.161
Change in consolidation method due to acquisition of shares	30.655	-
Charge for the period	56.318	58.010
Payments during the period	(55.230)	(30.794)
Interest cost	1.722	724
Foreign currency translation adjustments	89	(696)
Business combinations	-	1.138
Actuarial gains/(losses)	(4.970)	3.420
31 December	**162.547**	**133.963**

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2013**	**31 December 2012**
Cheques in clearance	407.406	566.639
Deductible, deferred and other VAT	95.638	68.152
Other	127.261	233.999
Total	**630.305**	**868.790**

Other Non-Current Assets	**31 December 2013**	**31 December 2012**
Long term tax claims and other legal receivables	5.157	58.910
Deductible, deferred and other VAT	62.793	9.910
Other non-current assets	5.450	21.525
Total	**73.400**	**90.345**

Other Short Term Liabilities	**31 December 2013**	**31 December 2012**
Cheques in clearance	744.734	973.641
Saving deposits insurance	33.975	22.393
Other short term liabilities	291.998	34.244
Total	**1.070.707**	**1.030.278**

Other Long Term Liabilities	**31 December 2013**	**31 December 2012**
Other long term liabilities	2.992	493
Total	**2.992**	**493**

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

NOTE 21 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2012: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2013 and 2012 is as follows:

Shareholders:	Share (%)	31 December 2013	Share (%)	31 December 2012
Sabancı family members(*)	43,65	890.628	43,65	890.628
Public quotation	40,11	818.531	40,11	818.531
Sakıp Sabancı Holding A.Ş. (*)	14,07	287.100	14,07	287.100
Other(*)	2,17	44.145	2,17	44.145
Share capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury share (-)		**-**		**(52.227)**
Share premium		**21.670**		**21.670**

(*) Publicly traded / registered shares are excluded since the Central Registry Agency is not able to share the number of registered shares on principle.

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. Based on the exemption for sale of participation shares and property, 75% of the related gain is required to be held in account "gain on sale of subsidiaries". In 2012, related to the initial public offering of Teknosa, Holding accounted for 75% of this gain in this account.

The details of restricted reserves mentioned above are as follows:

	31 December 2013	31 December 2012
Legal reserves	592.909	321.338
Investments sales income	333.369	333.369
Total	**926.278**	**654.707**

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

NOTE 21 - EQUITY (Continued)

On 17 May 2012, Holding completed the public offering of Teknosa shares with a nominal value of TL 12.650. In the following days of the offering, shares with a nominal value of TL 1.650 have been acquired in order to maintain the stability of the share price. As a result of these transactions, the effective ownership of the Holding has decreased to 60,72% as of 31 December 2012. However, there has been no change in the control power. Net effect of sale of share and offering costs amounting to TL 58.562 has been recorded as an increase in the retained earnings under shareholders‟ equity.

Dividend Distribution

Based on CMB Decree No. 02/51, 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. 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 statements 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 TAS/TFRS.

Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation differences
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	(91.571)
Gains transferred to income statement	(511.930)	53.783	-	-
Company liquidation	-	-	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(12.527)	-	-	42.784
Tax effect	(187.470)	12.406	(10.985)	-
Balance as of 31 December 2012	**690.155**	**(189.176)**	**(34.210)**	**145.286**
Balance as of 1 January 2013	**690.155**	**(189.176)**	**(34.210)**	**145.286**
Increases/ (decreases) during the period	(1.229.581)	32.975	(43.193)	113.436
Gains transferred to income statement	(318.474)	25.091	-	-
Change of rate	-	-	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(4.757)	-	-	-
Tax effect	(310.587)	(11.617)	8.639	-
Balance as of 31 December 2013	**(522.070)**	**(142.727)**	**(68.764)**	**258.722**

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

NOTE 22 – ASSETS CLASSIFIED AS HELD FOR SALE

1 January – 31 December 2013

Real estate of Temsa Global located in Adapazarı and are expected to be sold within 12 months, are transferred to non-current assets held for sale and presented separately in the financial statements. No impairment loss has been provided for since it is expected that the income from the sale will be higher than the carrying amount. The net book value of the real estate, which has been classified as asset held for sale is TL 23.395.

Property, plant and equipment with a net book value of TL 6.573 has been classified to non-current assets held for sale since SASA, which is a subsidiary of the Group, decided to evaluate the sales opportunities of Organized Industrial Textile Operation located at Adana Hacı Sabancı Organized Industrial Zone.

The Group has signed an agreement for the sale of its 40% shares in Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş to Şok Marketler Ticaret A.Ş. Within the scope of the same agreement, Dia Group sold the 60% of Diasa shares to Yıldız Holding and Şok Süpermarketler A.Ş. As of 1 July 2013, 40% of the shares owned by Sabancı Holding were sold for TL 45.265 and the gain on sale amounting to TL 84.841 has been accounted for under profit from discontinued operations. Net loss of Diasa is TL (98.940) for the period ended 1 January- 30 June 2013and 1 January- 31 December 2012 has been classified as income or (loss) from discontinued operations in the statement of profit or loss for 2013 and 2012.

Statement pf profit or loss of Diasa for the period ended 31December 2013 and 2012 is as follows:

Statement of profit or loss	**1 January - 31 December2013**	**1 January - 31 December2012**
Income	171.189	388.172
Expense	(202.587)	(413.716)
Net loss before tax	**(31.398)**	**(25.544)**
Tax	-	-
Net loss	**(31.398)**	**(25.544)**

1 January - 31 December 2012

The transfer agreement of the Group‟s Olmuksa shares with a value of TL 101.230 to International Paper Container Holdings (Spain), S.L. is signed on 19 September 2012. The transfer of the shares will be realized after the completion of the necessary approvals from legal authorities. Olmuksa‟s net profit is classified as income or (loss) from discontinued operations in the 2011 and 2012 financial statements. As of 31 December 2012 Olmuksa‟s net asset value in the consolidated financial statements is TL 95.731. The gain on sale of shares amounting to TL 36.357 is included in the income from discontinued operations as of 31 December 2013 since the transaction has been realized on 3 January 2013.

Statement of profit or loss of Olmuksa for the period ended 31December 2012 is as follows:

Statement of profit or loss	**1 January - 31 December2012**
Income	187.403
Expense	(178.406)
Net income before tax	**8.997**
Tax	(1.757)
Net income	**7.240**

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

NOTE 23 – REVENUE AND COST OF SALES

Revenue	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Domestic sales	8.350.381	5.829.196
Foreign sales	1.611.396	1.564.989
Less: Discounts	(400.882)	(305.806)
Total	**9.560.895**	**7.088.379**

Cost of sales	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Cost of raw materials and merchandises	6.583.987	4.759.739
Change in finished goods, work in process inventory and trade goods	55.274	521.437
Depreciation and amortisation	184.765	145.735
Personnel expenses	277.258	61.785
Other	833.710	495.482
Total	**7.934.994**	**5.984.178**

NOTE 24 - EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2013 and 2012 are as follows:

	1 January - 31 December 2013	**1 January - 31 December 2012**
Personnel expenses	3.167	4.674
Depreciation and amortisation	3.760	4.072
Consultancy expenses	355	500
Repair and maintenance expenses	75	126
Other	5.633	2.942
Total	**12.990**	**12.314**

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

NOTE 24 - EXPENSES BY NATURE (Continued)

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	257.848	167.375
Rent expenses	173.652	118.208
Transportation, logistic and distribution expenses	108.421	84.459
Advertisement expenses	72.445	43.945
Depreciation and amortisation	73.365	29.483
Consultancy expenses	27.880	17.788
Energy expenses	15.154	13.695
Maintenance and repair expenses	16.590	6.454
Insurance expenses	4.536	8.293
Material costs	2.123	3.037
Outsourced services	3.301	3.193
Communication expenses	1.560	1.775
Other	99.346	55.637
Total	**856.221**	**553.342**

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	1.593.143	1.366.911
Credit card and banking service expenses	412.006	368.037
Depreciation and amortisation	203.616	181.502
Repair and maintenance expenses	183.412	141.583
Taxes and duties	190.308	165.046
Consultancy expenses	148.318	122.084
Insurance expenses	130.640	94.170
Advertisement expenses	122.311	102.700
Communication expenses	109.858	123.460
Energy expenses	51.044	48.375
Outsourced services	31.415	8.224
Material expenses	12.313	12.588
Other	712.000	556.472
Total	**3.900.384**	**3.291.152**

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

NOTE 25 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2013 and 2012 are are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Foreign currency gains resulting from operations	297.082	153.513
Interest income	2.926	-
Due date income from trade receivables	22.073	5.099
Other income	437.043	676.907
Total	**759.124**	**835.519**

The details of other expenses from operating activities for the years ended 31 December 2013 and 2012 are are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Foreign currency losses resulting from operations	189.439	149.429
Due date expense from trade payables	25.641	32.016
Provision expense	206.655	3.491
Other expenses	153.546	101.498
Total	**575.281**	**286.434**

NOTE 26 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2013 and 2012 are are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Interest income:		
Time deposit	1.967	3.368
Dividend income	4.998	769
Gain on sale of fixed assets	27.004	9.182
Gain on sale of associates	5.883	17.447
Other	1.004	-
Total	**40.856**	**30.766**

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

NOTE 26 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

Income from investing activities (continued)

Investment revenue earned on financial assets, analyzed by category of assets, is as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Held to maturity investments	1.967	3.368
Total	**1.967**	**3.368**

Expenses from investing activities

The details of other expenses from investing activities for the years ended 31 December 2013 and 2012 are are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Loss on sale of fixed assets	2.813	1.250
Other	456	-
Total	**3.269**	**1.250**

NOTE 27 – FINANCE INCOME/EXPENSES

	1 January- 31 December 2013	1 January- 31 December 2012
Financial income		
Foreign currency gains	11.754	11.610
Interest income	-	2.154
Other	3.203	41.629
Total	**14.957**	**55.393**
Financial expenses		
Foreign currency losses	96.724	29.093
Interest expense	83.983	94.067
Other financial expenses	29.899	64.435
Total	**210.606**	**187.595**

Financial income and financial expenses relate to segments other than banking.

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

NOTE 28 - TAX ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
Corporate and income taxes payable	449.777	1.221.173
Less: prepaid taxes	(345.649)	(784.721)
Total taxes payable	**104.128**	**436.452**

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 corporate tax rate of the fiscal year 2013 is 20% (2012: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations‟ dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot 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.

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

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 center 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 center 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 proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Exemption for Investment Incentive

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carryforward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013			31 December 2012		
	Before Tax	**Tax Charge**	**After Tax**	**Before Tax**	**Tax Charge**	**After Tax**
Net unrealized fair value from available for sale financial assets	(3.010.424)	(602.085)	(2.408.339)	3.583.930	716.786	2.867.144
Net gain on available for sale financial assets transferred to the income statement	(781.149)	(156.230)	(624.919)	(1.255.695)	(251.139)	(1.004.556)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(11.669)	(2.334)	(9.335)	(30.731)	(6.146)	(24.585)
Cash flow hedges	114.379	22.876	91.503	(88.129)	(17.626)	(70.503)
Gain/ (loss) on net foreign investment hedge	(105.945)	(21.189)	(84.756)	134.739	26.948	107.791
Currency translation differences	143.364	-	143.364	(179.384)	-	(179.384)
Actuarial gain/loss	4.970	994	3.976	(3.420)	(684)	(2.736)
Other comprehensive income	**(3.646.474)**	**(757.968)**	**(2.888.506)**	**2.161.310**	**468.139**	**1.693.171**

The reconciliation of the current year tax charge for the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013	**31 December 2012**
Profit before tax	4.700.947	4.645.936
Expected tax charge according to parent company's tax rate %20 (2012: %20)	(940.189)	(929.187)
Tax rate differences of subsidiaries	-	(7.965)
Expected tax charge of the Group	**(940.189)**	**(937.152)**
Revenue that is exempt from taxation	92.244	21.690
Expenses that are not deductible in determining taxable profit	(74.140)	(39.924)
Timing differences not subject to tax	(248)	6.790
Investment allowance incentives	-	(1.129)
Other	(23.762)	87.558
Current year tax charge of the Group	**(946.095)**	**(862.167)**

Deferred tax

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%.

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

Since the subsidiaries and joint ventures which are separately taxpayers presented their deferred tax assets and liabilities as net values in their financial statements, the effect of the presentation of the net amounts has been reflected to the Group's consolidated balanse sheet. Temporary differences and deferred tax assets and liabilities presented in the table below are based on the gross values.

At 31 December 2013, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 69.459 which can be offset against future taxable profits for a period of five years (31 December 2012: TL 94.303). As of 31 December 2013 and 31 December 2012 carry forward tax losses and the latest annual periods are as follows:

	31 December 2013	31 December 2012
2013	-	5.428
2014	38.201	18.206
2015	-	39.412
2016	31.258	-
2017	-	31.257
Total	**69.459**	**94.303**

The movements in deferred income tax assets/ (liabilities) for the nine-month periods ended at 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Deferred tax assets	495.383	176.375
Deferred tax liabilities	(107.706)	(82.205)
31 December	**387.677**	**94.170**

	31 December 2013	31 December 2012
1 January	94.170	191.303
Change in consolidation method due to acquisition of shares	46.695	-
Charged to equity	408.813	(168.098)
Business combinations	-	(5.079)
Currency translation differences	2.642	1.987
Charged to statement of profit or loss	(164.643)	74.057
31 December	**387.677**	**94.170**

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

NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2013

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	998.700	610.806
Forward currency purchases and sales	205.316	143.100
Currency and interest rate futures purchases and sales	79.013	31.312
Currency options purchases and sales	472.704	394.617
Other	11.137	1.966
Total derivative instruments held for trading	**1.766.870**	**1.181.801**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	630.177	63.810
Currency options purchases and sales	547	15.588
Total derivative instruments held for hedging	**630.724**	**79.398**
Total derivative instruments	**2.397.594**	**1.261.199**

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	38.128
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**	**554.376**
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales	-	658.845
Forward currency purchases and sales	1.233	-
Currency purchases and sales	269	-
Total derivative instruments held for hedging	**1.502**	**658.845**
Total derivative instruments	**539.175**	**1.213.221**

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.

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	**31 December 2013**	**31 December 2012**
Consumer loans and credit cards receivables	41.247.665	32.809.930
Project finance loans	15.943.292	10.879.839
Small-scale enterprises	9.993.406	7.220.195
Health care and social services	6.839.242	694.031
Other manufacturing industries	6.031.637	3.920.649
Construction	5.163.172	6.215.484
Financial institutions	3.248.227	3.573.545
Telecommunication	3.167.176	1.527.280
Mining	2.724.094	3.506.317
Chemicals	2.122.150	2.875.014
Textile	2.068.930	1.583.831
Food and beverage, wholesale and retail	1.975.774	2.604.680
Automotive	1.946.653	1.170.085
Tourism	1.546.061	1.187.446
Agriculture and forestry	649.093	545.259
Electronics	334.895	447.923
Other	12.507.430	11.246.104
Non-performing loans	1.676.682	1.115.456
Total loans and advances to customers	**119.185.579**	**93.123.068**
Allowance for loan losses	(3.271.943)	(2.224.103)
Leasing receivables	3.209.509	2.001.198
Net loans and advances to customers	**119.123.145**	**92.900.163**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,67% p.a. (31 December 2012: 4,91% p.a.), 4,34% p.a. (31 December 2012: 4,44% p.a.) and 11,27% p.a. (31 December 2012: 12,77% p.a.), respectively.

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement of loan loss provision of banking segment as of 31 December 2013 by class is as follows:

	Corporate	Commercial	Total
1 January	**1.143.279**	**1.080.824**	**2.224.103**
Gross provisions	565.974	1.198.872	1.764.846
Recoveries	(98.106)	(285.513)	(383.619)
Written-off	(79.559)	(253.828)	(333.387)
31 December 2013	**1.531.588**	**1.740.355**	**3.271.943**

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

	Corporate	Commercial	Total
1 January 2012	**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 2012	**1.143.279**	**1.080.824**	**2.224.103**

The maturity schedule of loans and advances to customers at 31 December 2013 and 2012 are summarised below:

	31 December 2013	31 December 2012
Up to 3 months	38.189.764	33.500.907
3 to 12 months	20.047.630	17.665.576
Current	**58.237.394**	**51.166.483**
1 to 5 years	40.061.603	27.931.116
Over 5 years	17.614.639	11.801.366
Non-current	**57.676.242**	**39.732.482**
Total	**115.913.636**	**90.898.965**

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 31 December 2013 and 2012 are summarised below:

	31 December 2013	31 December 2012
Up to 3 months	60.545.013	49.151.281
3 to 12 months	20.551.883	19.939.918
1 to 5 years	29.340.965	18.098.688
Over 5 years	5.475.775	3.709.078
Total	**115.913.636**	**90.898.965**

NOTE 31 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2013			31 December 2012		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	8.414.302	48.197.928	56.612.230	6.355.668	41.716.837	48.072.505
Commercial deposits	8.302.564	32.579.926	40.882.490	6.244.304	21.072.757	27.317.061
Bank deposits	681.270	10.733.996	11.415.266	321.791	10.426.882	10.748.673
Funds provided from repo transactions	-	22.898.256	22.898.256	-	19.712.067	19.712.067
Other	902.285	1.976.561	2.878.846	977.819	2.442.909	3.420.728
Total	**18.300.421**	**116.386.667**	**134.687.088**	**13.899.582**	**95.371.452**	**109.271.034**

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,53% p.a. (31 December 2012: 1,72% p.a.), 1,28% p.a. (31 December 2012: 1,47% p.a.) and 6,55% p.a. (31 December 2012: 6,81% p.a.).

As at 31 December 2013 and 2012, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2013	31 December 2012
Demand	18.300.421	13.899.582
Up to 3 months	91.659.460	79.844.882
3 to 12 months	13.409.007	10.278.427
1 to 5 years	6.732.081	2.309.107
Over 5 years	4.586.119	2.939.036
Total	**134.687.088**	**109.271.034**

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

NOTE 32 - MUTUAL FUNDS

As of 31 December 2013, the Group manages 51 (31 December 2013: 41) mutual funds with unaudited total value of TL 2.982.884 (31 December 2012: 3.228.367). The participating certificates of these funds which were established under Capital Markets Board Regulations are preserved at Istanbul Settlement and Custody Bank Inc.

NOTE 33 - 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 2013	**31 December 2012**
Earnings per share in full TL		
- ordinary share ('000)	8,49	9,11
Earnings per share of continuing operations in full TL		
- ordinary share ('000)	8,05	9,20
Weighted average number of		
shares with TL 0,01 face value each		
- ordinary shares	204.040.393.100	204.040.393.100

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares.

There were no differences between the basic and diluted earnings per share for any class of shares for any of these periods.

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

NOTE 34 - 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 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Short term benefits	18.116	15.085
Benefits resulted from termination	315	244
Other long term benefits	251	188
Total	**18.682**	**15.517**

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

35.1 Financial Instruments and Financial Risk Management

35.1.1 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.

35.1.1.1 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.

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.1 Foreign Exchange Risk (continued)

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 2013 and 2012 terms of TL are as follows:

	31 December 2013	31 December 2012
Assets	87.512.789	66.905.830
Liabilities	(103.153.412)	(71.711.402)
Net foreign currency balance sheet position	**(15.640.623)**	**(4.805.572)**
Net foreign currency position of off-balance sheet derivative financial instruments	16.029.519	6.709.990
Net foreign currency balance sheet and off-balance sheet position	**388.896**	**1.904.418**

31 December 2013	**Total TL Equivalent**	**USD**	**EUR**	**GBP**	**Other**
Assets:					
Cash and cash equivalents	6.294.468	4.276.373	1.889.346	36.111	92.638
Financial assets	14.953.479	10.073.776	4.879.703	-	-
Receivables from financial operations	48.632.089	32.379.412	16.188.976	32.539	31.162
Reserve deposits at Central Bank	16.569.052	8.796.173	4.881.266	-	2.891.613
Trade receivables	827.201	367.857	390.768	6.824	61.752
Other current assets	236.500	85.652	67.558	453	82.837
Total Assets	**87.512.789**	**55.979.243**	**28.297.617**	**75.927**	**3.160.002**
Liabilities:					
Funds borrowed and debt securities in issue	25.539.083	18.279.795	7.251.297	7.991	-
Customer deposits	75.932.324	48.175.948	23.894.618	1.137.300	2.724.458
Trade payables	476.588	158.842	248.350	254	69.142
Other payables and provisions	1.205.416	464.732	695.627	1.299	43.758
Total Liabilities	**103.153.411**	**67.079.317**	**32.089.892**	**1.146.844**	**2.837.358**
Net foreign currency position of off-balance sheet derivative financial instruments	**16.029.518**	**10.791.296**	**4.428.082**	**1.079.508**	**(269.368)**
Net foreign currency position	**388.896**	**(308.778)**	**635.807**	**8.591**	**53.276**
Net foreign currency monetary position	**388.896**	**(308.778)**	**635.807**	**8.591**	**53.276**

Net foreign currency position of the joint ventures accounted through equity method is TL 1.444.905 as of 31 December 2013. Net profit effect of the joint ventures to the total consolidated net foreign currency position is TL 1.056.009 as of 31 December 2013.

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.1 Foreign Exchange Risk (continued)

31 December 2012	**Total TL Equivalent**	**USD**	**EUR**	**GBP**	**Other**
Assets:					
Cash and cash equivalents	4.307.807	2.391.176	1.744.660	20.839	151.132
Financial assets	12.155.666	8.545.436	3.610.230	-	-
Receivables from financial operations	36.991.203	25.168.459	11.751.028	29.018	42.698
Reserve deposits at Central Bank	12.688.205	6.555.055	3.930.968	-	2.202.182
Trade receivables	582.672	245.407	278.424	3.554	55.287
Other current assets	180.277	54.263	66.334	89	59.591
Total Assets	**66.905.830**	**42.959.796**	**21.381.644**	**53.500**	**2.510.890**
Liabilities:					
Funds borrowed and debt securities in issue	19.803.675	13.668.536	6.102.086	3.751	29.302
Customer deposits	50.951.235	32.701.100	15.229.186	899.240	2.121.709
Trade payables	304.566	144.126	83.337	511	76.592
Other payables and provisions	651.926	434.840	173.264	1.610	42.212
Total Liabilities	**71.711.402**	**46.948.602**	**21.587.873**	**905.112**	**2.269.815**
Net foreign currency position of off-balance sheet derivative financial instruments	**6.709.990**	**5.044.685**	**1.065.305**	**848.294**	**(248.294)**
Net foreign currency position	**1.904.418**	**1.055.879**	**859.076**	**(3.318)**	**(7.219)**
Net foreign currency monetary position	**1.904.418**	**1.055.879**	**859.076**	**(3.318)**	**(7.219)**

Net foreign currency position of the joint ventures accounted through equity method is TL 2.395.187 as of 31 December 2012. Net profit effect of the joint ventures to the total consolidated net foreign currency position is TL 490.769 as of 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 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.1 Foreign Exchange Risk (continued)

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 2013 and 2012 is summarized as follows:

31 December 2013	**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	(7.263)	7.263	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(7.263)**	**7.263**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(21.078)	21.078	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(21.078)**	**21.078**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	109	(109)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**109**	**(109)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	4.861	(4.861)	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**4.861**	**(4.861)**	**-**	**-**
	(23.371)	**23.371**	**-**	**-**

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	1.776	(1.776)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**1.776**	**(1.776)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	38.994	(38.994)	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**38.994**	**(38.994)**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	65	(65)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**65**	**(65)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	1.314	(1.314)	-	-
Hedged items (-)		-	-	-
Other currency net effect	**1.314**	**(1.314)**	**-**	**-**
	42.149	**(42.149)**	**-**	**-**

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.1 Foreign Exchange Risk (continued)

As of 31 December 2013 and 2012, the appreciation and depreciation of TL against EUR, USD and GBP by 10% with all other variables held constant on the Group‟s joint ventures‟ balance sheet and off balance sheet net foreign currency position affect the net income as a loss of TL 86.480 (31 December 2012: loss of TL 74.440) and gain of TL 83.700, respectively (31 December 2012: gain of TL 119.169).

35.1.1.2 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 2013 and 2012, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2013 and 2012 is summarized below as follows: (Please refer to Note 35.1.1.5 for banking industrial segment).

	31 December 2013	31 December 2012
Fixed interest rate financial instruments		
Financial assets	116.142	17.833
Financial assets at fair value through profit of loss	-	-
Available-for-sale financial assets	-	-
Time deposits	116.142	17.833
Financial liabilities	753.242	787.630
Floating interest rate financial instruments		
Financial assets	-	-
Financial liabilities	531.812	601.185

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 35.1.1.5 for banking industrial segment).

At 31 December 2013, 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 4.720 (31 December 2012: TL (1.346)) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2013, 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 677 (31 December 2012: TL 595) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.2 Foreign Exchange Risk (continued)

At 31 December 2013, 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 468 (31 December 2012: TL 680) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

35.1.1.3 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.

As of 31 December 2013 and 2012 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

	31 December 2013						
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**
Customer deposits	134.687.089	137.650.478	85.228.297	26.484.249	13.976.241	7.104.844	4.856.847
Funds borrowed and debt securities in issue	28.626.442	31.150.230	1.356.026	5.271.058	11.727.389	11.281.504	1.514.253
Interbank money market deposits, funds borrowed and debt securities in issue	331.154	331.154	331.154	-	-	-	-
	163.644.685	**169.131.862**	**86.915.477**	**31.755.307**	**25.703.630**	**18.386.348**	**6.371.100**

	31 December 2012						
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**
Customer deposits	109.271.034	110.798.110	83.833.288	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	-	-	-	-
	131.891.099	**135.414.179**	**85.370.382**	**15.136.389**	**19.053.659**	**10.439.756**	**5.413.993**

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.3 Liquidity Risk (continued)

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 2013 and 2012 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 2013(1)(2)	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	1.285.054	1.377.978	349.809	463.194	513.700	47.476
Financial lease obligations	22.106	24.068	4.634	574	2.462	-
Trade payables	1.197.170	1.196.479	618.356	77.637	4.085	15.215
Payables from insurance operations	-	-	494.227	5.203	1.952	-
Other payables	61.493	62.076	27.892	4.110	12.508	3.039
	2.565.823	**2.660.601**	**1.494.918**	**550.718**	**534.707**	**65.730**

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	1.636.574	1.702.083	367.016	653.775	631.403	49.889
Financial lease obligations	3.899	3.905	5	672	3.227	-
Trade payables	1.100.587	1.106.416	1.065.509	40.491	417	-
Payables from insurance operations	-	-	-	-	-	-
Other payables	68.909	69.590	46.115	7.329	15.328	817
	2.809.969	**2.881.994**	**1.478.645**	**702.267**	**650.375**	**50.706**

(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.

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk

i) <u>Banking industrial segment</u>

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.

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

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

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for corporate and commercial, SME, consumer and credit card loan portfolios.

Scoring systems calculate the risk of default for different types of customers and form different rating systems. The rating tool concentration by risk classes are as follows:

	31 December 2013	31 December 2012
Above average	37,51%	35,79%
Average	48,26%	47,73%
Below average	12,26%	12,46%
Unrated	1,97%	4,02%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2013 and 2012 are summarized below as follows:

31 December 2013	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	73.625.757	40.332.466	3.190.167	117.148.390
Close monitoring loans	1.446.216	2.104.458	13.820	3.564.494
Non Performing loans	543.860	1.132.822	54.984	1.731.666
Total	**75.615.833**	**43.569.746**	**3.258.971**	**122.444.550**
Provisions	(1.531.588)	(1.740.355)	(49.462)	(3.321.405)
	74.084.245	**41.829.391**	**3.209.509**	**119.123.145**

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (continued)

i) Banking industrial segment **(continued)**

31 December 2012	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	56.830.315	32.232.677	1.977.482	91.040.474
Close monitoring loans	608.822	2.335.798	11.585	2.956.205
Non Performing loans	484.949	630.507	37.426	1.152.882
Total	**57.924.086**	**35.198.982**	**2.026.493**	**95.149.561**
Provisions	(1.143.279)	(1.080.824)	(25.295)	(2.249.398)
	56.780.807	**34.118.158**	**2.001.198**	**92.900.163**

The aging analysis of the loans under close monitoring for the year ended 31 December 2013 and 2012 are as follows:

31 December 2013	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	1.207.039	1.871.823	10.276	3.089.138
Past due 1- 2 months	169.913	176.690	1.914	348.517
Past due 2-3 months	69.264	55.945	618	125.827
Leasing payment receivables (uninvoiced)	-	-	1.012	1.012
	1.446.216	**2.104.458**	**13.820**	**3.564.494**

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**

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

Maximum exposure to credit risk of banking industrial segment:

	31 December 2013	31 December 2012
Loans and advances to banks	22.529.781	18.432.674
Loans and advances	115.913.636	90.898.965
Consumer loans and advances	*41.829.391*	*34.118.158*
Corporate loans and advances	*74.084.245*	*56.780.807*
Financial lease receivables	3.209.509	2.001.198
Trading financial assets (*)	65.360	14.153
Trading purpose derivative financial assets	1.766.870	537.673
Available for sale and held to maturity financial assets	30.751.096	40.913.645
Other assets	595.924	1.130.325
Total	**174.832.176**	**153.928.633**

(*) Share certificates are not included.

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 2013 and 2012 are as follows:

31 December 2013	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	-	-	-
Aa1, Aa2, Aa3	6.138	-	-	6.138
A1, A2, A3	17.883	452.596	-	470.479
Baa1, Baa2, Baa3	42.342	32.312.917	12.153.453	44.508.712
Ba1	-	69.696	-	69.696
Ba2 (*)	-	69.763	-	69.763
Total	**66.363**	**32.904.972**	**12.153.453**	**45.124.788**

31 December 2012	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	17.731	-	17.731
Aa1, Aa2, Aa3	-	-	-	-
A1, A2, A3	3.268	457.002	-	460.270
Baa1, Baa2, Baa3	-	1.033.864	-	1.033.864
Ba1	10.885	40.865.916	3.637.468	44.514.269
Ba2 (*)	-	-	-	-
Total	**14.153**	**42.374.513**	**3.637.468**	**46.026.134**

(*) Government bond and treasury bills of Turkish Treasury.

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2013 and 2012 are summarized as follows:

31 December 2013	**Turkey**	**USA**	**EU Countries**	**Non-EU Countries**	**Total**
Loans and advances to banks	17.005.385	862.703	4.222.153	439.540	22.529.781
Loans and advances	114.566.665	-	964.143	382.828	115.913.636
Consumer loans and advances	*41.829.391*	-	-	-	*41.829.391*
Corporate loans and advances	*72.737.274*	-	*964.143*	*382.828*	*74.084.245*
Financial lease receivables	3.209.509	-	-	-	3.209.509
Trading financial assets	65.360	-	-	-	65.360
Derivative financial instruments	927.127	1.684	823.109	14.950	1.766.870
Available for sale and held to maturity financial assets	30.009.332	129.182	612.582	-	30.751.096
Other assets	571.628	-	22.681	1.615	595.924
Total	**166.355.006**	**993.569**	**6.644.668**	**838.933**	**174.832.176**

31 December 2012	**Turkey**	**USA**	**EU Countries**	**Non-EU Countries**	**Total**
Loans and advances to banks	15.768.881	251.150	2.376.123	36.520	18.432.674
Loans and advances	89.207.085	73.060	1.270.012	348.808	90.898.965
Consumer loans and advances	*34.118.158*	-	-	-	*34.118.158*
Corporate loans and advances	*55.088.927*	*73.060*	*1.270.012*	*348.808*	*56.780.807*
Financial lease receivables	2.001.198	-	-	-	2.001.198
Trading financial assets	14.153	-	-	-	14.153
Derivative financial instruments	333.929	30	118.516	85.198	537.673
Available for sale and held to maturity financial assets	40.093.269	9.390	677.652	133.334	40.913.645
Other assets	1.112.580	-	17.087	658	1.130.325
Total	**148.531.095**	**333.630**	**4.459.390**	**604.518**	**153.928.633**

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

DİPNOT 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2013 and 2012 are summarized as follows:

	Financial institutions	**Public sector**	**Wholesale and retail trade**	**Manufacturing**	**Other**	**Individual**	**Total**
Loans and advances to banks	22.529.781	-	-	-	-	-	22.529.781
Loan and advances	5.484.160	2.726.979	20.381.522	36.881.431	8.610.153	41.829.391	115.913.636
Consumer loans	-	-	-	-	-	*41.829.391*	*41.829.391*
Corporate loans	*5.484.160*	*2.726.979*	*20.381.522*	*36.881.431*	*8.610.153*	-	*74.084.245*
Financial lease receivables	114.293	-	66.690	229.111	2.799.415	-	3.209.509
Trading financial assets	65.360	-	-	-	-	-	65.360
Derivative financial instruments	952.307	-	-	-	657.665	156.898	1.766.870
Available for sale and assets held for sale financial assets	2.619.138	27.922.267	-	-	209.691	-	30.751.096
Other assets	595.924	-	-	-	-	-	595.924
31 December 2013	**32.360.963**	**30.649.246**	**20.448.212**	**37.110.542**	**12.276.924**	**41.986.289**	**174.832.176**
31 December 2012	**25.146.438**	**40.686.377**	**12.015.678**	**23.926.751**	**17.973.028**	**34.180.361**	**153.928.633**

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

DİPNOT 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

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 2013 and 2012 is summarized below as follows:

31 December 2013	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.202.722**	**-**	**43.993**	**51.854**	**-**
Collateralized or secured with guarantees part of maximum credit	652.940	-	30.672	8.671	-
A. Neither past due nor impaired	1.105.946	-	43.986	51.854	-
B.Restructed otherwise accepted as past due and impaired	-	-	-	-	-
C. Past due but not impaired net book value	134.048	-	7	-	-
Guaranteed amount by commitment	42.356	-	-	-	-
D. Net book value of impaired assets	(37.272)	-	-	-	-
- Past due (Gross amount)	27.389	-	-	-	-
- Impairment	(64.660)	-	-	-	-
- Collateralized or guaranteed part of net value	2.821	-	-	-	-

(*) Tax and other receivables are not included.

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

DİPNOT 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.4 Credit Risk (continued)

ii) Other industrial segment (continued)

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)	**534.132**	**-**	**11.921**	**366.891**	**-**
Collateralized or secured with guarantees part of maximum credit	448.545	-	5.275	44.140	-
A. Neither past due nor impaired	415.804	-	11.921	359.542	-
B.Restructed otherwise accepted as past due and impaired	-	-	-	-	-
C. Past due but not impaired					
net book value	121.094	-	-	7.349	-
guaranteed amount by commitment	28.972	-	-	-	-
D. Net book value of impaired assets	(2.766)	-	-	-	-
- Past due (Gross amount)	48.936	-	-	-	-
- Impairment	(51.702)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

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

35.1.1.5 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 2013, 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;

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

NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.5 Value at Risk (continued)

		31 December 2013		31 December 2012	
Currency	**Applied Schock (+/- x basis points)**	**Gains / Losses**	**Gains / Shareholders Equity- Losses / Shareholders Equity**	**Gains / Losses**	**Gains / Shareholders Equity- Losses / Shareholders Equity**
TL	-400	2.720.119	11,35%	2.267.658	11,97%
TL	500	(2.822.999)	(11,78)%	(2.404.360)	(12,69)%
US Dollar	-200	433.706	1,81%	168.709	0,89%
US Dollar	200	(339.961)	(1,42)%	(50.532)	(0,27)%
Euro	-200	299.027	1,24%	359.510	1,90%
Euro	200	(348.120)	(1,45)%	(313.325)	(1,65)%
Total (for negative shocks)		3.452.852	14,40%	2.795.877	14,76%
Total (for positive shocks)		3.511.080	(14,65)%	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.

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

DİPNOT 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.1.5 Value at Risk (continued)

The average market risk table of Akbank is as follows (*);

	31 December 2013		
	Average	**Maximum**	**Minimum**
Interest Rate Risk	69.453	82.977	57.404
Share Certificates Risk	1.411	595	3.306
Currency Risk	25.608	-	-
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	1.518	1.516	1.450
Counterparty Credit Risk	96.864	190.522	39.185
Total Amount Subject to Risk	**194.854**	**275.610**	**101.345**

(*) The table above has been prepared in accordance with the "Regulations on Measurement and Assesment of Capital Adequacy of Banks" that has been published in the Official Gazette No.28337 on 28 June 2012 and became effective as of 1 July 2012 and "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette related to the 5411 numbered Banking Law No.26333 dated 1 November 2006 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.

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

DİPNOT 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

35.1.2 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 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Total financial liabilities	174.005.542	140.530.994
Cash and cash equivalents	9.746.904	6.330.284
Net liability	164.258.638	134.200.710
Equity	32.014.657	30.513.044
Invested capital	196.273.295	164.713.754
Net liability/ invested capital ratio	84%	81%

NOTE 36 - 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:

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

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 values of the financial assets and liabilities of the Group's banking segment as of 31 December 2013 and 2012 are as follows:

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.

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

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2013 and 2012 are as follows:

	31 December 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	123.737	-	-	123.737
- Government bonds	7.746	-	-	7.746
- Eurobonds	2.149	-	-	2.149
- Government bonds denominated in foreign currency	-	-	-	-
-Treasury bills	-	-	-	-
-Share certificates	58.377	-	-	58.377
-Other	55.465	-	-	55.465
Available for sale securities	30.480.994	270.102	-	30.751.096
-Government bonds	20.536.281	-	-	20.536.281
-Eurobonds	6.888.515	-	-	6.888.515
-Treasury bills	-	-	-	-
-Government bonds denominated in foreign currency	-	-	-	-
-Mutual funds	248.690	-	-	248.690
-Listed shares	91	-	-	91
-Other	2.807.417	270.102	-	3.077.519
Trading derivative financial assets	79.013	1.687.857	-	1.766.870
Hedging derivative financial assets	-	630.724	-	630.724
Total assets	**30.683.744**	**2.588.683**	**-**	**33.272.427**
Trading derivative financial instruments	31.312	1.147.436	-	1.178.748
Hedging derivative financial instruments	-	63.810	-	63.810
Total liabilities	**31.312**	**1.211.246**	**-**	**1.242.558**

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

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

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

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) Banking industrial segment (continued)

	31 December 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	31.583	-	-	31.583
- Government bonds	6.117	-	-	6.117
- Eurobonds	2.952	-	-	2.952
- Government bonds denominated in foreign currency	-	-	-	-
-Treasury bills	-	-	-	-
-Share certificates	18.825	-	-	18.825
-Other	3.689	-	-	3.689
Available for sale securities	40.449.514	455.428	-	40.904.942
-Government bonds	28.719.554	-	-	28.719.554
-Eurobonds	9.972.986	-	-	9.972.986
-Treasury bills	-	-	-	-
-Government bonds denominated in foreign currency	-	-	-	-
-Mutual funds	239.123	-	-	239.123
- Equity securities	4.031	-	-	4.031
-Other	1.513.820	455.428	-	1.969.248
Trading derivative financial assets	-	537.673	-	537.673
Hedging derivative financial assets	-	1.502	-	1.502
Total assets	**40.481.097**	**994.603**	**-**	**41.475.700**
Trading derivative financial instruments	48.065	505.517	-	553.582
Hedging derivative financial instruments	-	658.845	-	658.845
Total liabilities	**48.065**	**1.164.362**	**-**	**1.212.427**

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

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

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

DİPNOT 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

ii) Other industrial segment

	31 December 2013			
	Level 1	Level 2	Level 3	Total
Held for trading securities	-	-	-	-
Available for sale securities	-	-	-	-
Derivatives held for trading	-	3.053	-	3.053
Derivatives held for hedging		15.588	-	15.588
Total assets	**-**	**18.641**	**-**	**18.641**
Derivatives held for trading	-	-	-	-
Derivatives held for hedging	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**

	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**

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

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

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NOTE 36 – FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2013	**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	-	9.746.904	-	-	9.746.904	9.746.904
Trade receivables	8	-	1.252.409	-	-	1.252.409	1.252.409
Other financial assets (*)	6, 9	12.153.454	844.764	30.751.096	-	43.749.314	43.579.306
Receivables from finance sector operations	30	-	-	119.123.145	-	119.123.145	117.864.722
Financial liabilities							
Financial payables	7	-	-	-	30.231.602	30.231.602	30.231.602
Trade payables	8	-	-	-	1.919.090	1.919.090	1.919.090
Other financial liabilities (**)	9	-	-	-	3.944.312	3.944.312	3.944.312
Payables from finance sector operations	31	-	-	-	134.687.088	134.687.088	133.725.783
31 December 2012							
Financial assets							
Cash and cash equivalents	5	-	6.330.284	-	-	6.330.284	6.330.284
Trade receivables	8	-	1.016.364	-	-	1.016.364	1.016.364
Other financial assets (*)	6 , 9	3.637.468	786.574	40.904.942	-	45.328.984	45.393.742
Receivables from finance sector operations	30	-	-	92.900.163	-	92.900.163	96.659.639
Financial liabilities							
Financial payables	7	-	-	-	24.005.335	24.005.335	24.005.335
Trade payables	8	-	-	-	1.305.066	1.305.066	1.305.066
Other financial liabilities (**)	9	-	-	-	3.148.742	3.148.742	3.148.742
Payables from finance sector operations	31	-	-	-	109.271.034	109.271.034	108.186.610

(*) Other financial assets consist of other receivables, time deposits and securities held for to maturity.
(**) Other inancial liabilities consist of other payables.

NOTE 37 - EVENTS AFTER THE REPORTING PERIOD

The land of Temsa Global located at Adapazarı has been sold for TL 45.000 on 26 February 2014 and TL 21.640 has been recorded as gain on sale of fixed assets. The stated land is included in non-current assets held for sale in the financial statements as of 31 December 2013 (Note 22).

As of 17 January 2014, 18th period collective bargaining agreement negotiations between Brisa and Turkey Petroleum, Chemical and Rubber Industry Workers' Union has started.

Brisa's application to T.C. Ministry of Economy Incentive Implementation and Foreign Capital Department for investment incentive in accordance with the investment decision of a second production plant construction in Aksaray Organized Industrial Zone has been approved and as of 13 February 2014, 113798 No. of Investment Incentive Certificate has been drawn up for the plant construction amounting to 495.000 TL that had started on 9 October 2013.