HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2012

(ORIGINALLY ISSUED IN TURKISH)

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 31 MARCH 2012

CONTENTS **PAGE**

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	Note References	31 March 2012	31 December 2011
ASSETS			
Current Assets		**68.783.847**	**67.657.179**
Cash and Cash Equivalents		3.957.262	6.643.010
Financial Assets			
- Held for Trading	4.a	82.017	171.207
- Available for sale	4.b	3.328.947	1.606.192
- Held to Maturity	4.c	1.192	1.216
-Time Deposits	4.d	37.136	169.989
Derivative Financial Instruments	18	453.211	833.952
Reserve Deposits with the Central Bank of the Republic of Turkey		12.485.302	12.835.843
Trade Receivables		1.524.956	1.524.438
Receivable from Finance Sector Operations	19	43.469.413	40.590.585
Inventories		1.706.200	1.640.132
Other Receivables	6	734.155	795.601
Other Current Assets	13	1.003.606	844.548
		68.783.397	**67.656.713**
Non-current Assets Held for Sale	15	450	466
Non-current Assets		**85.881.812**	**83.457.025**
Trade Receivables		38.907	42.119
Receivables from Finance Sector Operations	19	34.069.109	33.567.203
Financial Assets			
- Available for Sale	4.b	37.997.098	35.955.194
- Held to Maturity	4.c	4.573.595	4.653.919
- Time Deposits	4.d	6.478	1.507
Derivative Financial Instruments	18	46	-
Investments Accounted for Under Equity Method	7	176.621	295.817
Investment Property		157.773	158.614
Property, Plant and Equipment	8	5.883.036	5.809.221
Intangible Assets	9	1.263.011	1.271.752
Goodwill	10	725.268	725.290
Deferred Income Tax Assets	17	601.630	586.634
Other Receivables	6	223.777	238.571
Other Non-current Assets	13	165.463	151.184
Total Assets		**154.665.659**	**151.114.204**

The consolidated financial statements have been approved for issue by the Board of Directors on 18 May 2012 and signed on its behalf by Zafer Kurtul, member of Board of Directors and CEO and Barış Oran, Head of Finance.

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	Note References	31 March 2012	31 December 2011
LIABILITIES			
Short Term Liabilities		**114.373.727**	**113.432.029**
Financial Liabilities	5	11.810.764	12.684.385
Current Portion of Long-term Financial Liabilities	5	3.618.004	3.854.576
Trade Payables		1.483.573	1.799.029
Payables from Finance Sector Operations	20	92.470.487	90.598.491
Derivative Financial Instruments	18	610.261	683.187
Income Taxes Payable	17	377.306	137.152
Other Short Term Liabilities and Provisions	13	972.372	980.540
Other Short Term Liabilities	6	3.030.960	2.694.669
Long Term Liabilities		**13.952.036**	**12.209.033**
Financial Liabilities	5	8.904.190	9.291.921
Trade Payables		3.086	2.235
Payables from Finance Sector Operations	20	3.804.485	1.775.623
Derivative Financial Insturments	18	451.926	321.827
Provision for Employee Termination Benefits		142.812	138.869
Deferred Income Tax Liabilities	17	406.647	451.789
Other Long Term Liabilities and Provisions	13	139.179	132.669
Other Long Term Liabilities	6	99.711	94.100
EQUITY		**26.339.896**	**25.473.142**
Equity attributable to the parent	**14**	**14.385.626**	**13.899.520**
Share Capital	14	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Treasury Share (-)	14	(52.227)	(52.227)
Share Premium	14	21.670	21.670
Revaluation Funds	14	151.069	(59.845)
Hedge Funds	14	(201.430)	(217.757)
Restricted Reserves	14	580.224	580.224
Translation Reserve	14	157.947	194.073
Net Income for the Period		296.429	1.877.987
Retained Earnings		7.964.779	6.088.230
Non-controlling Interests		**11.954.270**	**11.573.622**
Total Equity and Liabilities		**154.665.659**	**151.114.204**

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Note References	1 January-31 March 2012	1 January-31 March 2011
CONTINUING OPERATIONS			
Sales (net)	3	2.750.564	2.486.133
Interest, Premium, Commission and Other Income	3	3.315.440	2.915.275
Total		**6.066.004**	**5.401.408**
Cost of Sales (-)		(2.320.040)	(2.004.144)
Interest, Premium, Commission and Other Expense (-)		(1.975.571)	(1.310.641)
Total		**(4.295.611)**	**(3.314.785)**
Gross Profit from Non-financial Operations		430.524	481.989
Gross Profit from Financial Operations		1.339.869	1.604.634
GROSS PROFIT		**1.770.393**	**2.086.623**
Marketing, Selling and Distribution Expenses (-)		(151.196)	(129.832)
General and Administrative Expenses (-)		(946.568)	(863.726)
Research and Development Expenses (-)		(3.766)	(2.335)
Other Operating Income		134.340	68.580
Other Operating Expenses (-)		(19.426)	(51.956)
OPERATING PROFIT		**783.777**	**1.107.354**
Shares of Income of Investments Accounted For Under Equity Method	7	40.773	30.820
Financial Income	16	110.274	95.717
Financial Expenses (-)	16	(134.288)	(155.079)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**800.536**	**1.078.812**
Tax income/ (expense) from continuing operations			
Current Income Tax Expense		(273.770)	(278.786)
Deferred Income Tax Benefit	17	106.640	64.543
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		**633.406**	**864.569**
DISCONTINUED OPERATIONS			
Net income/ (loss) after tax from discontinued operations	15	-	(1.290)
NET INCOME FOR THE PERIOD		**633.406**	**863.279**
ATTRIBUTABLE TO NET INCOME		**633.406**	**863.279**
- Non-Controlling Interest		336.977	461.807
- Equity Holders of the Parent		296.429	401.472
Earnings per share - thuosands of ordinary shares (TL)		1,45	1,97
Earning per share from continuing operations - thousands of ordinary shares (TL)		1,45	1,97

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Note References	1 January-31 March 2012	1 January-31 March 2011
NET INCOME FOR THE PERIOD		**633.406**	**863.279**
Other Comprehensive Income/ (Loss):			
Net unrealized fair value gains from available for sale financial assets, after tax	17	694.909	(861.301)
Losses on available for sale financial assets transferred to the income statement, after tax	17	(180.775)	(193.087)
Net gains included in the income statement due to transfer of available for sale financial assests into held to maturity assets, after tax	17	246	592
Currency translation differences	17	(64.503)	62.476
Cash flow hedges, after tax	17	12.666	97.633
Net investment hedge in a foreign operation, after tax	17	20.738	(34.036)
OTHER COMPREHENSIVE INCOME/ (EXPENSE), (AFTER TAX)		**483.281**	**(927.723)**
TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		**1.116.687**	**(64.444)**
ATTRIBUTABLE TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		**1.116.687**	**(64.444)**
- Non-controlling Interest		629.143	(99.999)
- Equity Holders of the Parent		487.544	35.555

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Share capital	**Adjustment to share capital**	**Treasury share (-)**	**Share premium**	**Revaluation funds**	**Hedge funds**	**Restricted reserves**	**Translation reserves**	**Net income for the period**	**Retained earnings**	**Equity attributable to the parent**	**Non-controlling interests**	**Total**
Balances at 1 January 2011	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**713.203**	**(180.699)**	**392.295**	**7.728**	**1.662.836**	**5.006.522**	**13.069.186**	**11.576.966**	**24.646.152**
Transfers	-	-	-	-	-	-	-	-	(1.662.836)	1.662.836	-	-	-
Acquisition of Holding shares by subsidiaries	-	-	(29.049)	-	-	-	-	-	-	(54.694)	(83.743)	(124.536)	(208.279)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(337.539)	(337.539)
Total comprehensive income	-	-	-	-	(430.420)	34.742	-	29.146	401.472	615	35.555	(99.999)	(64.444)
Balances at 31 March 2011	**2.040.404**	**3.426.761**	**(50.583)**	**21.670**	**282.783**	**(145.957)**	**392.295**	**36.874**	**401.472**	**6.615.279**	**13.020.998**	**11.014.892**	**24.035.890**
Balances at 1 January 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(59.845)**	**(217.757)**	**580.224**	**194.073**	**1.877.987**	**6.088.230**	**13.899.520**	**11.573.622**	**25.473.142**
Transfers	-	-	-	-	-	-		-	(1.877.987)	1.877.987	-	-	-
Effect of change in the ownership of subsidiaries	-	-	-	-	-	-	-	-	-	(1.438)	(1.438)	(714)	(2.152)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(247.781)	(247.781)
Total comprehensive income	-	-	-	-	210.914	16.327	-	(36.126)	296.429	-	487.544	629.143	1.116.687
Balances at 31 March 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**151.069**	**(201.430)**	**580.224**	**157.947**	**296.429**	**7.964.779**	**14.385.626**	**11.954.270**	**26.339.896**

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Note References	1 January-31 March 2012	1 January-31 March 2011
Net income before tax from continuing operations		800.536	1.078.812
Net income/ (loss) before tax from discontinued operations	15	-	(1.057)
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Provision for loan losses		227.495	138.477
Depreciation and amortisation expenses	3	132.166	123.401
Unrealized interest and foreign curreny income		354.549	142.888
Unrealized interest expense		128.981	44.681
Change in the fair value of derivative instruments		453.701	130.872
Provisions for employee termination benefits		13.896	13.754
Impairment charge on property, plant and equipment, intangible assets and investment property	3	(2.566)	708
Currency translation differences		(32.589)	53.961
Insurance technical reserves and other provisions		11.538	96.590
Income from associates	7	(40.773)	(30.820)
Loss/ (gain) on sale of property, plant and equipment, intangible assets and investment properties		(6.475)	291
Other		(5.788)	(5.905)
Net cash provided by operating activities before changes in operating assets and liabilities		**2.034.671**	**1.786.653**
Changes in trade receivables		1.153	(137.309)
Changes in inventories		(62.357)	422.346
Changes in other receivables and other current assets		(94.475)	(854.688)
Changes in trade payables		(314.605)	(127.256)
Changes in other liabilities and other payables		338.620	228.941
Net cash provided by/ (used in) operating activities of non-current assets held for sale		16	(663.589)
Changes in assets and liabilites in finance segment			
Changes in securities held for trading		100.312	(558.340)
Changes in receivables from financial operations		(3.611.941)	(5.230.881)
Changes in payables from financial operations		3.748.133	(848.725)
Changes in reserves with the Central Bank of the Republic of Turkey		678.173	(2.104.705)
Income taxes paid		(120.656)	(226.545)
Employee termination benefits paid		(10.044)	(10.287)
Net cash provided by/ (used in) operating activities		**2.687.000**	**(8.324.385)**
Cash flows from investing activities:			
Capital expenditures	3	(241.057)	(181.214)
Changes in financial assets available for sale and held to maturity		(3.131.171)	7.140.105
Cash used in business combinations		-	(83.499)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		18.734	15.865
Dividends received		159.969	167.860
Net cash used in investing activities of non-current assets held for sale		-	(7.858)
Net cash provided by/ (used in) investing activities		**(3.193.525)**	**7.055.745**
Cash flows from financing activities:			
Change in financial liabilities		(1.479.250)	2.329.914
Dividends paid to non-controlling interests		(247.781)	(337.539)
Net cash used in acquisition of subsidiary holding shares		-	(208.279)
Net cash provided/ (used) in financing activities of non-current assets held for sale		-	54
Net cash (used)/ provided by financing activities		**(1.727.031)**	**1.784.150**
Effect of change in foreign currency rates on cash and cash equivalents		(124.342)	74.470
Net increase/ (decrease) in cash and cash equivalents		(2.357.898)	594.466
Cash and cash equivalents at the beginning of the period (*)		5.305.266	4.138.871
Cash and cash equivalents at the end of the period		**2.947.368**	**4.733.337**

(*)Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 937, and cash and cash equivalents at the end of the period comprise interest accruals of TL 720 in the current period (31 March 2011: TL 343 and TL 669 respectively). Restricted cash is not included in the cash and cash equivalents. At the beginning of the current period, restricted deposit is TL 1.336.807 TL and at the end of the period it is TL 1.009.174 (31 March 2011: TL 822.971 and TL 1.011.098 respectively).

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

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

NOTE 1 – ORGANISATION OF THE GROUP AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 14). The number of employees in 2012 is 57.696 (31 December 2011: 57.374). Holding's registered address is as follows:

Sabancı Center, 4. Levent, Istanbul, Türkiye

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1997. As of 31 March 2012, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14):

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

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

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at 31 March 2012 are as follows:

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

NOTE 1 - ORGANISATION OF THE GROUPAND NATURE OF OPERATIONS (Continued)

For the purposes of segment information, Holding's stand-alone financial statements have been included within the "Other" business segment (Note 3).

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

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 March 2012 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

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

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

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

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

2.1 Basis of presentation (Continued)

2.1.1 Financial Reporting Standards (Continued)

Article no.1 of Law numbered 2499 has been abjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on 2 November 2011 and Public Supervision, Accounting and Auditing Standards Board ("the Board") has been established. 1st Temporary article of the mentioned Statutory Decree no.660 states that current regulations applied for related issues will be enforced until standards and regulations are issued by the Board. Therefore, it has not resulted in any modification in the "Principles of Preparation of Financial Statements" explained in this report.

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

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

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

(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)

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

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries as at 31 March 2012:

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

(*) Represents Sabancı family shares involved in management.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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 as at 31 December 2011:

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

(1) Holding's effective equity interest has increased from 30,25% to 46,23% as the other partners did not use the preferential rights during the capital increase of Exsa.

(2) Holding participated directly to the shares of its subsidiary Sasa, in 2011 which had been in the portfolio of Advansa. Advansa shares have been sold to BBMMR Holding GmbH and the company is excluded from the consolidation.

(*) Represents Sabancı family shares involved in management.

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

Financial statements of subsidiaries, whose financial position at 31 March 2012 and result of operations 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 4.b).

(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)

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

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 March 2012:

Joint Ventures	**Direct and indirect ownership interest by the Holding and its Subsidiaries %**	**Proportion of effective interest %**
Akçansa	39,72	39,72
Aksigorta (1)	35,37	35,37
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Enerjisa Enerji	50,00	50,00
Olmuksa	43,73	43,73

(1) In 2011, Holding sold %61,98 of its %50 owned shares of Aksigorta to Ageas Insurance International N.V.. Subsequent to the sale, Ageas and Holding have established a joint venture based on 30,99% equal partnership and have began to consolidate Aksigorta as a joint venture. As of 31 March 2012, the ownership rate increased to %35,37 for both the Holding and Ageas through the purchase of shares from the ISE during the following months.

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

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

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

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

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

d) Investments in Associates are accounted for by the equity method. These are entities over which the Holding generally has between 20% and 50% of voting rights, or over which the Holding has significant influence, but which it does not control. Unrealised gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation, whereas unrealised losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost (Note 7 ve Note 2.e).

Financial statements of subsidiaries, whose financial position at 31 March 2012 and result of operations for the three month period ended 31 March 2012 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 4.b).

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

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

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

e) Other investments in which the Holding and its Subsidiaries, have interest below 20%, or over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 4.b).

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

The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as minority 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 minority 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)

2.1.3 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 previous period. The Group presented the consolidated balance sheet as of 31 March 2012 comparatively with the consolidated balance sheet as of 31 December 2011 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the period 1 January- 31 March 2012 comparatively with the period 1 January - 31 March 2011.

The consolidated income statement and statement of cash flows for the three month period ended 31 March 2011 has been restated according to the comparative principles in Note 2.1.3 and as mentioned in Note 2.3 in accordance with the change in the consolidation scope after the sales of 50% of 61,98% Aksigorta shares owned by the Holding in 2011 and in accordance with the comparative principles used for the preparation of consolidated financial statements for the three month period ended 31 March 2012.

Sasa shares owned by Advansa BV, which had been classified as non current assets held for sale as at 31 March 2011, have been purchased by the Holding and Advansa BV shares have been sold to a third party on 10 June 2011 as mentioned in the disclosure 2.1.3. Therefore income statement of Sasa for the three month period ended 31 March 2011 has been reclassified as continuing operations from discontinued operations in accordance with the change in the consolidation scope and comparative principles.

2.2 Changes in Accounting Policies and Estimates ve Errors

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the interim period 1 January – 31 March 2012.

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

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, the standard on the preparation and presentation of interim perio financial statements. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended 31 March 2012 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2011. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2011.

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

2.3.1 Financial Instruments

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

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

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

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

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

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

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

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

(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)

2.3.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 8). 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.

Costs to property plant and equipment are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

2.3.3 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 9). 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 9).

2.3.4 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

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

2.3.4 Non-current assets held for sale and discontinued operations (Continued)

of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Miscellaneous incidents or circumstances may extend the completion of sale transactions in excess of one year. In the event that there is sufficient proof suggesting that such delay is caused by incidents or circumstances beyon organization's control and that the organization's plan to sell the concerned asset (or the set of assets to be sold) remains, extension of the duration for the sale does not constitute an obstacle before classifying the concerned asset (or the set of assets to be sold) as held for sale.

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

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

2.3.5 IFRIC 12 - Service Concession Arrangements

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

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

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

2.3.6 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 share premiums, the payment dates are considered (Note 14).

"Treasury share" under shareholders' equity represents the Holding shares held by the subsidiaries. In the consolidated financial statements the shares held by the subsidiaries are accounted for under equity as a debit entry to the share capital by the share proportion of the subsidiary.

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

2.3.6 Shareholders' equity (Continued)

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 in foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the "Hedge Funds" account under shareholders' equity.

2.3.7 Borrowing costs

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

International Accounting Standard 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. Although the revised IAS 23 was effective at 1 January 2009, early adoption was permitted. The Group preferred to early adopt the Revised IAS 23 and accordingly changed its accounting policy through applying the policy defined in IAS 23 related to borrowing costs since 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

2.3.8 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.

<u>Current tax</u>

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.

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

2.3.8 Income Taxes (Continued)

Deferred Tax

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

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

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

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

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

Current and deferred tax for the period

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

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

2.3.9 Loans and advances to customers and provisions for loan impairment

Loans are originated by providing money, goods or services to the borrower. Loans are initially recognised at cost and subsequently measured at amortised cost using the effective yield method. Costs incurred due to obtaining guarantees for originated loans are not considered as transaction costs and are charged to the income statement. Loans originated by providing money directly to banks such as time or demand deposits are classified as due from banks

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

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

2.3.10 Revenue recognition

<u>Banking</u>

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 3.e).

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

<u>Insurance</u>

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 3.e).

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)

2.3.10 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.

2.3.11 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

Foreign Group companies

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

2.3.12 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.

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

2.3.12 Segment reporting (Continued)

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 in a manner consistent with the reporting provided to the chief operating decision- maker. Based on the internal reporting as the Group's risk and returns are affected by the differences between the produced goods and rendered services, industrial segments are determined for the segment reporting purposes. Geographical segments have not been disclosed in these consolidated financial statements on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements.

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

2.4 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with CMB Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. If changes in the accounting policies are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods.

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

NOTE 3 - SEGMENT REPORTING

a) External revenues:

	31 March 2012	31 March 2011
Finance	3.315.440	2.915.275
Banking	3.161.828	2.797.357
Insurance	153.612	117.918
Energy	522.595	441.792
Industry	1.195.116	1.092.480
Retail	787.245	704.079
Cement	217.684	231.751
Other	27.924	16.031
Total	**6.066.004**	**5.401.408**

b) Segment assets:

	31 March 2012	31 December 2011
Finance	143.643.115	139.842.145
Banking	142.733.645	138.975.287
Insurance	909.470	866.858
Energy	4.471.039	4.259.671
Industry	4.018.681	4.065.238
Retail	1.156.441	1.101.276
Cement	1.569.017	1.540.927
Other	544.592	379.516
Segment assets (*)	**155.402.885**	**151.188.773**
Non-current assets held for sale (Note 15)	450	466
Investment in associates	176.621	295.817
Unallocated assets	926.039	872.570
Less: intercompany eliminations and reclassifications	(1.840.336)	(1.243.422)
Total assets as per consolidated financial statements	**154.665.659**	**151.114.204**

(*) Segment assets mainly comprise operating assets.

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment liabilities:	**31 March 2012**	**31 December 2011**
Finance	124.418.798	121.453.178
Banking	123.759.982	120.824.978
Insurance	658.816	628.200
Energy	625.494	647.566
Industry	903.166	949.167
Retail	648.396	780.906
Cement	200.902	212.554
Other	26.756	43.960
Segment liabilities (*)	**126.823.512**	**124.087.331**
Unallocated liabilities	3.557.206	3.235.363
Less: intercompany eliminations and reclassifications	(2.054.955)	(1.681.632)
Total liabilities as per consolidated financial statements	**128.325.763**	**125.641.062**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 January – 31 March 2012

	Finance										
	Banking	**Insurance**	**Intrasegment eliminations**	**Total finance**	**Energy**	**Industry**	**Retail**	**Cement**	**Other**	**Intersegment eliminations**	**Total**
External revenues	3.161.828	153.612	-	3.315.440	522.595	1.195.116	787.245	217.684	27.924	-	6.066.004
Intersegment revenues	14.831	1.193	-	16.024	40.175	105	1.481	-	4.390	(62.175)	-
Total revenues	**3.176.659**	**154.805**	**-**	**3.331.464**	**562.770**	**1.195.221**	**788.726**	**217.684**	**32.314**	**(62.175)**	**6.066.004**
Cost of sales (*)	(1.831.932)	(138.037)	14.792	(1.955.177)	(505.443)	(1.017.124)	(622.431)	(180.172)	(27.342)	12.078	(4.295.611)
General and administrative expenses	(746.218)	(22.267)	6	(768.479)	(41.678)	(38.082)	(80.996)	(13.383)	(3.648)	12.402	(933.864)
Sales, marketing and distribution expenses	-	-	-	-	(1.716)	(64.312)	(83.198)	(2.150)	(431)	611	(151.196)
Research and development expenses	-	-	-	-	-	(3.866)	-	-	-	100	(3.766)
Operating result	**598.509**	**(5.499)**	**14.798**	**607.808**	**13.933**	**71.837**	**2.101**	**21.979**	**893**	**(36.984)**	**681.567**
Other unallocated operating expenses	-	-	-	-	-	-	-	-	-	(12.704)	(12.704)
Other income/ (expense) - net	92.860	13.118	(13.126)	92.852	315	5.391	8.758	(1.004)	3.969	4.633	114.914
Segment gain/(loss)	**691.369**	**7.619**	**1.672**	**700.660**	**14.248**	**77.228**	**10.859**	**20.975**	**4.862**	**(45.055)**	**783.777**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) Segmental analysis for the period between 1 January – 31 March 2011

	Finance										
	Banking	**Insurance**	**Intrasegment eliminations**	**Total finance**	**Energy**	**Industry**	**Retail**	**Cement**	**Other**	**Intersegment eliminations**	**Total**
External revenues	2.797.357	117.918	-	2.915.275	441.792	1.092.480	704.079	231.751	16.031	-	5.401.408
Intersegment revenues	8.009	1.075	-	9.084	25.037	723	693	4	2.572	(38.113)	-
Total revenues	**2.805.366**	**118.993**	**-**	**2.924.359**	**466.829**	**1.093.203**	**704.772**	**231.755**	**18.603**	**(38.113)**	**5.401.408**
Cost of sales (*)	(1.234.907)	(116.767)	9.349	(1.342.325)	(375.129)	(893.078)	(552.698)	(188.456)	(14.088)	50.989	(3.314.785)
General and administrative expenses	(683.664)	(15.575)	50	(699.189)	(42.340)	(32.267)	(75.243)	(10.498)	(4.247)	16.036	(847.748)
Sales, marketing and distribution expenses	-	-	-	-	(343)	(57.941)	(68.392)	(2.812)	(494)	150	(129.832)
Research and development expenses	-	-	-	-	-	(2.335)	-	-	-	-	(2.335)
Operating result	**886.795**	**(13.349)**	**9.399**	**882.845**	**49.017**	**107.582**	**8.439**	**29.989**	**(226)**	**29.062**	**1.106.708**
Other unallocated operating expenses										(15.978)	(15.978)
Other income/ (expense) - net	41.606	13.564	(10.413)	44.757	1.053	(20.137)	(711)	(4.122)	2.393	(6.609)	16.624
Segment gain/(loss)	**928.401**	**215**	**(1.014)**	**927.602**	**50.070**	**87.445**	**7.728**	**25.867**	**2.167**	**6.475**	**1.107.354**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) Operating results:

i) Banking:

	31 March 2012	31 March 2011
Interest income	2.772.804	2.244.714
Interest expense	(1.593.148)	(1.151.286)
Net interest income	**1.179.656**	**1.093.428**
Fee and commission income	403.855	560.652
Fee and commission expense	(74.526)	(57.890)
Net fee and commission income	**329.329**	**502.762**
Provision for loan losses	(165.649)	(36.314)
Foreign exchange trading gains and losses - net	1.391	10.583
General and administrative expenses	(746.218)	(683.664)
Other operating income	92.860	41.606
Segment Gain/(Loss)	**691.369**	**928.401**

ii) Insurance:

	31 March 2012	31 March 2011
Gross premiums written	154.805	118.993
Premiums ceded to reinsurers	(40.121)	(24.773)
Change in the provision for premiums net of reinsurance	(18.398)	(24.500)
Earned premiums-net	**96.286**	**69.720**
Claims paid	(77.720)	(58.340)
Claims paid – reinsures' share	7.405	6.916
Life insurance provisions	-	-
Change in the provision for claims	1.498	(3.623)
Claims incurred-net	**(68.817)**	**(55.047)**
Change in life mathemetical reserve net	9.748	1.726
Commission expenses - net	(20.449)	(14.173)
General and administrative expenses	(22.267)	(15.575)
Other operational income/ (expense)	13.118	13.564
Segment Gain/(Loss)	**7.619**	**215**

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

NOTE 3 - SEGMENT REPORTING (Continued)

iii) Non-financial segments

	31 March 2012	31 March 2011
Net sales	2.796.715	2.515.162
Cost of sales	(2.352.512)	(2.023.449)
Gross profit	**444.203**	**491.713**
Operating expenses	(346.164)	(312.890)
Other operating income/(expense)	17.429	(21.524)
Segment result	**115.468**	**157.299**

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

Except for one-off income/(expenses)	31 March 2012	31 March 2011
Banking	728.706	964.290
Insurance	8.407	882
Industry	112.725	140.624
Cement	37.920	45.916
Energy	38.448	69.352
Retail	24.859	20.908
Other	(4.443)	(9.976)
Intersegment eliminations	(30.679)	21.439
Total	**915.943**	**1.253.435**

Reconciliation of the adjusted EBITDA to income before tax from continuing operations is as follows:

	31 March 2012	31 March 2011
Adjusted EBITDA for reported operating segments	915.943	1.253.435
Tax negotiation	-	(25.112)
Depreciation and amortisation	(132.166)	(120.969)
Operating profit	**783.777**	**1.107.354**
Financial expenses - net	(24.014)	(59.362)
Income from investments accounted for equity method	40.773	30.820
Income before tax from continuing operations	**800.536**	**1.078.812**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) Interests in Joint Ventures:

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

Balance Sheet	**31 March 2012**	**31 March 2011**
Current assets	2.423.159	2.114.624
Non-current assets	5.269.867	5.188.228
Total assets	**7.693.026**	**7.302.852**
Current liabilities	1.955.032	2.127.902
Non-current liabilities	2.504.556	2.138.728
Total liabilities	**4.459.588**	**4.266.630**
Non-controlling interests	4.350	4.550
Shareholders' equity	3.229.088	3.031.672
Total liabilities, non-controlling interests and, shareholders' equity	**7.693.026**	**7.302.852**

Income statement	**31 March 2012**	**31 March 2011**
Operating profit	34.760	61.747
Financial income/ (expense)- net	22.911	(49.935)
Income before tax and non-controlling interests	57.671	11.812
Taxation on income	(12.133)	(6.976)
Income before non-controlling interests	45.538	4.836
Non-controlling interests	80	62
Net income for the period from continuing operations	**45.618**	**4.898**

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Depreciation and amortisation charge, impairments and capital expenditures:

1 January - 31 March 2012

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	37.337	788	35.498	16.945	24.200	14.000	3.398	-	132.166
Impairment reversal of property, plant and equipment, intangible assets	-	-	-	-	-	2.566	-	-	2.566
Capital expenditures	21.896	832	64.895	26.088	110.974	14.534	1.838	-	241.057

1 January - 31 March 2011

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	35.889	667	32.044	16.072	19.282	13.180	3.835	2.432	123.401
Impairment of property, plant and equipment, intabgible assets	-	-	-	-	-	(708)	-	-	(708)
Capital expenditures	12.328	478	47.113	20.429	87.133	12.149	1.584	1.411	182.625

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

NOTE 4 - FINANCIAL ASSETS

a) Held for trading securities:

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

	31 March 2012	31 December 2011
Government bonds	61.556	127.946
Eurobonds	9.623	26.623
Share certificates	10.838	14.671
Other	-	1.967
Total	**82.017**	**171.207**

b) Securities available for sale:	**31 March 2012**	**31 December 2011**
Debt securities		
- Government bonds	35.481.849	31.917.734
- Eurobonds	4.408.668	4.166.257
- Investment funds	205.414	186.017
- Other bonds denominated in foreign currency	1.194.382	1.258.302
Sub - total	**41.290.313**	**37.528.310**
Equity securities		
- Listed	5.995	4.030
- Unlisted	29.737	29.046
Sub - total	**35.732**	**33.076**
Total securities available for sale	**41.326.045**	**37.561.386**

Akbank has inflation indexed (CPI) goverment bonds in its available for sale and held to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. The real coupon rate securities and the issue date of the reference inflation index calculated by taking into account an estimated inflation rate of the index are valued and recognized using the effective interest basis.

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

NOTE 4 - FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity:

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

	31 March 2012	31 December 2011
Government bonds	3.593.098	3.639.296
Eurobonds	981.689	1.015.839
Total	**4.574.787**	**4.655.135**

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

	31 March 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	3.331.784	34.361	3.366.145	1.615.602	16.721	1.632.323
1 to 5 years	30.912.027	137.071	31.049.098	33.498.431	140.105	33.638.536
Over 5 years	11.283.838	26.152	11.309.990	6.849.421	28.316	6.877.737
No maturity	226.460	31.156	257.616	210.896	28.236	239.132
Total	**45.754.109**	**228.740**	**45.982.849**	**42.174.350**	**213.378**	**42.387.728**

Period remaining to contractual repricing dates for financial assets held for trading, held to maturity and available-for-sale as at 31 March 2012 and 31 December 2011 is as follows:

	31 March 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	14.394.473	5.632	14.400.105	10.469.682	-	10.469.682
3 to 12 months	14.237.282	34.361	14.271.643	13.345.194	16.721	13.361.915
1 to 5 years	11.998.690	137.071	12.135.761	13.960.014	140.105	14.100.119
Over 5 years	4.897.201	26.152	4.923.353	4.188.564	28.316	4.216.880
No maturity	226.463	25.524	251.987	210.896	28.236	239.132
Total	**45.754.109**	**228.740**	**45.982.849**	**42.174.350**	**213.378**	**42.387.728**

d) Time Deposits:

	31 March 2012	31 December 2011
3 to 12 Months	37.136	169.989
1 to 5 Years	6.478	1.507
Total	**43.614**	**171.496**

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

NOTE 5 – FINANCIAL LIABILITIES

Short-term funds borrowed, bank borrowings and debt securities in issue:	**31 March 2012**	**31 December 2011**
Short-term	11.810.764	12.684.385
Short-term portion of long term	3.618.004	3.854.576
Total short-term	**15.428.768**	**16.538.961**

Long-term funds borrowed, bank borrowings and debt securities in issue:		
Long term	8.904.190	9.291.921
Total	**24.332.958**	**25.830.882**

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

	31 March 2012	**31 December 2011**
Up to 3 months	5.530.512	7.182.857
3 to 12 months	9.898.256	9.356.104
1 to 5 years	7.016.100	7.239.558
Over 5 years	1.888.090	2.052.363
Total	**24.332.958**	**25.830.882**

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

	31 March 2012	**31 December 2011**
2013	2.934.376	2.309.744
2014	884.681	1.305.078
2015	2.336.704	2.616.002
2016	860.339	1.008.734
2017 and after	1.888.090	2.052.363
Total	**8.904.190**	**9.291.921**

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

	31 March 2012	**31 December 2011**
Up to 3 months	15.350.386	14.898.414
3 to 12 months	4.402.937	7.154.398
1 to 5 years	2.723.153	2.827.174
Over 5 years	1.856.482	950.896
Total	**24.332.958**	**25.830.882**

NOTE 5 – FINANCIAL LIABILITIES (Continued)

Major funding transactions as at 31 March 2012 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

There are three outstanding syndicated loans as of 31 March 2012. First syndicated loan comprising of two tranches amounting to EUR 204.375 and USD 17.350 was provided from 14 seperate international banks through the loan agreement signed on 17 August 2010. The annual cost of the loan is Euribor + 1.75% and Libor + 1.75%, respectively. Second syndicated loan comprising of two tranches amounting to EUR 708.500 and USD 422.000 was provided from 44 international banks through the loan agreement signed on 17 August 2011. The annual cost of the loan is Euribor+ 1% and Libor + 1%, respectively. Third syndicated loan comprising of two tranches amounting to EUR 795.000 and USD 146.000 was provided from 42 international banks through the loan agreement signed on 20 March 2012. The annual cost of the loan is Euribor+ 1,45% and Libor + 1,45%, respectively.

b) Enerjisa - Funds borrowed via IFC

On 13 June 2008 Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions on International Finance Corporation ("IFC") and WestLB, Akbank and the European Investment Bank's co-ordination. These funds are considered to be used in the company's energy investments. The part of the loan amounting to EUR 513.000 is coordinated by IFC, EUR 495.000 has a maturity of 12 years and the remaining EUR 18.000 has a maturity of 15 years. EUR 158.000 of the aforementioned part will be provided by IFC and the remaining EUR 355.000 will be provided as a syndicated loan under the supervision of IFC and WestLB. KFW IPEX-Bank GmbH, Bank Austria Creditanstalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB AG, and Société Générale Bank have been participated in this financing package as authorised leading regulators. Akbank will provide a parallel loan agreement of EUR 352.000 which has a maturity of 12 years, with the participation of National Bank of Greece and remaining EUR 135.000 of loan will be provided by EIB. As of 31 December 2011, Enerjisa has used EUR 946.600 with respect to this EUR 1.000.000 loan agreement (31 December 2011: EUR 946.600).

Enerjisa signed another agreement on 23 December 2010 to borrow funds amounting to EUR 270.000 with the participations of Yapı ve Kredi Bankası A.Ş. for EUR 100.000, Akbank T.A.Ş. İstanbul Kurumsal Şubesi for EUR 100.000 and Finansbank A.Ş. Bahrain for EUR 70.000 for the purpose of financing Arkun Barrage and hydroelectric power plant energy project of the Enerjisa. As of 31 March 2012, Group has utilized EUR 190.000 (31 December 2011: EUR 155.000) with respect to this EUR 270.000 loan agreement.

Enerjisa also signed an agreement on 24 March 2011 with IFC and certain international financial institutions under the coordination of IFC, WestLB and Unicredit to borrow funds amounting EUR 700.000 for the purpose of financing energy projects. EUR 65.000 of the loan is provided by IFC and EUR 515.000 of it is provided by the participation of several financial institutions, namely KFW IPEX-Bank GmbH, UniCredit Bank Austria AG, Erste Bank, ING Bank N.V., Raiffeisen Bank International, FMO, BAWAG, WestLB AG and Societe Generale Bank, under the coordination of IFC, WestLB and Unicredit. Proparco has provided EUR 40.000 of the loan and TSKB has provided EUR 80.000 of the loan. As of 31 March 2012, Enerjisa has utilized EUR 74.000 (31 December 2011: EUR 74.000) with respect to this EUR 700.000 loan agreement. The effect of the used loan on consolidated financial statements is limited to 50% joint venture share.

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

NOTE 5 – FINANCIAL LIABILITIES (Continued)

Issued securities

Securities issued consist of US Dollar and TL assets.

The repayment schedule of issued securities denominated in USD is as follows:

	31 March 2012		31 December 2011	
	USD	**TL**	**USD**	**TL**
2012	393.181	697.071	542.560	1.024.841
2013	612.303	1.085.552	619.349	1.169.889
2014	442.302	784.157	449.413	848.895
2015	1.103.922	1.957.143	1.100.006	2.077.802
2016	186.435	330.531	187.442	354.060
2017	117.804	208.856	118.837	224.471
2018	386.932	685.992	381.949	721.463
Total	**3.242.879**	**5.749.302**	**3.399.556**	**6.421.421**

The balance amounting to USD 3.252.654 consists of securitization deals and USD denominated securities issued by the Bank.

Additionally, as of 31 March 2012, there are bonds issued by the Bank amounting to TL 1.177.026 with 6 month maturity and TL 894.992 with 2 year maturity (31 December 2011: TL 1.093.010 with 6 month maturity, TL 714.948 with 2 year maturity).

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables:	**31 March 2012**	**31 December 2011**
Receivables from credit card payments	170.586	170.601
Financial assets (*)	51.688	48.534
Other	511.881	576.466
Total	**734.155**	**795.601**

Other long-term receivables:	**31 March 2012**	**31 December 2011**
Financial assets (*)	148.671	162.554
Deposits and guarantees given	12.349	20.851
Other	62.757	55.166
Total	**223.777**	**238.571**

(*) Composed of financial assets accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş. in accordance with IFRS 3 "Business Combinations" and IFRIC 12 "Service Concession Arrangements".

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short-term payables	**31 March 2012**	**31 December 2011**
Payables related to credit card transactions	1.769.012	1.687.016
Taxes and funds payable	313.578	232.705
Export deposits and transfer orders	62.316	38.821
Due to personnel	24.606	24.328
Payment orders to correspondent banks	15.634	20.074
Other	845.814	691.725
Total	**3.030.960**	**2.694.669**

Other long term payables:

Deposits and guarantees received	63.271	59.064
Other	36.440	35.036
Other	**99.711**	**94.100**

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 March 2012	**Share (%)**	**31 December 2011**	**Share (%)**
Philsa	144.470	25,00	236.190	25,00
Philip Morrissa	28.018	24,75	55.414	24,75
Dönkasan	4.133	21,86	4.213	21,86
Total	**176.621**		**295.817**	

Income from associates is as follows:

	31 March 2012	**31 March 2011**
Philsa	33.293	28.329
Philip Morrissa	7.559	2.491
Dönkasan	(79)	-
Total	**40.773**	**30.820**

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The summary financial information of associates is as follows:

	31 March 2012		31 December 2011	
	Total assets	**Total liabilities**	**Total assets**	**Total liabilities**
Philsa	1.658.481	1.080.603	1.915.601	970.841
Philip Morrissa	627.403	514.202	734.772	510.881
Dönkasan	23.641	4.729	23.427	4.154
Total	**2.309.525**	**1.599.534**	**2.673.800**	**1.485.876**

Sales revenue	**31 March 2012**	**31 March 2011**
Philsa (*)	2.496.501	1.908.553
Philip Morrissa	2.557.457	1.953.545
Dönkasan	16.998	-

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

Net income	**31 March 2012**	**31 March 2011**
Philsa	133.056	113.316
Philip Morrissa	29.117	10.065
Dönkasan	(361)	-
Total	**161.812**	**123.381**

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the three month period ended 31 March 2012 are as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Transfers	Impairment reversal	31 March 2012
Cost:								
Land and land improvements	659.948	(1.343)	2.988	(746)	-	3.725	-	664.572
Buildings	2.377.461	(8.894)	1.202	(515)	878	1.128	-	2.371.260
Machinery and equipment	4.559.006	(38.682)	14.614	(4.511)	-	40.502	7	4.570.936
Motor vehicles	192.888	(173)	10.971	(7.816)	-	2.322	-	198.192
Furniture and fixtures	1.839.504	(1.764)	17.248	(17.312)	562	2.343	3.128	1.843.709
Total	**9.628.807**	**(50.856)**	**47.023**	**(30.900)**	**1.440**	**50.020**	**3.135**	**9.648.669**
Construction in progress	1.279.765	(7.906)	179.084	(13)	-	(45.596)	-	1.405.334
Total	**10.908.572**	**(58.762)**	**226.107**	**(30.913)**	**1.440**	**4.424**	**3.135**	**11.054.003**
Accumulated depreciation:								
Land and land improvements	(102.909)	344	(2.629)	-	-	-	-	(105.194)
Buildings	(910.674)	2.639	(17.502)	148	(256)	(179)	-	(925.824)
Machinery and equipment	(2.615.537)	20.945	(50.985)	3.704	-	(5.732)	(3)	(2.647.608)
Motor vehicles	(106.321)	108	(2.701)	267	-	96	-	(108.551)
Furniture and fixtures	(1.363.910)	1.254	(35.148)	15.020	(430)	-	(576)	(1.383.790)
Total	**(5.099.351)**	**25.290**	**(108.965)**	**19.139**	**(686)**	**(5.815)**	**(579)**	**(5.170.967)**
Net book value	**5.809.221**							**5.883.036**

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the three month period ended 31 March 2011 are as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Business combination	Transfers to non current asssets held for sale	Transfers	Impairment	31 March 2011
Cost:									
Land and land improvements	501.474	1.311	1.042	(27)	-	-	78.006	-	581.806
Buildings	2.385.787	2.654	702	(364)	-	(38.837)	(2.346)	(14)	2.347.582
Machinery and equipment	3.869.530	10.705	9.303	(2.143)	-	(15.503)	68.350	-	3.940.242
Motor vehicles	156.989	146	4.885	(5.532)	-	(50)	2.482	-	158.920
Furniture and fixtures	1.782.310	669	11.856	(3.822)	-	(26.113)	(1.619)	(694)	1.762.587
Total	**8.696.090**	**15.485**	**27.788**	**(11.888)**	**-**	**(80.503)**	**144.873**	**(708)**	**8.791.137**
Construction in progress	741.834	2.025	141.017	(8.972)	4.631	-	(182.789)	-	697.746
Total	**9.437.924**	**17.510**	**168.805**	**(20.860)**	**4.631**	**(80.503)**	**(37.916)**	**(708)**	**9.488.883**
Accumulated depreciation:									
Land and land improvements	(97.831)	(487)	(3.284)	-	-	-	-	-	(101.602)
Buildings	(842.788)	(601)	(16.218)	86	-	10.724	284	-	(848.513)
Machinery and equipment	(2.208.146)	(6.132)	(41.641)	1.398	-	4.277	-	-	(2.250.244)
Motor vehicles	(106.239)	(44)	(1.154)	1.000	-	26	-	-	(106.411)
Furniture and fixtures	(1.317.832)	(574)	(35.379)	2.285	-	19.850	-	-	(1.331.650)
Total	**(4.572.836)**	**(7.838)**	**(97.676)**	**4.769**	**-**	**34.877**	**284**	**-**	**(4.638.420)**
Net book value	**4.865.088**								**4.850.463**

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

NOTE 9 - INTANGIBLE ASSETS

The movements in goodwill for the three month periods ended 31 March 2012 and 31 March 2011 are as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Transfers	Impairment reversal	Change within the scope of consolidation	31 March 2012
Cost	1.632.815	3.928	14.949	(1.675)	1.391	52	352	1.651.812
Accumulated amortisation(-)	(361.063)	(5.872)	(22.862)	1.190	-	(42)	(152)	(388.801)
Net book value	**1.271.752**							**1.263.011**

	1 January 2011	Currency translation differences	Additions	Disposals	Transfers	Business combinations (*)	Transfers to non current assets held for sale	31 March 2011
Cost	1.353.706	407	9.092	(119)	18.617	78.868	(12.818)	1.447.753
Accumulated amortisation(-)	(277.002)	(142)	(19.129)	54	-	-	4.575	(291.644)
Net book value	**1.076.704**							**1.156.109**

(*) Enerjisa, a joint venture of the Group, acquired the shares of of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. and Bares Elektrik Üretimi A.Ş in year 2011. As a result of this acquisition, the excess of the considerations paid over the net assets amounting to TL 78.868 is associated with electricity generation licenses and recognized in intangible assets.

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

NOTE 10 – GOODWILL

The movements in goodwill for the three month periods ended 31 March 2012 and 31 March 2011 are as follows:

	31 March 2012	**31 March 2011**
1 January	725.290	725.227
Currency translation differences	(22)	-
Balance at 31 March	**725.268**	**725.227**

NOTE 11 – CONTINGENT ASSETS AND LIABILITIES

Commitments – Banking segment	**31 March 2012**	**31 December 2011**
Letters of guarantee given	9.143.180	8.857.504
Letters of credits	4.014.849	3.795.163
Acceptance credits	115.431	120.751
Other guarantees given	1.678.662	1.221.178
Total	**14.952.122**	**13.994.596**

Commitments – Non-banking segments	**31 March 2012**	**31 December 2011**
Letters of guarantee given	755.142	760.542
Other guarantees given	198.120	230.848
Total	**953.262**	**991.390**

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

NOTE 11 - 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 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Repurchase commitments	14.409.963	12.594.815
Resale commitments	8.507	8.210

Commitments to forward currency purchase/sale and swap transactions:

Derivatives held for trading

	31 March 2012	31 December 2011
Foreign currency purchases	1.938.541	2.228.892
Foreign currency sales	1.970.621	2.244.317
Total	**3.909.162**	**4.473.209**
Currency swap purchases	15.591.113	18.483.875
Currency swap sales	15.822.501	18.372.964
Interest rate swap purchases	9.897.058	8.480.649
Interest rate swap sales	9.897.058	8.480.649
Total	**51.207.730**	**53.818.137**
Spot purchases	3.231.790	1.838.510
Spot sales	3.227.750	1.844.883
Total	**6.459.540**	**3.683.393**
Currency options purchases	11.205.096	8.351.839
Currency options sales	11.202.455	8.351.839
Total	**22.407.551**	**16.703.678**
Future purchases	908	-
Future sales	67.544	54.165
Total	**68.452**	**54.165**
Other purchases	243.238	541.123
Other sales	243.937	498.157
Total	**487.175**	**1.039.280**

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

NOTE 11 - CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivatives held for hedging:

	31 March 2012	31 December 2011
Interest swap purchases	1.881.193	3.500.793
Interest swap sales	1.881.193	3.500.793
Total	**3.762.385**	**7.001.586**

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees	657.031	8.486.149	9.143.180
Letters of credits	2.704.345	1.310.504	4.014.849
Acceptance credits	72.965	42.466	115.431
Other guarantees	1.016.640	662.022	1.678.662
Total	**4.450.981**	**10.501.141**	**14.952.122**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2011 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	521.733	8.335.771	8.857.504
Letters of credits	2.736.445	1.058.718	3.795.163
Acceptance credits	81.337	39.414	120.751
Other guarantees	637.598	583.580	1.221.178
Total	**3.977.113**	**10.017.483**	**13.994.596**

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

NOTE 12 - COMMITMENTS

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

	31 March 2012				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A.Total amount of the collaterals given for its own legal entity	1.021.013	465.068	135.727	34.988	232.518
B.Collaterals given on behalf of fully consolidated companies	489.229	152.950	97.818	17.982	120.305
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	15.048.731	5.859.196	3.812.081	947.808	188.204
D.Total amount of other collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	3.574	3.574	-	-	-
Total Collaterals	**16.562.547**	**6.480.788**	**4.045.626**	**1.000.778**	**541.027**
A.Total amount of the mortgages given for its own legal entity	6.507.600	-	-	2.750.000	-
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	**6.507.600**	**-**	**-**	**2.750.000**	**-**
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 March 2012, 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 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2011 is as follows:

	31 December 2011				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A.Total amount of the collaterals given for its own legal entity	1.280.456	417.677	144.802	45.782	477.380
B.Collaterals given on behalf of fully consolidated companies	589.318	133.038	96.529	32.262	195.105
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	13.994.596	5.394.175	3.495.189	771.320	113.404
D.Total amount of other collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**15.864.370**	**5.944.890**	**3.736.520**	**849.364**	**785.889**
A.Total amount of the mortgages given for its own legal entity	2.148.620	57.954	-	855.498	-
B.Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C.Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	81	77	2	-	-
Total Mortgages	**2.148.701**	**58.031**	**2**	**855.498**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	1.105	1.105	-	-	-
Total Pledges	**1.105**	**1.105**	**-**	**-**	**-**

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

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 March 2012**	**31 December 2011**
Deductible Value Added Tax (VAT)	252.443	195.553
Prepaid expenses	218.435	136.513
Cheques in clearance	191.703	205.449
Deferred commission expense	33.559	29.974
Income accrual	23.965	18.273
Other	283.501	258.786
Total	**1.003.606**	**844.548**

Other Non Current Assets	**31 March 2012**	**31 December 2011**
Deferred finance expense	60.114	62.863
Deferred commission expense	24.961	25.242
Advances given for Fixed Assets	15.577	10.718
Other	64.811	52.361
Total	**165.463**	**151.184**

Other Short Term Liabilities and Provisions

Liabilities	**31 March 2012**	**31 December 2011**
Cheques in clearance	332.447	355.431
Expense accruals	201.698	148.722
Unearned commission income	66.345	48.045
Unused vacation	51.115	47.944
Saving deposits insurance	21.334	21.261
Deferred income	18.518	13.907
Advances received	11.666	31.476
Other short-term liabilities	17.244	1.301
	720.367	**668.087**
Provisions		
Credit card bonus provisions	161.325	150.524
Provision for lawsuit	23.742	20.281
Economical disadvantageous contracts	20.125	20.125
Provisions for unindemnified non-cash loans	13.728	78.460
Other short-term liability provisions	33.085	43.063
	252.005	**312.453**
Total	**972.372**	**980.540**

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

NOTE 13 - OTHER ASSETS AND LIABILITIES (Continued)

Other Long Term Liabilities and Provisions

	31 March 2012	31 December 2011
Unearned commission income	132.833	119.485
Other long-term liability provisions	6.346	13.184
Total	**139.179**	**132.669**

NOTE 14 - EQUITY

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

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

Shareholders:	Share (%)	31 March 2012	Share (%)	31 December 2011
Sabancı family members	43,65	890.626	43,65	890.626
Public quotation (*)	37,56	766.312	37,56	766.312
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Sabancı University	1,51	30.769	1,51	30.769
Exsa	1,29	26.408	1,29	26.408
Çimsa	1,06	21.534	1,06	21.534
H.Ö. Sabancı Foundation	<1	13.370	<1	13.370
Tursa	<1	4.285	<1	4.285
Share Capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury share		**(52.227)**		**(52.227)**
Share premium		**21.670**		**21.670**

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

Sabancı Holding shares that Exsa and Tursa, subsidiaries of the Holding, acquired on Istanbul Stock Exchange for investment are eliminated and accounted for under equity as capital investment adjustment.

The transaction related with the injection of Akbank and Aviva shares which held in Aksigorta's portfolio, and Akbank shares which are held in Exsa's portfolio, as capital in kind to Holding via spin-off process has been approved in the Exraordinary General Assembly on 4 January 2010 and the shares with a nominal value of TL 140.403.931 have been registered by CMB and Trade Registery on 12 January 2010. As a result of the spin-off transaction, Çimsa, a subsidiary of the Holding has participated to the share capital of Holding by 1,06%. This transaction is accounted for under equity as treasury share.

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

NOTE 14 - EQUITY (Continued)

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years.

The details of restricted reserves mentioned above are as follows:

	31 March 2012	31 December 2011
Legal reserves	298.339	298.339
Gain on sale of subsidiaries	281.885	281.885
Total	**580.224**	**580.224**

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 in 2009 (2008: 20%). Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves.

Furthermore, Group companies that are obliged to prepare consolidated financial stataments based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of Communiqué XI, No: 29.

Total amount of the reserves on the Holding's statutory books subject to dividend distribution is TL 2.212.646.

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

NOTE 14 - EQUITY (Continued)

	Fair Value Revaluation Fund	Cash Flow Hedge	Net Investment Hedge	Currency translation differences
Balance as of 1 January 2011	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Increases/decreases during the period	(439.589)	31.869	(17.350)	29.146
Losses/(gains) transfered to income statement	(98.739)	28.908	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	302	-	-	-
Tax effect	107.606	(12.155)	3.470	-
Balance as of 31 March 2011	**282.783**	**(96.425)**	**(49.532)**	**36.874**
Balance as of 1 January 2012	**(59.845)**	**(139.607)**	**(78.150)**	**194.073**
Increases/ decreases during the period	355.687	(1.017)	10.605	(36.126)
Losses/(gains) transfered to income statement	(92.187)	10.835	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	125	-	-	-
Tax effect	(52.711)	(1.975)	(2.121)	-
Balance as of 31 March 2012	**151.069**	**(131.764)**	**(69.666)**	**157.947**

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

NOTE 15 - NON CURRENT ASSETS HELD FOR SALE

Kordsa decided to consolidate its cloth production plants located in South America at Brasil. Fixed assets that remained idle and are expected to be sold within twelve months have been transferred to assets held for sale and are shown separately on the balance sheet. Since the income that proceeds from the sale is expected to exceed the carrying value of the relevant asset, there was not any provision for impairment registered on these operations that are held for sale. The net carrying value of the fixed assets which are classified as assets held for sale is TL 450 as of 31 March 2012 (31 December 2011: TL 466).

Holding has sold its Advansa BV shares, a subsidiary owned by 99,93% , on 10 June 2011 to BBMMR Holding GmbH located in Germany at EUR 6.000. As of 31 March 2011, Advansa BV has been classified as non current assets held for sale.

The agreement regarding the sale of the 50 % of Aksigorta A.Ş. shares owned by the Group was signed on 18 February 2011 with Ageas Insurance International N.V. and 9.482.940.100 units of Aksigorta A.Ş. shares were sold to Ageas Insurance International N.V. at USD 220.029. 30,99% of income/loss from Aksigorta was classified as income/loss from discontinued operations in the consolidated income statement for the period ended 31 March 2011.

Income statement of Aksigorta and Advansa for the period ended 31 March 2011 is as follows:

Income Statement	**31 March 2011**
Sales revenue (net)	270.246
Cost of sales	(252.077)
Gross profit	**18.169**
Operating expenses	(19.040)
Other operating expense (net)	(1.115)
Operating loss	**(1.986)**
Financial income (net)	929
Loss before taxation	**(1.057)**
Taxation	(233)
Discontinued operations net loss for the period	**(1.290)**

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

NOTE 16 - FINANCIAL INCOME/EXPENSES

	31 March 2012	31 March 2011
Financial income		
Foreign exchange income	93.895	77.001
Interest income	16.379	18.716
Total	**110.274**	**95.717**
Financial expenses		
Foreign exchange losses	69.400	104.900
Interest expense	47.060	32.852
Other financial expenses	17.828	17.327
Total	**134.288**	**155.079**

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2012	31 December 2011
Corporate and income taxes payable	382.539	329.468
Less: prepaid expenses	(5.233)	(192.316)
Total taxes payable	**377.306**	**137.152**

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporate tax rate of the fiscal year 2011" is 20% (2010: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

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

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses can not be carried back to offset profits from previous periods

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for participation in subsidiaries

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Preferential right certificate sales and issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realised.

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for investment allowance

According to the regulation, published in the 27659 numbered Official Gazette on August 1, 2010 based on Law No. 6009 through article 5, the phrase "regarding only the years 2006, 2007 and 2008" on temporary article 69 of Income Tax Law No.193 has been revised which was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on 8 January 2010. With respect to this revision, undeductible investment allowance due to insufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the relevant year. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance.

As of 9 February 2012, the Constitutional Court has rescinded the phrase of the temporary article 69 of Income Tax Law stating that "Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the relevant year" which had been added through the article 5 of Law No.6009. The decision of the Constitutional Court numbered 2012/9 published in the 28208 numbered Official Gazette on 18 February 2012 and states that the %25 of the profit for the relevant year limitation has been removed from the temporary article 69 of Income Tax Law. This decision has not been executed till its anouncement in the Official Gazette in order to prevent any possible legal disputes, losses or any other abortive claims. As aresult of this revision, %100 of investments allowances are allowed to be deducted in the tax declarations, including both temporary and annual declarations, up to total amount of the relevant period profit subject to deduction.

The tax charges for comprehensive income statement items for the periods ended 31 March 2012 and 31 March 2011 are as follows:

	31 March 2012			**31 March 2011**		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net unrealized fair value from available for sale financial assets	868.636	173.727	694.909	(1.076.626)	(215.325)	(861.301)
Losses on available for sale financial assets transferred to the income statement	(225.969)	(45.194)	(180.775)	(241.359)	(48.272)	(193.087)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets	308	62	246	740	148	592
Cash flow hedges	15.833	3.167	12.666	122.041	24.408	97.633
Gain/ (loss) on net investment hedges	25.923	5.185	20.738	(42.545)	(8.509)	(34.036)
Currency translation differences	(64.503)	-	(64.503)	62.476	-	62.476
Other comprehensive income	**620.228**	**136.947**	**483.281**	**(1.175.273)**	**(247.550)**	**(927.723)**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes, carry forward tax losses and investment incentive exceptions.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%.

At 31 March 2012 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 74.377 which can be offset against future taxable profits for a period of five years (31 December 2011: TL 80.911). As of 31 March 2012 the amount of the carry forward tax losses and the last fiscal periods in which they can be utilized are as follows:

	31 March 2012	**31 December 2011**
2012	-	14.796
2013	21.558	12.860
2014	49.822	52.876
2015	28	60
2016	-	319
2017	2.969	-
Total	**74.377**	**80.911**

The movements in deferred income tax assets/ (liabilities) for the three month periods ended at 31 March 2012 and 31 March 2011 are as follows:

	31 March 2012	**31 March 2011**
Balances at 1 January	134.845	53.121
Charged directly to equity	(50.628)	2.955
Change within in the scope of consolidation	48	(5.375)
Currency translation differences	4.132	(1.468)
Charged to statement of income	106.640	64.543
Other	(54)	6.906
Balances at 31 March	**194.983**	**120.682**

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

31 March 2012	**Fair Value**	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	303.157	(447.051)
Forward currency purchases and sales	40.932	(37.064)
Currency and interest rate futures purchases and sales	36.885	(27.386)
Currency options purchases and sales	72.105	(78.273)
Total derivative instruments held for trading	**453.079**	**(589.774)**
Derivatives held for hedging:		
Currency and interest rate futures purchases and sales	132	-
Interest rate swap purchases and sales	46	(472.413)
Total derivatives held for hedging	**453.257**	**(1.062.187)**

31 December 2011	**Fair Value**	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	647.922	(502.462)
Forward currency purchases and sales	64.875	(65.918)
Currency and interest rate futures purchases and sales	54.569	(35.946)
Currency options purchases and sales	65.235	(69.770)
Total derivative instruments held for trading	**832.601**	**(674.096)**
Derivatives held for hedging:		
Currency and interest rate future purchases and sales	1.351	-
Interest rate swap purchases and sales	-	(330.918)
Total derivatives held for hedging	**833.952**	**(1.005.014)**

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	**31 March 2012**	**31 December 2011**
Customer loans and credit cards receivables	26.900.468	25.287.278
Construction	5.430.180	5.854.753
Small scale enterprises	5.740.188	5.229.867
Financial institutions	3.444.801	3.595.713
Health care and social services	4.217.754	3.982.466
Chemicals	2.853.463	2.995.353
Telecommunication	1.727.292	1.964.739
Other manufacturing industries	2.809.119	2.991.087
Mining	2.640.742	2.732.393
Food and beverage, wholesale and retail	2.818.255	2.419.997
Project finance loans	1.079.947	1.268.737
Automotive	1.104.046	889.707
Textile	1.282.286	1.192.345
Tourism	765.761	757.384
Electronics	445.918	249.521
Agriculture and forestry	256.967	306.684
Other	13.142.475	11.588.621
	76.659.662	**73.306.645**
Non-performing loans	1.293.245	1.262.659
Total loans and advances to customers	**77.952.907**	**74.569.304**
Allowance for loan losses	(2.103.437)	(1.976.426)
Net loans and advances to customers	**75.849.470**	**72.592.878**

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

	Corporate	**Commercial**	**Total**
1 January 2012	**1.078.978**	**897.448**	**1.976.426**
Gross provisions	83.460	144.035	227.495
Recoveries	(23.042)	(43.908)	(66.950)
Written - off	(9.125)	(24.405)	(33.530)
Currency translation differences	(4)	-	(4)
31 March 2012	**1.130.267**	**973.170**	**2.103.437**

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS(Continued)

The movement of loan loss provision of banking segment as of 31 March 2011 by class is as follows:

	Corporate	Commercial	Total
1 January 2011	**969.340**	**828.320**	**1.797.660**
Gross provisions	64.408	74.069	138.477
Recoveries	(44.040)	(55.963)	(100.003)
Written - off	(5.904)	(14.530)	(20.434)
Currency translation differences	6	-	6
31 March 2011	**983.810**	**831.896**	**1.815.706**

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

	31 March 2012	31 December 2011
Up to 3 months	26.595.846	24.096.237
3 to 12 months	16.375.432	15.989.617
Current	**42.971.278**	**40.085.854**
1 to 5 years	24.713.860	24.156.809
Over 5 years	8.164.332	8.350.215
Non-current	**32.878.192**	**32.507.024**
Total	**75.849.470**	**72.592.878**

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

	31 March 2012	31 December 2011
Up to 3 months	39.362.258	35.947.093
3 to 12 months	19.339.041	20.413.180
1 to 5 years	14.580.182	13.748.109
Over 5 years	2.567.989	2.484.496
Total	**75.849.470**	**72.592.878**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 March 2012 is 1.535.009 TL (31 December 2011: 1.409.643 TL).

b) Insurance

	31 March 2012	31 December 2011
Receivables from insurance operations (net)	154.043	155.267

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

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 March 2012			31 December 2011		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	3.698.334	40.453.006	44.151.340	3.903.466	40.858.803	44.762.269
Commercial deposits	5.242.595	19.979.702	25.222.297	5.204.736	17.906.634	23.111.370
Bank deposits	224.498	10.217.702	10.442.200	392.604	9.893.214	10.285.818
Funds provided from repo transactions	-	13.649.210	13.649.210	-	12.420.360	12.420.360
Other	651.343	1.575.452	2.226.795	221.261	1.019.525	1.240.786
Total	**9.816.770**	**85.875.072**	**95.691.842**	**9.722.067**	**82.098.536**	**91.820.603**

b) Insurance

	31 March 2012	**31 December 2011**
Payables from insurance operations (net)	33.077	32.525
Insurance technical reserves	550.053	520.986
Total	**583.130**	**553.511**

NOTE 21 - 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 three month periods ended 31 March 2012 and 31 March 2011 are as follows:

	31 March 2012	**31 March 2011**
Short term benefits	6.135	5.431
Benefits resulted from discharge	244	53
Other long term benefits	42	42
Total	**6.421**	**5.526**

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

NOTE 22 - FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analysing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 March 2012 and 31 December 2011 terms of TL are as follows:

	31 March 2012	**31 December 2011**
Assets	55.873.767	56.749.714
Liabilities	(67.287.746)	(68.569.141)
Net foreign currency balance sheet position	**(11.413.979)**	**(11.819.427)**
Net foreign currency of off-balance sheet derivative financial insturments	10.779.234	11.224.319
Net foreign currency balance sheet and off-balance sheet position	**(634.745)**	**(595.108)**

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

NOTE 22 - FINANCIAL RISK MANAGEMENT(Continued)

31 March 2012

	TL Equivalent	USD	Euro	GBP	Other
Assets:					
Cash and cash equivalents	3.610.681	2.212.353	1.238.980	22.499	136.849
Financial assets	6.605.721	3.563.449	3.042.272	-	-
Receivables from financial operations	34.134.573	24.027.479	10.004.750	44.217	58.127
Reserve deposits at Central Bank	10.569.640	7.095.452	3.029.055	-	445.133
Trade receivables	743.017	271.738	389.143	12.328	69.808
Other current assets	210.135	69.750	58.870	11.353	70.162
Other non-monetary receivables and assets	**55.873.767**	**37.240.221**	**17.763.070**	**90.397**	**780.079**
Liabilities:					
Funds borrowed and debt securities in issue	20.889.210	13.526.202	7.288.272	13.285	61.451
Customer deposits	45.304.163	29.263.865	14.169.304	798.014	1.072.980
Trade payables	501.812	208.689	117.156	199	175.768
Other payables and provisions	592.561	302.505	239.337	3.505	47.214
Total Liabilities	**67.287.746**	**43.301.261**	**21.814.069**	**815.003**	**1.357.413**
Net foreign currency position of off-balance sheet derivative financial instruments	**10.779.234**	**6.107.594**	**3.418.819**	**745.181**	**507.640**
Net foreign currency position	**(634.745)**	**46.554**	**(632.180)**	**20.575**	**(69.694)**
Net foreign currency monetary position	**(634.745)**	**46.554**	**(632.180)**	**20.575**	**(69.694)**

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

NOTE 22 - FINANCIAL RISK MANAGEMENT(Continued)

31 December 2011

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	4.991.131	2.846.134	2.005.017	20.573	119.407
Financial assets	7.288.979	4.024.172	3.264.807	-	-
Receivables from financial operations	34.938.562	24.474.068	10.359.787	41.238	63.469
Reserve deposits at Central Bank	8.609.832	8.163.721	-	-	446.111
Trade receivables	705.232	287.420	338.736	6.501	72.575
Other current assets	215.978	75.903	52.666	474	86.935
Total Assets	**56.749.714**	**39.871.418**	**16.021.013**	**68.786**	**788.497**
Liabilities:					
Funds borrowed and debt securities in issue	23.206.015	16.070.513	7.084.785	10.851	39.866
Customer deposits	44.233.111	29.335.078	13.398.351	806.780	692.902
Trade payables	586.115	130.062	234.431	416	221.206
Other payables and provisions	543.900	154.762	333.824	3.783	51.531
Total Liabilities	**68.569.141**	**45.690.415**	**21.051.391**	**821.830**	**1.005.505**
Net foreign currency position of off-balance sheet derivative financial instruments	**11.224.319**	**6.382.269**	**3.954.376**	**756.744**	**130.930**
Net foreign currency position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**
Net foreign currency monetary position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**

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

NOTE 22 - FINANCIAL RISK MANAGEMENT(Continued)

The following table summarizes the sensitivity of Group companies to the fluctuations in the foreign exchange rates for the three-month period ended 31 March 2012 and for the year ended 31 December 2011

31 March 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	21.226	(21.226)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**21.226**	**(21.226)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(109.354)	109.354	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(109.354)**	**109.354**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	754	(754)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**754**	**(754)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(6.856)	6.856	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(6.856)**	**6.856**	**-**	**-**
	(94.230)	**94.230**	**-**	**-**

31 December 2011	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets/liabilities	38.214	(38.214)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**38.214**	**(38.214)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(112.658)	112.658	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(112.658)**	**112.658**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	354	(354)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**354**	**(354)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(8.636)	8.636	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(8.636)**	**8.636**	**-**	**-**
	(82.726)	**82.726**	**-**	**-**

NOTE 23 - EVENTS AFTER THE BALANCE SHEET DATE

In the General Assembly of Hacı Ömer Sabancı Holding A.Ş. dated 8 May 2012, it has been resolved that after reserving TL 22.477 as Legal Reserves over 2011 consolidated net profit amounting to TL 1.877.987, TL 204.040 will be paid to the shareholders representing TL 2.040.404 of capital, TL 6.691 will be paid to H.Ö. Sabancı Vakfı, TL 480 will be paid to the board of directors and the remaining amount is reserved as extraordinary reserve. All cash dividends have been paid out as at 11 May 2012.

Public offering of shares of the subsidiary Teknosa with a nominal value TL 12.650 and owned by the Group has been completed on 17 May 2012.

With the purchase of shares of Aksigorta from ISE, the ownership rate has increased to %35,64 equally for both the Holding and Ageas Insurance International N.V. as of 16 May 2012

On 15 February 2012, Çimsa has agreed on the share transfer agreement for the purchase of 153.000.000 units of shares (nominal value: TL 1.530) of Afyon Çimento Sanayii Türk A.Ş. owned by Parcib SAS, the subsidiary of Ciment Français with %100 ownership rate. Consideration to be paid for the purchase has been determined as TL 57.530 through bargain purchase method. Required approval has been obtained from Competition Authority as at 12 April 2012 and payment for the acquisition will take place after completing the required transactions defined in the the share transfer agreement. The transfer amount of shares will be subject to adjustments before and after the closing based on the share transfer agreement.

On 5 April 2012, a Share Purchase Agreement has been signed between Akbank and Egeli & Co.in connection with the transfer of all A and B type shares of Ak B Tipi Yatırım Ortaklığı A.Ş. held by Akbank. Share transfer will be completed upon the legal approvals of Capital Markets Board and other authorities. Sale price of the shares will be calculated before the share transfer based on the Total Value, which is declared in the weekly Portfolio Value Table by Ak B Tipi Yatırım Ortaklığı A.Ş. by deducting provisions where necessary.