HACI OMER SABANCI HOLDING A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

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

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

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

Additional Paragraph for US Dollar ("USD") Translation

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

Additional Paragraph for Convenience Translation into English

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

İstanbul, 30 March 2012

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

Ömer Tanrıöver
Partner

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HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 2010

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

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

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

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Share Capital	Adjustment to share capital	Treasury Share (-)	Share premium	Revaluation funds	Hedge funds	Restricted reserves	Translation reserve	Net income for the year	Retained earnings	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1January 2010	**1.900.000**	**3.426.761**	**-**	**21.670**	**311.064**	**(194.426)**	**371.648**	**(11.254)**	**1.258.481**	**3.863.478**	**10.947.422**	**9.741.155**	**20.688.577**
Capital increase	140.404	-	(21.534)	-	-	-	-	-	-	(128.991)	(10.121)	12.088	1.967
Transfers	-	-	-	-	-	-	20.647	-	(1.258.481)	1.237.834	-	-	-
Addition of subsidiaries(*)	-	-	-	-	-	-	-	-	-	6.536	6.536	28.280	34.816
Effect of change in the effective ownership of subsidiaries	-	-	-	-	15.719	-	-	5.344	-	231.705	252.768	(252.768)	-
Dividends paid (**)	-	-	-	-	-	-	-	-	-	(204.040)	(204.040)	(372.025)	(576.065)
Total comprehensive income	-	-	-	-	386.420	13.727	-	13.638	1.662.836	-	2.076.621	2.420.236	4.496.857
Balances at 31 December 2010	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**713.203**	**(180.699)**	**392.295**	**7.728**	**1.662.836**	**5.006.522**	**13.069.186**	**11.576.966**	**24.646.152**
Balances at 1 January 2011	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**713.203**	**(180.699)**	**392.295**	**7.728**	**1.662.836**	**5.006.522**	**13.069.186**	**11.576.966**	**24.646.152**
Transfers	-	-	-	-	21.419	-	187.929	-	(1.662.836)	1.453.488	-	-	-
Company disposals	-	-	-	-	-	-	-	-	-	-	-	(141.159)	(141.159)
Acquisition of Holding shares by subsidiaries (Not 20)	-	-	(30.693)	-	-	-	-	-	-	(85.980)	(116.673)	(101.196)	(217.869)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	26.763	26.763	-	26.763
Dividends paid (**)	-	-	-	-	-	-	-	-	-	(312.563)	(312.563)	(381.229)	(693.792)
Total comprehensive income	-	-	-	-	(794.467)	(37.058)	-	186.345	1.877.987	-	1.232.807	620.240	1.853.047
Balances at 31 December 2011	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(59.845)**	**(217.757)**	**580.224**	**194.073**	**1.877.987**	**6.088.230**	**13.899.520**	**11.573.622**	**25.473.142**

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

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Note References	Unaudited 1 January- 31 December 2011 USD (*)	Audited Current Period 1 January- 31 December 2011	Restated Prior Period 1 January- 31 December 2010
Net income before tax from continuing operations		2.557.036	4.270.250	4.328.560
Net income/ (loss) before tax from discontinued operations	21	3.785	6.321	(538)
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Depreciation and amortisation expenses	4	302.866	505.786	450.420
Provision for loan losses	28	401.974	671.297	485.336
Changes in the fair value of derivative instruments		(33.470)	(55.895)	(170.702)
Unrealized interest and foreign currency income		(658.662)	(1.099.966)	(396.001)
Unrealized interest expenses		86.235	144.013	(61.746)
Provision for employment termination benefits	18	27.965	46.702	63.484
Impairment charge on property, plant and equipment, intangible assets and investment property	4	19.957	33.329	23.101
Currency translation differences		98.593	164.650	(35.370)
Insurance technical reserves and other provisions		3.445	5.753	61.196
Income from associates	11	(95.426)	(159.362)	(169.122)
Gain on sale of subsidiaries	24	(125.201)	(209.085)	-
Bargain purchase gain	24	(12.350)	(20.625)	(11.510)
Reversal of impairment of non-current assets held for sale	24	(43.055)	(71.902)	-
Gain on sale of property, plant and equipment, intangible assets and investment properties		(98.460)	(164.428)	(43.944)
Provision for inventory impairment	10	1.526	2.549	(1.564)
Provision for doubtful receivables		19.293	32.220	17.867
Other		3.662	6.115	(93.775)
Net cash provided by operating activities before changes in operating assets and liabilities				
Changes in trade receivables		(231.256)	(386.198)	(58.583)
Changes in inventories		(333.505)	(556.953)	(157.375)
Changes in other receivables and other current assets		(399.976)	(667.960)	(43.447)
Changes in trade payables		303.662	507.116	240.054
Changes in other liabilities and other payables		346.814	579.179	(6.554)
Net cash used in operating activities of non-current assets held for sale		(3.785)	(6.321)	(155.823)
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		309.580	516.999	(485.861)
Changes in receivables from financial operations		(10.001.395)	(16.702.329)	(13.433.011)
Changes in payables from financial operations		5.789.673	9.668.754	8.444.505
Changes in reserve with the Central Bank of the Republic of Turkey		(4.829.856)	(8.065.860)	(1.643.534)
Income tax paid		(311.878)	(520.836)	(889.467)
Employment termination benefits paid	18	(22.453)	(37.497)	(53.114)
Net cash (used in)/ provided by operating activities		**(6.924.662)**	**(11.564.184)**	**(3.796.518)**

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

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Note References	Unaudited 1 January- 31 December 2011 USD (*)	Current Period 1 January- 31 December 2011	Restated Prior Period 1 January- 31 December 2010
Cash flows investing activities:				
Capital expenditures	4	(865.929)	(1.446.101)	(1.112.055)
Changes in time deposits, financial assets available for sale and held to matuirty		2.672.442	4.462.978	(7.835.353)
Cash used in business combinations and subsidairy equity share acquisition		(110.762)	(184.972)	(29.031)
Proceeds from sale of subsidiarias		95.946	160.230	-
Net cash used in investing activities of non-current assets held for sale		-	-	(3.017)
Proceeds from sale of non current assets held for sale, property, plant and equipment, intangible assets and investment property		213.596	356.705	144.694
Dividends received		100.515	167.860	173.048
Net cash used in investing activities		**2.105.808**	**3.516.700**	**(8.661.714)**
Cash flows from financing activities:				
Changes in financial liabilities		5.800.572	9.686.955	5.276.254
Dividends paid		(187.163)	(312.563)	(204.040)
Dividends paid to non-controlling interests		(228.281)	(381.229)	(372.025)
Capital increase of non-controlling interests		15.659	26.150	1.967
Net cash used in acquisition of subsidiary holding shares		(130.460)	(217.869)	-
Net cash provided by financing activities of non-current assets held for sale		-	-	3.760
Net cash provided by financing activities		**5.270.327**	**8.801.444**	**4.705.916**
Effect of change in foreign currency rates on cash and cash equivalents		234.809	392.131	53.909
Net increase/(decrease) in cash and cash equivalents		686.282	1.146.091	(7.698.407)
Cash and cash equivalentsat the beginning of the period (*)		2.490.524	4.159.175	11.857.582
Cash and cash equivalents at the end of the period		**3.176.806**	**5.305.266**	**4.159.175**

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

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Sabancı Center, 4. Levent, Istanbul, Türkiye

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

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

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

Subsidiaries

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

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

NOTE 1 - ORGANISATION AND 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 4).

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 December 2011 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

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

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

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

None.

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements

IAS 24 (Revised 2009) ***Related Party Disclosures***

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements (Continued)

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

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

IFRIC 19 ***Extinguishing Financial Liabilities with Equity Instruments***

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

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

Annual Improvements May 2010

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

(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 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

Key requirements of IFRS 9 are described as follows:

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

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

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

Key requirements of these five Standards are described below:

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

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

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

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

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

2.1.3 Basis of consolidation

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

(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)

2.1.3 Basis of consolidation (continued)

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

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

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family 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.

(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)

2.1.3 Basis of consolidation (continued)

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

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

(3) Advansa shares have been sold to BBMMR Holding GmbH in 2011 and the company is excluded from the consolidation.

(4) As a result of Akbank and Aviva shares held in Aksigorta's portfolio, and Akbank shares held in Exsa's portfolio, injected as capital in kind to Holding via spin-off process, the total Avivasa shares previously held by Aksigorta by 36,80% are currently increased to 40,78% in Holding's share portfolio in 2010.

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

(*)Represents Sabanci family shares involved in management.

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

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

(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)

2.1.4 Basis of consolidation (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 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%).

(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)

2.1.3 Basis of consolidation (continued)

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

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

(1) As a result of Akbank and Aviva shares held in Aksigorta's portfolio, and Akbank shares held in Exsa's portfolio, injected as capital in kind to Holding via spin-off process, the total Avivasa shares previously held by Aksigorta by 49,83% are currently included in Holding's share portfolio (Note 20).

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

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

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

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

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

(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)

2.1.3 Basis of consolidation (continued)

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

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

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

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

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

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

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

2.1.4 Offsetting

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

2.1.5 Comparatives and restatement of prior year financial statements

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

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

2.1.5 Comparitives and restatement of prior year financial statements (continued)

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

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

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

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

2.1.7 US Dollar Translation

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

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

2.2 Changes in Accounting Policies

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

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

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

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

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

2.3.2 Sale and repurchase agreements

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

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

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

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

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

2.3.4 Trade receivables and allowance for doubtful receivables

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

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

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

2.3.5 Related parties

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

2.3.6 Inventories

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

2.3.7 Financial Instruments

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

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

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

2.3.7 Financial Instruments (continued)

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.

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

2.3.8 Derivative financial instruments

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

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

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

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

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

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

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

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

(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)

2.3.9 Investment property

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

2.3.10 Property, plant and equipment

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

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

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

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

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

2.3.10 Property, plant and equipment (continued)

2.3.11 Intangible assets

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

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

2.3.12 Non-current assets held for sale and discontinued operations

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

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

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

2.3.13 IFRIC 12 - Service Concession Arrangements

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

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

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

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

2.3.14 Shareholders' equity

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in "Hedge Funds" under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the "Hedge Funds" account under shareholders' equity.

2.3.15 Research expenses and development costs

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

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

2.3.16 Borrowing costs

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

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

2.3.17 Deferred financing charges

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

2.3.18 Income taxes

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

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

Current tax

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

Deferred Tax

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

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

2.3.18 Income taxes (continued)

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

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

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

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

Current and deferred tax for the period

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

2.3.19 Employee benefits

Retirement benefits

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

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

2.3.19 Employee benefits (continued)

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

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

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

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

In this extent, according to the technical balance sheet report dated 31 December 2010 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with TAS 19 for the non-transferrable social benefits and payments which are included in the articles of association and audited within the framework stated in the first paragraph above; and based on the technical balance sheet report as at December 31, 2010 the fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements. Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for Akbank. The consolidated affiliates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other pension schemes.

(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)

2.3.19 Employee benefits (continued)

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

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

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

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

The principal actuarial assumptions used were as follows:

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

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

Provision for Employment Termination Benefit

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

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

2.3.20 Provisions, contingent liabilities and assets

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

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

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

2.3.21 Loans and advances to customers and provisions for loan impairment

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

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

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

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

2.3.22 Investment incentives

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

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

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

2.3.23 Insurance technical reserves

Unearned premiums reserve

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

Continued risk provisions

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

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

2.3.23 Insurance technical reserves (continued)

Outstanding claim and provision

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

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

Equalisation Reserve

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

Life mathematical reserves

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

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

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

2.3.24 Leasing transactions

2.3.24.1 The Group as a lessee

Finance leases

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

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

Operating leases

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

2.3.24.2 The Group as a lessor

Finance leases

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

Operating leases

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

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

2.3.25 Revenue recognition

Banking

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

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

Insurance

Life:

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

Non-Life:

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

Other segments

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

2.3.26 Earnings per share

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

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

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

2.3.26 Earnings per share(continued)

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

2.3.27 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

Foreign Group companies

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

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

2.3.28 Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income *Taxes* and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

2.3.28 Business combinations (continued)

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

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

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

Partial share purchase-sale transactions with non- controling interests

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

2.3.29 Segment reporting

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

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

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

2.3.29 Segment reporting (Continued)

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

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

2.4 Critical accounting estimates and assumptions

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

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

NOTE 3 - BUSINESS COMBINATIONS

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

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

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

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

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

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

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

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

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

NOTE 4 – SEGMENT REPORTING

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

a) External revenues:

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

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

NOTE 4 – SEGMENT REPORTING (Continued)

b) **Segment assets:**

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

(*) Segment assets mainly comprise operating assets.

c) **Segment liabilities:**

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

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

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

NOTE 4 – SEGMENT REPORTING (Continued)

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

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

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

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

NOTE 4 – SEGMENT REPORTING (Continued)

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

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

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

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NOTE 4 – SEGMENT REPORTING (Continued)

e) Operating results

i) Banking:

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

Intersegment eliminations are excluded.

ii) Insurance:

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

Intersegment eliminations are excluded.

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NOTE 4 – SEGMENT REPORTING (Continued)

e) Operating results (continued)

iii) Non-financial segments:

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

Intersegment eliminations are excluded.

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

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

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

NOTE 4 – SEGMENT REPORTING (Continued)

e) Operating results (continued)

iii) Non-financial segments (continued):

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

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

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

NOTE 4 -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 December 2011**	**31 December 2010**
Current assets	2.114.624	1.392.106
Non-current assets	5.188.228	4.134.445
Total assets	**7.302.852**	**5.526.551**
Current liabilities	2.127.902	1.109.088
Non-current liabilities	2.138.728	1.743.087
Total liabilities	**4.266.630**	**2.852.175**
Non-controlling interests	4.550	4.401
Shareholders' equity	3.031.672	2.669.975
Total liabilities, non-controlling interests and, shareholders' equity	**7.302.852**	**5.526.551**

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

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

NOTE 4 – SEGMENT REPORTING (Continued)

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

1 January – 31 December 2011

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

1 January – 31 December 2010

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

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NOTE 5 – CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

NOTE 6 – FINANCIAL ASSETS

a) Held for trading securities:

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

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

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

NOTE 6 – FİNANCIAL ASSETS (Continued)

a) Held for trading securities:

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

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

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

Period remaining to contractual repricing dates:

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

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

NOTE 6 – FİNANCIAL ASSETS (Continued)

b) Available for sale securities:

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

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

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

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NOTE 6 – FİNANCIAL ASSETS (Continued)

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

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

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

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

c) Financial assets held to maturity:

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

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

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

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

NOTE 6 – FINANCIAL ASSETS (Continued)

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

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

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

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

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

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

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

NOTE 6 – FİNANCIAL ASSETS (Continued)

d) Time Deposits:

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

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

NOTE 7 – FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2011	31 December 2010
Short term	12.684.385	7.746.903
Short-term portion of long term	3.854.576	870.645
Total short term	**16.538.961**	**8.617.548**
Long-term funds borrowed, bank borrowings and debt securities in issue:		
Long term	9.291.921	7.234.739
Total	**25.830.882**	**15.852.287**

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

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

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

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

NOTE 7 – FİNANCIAL LIABILITIES (Continued)

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

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

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

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

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

NOTE 7 – FİNANCIAL LIABILITIES (Continued)

Major borrowing and funding transactions of Akbank and Enerjisa at 31 December 2011 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

As of 31 December 2011, there are three outstanding syndicated loan facilities; the first syndicated loan facility amounts to EUR 204.300 and USD 17.300 provided by 14 international banks with West LB AG London Branch acting as agent signed on 17 August 2010. Tranches with 1 year maturity have an all-in cost interest rate of Euribor+%1,75 and Libor+%1,75. The second syndicated loan facility amounts to EUR 652.216 and USD 405.708 provided by 42 international banks with West LB AG London Branch acting as agent signed on 23 March 2011. Tranches with 1 year maturity have an all-in cost interest rate of Euribor/Libor +%1.10 and tranches with 2 years maturity have an all-in cost interest rate of Euribor/Libor +%1.10. The third syndicated loan facility amounts to EUR 708.500 and USD 422.000 provided by 44 international banks with West LB AG London Branch acting as agent signed on 17 August 2011.Tranches with 1 year maturity have an all-in cost interest rate of Euribor/Libor +%1 and tranches with 2 years maturity have an all-in cost interest rate of Euribor/Libor +%1,10.

b) Enerjisa - Funds borrowed via IFC

On 13 June 2008 Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions on International Finance Corporation ("IFC") and WestLB, Akbank and the European Investment Bank's co-ordination. . These funds are considered to be used in the company's energy investments. The part of the loan amounting to EUR 513.000 is coordinated by IFC, EUR 495.000 has a maturity of 12 years and the remaining EUR 18.000 has a maturity of 15 years. EUR 158.000 of the aforementioned part will be provided by IFC and the remaining EUR 355.000 will be provided as a syndicated loan under the supervision of IFC and WestLB. KFW IPEX-Bank GmbH, Bank Austria Creditanstalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB AG, and Société Générale Bank have been participated in this financing package as authorised leading regulators. Akbank will provide a parallel loan agreement of EUR 352.000 which has a maturity of 12 years, with the participation of National Bank of Greece and remaining EUR 135.000 of loan will be provided by EIB. As of 31 December 2011, Enerjisa has used EUR 946.600 with respect to this EUR 1.000.000 loan agreement (31 December 2011: EUR 620.000).

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

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

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

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

NOTE 7 – FİNANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

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

	31 December 2011		31 December 2010	
	USD	TL	USD	TL
2011	-	-	435.467	669.574
2012	542.560	1.024.841	533.286	819.980
2013	619.349	1.169.889	583.480	897.160
2014	449.413	848.895	391.549	602.046
2015	1.100.006	2.077.802	1.001.150	1.539.368
2016	187.442	354.060	119.764	184.149
2017	118.837	224.471	72.705	111.791
2018	381.949	721.463	36.353	55.895
Total	**3.399.556**	**6.421.421**	**3.173.754**	**4.879.963**

The balance amounting to USD 3.399.556 consists of securitization deals and USD denominated securities issued by the Bank.

Additionally, as of 31 December 2011, there are bonds issued by the Bank amounting to TL 1.093.010 with 6 months maturity and TL 714.948 with 2 years maturity (31 December 2010: TL 966.804).

NOTE 8 – TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term receivables:	**31 December 2011**	**31 December 2010**
Trade receivables	1.439.636	994.935
Notes and cheques receivables	251.148	228.912
	1.690.784	**1.223.847**
Less: allowance for doubtful receivables	(124.227)	(96.193)
Total	**1.566.557**	**1.127.654**

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

As of 31 December 2011, trade receivables of TL 168.690 were past due but not impaired (31 December 2010: TL 139.082). The aging analysis of these trade receivables is as follows:

	31 December 2011	31 December 2010
Up to 3 months	122.286	102.854
3 to 6 months	17.234	25.087
6 to 9 months	5.219	720
Over 9 months	23.951	10.421
Total	**168.690**	**139.082**

As of 31 December 2011 and 2010 the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2011	31 December 2010
Up to 3 months	1.690	1.105
3 to 6 months	3.427	3.354
6 to 9 months	19.850	13.207
Over 9 months	99.260	78.527
Total	**124.227**	**96.193**

Short-term and long-term trade payables:	31 December 2011	31 December 2010
Trade payables	1.800.952	1.197.298
Notes payable	312	739
Toplam	**1.801.264**	**1.198.037**

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2011	31 December 2010
Receivables from credit card payments	170.601	70.769
Financial assets (*)	48.534	40.244
Other receivables	576.466	381.033
Total	**795.601**	**492.046**

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

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

NOTE 9 – OTHER RECEIVABLES AND PAYABLES (Continued)

Other long term receivables:	**31 December 2011**	**31 December 2010**
Financial assets (*)	162.554	95.576
Deposits and guarantees given	20.851	31.605
Other	55.166	17.330
Total	**238.571**	**144.511**

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

Other short term payables:	**31 December 2011**	**31 December 2010**
Payables related to credit card transactions	1.687.016	1.313.783
Taxes and funds payable	232.705	191.578
Export deposits and transfer orders	38.821	55.227
Due to personnel	24.328	16.820
Payment orders to correspondent banks	20.074	15.274
Other	691.725	535.673
Total	**2.694.669**	**2.128.355**

Other long term payables:		
Deposits and guarantees received	59.064	53.902
Other	35.036	19.557
Total	**94.100**	**73.459**

NOTE 10 - INVENTORIES

	31 December 2011	**31 December 2010**
Raw materials	470.359	267.138
Work in process	149.590	93.497
Finished goods and merchandises	870.383	507.601
Spare parts	84.746	74.467
Other inventories	92.510	50.975
	1.667.588	993.678
Allowance for impairment on inventory (-)	(27.456)	(23.989)
Total	**1.640.132**	**969.689**

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

NOTE 10 – INVENTORIES (Continued)

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

	2011	2010
1 January	23.989	25.453
Charge for the period	15.852	15.607
Provision used	(13.303)	(17.171)
Currency translation difference	918	100
31 December	**27.456**	**23.989**

NOTE 11 – INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 December 2011	Share (%)	31 December 2010	Share (%)
Philsa	236.190	25,00	220.840	25,00
Philip Morrissa	55.414	24,75	78.963	24,75
Dönkasan	4.213	21,86	-	-
Total	**295.817**		**299.803**	

Income from associates is as follows:

	31 December 2011	31 December 2010
Philsa	123.875	108.131
Philip Morrissa	35.221	60.991
Dönkasan	266	-
Total	**159.362**	**169.122**

The summary financial information of associates is as follows:

	31 December 2011		31 December 2010	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	1.915.601	970.841	1.805.591	922.232
Philip Morrissa	734.772	510.881	786.907	467.865
Dönkasan	23.427	4.154	-	-
Total	**2.673.800**	**1.485.876**	**2.592.498**	**1.390.097**

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

NOTE 11 – INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales revenue

	1 January- 31 December 2011	1 January- 31 December 2010
Philsa (*)	9.456.362	8.163.135
Philip Morrissa	9.748.127	8.816.418
Dönkasan	73.882	-

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

Net income

	1 January- 31 December 2011	1 January- 31 December 2010
Philsa	495.499	432.524
Philip Morrissa	142.308	246.430
Dönkasan	1.785	-
Total	**639.592**	**678.954**

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

NOTE 12 – INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2011 and 2010 are as follows:

	1 January 2011	Additions	Disposals	Impairment	Transfers	Transfers from non current assets held for sale	Change within the scope of consolidation	31 December 2011
Cost:								
Land	142.321	13	(12.993)	-	26.926	5	(192)	156.080
Buildings	18.941	580	(757)	(3.606)	8.691	3.780	(505)	27.124
Total	**161.262**	**593**	**(13.750)**	**(3.606)**	**35.617**	**3.785**	**(697)**	**183.204**
Accumulated depreciation:								
Buildings	9.737	1.723	(124)	-	11.368	1.986	(100)	24.590
Net book value	**151.525**							**158.614**

	1 January 2010	Additions	Disposals	Impairment	Transfers	31 December 2010
Cost:						
Land	196.126	15.278	(43.976)	-	(25.107)	142.321
Buildings	33.136	-	(11.558)	-	(2.637)	18.941
Total	**229.262**	**15.278**	**(55.534)**	-	**(27.744)**	**161.262**
Accumulated depreciation:						
Buildings	11.093	3.287	(2.041)	-	(2.602)	9.737
Net book value	**218.169**					**151.525**

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Business combination(*)	Transfers from non current assets held for sale	Transfers to non current asssets held for sale	Transfers (**)	Impairment	31 December 2011
Cost:											
Land and land improvements	501.474	7.157	17.395	(272)	(713)	31	21.461	-	113.415	-	659.948
Buildings	2.385.787	28.650	21.729	(143.900)	(26.992)	-	62.959	-	59.047	(9.819)	2.377.461
Machinery and equipment	3.869.530	127.207	52.084	(60.797)	(3.320)	92	369.593	(4.494)	262.541	(53.430)	4.559.006
Motor vehicles	156.989	886	55.623	(35.867)	(636)	32	2.178	-	13.683	-	192.888
Furniture and fixtures	1.782.310	(6.996)	137.669	(97.134)	(17.929)	7.274	5.984	-	39.353	(11.027)	1.839.504
Total	**8.696.090**	**156.904**	**284.500**	**(337.970)**	**(49.590)**	**7.429**	**462.175**	**(4.494)**	**488.039**	**(74.276)**	**9.628.807**
Construction in progress	741.834	8.992	1.089.516	(22.329)	(71)	14.573	6.246	-	(558.996)	-	1.279.765
Total	**9.437.924**	**165.896**	**1.374.016**	**(360.299)**	**(49.661)**	**22.002**	**468.421**	**(4.494)**	**(70.957)**	**(74.276)**	**10.908.572**
Accumulated depreciation:											
Land and land improvements	97.831	3.488	8.680	(197)	(222)	-	4.824	-	(11.495)	-	102.909
Buildings	842.788	7.545	69.355	(32.960)	(7.482)	-	31.649	-	(10)	(211)	910.674
Machinery and equipment	2.208.146	58.558	191.791	(44.212)	(2.817)	33	251.283	(4.028)	-	(43.217)	2.615.537
Motor vehicles	106.239	(1.638)	15.373	(15.274)	(525)	11	2.135	-	-	-	106.321
Furniture and fixtures	1.317.832	3.952	140.433	(88.372)	(13.481)	2.230	4.768	-	-	(3.452)	1.363.910
Total	**4.572.836**	**71.905**	**425.632**	**(181.015)**	**(24.527)**	**2.274**	**294.659**	**(4.028)**	**(11.505)**	**(46.880)**	**5.099.351**
Net book value	**4.865.088**										**5.809.221**

(*) Related to acquisitions of Teknosa and Enerjisa as mentioned in Note 3.
(**) Transfers during the period consist of TL 24.249 to investment property and TL 35.203 to intangible assets.

The total mortgage amount on buildings because of bank loans and legal requirements is TL 2.148.620.

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2010 is as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Business combination (*)	Transfers(**)	Impairment	Mathematical adjustment	31 December 2010
Cost:									
Land and land improvements	440.394	348	36.346	(6.359)	9.105	32.946	-	(11.306)	501.474
Buildings	2.048.047	5.282	32.197	(9.698)	16.375	191.687	-	101.897	2.385.787
Machinery and equipment	3.249.574	38.047	28.078	(25.969)	20.359	568.877	(9.436)	-	3.869.530
Motor vehicles	152.027	236	23.398	(26.422)	237	7.513	-	-	156.989
Furniture and fixtures	1.610.306	5.366	178.800	(52.402)	4.647	37.003	(1.410)	-	1.782.310
Total	**7.500.348**	**49.279**	**298.819**	**(120.850)**	**50.723**	**838.026**	**(10.846)**	**90.591**	**8.696.090**
Construction in progress	844.977	5.784	717.925	-	-	(814.646)	(12.206)	-	741.834
Total	**8.345.325**	**55.063**	**1.016.744**	**(120.850)**	**50.723**	**23.380**	**(23.052)**	**90.591**	**9.437.924**
Accumulated depreciation:									
Land and land improvements	90.772	885	6.177	(3)	-	-	-	-	97.831
Buildings	755.336	4.879	61.677	(4.184)	751	2.602	-	21.727	842.788
Machinery and equipment	2.069.021	21.964	133.857	(18.527)	1.831	-	-	-	2.208.146
Motor vehicles	100.035	643	13.747	(8.251)	65	-	-	-	106.239
Furniture and fixtures	1.218.431	1.555	137.130	(41.179)	1.895	-	-	-	1.317.832
Total	**4.233.595**	**29.926**	**352.588**	**(72.144)**	**4.542**	**2.602**	**-**	**21.727**	**4.572.836**
Net book value	**4.111.730**								**4.865.088**

(*) The entity reviewed the tangible assets in 2010, accordingly the profit margin elimination on fixed assets are partially reversed.

The total mortgage amount on buildings because of bank loans and legal requirements is TL 1.422.624.

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

NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2011 and 2010 are as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Transfers	Business combinations (*)	Transfers from non current assets held for sale	Impairment	31 December 2011
Cost	1.353.706	10.980	71.492	(3.748)	(7.867)	35.340	164.872	10.367	(2.327)	1.632.815
Accumulated amortisation (-)	277.002	5.776	78.431	(4.381)	(2.617)	137	636	6.079	-	361.063
Net book value	**1.076.704**									**1.271.752**

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers	Business combinations (*)	Impairment	31 December 2010
Cost	1.268.182	5.936	77.743	(4.535)	4.364	2.065	(49)	1.353.706
Accumulated amortisation (-)	211.550	1.072	66.198	(1.969)	-	151	-	277.002
Net book value	**1.056.632**							**1.076.704**

(*)Enerjisa, a joint venture of the Group, acquired the share of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., Italgen Elektrik Üretim A.Ş, Alpaslan II Enerji Üretim Sanayi ve Ticaret A.Ş. and Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş. in 2011. As a result of this acquisition, the excess of the considerations paid over the net assets is associated with electricity generation licenses and TL 164.220 is accounted for under intangible assets in total.

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

NOTE 15 - GOODWILL

The movements in goodwill for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	725.227	706.354
Additions	-	18.866
Currency translation differences	63	7
31 December	**725.290**	**725.227**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. An operating segment-level summary of the goodwill allocation is presented below:

	31 December 2011	31 December 2010
Cement	188.202	188.139
Retail	144.363	144.363
Energy	366.404	366.404
Tire, tire reinforcement	26.321	26.321
Total	**725.290**	**725.227**

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use after tax cash flow projections based on financial budgets approved by management. Cash flows beyond five-year period are projected using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the operating segment in which the CGU operates.

Assumptions used for value in use calculations are as follows:

	Energy	
Cash Generating Unit:	**Retail**	**Distribution**
Weighted Average Cost of Capital (USD Dolar)(*):	10%	8.50%
Years of used cash flows	until 2036	

(*) The TL amount calculated for determination of the recoverable amount has been converted into USD by using estimated exchange rates.

	Retail	**Tire,tire reinforcement**	**Cement**
Growth rate (**)	%5,40	%17,00	%10,00
Discount rate (***)	%12,16	%8,75	%13,34
Years of used cash flows	until 2036	until 2021	until 2015

(**) Weighted average growth rates used to extrapolate cash flows beyond the budget period.

(***) After tax discount rate applied to the cash flow projections.

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NOTE 15 – GOODWILL (Continued)

Management determined gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after tax and reflect specific risks relating to the relevant operating segments.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Commitments – Banking segment	31 December 2011	31 December 2010
Letters of guarantee given	8.857.504	6.447.730
Letters of credit	3.795.163	2.557.786
Foreign currency acceptance	120.751	69.764
Other guarantees given	1.221.178	950.408
Total	**13.994.596**	**10.025.688**

Commitments – Non-banking segment	31 December 2011	31 December 2010
Letters of guarantee given	760.542	461.806
Other guarantees given	230.848	60.310
Total	**991.390**	**522.116**

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Repurchase commitments	12.594.815	11.470.108
Resale commitments	8.210	13.803

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

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments to forward currency purchase/sale and swap transactions:

Trading derivative transactions:

	31 December 2011	31 December 2010
Foreign currency purchases	2.228.892	1.298.329
Foreign currency sales	2.244.317	1.288.342
Total	**4.473.209**	**2.586.671**

	31 December 2011	31 December 2010
Currency swap purchases	18.483.875	8.911.169
Currency swap sales	18.372.964	8.697.663
Interest rate swap purchases	8.480.649	5.506.299
Interest rate swap sales	8.480.649	5.506.299
Total	**53.818.137**	**28.621.430**

	31 December 2011	31 December 2010
Spot purchases	1.838.510	577.939
Spot sales	1.844.883	579.603
Total	**3.683.393**	**1.157.542**
Currency options purchases	8.351.839	4.625.020
Currency options sales	8.351.839	4.625.020
Total	**16.703.678**	**9.250.040**
Future purchases	-	12.106
Future sales	54.165	12.106
Total	**54.165**	**24.212**
Other purchase transactions	541.123	59.087
Other sales transactions	498.157	59.087
Total	**1.039.280**	**118.174**

Hedging derivative transactions:

	31 December 2011	31 December 2010
Interest swap purchases	3.500.793	3.569.550
Interest swap sales	3.500.793	3.569.550
Total	**7.001.586**	**7.139.100**

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

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES (Continued)

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

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

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2010 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	428.816	6.018.914	6.447.730
Letters of credits	1.514.588	1.043.198	2.557.786
Acceptance credits	59.408	10.356	69.764
Other guarantees	180.804	769.604	950.408
Total	**2.183.616**	**7.842.072**	**10.025.688**

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Financial institutions	2.441.661	1.322.972
Construction	1.921.442	1.389.535
Chemicals	1.623.660	1.213.418
Whole sale	1.169.914	783.254
Small-scale retailers	1.143.565	838.759
Steel and mining	1.128.046	971.050
Electricity, gas and water	468.510	593.210
Automotive	429.891	275.052
Food and beverage	350.733	292.303
Textile	314.280	245.674
Other manufacturing	308.493	369.845
Electronics	252.812	211.897
Telecommunications	171.443	176.748
Transportation	144.319	134.093
Agriculture and foresty	84.201	152.835
Tourism	75.768	70.701
Other	1.965.858	984.342
Total	**13.994.596**	**10.025.688**

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

NOTE 17 - COMMITMENTS

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

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

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

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

NOTE 17 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2010 is as follows:

	31 December 2010				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A. Total amount of the Collaterals given for its own legal entity	972.194	360.729	103.602	25.979	398.062
B.Collaterals given on behalf of fully consolidated companies	398.525	316.214	53.242	-	-
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	10.027.089	4.279.262	2.609.720	735.099	206.908
D. Total amount of other Collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**11.397.808**	**4.956.205**	**2.766.564**	**761.078**	**604.970**
A. Total amount of the Mortgages given for its own legal entity	1.422.624	59.917	-	665.027	-
B.Mortgagesgiven on behalf of fully consolidated companies	-	-	-	-	-
C.Mortgages given on behalf of the third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**1.422.624**	**59.917**	**-**	**665.027**	**-**
A.Total amount of the Pledges given for its own legal entity	-	-	-	-	-
B.Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii.Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2010, the ratio of other CPMs given by the Group to the equity is %0.

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

NOTE 18 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2011, the amount payable consists of one month's salary limited to a maximum of TL 2,7 (31 December 2010: TL 2,5) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above.

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

The reserve has been calculated by estimating the present value of the future probable obligation of the Holding arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 4,66% at the respective balance sheet date (31 December 2010: 4,66%). Severance pay ceiling is revised semi-annually. 2,8 TL severance pay ceiling ,which is effective on 1 January 2012, has been considered in the provision for employment termination benefits calculations of the Group.

Movements in the provision for employment termination benefits for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	120.809	111.332
Charge for the period	46.702	49.798
Payments during the period	(37.497)	(52.062)
Transfer from non-current assets held for sale	12.745	-
Business combinations	-	1.050
Change within the scope of the consolidation	(1.692)	-
Actuarial income	(2.198)	10.691
31 December	**138.869**	**120.809**

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

NOTE 19 – OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2011	31 December 2010
Cheques in clearance	205.449	196.395
Prepaid expenses	136.513	176.293
Deductible Value Added Tax (VAT)	195.553	89.863
Deferred commission expense	29.974	67.358
Income accrual	18.273	18.081
Other	258.786	115.134
Total	**844.548**	**663.124**

Other Non Current Assets	31 December 2011	31 December 2010
Deferred finance expense	62.863	32.038
Deferred commission expense	25.242	20.532
Other	63.079	14.964
Total	**151.184**	**67.534**

Other Short Term Liabilities and Provisions

Liabilities	31 December 2011	31 December 2010
Cheques in clearance	355.431	368.837
Expense accruals	148.722	44.661
Unearned commission income	48.045	68.894
Unused vacation	47.944	46.575
Advances received	31.476	29.253
Saving deposits insurance	21.261	18.173
Deferred income	13.907	9.911
Other short term liabilities	1.301	7.521
	668.087	**593.825**
Provisions		
Credit card bonus provisions	150.524	143.173
Provision for unindemnified non-cash loans	78.460	89.269
Provision for lawsuit	20.281	52.451
Economical disadvantageous contracts	20.125	38.970
Other short term liability provisions	43.063	128.553
	312.453	**452.416**
Total	**980.540**	**1.046.241**

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

NOTE 19 – OTHER ASSETS AND LIABLITIES (Continued)

Other Long Term Liabilities and Provisions

	31 December 2011	31 December 2010
Unearned commission income	119.485	116.299
Other long term liability provisions	13.184	15.570
Total	**132.669**	**131.869**

NOTE 20 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2010: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2011 and 2010 is as follows:

Shareholders:	Share (%)	31 December 2011	Share (%)	31 December 2010
Sabancı family members	43,65	890.626	43,61	890.027
Public quotation (*)	37,56	766.312	39,40	803.860
Sakıp Sabancı Holding A.Ş.	14,07	287.100	13,79	281.388
Sabancı University	1,51	30.769	1,51	30.769
Exsa	1,29	26.408	-	-
Çimsa	1,06	21.534	1,06	21.534
H.Ö. Sabancı Foundation	<1	13.370	<1	12.826
Other	<1	4.285	-	-
Share capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury share (-)		**(52.227)**		**(21.534)**
Share premium		**21.670**		**21.670**

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

Exsa, a subsidiary of Holding from ISE, purchased shares of Holding from ISE in 2011 for investment purpose and became the shareholder of Holding with a 1,29% ownership ratio. This transaction is accounted for under equity as treasury share.

The transaction related with the injection of Akbank and Avivasa shares which held in Aksigorta's portfolio, and Akbank shares which are held in Exsa's portfolio, as capital in kind to Holding via spin-off process has been approved in the Exraordinary General Assembly on 4 January 2010 and the shares with a nominal value of TL 140.403.931 have been registered by CMB and Trade Registery on 12 January 2010.

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NOTE 20 – EQUITY (Continued)

As a result of the spin-off transaction, Çimsa, a subsidiary of the Holding has participated to the share capital of Holding by 1,06%. This transaction is accounted for under equity as treasury share.

Restricted Reserves

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

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

The details of restricted reserves mentioned above are as follows:

	31 December 2011	31 December 2010
Legal reserves	298.339	264.469
Investments sales income	281.885	127.826
Total	**580.224**	**392.295**

Dividend Distribution

Based on CMB, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2010. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves.

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

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

As of 11 May 2011, it has been decided to distribute 306.061 TL (gross) cash dividend from the net profit of Hacı Ömer Sabancı Holding A.Ş. for the year ended 31 December 2010 and distrubition has been completed.

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

NOTE 20 - EQUITY (Continued)

	Fair Value Revaluation Fund	Cash Flow Hedge	Net Investment Hedge	Currency translation differences
Balance as of 1 January 2010	**311.064**	**(149.222)**	**(45.204)**	**(11.254)**
Change in the subsidiary effective rate	15.719	-	-	5.344
Increases/decreases during the period	632.950	(4.163)	11.940	13.638
Losses/(gains) transfered to income statement	(159.913)	9.382	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	10.677	-	-	-
Tax effect	(97.294)	(1.044)	(2.388)	-
Balance as of 31 December 2010	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Balance as of 1 January 2011	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Increases/ decreases during the period	(843.473)	(17.524)	(53.123)	135.195
Losses/(gains) transfered to income statement	(152.315)	24.324	-	51.150
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	362	-	-	-
Transfers to retained earnings	21.419	-	-	-
Tax effect	200.959	(1.360)	10.625	-
Balance as of 31 December 2011	**(59.845)**	**(139.607)**	**(78.150)**	**194.073**

NOTE 21 – NON CURRENT ASSETS HELD FOR SALE

Kordsa decided to consolidate its cloth production plants located in South America at Brasil. Fixed assets that remained idle and are expected to be sold within twelve months have been transferred to assets held for sale and are shown separately on the balance sheet. Since the income that proceeds from the sale is expected to exceed the carrying value of the relevant asset, there was not any provision for impairment registered on these operations that are held for sale. The net carrying value of the fixed assets which are classified as assets held for sale was TL 466 as of 31 December 2011 (31 December 2010: None).

Holding has sold its Advansa shares on 10 June 2011 which were owned by 99,93% and accounted as non current assets held for sale, to BBMMR Holding GmbH located in Germany at EUR 6.000. As of 31 December 2010, TL 503.895 of total assets of Advansa BV and TL 329.120 of total liabilities are classified as assets/liabilities held for sale.

The agreemet regarding the sale of the 50 % of Aksigorta A.Ş. shares owned by the Group was signed on 18 February 2011 with Ageas Insurance International N.V. and 9.482.940.100 units of Aksigorta A.Ş. shares were sold to Ageas Insurance International N.V. at USD 220.029. TL 247.350 gain on sale of the subsidiary has been recognized in the consolidated financial statements under the "other income" item. The sales of the shares has resulted in decrease of the Group's net asset value by TL 115.059 and non-controlling interests by TL 141.159. Company was started to being consolidated as a joint venture with the 30.99% effective share, 30.99% of income and expense items from Aksigorta was classified as income and expenses related to discontinued operations in 2010 consolidated income statement.

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NOTE 21 – NON CURRENT ASSETS HELD FOR SALE (Continued)

Income statements related to discontinued operations of Aksigorta for the year ended 31 December 2010 and Advansa for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Sales revenue (net)	99.068	761.264
Cost of sales	(78.288)	(705.580)
Gross profit	**20.780**	**55.684**
Operating expenses	(13.047)	(75.394)
Other operating income/expense (net)	(635)	2.899
Operating profit	**7.098**	**(16.811)**
Financial income/expense (net)	(777)	16.273
Income/ (loss) before taxation	**6.321**	**(538)**
Taxation	(2.048)	(10.355)
Discontinued operations net income/(loss)	**4.273**	**(10.893)**

NOTE 22 – REVENUE AND COST OF SALES

Sales Revenue

	1 January- 31 December 2011	1 January- 31 December 2010
Domestic sales	9.239.554	7.472.571
Foreign sales	1.903.843	1.463.812
Less: Discounts	(372.433)	(298.597)
Total	**10.770.964**	**8.637.786**

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

NOTE 22 – REVENUE AND COST OF SALES (Continued)

Cost of sales

	1 January- 31 December 2011	1 January- 31 December 2010
Cost of raw materials and merchandises	7.193.765	5.518.626
Change in finished goods, work in process inventory and trade goods	558.398	303.857
Depreciation and amortisation	234.319	193.841
Personnel expenses	137.438	256.868
Other	601.784	819.344
Total	**8.725.704**	**7.092.536**

NOTE 23 – EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Personnel expenses	5.539	9.164
Depreciation and amortisation	3.836	2.790
Repair and maintenance expenses	228	109
Energy expenses	25	5
Other	3.233	11.792
Total	**12.861**	**23.860**

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NOTE 23 – EXPENSES BY NATURE (Continued)

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January-31 December 2011	1 January-31 December 2010
Personnel expenses	155.426	148.333
Rent expenses	101.062	76.888
Advertisement expenses	74.857	67.479
Transportation, logistic and distribution expenses	49.822	75.813
Depreciation and amortisation	31.827	25.577
Consultancy expenses	6.098	14.728
Energy expenses	10.942	10.342
Outsourced services	12.892	5.896
Communication expenses	2.176	4.198
Insurance expenses	7.373	5.750
Other	117.357	76.609
Total	**569.832**	**511.613**

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2011 and 2010 are as follows:

	1 January-31 December 2011	1 January-31 December 2010
Personnel expenses	1.394.131	1.275.010
Credit card and banking service expenses	347.121	406.690
Depreciation and amortisation	235.804	216.516
Repair and maintenance expenses	150.990	175.141
Consultancy expenses	119.823	135.855
Taxes and duties	144.002	115.822
Communication expenses	114.839	103.738
Insurance expenses	90.059	76.699
Rent expenses	71.252	66.025
Energy expenses	42.475	43.067
Outsourced services	41.604	31.189
Transportation, logistic and distribution expenses	3.595	4.632
Other	575.600	613.680
Total	**3.331.295**	**3.264.064**

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

The details of other operating income/expenses and gain/loss at 31 December 2011 and 2010 are as follows:

31 December 2011

The agreement regarding the sale of the 50% of Aksigorta A.Ş. shares owned by the Group was signed on 18 February 2011 with Ageas Insurance International N.V. and 9.482.940.100 units of Aksigorta A.Ş. shares were sold to Ageas Insurance International N.V. at USD 220.029. TL 247.350 gain on sale of the subsidiary has been recognized in the consolidated financial statements under the other operating income. The sales of the shares has resulted in decrease of the Group's net asset value by TL 115.059 and non-controlling interests by TL 141.159.

Holding has sold its Advansa shares on 10 June 2011 which were owned by 99,93% and accounted as non current assets held for sale to BBMMR Holding GmbH located in Germany at EUR 6 million. TL 38.265 loss on sale of the subsidiary has been recognized in the consolidated financial statements under the other operating expenses.

The Group realised TL 89.965 impairment charge based on the difference between the fair value and carrying amount of Advansa that is transferred to non-current asset held for sale as of 31 December 2009. The impairment of the relevant sale of Advansa shares has been removed from financial statements. Holding participates Sasa shares in the portfolio of Advansa directly in 26 May 2011 and as a result of this situation, impairment excluded the sold part was reversed via taking into consideration the net book value of the company, TL 71.902 was indicated in other operating income at the consolidated financial statatements.

Teknosa, a subsidiary of the Group purchased 100% share of İstanbul Mağazacılık Ltd.Şti.'nin (Best Buy) amounting to TL 27.148. The acquisition resulted in negative goodwill amounting to TL 20.625 and it is recognized in other operating income on consolidated financial statements. The consultancy expenses resulting from the acquisition transaction amounting TL 2.916 is recognized in general and administrative expenses.

Group's tax compromise expenses are TL 25.112 for the year ended 31 December 2011.

Group's gain on sale of tangible assets is TL 164.428 for the year ended 31 December 2011.

31 December 2010

Olmuksa, a joint venture of the Group, acquired 99,99% shares of DS Smith Çopikas and its joint venture DS Smith Trakya at 1 October 2010. The effect of the bargain purchase gain on consolidated financial statements is TL 10.694.

Group's tax compromise expenses are TL 15.592 for the year ended 31 December 2010.

Group has reviewed its tangible assets in 2010, and reversed TL 68.863 of profit margin elimination on fixed assets and recognized it under the other operating income.

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NOTE 25 – FINANCIAL INCOME/EXPENSES

	1 January- 31 December 2011	1 January- 31 December 2010
Financial income		
Foreign exchange income	511.842	384.184
Interest income	72.888	53.131
Other	2.364	7.512
Total	**587.094**	**444.827**
Financial expenses		
Foreign exchange losses	600.666	388.208
Interest expense	176.279	86.636
Other financial expenses	97.330	66.110
Total	**874.275**	**540.954**

Financial expenses relate to segments other than banking.

NOTE 26 – TAX ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Corporate and income taxes payable	329.468	1.015.239
Less: prepaid taxes	(192.316)	(686.719)
Total taxes payable	**137.152**	**328.520**

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

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

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

NOTE 26 – TAX ASSETS AND LIABILITIES (Continued)

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

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

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

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

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

Exemption for participation in subsidiaries

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

Preferential right certificate sales and issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

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

Exemption for investment allowance

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

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

The current year tax charge for comprehensive income stated on the statement of consolidated comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011			31 December 2010		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Net unrealized fair value from available for sale financial assets	(2.073.481)	(414.696)	(1.658.785)	1.555.439	311.088	1.244.351
Net gain on available for sale financial assets transferred to the income statement	(373.358)	(74.672)	(298.686)	(392.134)	(78.427)	(313.707)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	889	178	711	26.184	5.237	20.947
Cash flow hedges	93.340	18.668	74.672	52.690	10.538	42.152
Gain/ (loss) on net foreign investment hedge	(130.219)	(26.044)	(104.175)	29.280	5.856	23.424
Currency translation differences	308.187	-	308.187	(7.044)	-	(7.044)
Other comprehensive income	**(2.174.642)**	**(496.566)**	**(1.678.076)**	**1.264.415**	**254.292**	**1.010.123**

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

NOTE 26 – TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the current year tax charge for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Profit before tax	4.270.250	4.328.560
Expected tax charge according to parent company's tax rate %20 (2010: %20)	(854.050)	(865.712)
Tax rate differences of subsidiaries	(11.372)	(13.320)
Expected tax charge of the Group	**(865.422)**	**(879.032)**
Revenue that is exempt from taxation	96.655	50.781
Expenses that are not deductible in determined in taxable profit	(38.349)	(58.804)
Timing differences not subject to tax	420	12.285
Investment allowance incentives	2.620	1.211
Tax penalty	(5.022)	(6.076)
Other	65.698	57.901
Current year tax charge of the Group	**(743.400)**	**(821.734)**
Corporate tax related to spinoff	**-**	**(9.199)**
Total tax expenses	**(743.400)**	**(830.933)**

Sasa and Çimsa benefit from Tax Law 6111 Restructuring of Miscellaneous Receivables in order to avoid the tax risks by withdrawing the lawsuit for assessed tax and tax penalty in the investigation report issued by TC Ministry of Finance. In this context, agreed tax and tax penalty has been calculated as TL 25.112.

The Group applied to the settlement of tax disputes commission for the tax and tax penalties charged as a result of tax investigation on Exsa and Aksigorta relating to the aforementioned spin off transaction. After the settlement, total amount to be paid has been agreed as TL 32.652. TL 17.768 of that amount has been recognised in other operating expense, TL 9.199 has been recognized in corporate tax and TL 5.685 has been recognized in net income of discontinued operations.

Deferred taxes

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

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

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

NOTE 26 – TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2011 and 2010 using the enacted tax rates, is as follows:

	31 December 2011		31 December 2010	
	Cumulative temporary differences	Deferred income tax assets/ (liabilities)	Cumulative temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property,plant and equipment and intangible assets	(487.995)	97.593	(362.927)	72.591
- Inventories	(53.302)	11.193	(48.784)	10.115
Provision for loan losses	(812.438)	162.488	(527.120)	105.424
Provision for employment termination benefits	(137.890)	28.041	(122.270)	25.053
Expense accruals	(74.206)	14.841	(107.017)	21.403
Provision for lawsuits	(49.459)	9.892	(60.582)	12.116
Carry forward tax losses	(197.041)	43.301	(230.974)	50.070
Electricity distribution income ceiling provision	(4.688)	938	(14.350)	2.870
Onerous contracts	-	-	(2.750)	550
Repricing of fair value derivative instruments	(232.929)	46.586	(309.429)	61.886
Valuation differences on securities	(356.918)	71.384	(2.432)	486
Economically disadvantageous contracts	(20.125)	4.025	(38.970)	7.794
Investment incentives	(132.642)	14.000	(41.017)	12.825
Other temporary differences (*)	(404.168)	82.352	(359.156)	75.017
Deferred income tax assets		**586.634**		**458.200**
Defered income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	919.091	(193.869)	934.407	(198.614)
- Inventories	11.618	(2.324)	1.237	(247)
Reversal of country risk provision	85.513	(27.216)	67.647	(19.628)
Deferred financing charges	62.962	(12.592)	27.181	(5.436)
Repricing of fair value derivative instruments	212.774	(42.555)	69.187	(13.837)
Valuation differences on securities	3.137	(627)	25.873	(5.175)
IFRIC 12 "Service Concession Arrangements" correction	211.088	(42.218)	135.820	(27.164)
Customer relations and operating rights concession arrangements	578.550	(115.710)	601.925	(120.385)
Other temporary differences	67.248	(14.678)	73.136	(14.593)
Deferred income tax liabilities		**(451.789)**		**(405.079)**
Deferred tax asset/(liability), net		**134.845**		**53.121**

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

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

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Implications of net presentation form for the consolidated balance sheet of the Group are reflected, in consequence of joint ventures and subsidiaries as an independent tax payers, presented their deferred income tax assets and liabilities as a net, however temporary differences, deferred income tax assets and liabilities shown in the table above are prepared on the basis of the gross value of items.

Deferred Tax Assets:	**31 December 2011**	**31 December 2010**
To be recovered after one year	314.884	313.593
To be recovered within one year	271.750	144.607
Total	**586.634**	**458.200**
Deferred Tax Liabilities:		
To be recovered after one year	402.819	367.242
To be recovered within one year	48.970	37.837
Total	**451.789**	**405.079**

At 31 December 2011 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 80.911 which can be offset against future taxable profits for a period of five years (31 December 2010: TL 172.769). The amount of the carry forward tax losses and the last fiscal periods that they can be utilized as of 31 December 2011 and 2010 is presented below :

	31 December 2011	**31 December 2010**
2011	-	-
2012	14.796	41.565
2013	12.860	62.923
2014	52.876	39.412
2015	60	28.869
2016	319	-
Total	**80.911**	**172.769**

The movements in deferred income tax assets/liabilities for the years ended at 31 December 2011 and 2010 are as follows:

	2011	**2010**
1 January	53.121	107.447
Charged to income statement	26.136	(62.699)
Charged to equity	59.265	(14.498)
Business combinations	9.521	1.861
Change within the scope of consolidation	(2.613)	3.754
Transfer from assets held for sale	(1.296)	(1.145)
Currency translation differences	(6.063)	(647)
Other	(3.226)	19.048
31 December	**134.845**	**53.121**

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

NOTE 27 – DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2011

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

31 December 2010

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	364.571	(358.698)
Forward currency purchases and sales	33.778	(17.247)
Currency and interest rate futures purchases and sales	42.595	(34.923)
Currency options purchases and sales	34.283	(34.042)
Total derivative instruments held for trading	**475.227**	**(444.910)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(362.327)
Total derivative instruments	**475.227**	**(807.237)**

Akbank and Enerjisa hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under "Hedge Funds" within equity.

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

NOTE 28 – RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customer	31 December 2011	31 December 2010
Consumer loans and credit cards receivables	25.287.278	19.799.369
Construction	5.854.753	4.847.738
Small-scale enterprises	5.229.867	3.978.383
Financial institutions	3.595.713	3.402.482
Health care and social services	3.982.466	3.015.014
Chemicals	2.995.353	2.431.462
Telecommunication	1.964.739	2.057.515
Other manufacturing industries	2.991.087	1.847.710
Mining	2.732.393	1.832.725
Food and beverage, wholesale and retail	2.419.997	1.643.592
Project finance loans	1.268.737	1.046.585
Textile	1.192.345	805.779
Automotive	889.707	754.250
Tourism	757.384	611.639
Electronics	249.521	200.587
Agriculture and forestry	306.684	195.222
Other	11.588.621	8.685.807
	73.306.645	**57.155.859**
Non-performing loans	1.262.659	1.279.634
Total loans and advances to customers	**74.569.304**	**58.435.493**
Allowance for loan losses	(1.976.426)	(1.797.660)
Net loans and advances to customers	**72.592.878**	**56.637.833**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,68% p.a. (31 December 2010: 3,83% p.a.), 5,10% p.a. (31 December 2010: 4,40% p.a.) and 13,03% p.a. (31 December 2010: 11,85% p.a.), respectively.

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NOTE 28 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

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

	Corporate	Commercial	Total
1 January	**969.340**	**828.320**	**1.797.660**
Gross provisions	309.673	361.624	671.297
Recoveries	(152.011)	(207.583)	(359.594)
Written-off	(48.043)	(84.913)	(132.956)
Currency translation differences	19	-	19
31 December	**1.078.978**	**897.448**	**1.976.426**

The movement of loan loss provision of banking segment as of 31 December 2010 by class is as follows:

	Corporate	Commercial	Total
1 January	**1.311.711**	**989.597**	**2.301.308**
Gross provisions	155.700	329.636	485.336
Recoveries	(281.563)	(299.305)	(580.868)
Written-off	(216.450)	(191.608)	(408.058)
Currency translation differences	(58)	-	(58)
31 December	**969.340**	**828.320**	**1.797.660**

The maturity schedule of loans and advances to customers at 31 December 2011 and 2010 are summarised below:

	31 December 2011	31 December 2010
Up to 3 months	24.096.237	17.910.340
3 to 12 months	15.989.617	10.624.887
Current	**40.085.854**	**28.535.227**
1 to 5 years	24.156.809	21.838.128
Over 5 years	8.350.215	6.264.478
Non-current	**32.507.024**	**28.102.606**
Total	**72.592.878**	**56.637.833**

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

NOTE 28 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 31 December 2011 and 2010 are summarised below:

	31 December 2011	31 December 2010
Up to 3 months	35.947.093	27.868.620
3 to 12 months	20.413.180	15.428.629
1 to 5 years	13.748.109	12.159.295
Over 5 years	2.484.496	1.181.289
Total	**72.592.878**	**56.637.833**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 December 2011 and 2010 are summarised below:

Financial Lease Receivables:

	31 December 2011	31 December 2010
Gross investment in finance leases	1.650.376	1.171.561
Less: unearned finance income	(204.496)	(153.949)
Total investment in finance leases	1.445.880	1.017.612
Less: provision for impairment	(36.237)	(34.641)
Net investment in finance leases	**1.409.643**	**982.971**

Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 December 2011 and 2010 of lease receivables is summarised below:

	31 December 2011	31 December 2010
Up to 1 year	349.463	301.004
1 to 5 years	639.289	496.241
Over 5 years	420.891	185.726
Total	**1.409.643**	**982.971**

b) Insurance

	31 December 2011	31 December 2010
Receivables from insurance operations (net)	155.267	405.273

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NOTE 29 – PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2011			31 December 2010		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	3.903.466	40.858.803	44.762.269	3.827.711	36.955.563	40.783.274
Commercial deposits	5.204.736	17.906.634	23.111.370	4.187.215	16.527.067	20.714.282
Bank deposits	392.604	9.893.214	10.285.818	192.116	7.493.638	7.685.754
Funds provided from repo transactions	-	12.420.360	12.420.360	-	11.421.202	11.421.202
Other	221.261	1.019.525	1.240.786	493.361	992.256	1.485.617
Total	**9.722.067**	**82.098.536**	**91.820.603**	**8.700.403**	**73.389.726**	**82.090.129**

Effective interest rates of USD, EUR and TL denominated customer deposits are 2,77% p.a. (31 December 2010: 1,76 % p.a.), 2,92% p.a. (31 December 2010: 2,29% p.a.) and 8,77% p.a. (31 December 2010: 7,03% p.a.).

As at 31 December 2011 and 2010, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2011	31 December 2010
Demand	9.722.067	8.700.403
Up to 3 months	74.551.473	69.691.748
3 to 12 months	6.066.014	2.411.479
1 to 5 years	904.628	1.104.302
Over 5 years	576.421	182.197
Total	**91.820.603**	**82.090.129**

b) Insurance

	31 December 2011	31 December 2010
Payables from insurance operations (net)	32.525	62.101
Insurance technical reserves	520.986	840.489
Total	**553.511**	**902.590**

NOTE 30 – MUTUAL FUNDS

At 31 December 2011, the Group manages 40 (31 December 2010: 33) mutual funds ve 19 (31 December 2010: 18) pension funds which were established under Capital Markets Board Regulations. At 31 December 2011, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TL 6.951.505 (31 December 2010: TL 6.667.917). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates, provides other services and charges management fees ranging from 0,0000274% - 0,0001000%. At 31 December 2011, management fees and commissions earned by the Group amounted to TL 124.882 (31 December 2010: TL 158.972).

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

NOTE 31 – EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class that have been outstanding during the year.

	31 December 2011	31 December 2010
Earnings per share in full TL - ordinary share ('000)	9,20	8,15
Earnings per share of continuing operations in full TL - ordinary share ('000)	9,18	8,20
Weighted average number of shares with TL 0,01 face value each - ordinary shares	204.040.393.100	204.040.393.100

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

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

NOTE 32 – RELATED PARTY DISCLOSURES

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors belonging to A group and over. Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the years ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Short term benefits	12.320	16.377
Benefits resulted from discharge	233	2.346
Other long term benefits	161	219
Total	**12.714**	**18.942**

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NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

33.1 Financial Instruments and Financial Risk Management

33.1.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies, approved by their Board of Directors.

33.1.1.1 Foreign Exchange Risk

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

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

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 December 2011 and 2010 terms of TL are as follows:

	31 December 2011	31 December 2010
Assets	56.749.714	41.062.643
Liabilities	(68.569.141)	(45.150.673)
Net foreign currency balance sheet position	**(11.819.427)**	**(4.088.030)**
Net foreign currency position of off-balance sheet derivative financial instruments	11.224.319	4.265.131
Net foreign currency balance sheet and off-balance sheet position	**(595.108)**	**177.101**

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NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.1 Foreign Exchange Risk (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)**

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NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.1 Foreign Exchange Risk (Continued)

31 December 2010

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	3.111.696	1.392.480	1.592.477	18.883	107.856
Financial assets	6.505.512	3.797.183	2.707.468	-	861
Receivables from financial operations	27.249.869	19.078.713	8.056.645	41.402	73.109
Reserve deposits at Central Bank	3.499.797	1.475.533	2.024.264	-	-
Trade receivables	481.354	153.839	264.375	7.619	55.521
Other current assets	214.415	42.825	95.493	1.215	74.882
Total Assets	**41.062.643**	**25.940.573**	**14.740.722**	**69.119**	**312.229**
Liabilities:					
Funds borrowed and debt securities in issue	13.907.185	8.802.457	5.032.103	9.537	63.088
Customer deposits	30.493.615	17.061.068	12.089.122	831.701	511.724
Trade payables	352.786	126.281	125.393	699	100.413
Other payables and provisions	397.087	203.429	148.483	2.048	43.127
Total Liabilities	**45.150.673**	**26.193.235**	**17.395.101**	**843.985**	**718.352**
Net foreign currency position of off-balance sheet derivative financial instruments	**4.265.131**	**452.963**	**2.625.873**	**787.355**	**398.940**
Net foreign currency position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**
Net foreign currency monetary position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**

	31 December 2011	31 December 2010
Total export	1.732.516	1.319.395
Total import	2.443.090	1.507.306

Ratio of the total hedging of foreign currency exposure

	31 December 2011	31 December 2010
USD	%87	%99
EUR	%76	%85
GBP	%8	%8

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.1 Foreign Exchange Risk (Continued)

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized as follows:

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

31 December 2010	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets/liabilities	13.412	(13.412)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**13.412**	**(13.412)**	-	-
Change in EUR against TL by 10%				
EUR net assets/liabilities	(29.305)	29.305	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(29.305)**	**29.305**	-	-
Change in GBP against TL by 10%				
GBP net assets/liabilities	1.134	(1.134)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**1.134**	**(1.134)**	-	-
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(1.382)	1.382	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(1.382)**	**1.382**	-	-
	(16.141)	**16.141**	-	-

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2011 and 2010, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized below as follows: (Please refer to Note 33.1.1.5 for banking industrial segment).

	31 December 2011	31 December 2010
Fixed interest rate financial instruments		
Financial assets	502.306	705.763
Financial assets at fair value through profit of loss	9.890	258.672
Financial assets available-for-sale	318.761	220.155
Time deposits	173.655	226.936
Financial liabilities	1.080.825	1.091.538
Floating interest rate financial instruments		
Financial assets	7.952	17.741
Financial liabilities	2.076.011	341.009
Other liabilities	-	-

Group composed various scenarios for borrowings issued at floating rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios: (Please refer to Note 33.1.1.5 for banking industrial segment).

At 31 December 2011, if the annual interest rate on TL denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 5.043 (31 December 2010: TL 1.541) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2011, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 179 (31 December 2010: TL 149) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2011, if the annual interest rate on EUR denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 18 (31 December 2010: TL 55) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

i) ***Banking industrial segment***

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2011 and 2010 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

	31 December 2011						
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	91.820.603	92.649.738	71.309.377	13.328.364	6.393.888	974.744	643.365
Funds borrowed and debt securities in issue	22.549.125	24.516.166	2.388.454	3.884.574	9.137.351	7.491.001	1.614.786
Interbank money market deposits, funds borrowed and debt securities in issue	640.869	640.869	640.869	-	-	-	-
	115.010.597	**117.806.773**	**74.338.700**	**17.212.938**	**15.531.239**	**8.465.745**	**2.258.151**

	31 December 2010						
Liabilities	**Book value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	82.090.129	82.917.227	64.016.388	14.875.740	2.607.625	1.200.914	216.560
Funds borrowed and debt securities in issue	14.019.425	14.999.875	930.474	2.517.364	4.731.332	5.900.903	919.802
Interbank money market deposits funds borrowed and debt securities in issue	400.005	400.005	400.005	-	-	-	-
	96.509.559	**98.317.107**	**65.346.867**	**17.393.104**	**7.338.957**	**7.101.817**	**1.136.362**

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.3 Liquidity Risk (Continued)

ii) Other industrial segment

The table below depicts the cash outflows the Group companies other than that of the banking segment will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2011 and 2010 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

31 December 2011[(1)(2)]	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	2.787.245	2.815.782	547.844	742.698	949.315	575.925
Financial lease obligations	9.028	8.717	754	1.616	1.425	4.922
Trade payables	1.801.264	1.837.093	1.794.696	40.162	145	2.090
Payables from insurance operations	32.525	32.525	32.462	63	-	-
Other payables	384.067	384.067	140.634	41.842	88.920	112.671
	5.014.129	**5.078.184**	**2.516.390**	**826.381**	**1.039.805**	**695.608**

31 December 2010[(1)(2)]	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	1.423.284	1.476.504	174.769	258.552	703.536	339.647
Financial lease obligations	9.263	9.843	121	2.404	3.190	4.128
Trade payables	1.198.037	1.198.735	1.039.141	159.594	-	-
Payables from insurance operations	62.101	62.101	29.713	32.388	-	-
Other payables	327.730	328.068	238.777	11.549	22.028	55.714
	3.020.415	**3.075.251**	**1.482.521**	**464.487**	**728.754**	**399.489**

(1) Maturity analysis is performed for only financial assets. Legal obligations are not considered in the analysis.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk

i) Banking industrial segment

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

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

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements.

When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

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

Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

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

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies. When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (continued)

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

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

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

	31 December 2011	31 December 2010
Above average	37,44%	36,81%
Average	49,48%	45,01%
Below average	10,88%	11,98%
Unrated	2,20%	6,20%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2011 and 2010 are summarized below as follows:

31 December 2011	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	47.539.164	24.509.421	1.380.210	73.428.795
Close monitoring loans	480.203	777.857	12.025	1.270.085
Loans under follow up	643.600	619.059	53.645	1.316.304
Total	**48.662.967**	**25.906.337**	**1.445.880**	**76.015.184**
Provisions	(1.078.978)	(897.448)	(36.237)	(2.012.663)
	47.538.989	**25.008.889**	**1.409.643**	**74.002.251**

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (continued)

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	36.772.839	19.072.698	967.617	56.813.154
Close monitoring loans	468.691	841.631	14.352	1.324.674
Loans under follow up	630.002	649.632	34.855	1.314.489
Total	**37.871.532**	**20.563.961**	**1.016.824**	**59.452.317**
Provisions	(969.340)	(828.320)	(34.641)	(1.832.301)
	36.902.192	**19.735.641**	**982.183**	**57.620.016**

The aging analysis of the loans under close monitoring for the year ended 31 December 2011 and 2010 are as follows:

31 December 2011	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	328.919	334.239	534	663.692
Past due 1- 2 months	110.354	332.423	972	443.749
Past due 2-3 months	40.930	111.195	1.021	153.146
Leasing payment receivables (uninvoiced)	-	-	9.498	9.498
	480.203	**777.857**	**12.025**	**1.270.085**

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	304.559	416.599	782	721.940
Past due 1-2 months	91.545	327.097	1.786	420.428
Past due 2-3 months	72.587	97.935	3.575	174.097
Leasing payment receivables (uninvoiced)	-	-	8.209	8.209
	468.691	**841.631**	**14.352**	**1.324.674**

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

Maximum exposure to credit risk of banking industrial segment:

	31 December 2011	31 December 2010
Loans and advances to banks	3.463.003	2.424.347
Loans and advances	72.592.878	56.637.833
Consumer loans and advances	*25.236.943*	*19.735.641*
Corporate loans and advances	*47.355.935*	*36.902.192*
Financial lease receivables	1.408.984	982.183
Trading financial assets	150.314	567.942
Derivative financial assets	826.711	471.041
Available for sale and held to maturity financial assets	43.786.048	48.619.738
Other assets	766.545	486.631
Total	**122.994.483**	**110.189.715**

The Moody's rating analysis of trading securities, available for sale financial assets and held to maturity financial assets of the banking industrial segment for the years ended for 31 December 2011 and 2010 are as follows:

31 December 2011	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	162.927	-	162.927
A1, A2, A3	-	599.615	-	599.615
Baa1, Baa2, Baa3	-	362.127	-	362.127
Ba2 (*)	150.314	37.650.892	4.655.135	42.456.341
C	-	-	-	-
Total	**150.314**	**38.775.561**	**4.655.135**	**43.581.010**

31 December 2010	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	151.538	-	151.538
A1, A2, A3	-	410.138	-	410.138
Baa1, Baa2, Baa3	-	197.292	-	197.292
Ba2 (*)	567.942	41.978.379	5.814.015	48.360.336
C	-	-	-	-
Total	**567.942**	**42.737.347**	**5.814.015**	**49.119.304**

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

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2011 and 2010 are summarized as follows:

31 December 2011	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	454.533	444.378	2.514.436	49.656	3.463.003
Loans and advances	70.491.688	122.675	1.482.258	496.257	72.592.878
Consumer loans and advances	*25.236.943*	-	-	-	*25.236.943*
Corporate loans and advances	*45.254.745*	*122.675*	*1.482.258*	*496.257*	*47.355.935*
Financial lease receivables	1.408.984	-	-	-	1.408.984
Trading financial assets	150.314	-	-	-	150.314
Derivative financial instruments	336.621	6	459.782	30.302	826.711
Available for sale and held to maturity financial assets	42.523.431	-	1.221.942	40.675	43.786.048
Other assets	735.501	-	29.412	1.632	766.545
Total	**116.101.072**	**567.059**	**5.707.830**	**618.522**	**122.994.483**

31 December 2010	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	481.956	598.929	1.301.491	41.971	2.424.347
Loans and advances	55.194.350	-	1.104.180	339.303	56.637.833
Consumer loans and advances	*19.735.641*	-	-	-	*19.735.641*
Corporate loans and advances	*35.458.709*	-	*1.104.180*	*339.303*	*36.902.192*
Financial lease receivables	982.183	-	-	-	982.183
Trading financial assets	567.942	-	-	-	567.942
Derivative financial instruments	168.542	1.800	285.263	15.436	471.041
Available for sale and held to maturity financial assets	47.801.317	-	818.421	-	48.619.738
Other assets	458.571	-	28.060	-	486.631
Total	**105.654.861**	**600.729**	**3.537.415**	**396.710**	**110.189.715**

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (continued)

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2011 and 2010 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	3.463.003	-	-	-	-	-	3.463.003
Loan and advances	3.426.340	1.592.142	8.968.724	16.002.669	17.366.060	25.236.943	72.592.878
Consumer loans	-	-	-	-	-	*25.236.943*	*25.236.943*
Corporate loans	*3.426.340*	*1.592.142*	*8.968.724*	16.002.669	*17.366.060*	-	*47.355.935*
Financial lease receivables	1.408.984	-	-	-	-	-	1.408.984
Trading financial assets	1.977	148.337	-	-	-	-	150.314
Derivative financial instruments	488.385	2.904	-	-	295.401	40.021	826.711
Available for sale and assets held for sale financial assets	455.506	42.169.173	-	-	1.161.369	-	43.786.048
Other assets	766.545	-	-	-	-	-	766.545
31 December 2011	**10.010.740**	**43.912.556**	**8.968.724**	**16.002.669**	**18.822.830**	**25.276.964**	**122.994.483**
31 December 2010	**8.000.356**	**49.573.904**	**6.521.943**	**10.428.917**	**15.928.954**	**19.735.641**	**110.189.715**

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (Continued)

ii) Other industrial segment

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2011 and 2010 is summarized below as follows:

31 December 2011	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.566.577**	**84.199**	**286.986**	**469.498**	**1.351**
Collateralized or secured with guarantees part of maximum credit	369.179	-	526	-	-
A. Neither past due nor impaired	1.394.580	82.385	286.986	469.498	1.351
B.Restructed otherwise accepted as past due and impaired	486	-	-	-	-
C. Past due but not impaired					
net book value	168.690	-	-	-	-
guaranteed amount by commitment	26.940	-	-	-	-
D. Net book value of impaired assets	2.821	1.814	-	-	-
- Past due (Gross amount)	127.048	14.914	3.285	-	-
- Impairment	(124.227)	(13.100)	(3.285)	-	-
- Collateralized or guaranteed part of net value	1.189		-	-	-

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

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.4 Credit Risk (Continued)

ii) Other industrial segment (Continued)

31 December 2010	Trade receivables	Receivables from insurance operations	Other receivables(*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.127.654**	**405.273**	**253.384**	**392.604**	**4.186**
Collateralized or secured with guarantees part of maximum credit	443.878	-	1.302	-	-
A. Neither past due nor impaired	980.897	366.847	253.384	392.604	4.186
B.Restructed otherwise accepted as past due and impaired	7.220	-	-	-	-
C. Past due but not impaired					
net book value	139.082	32.712	-	-	-
guaranteed amount by commitment	36.183	18.904	-	-	-
D. Net book value of impaired assets	455	5.714	-	-	-
- Past due (Gross amount)	96.648	44.060	3.279	-	-
- Impairment	(96.193)	(38.346)	(3.279)	-	-
- Collateralized or guaranteed part of net value	1.993	7.386	-	-	-

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

33.1.1.5 Value at Risk

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of Akbank, include interest rate stress testing. The results of the stress tests are reviewed by the Assets and Liabilities Committee. As at 31 December 2011 and 2010, assuming that all other variables are constant, and TL and foreign currency interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.5 Value at Risk (Continued)

	Impact on income		Impact on other reserves	
Change in interest rates	**2011**	**2010**	**2011**	**2010**
(+) 1%	(210.752)	(112.228)	(528.311)	(605.690)
(-) 1%	212.386	108.512	562.100	701.592

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as "Inherent method" and "Standard method".

According to the "inherent method", the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization bounders and control efficiency is increased.

Reinforced with scenario analyses and stress testing, VaR analyses also take into consideration the impact of events and market fluctuations that are unexpected and highly improbable but engender great consequences. The outputs of the model are regularly checked by back-tests.

According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.1.5 Value to Risk (Continued)

The table below represents average market risk table of Akbank at 31 December 2011 and 2010 calculated in accordance with the "Standard Method for Market Risk Calculations" as set out in Section 3 of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio", published in the Official Gazette No.26333 dated 1 November 2006, "Calculation of Market Risk with the Standard Method" (*):

	31 December 2011			31 December 2010		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Interest rate risk	386.672	384.553	354.310	370.197	420.064	355.151
Capital risk	14.301	16.176	10.470	12.679	13.364	2.425
Currency risk	53.771	53.573	42.805	10.539	6.589	8.906
Commodity risk	7.382	27.820	1.105	981	1.086	877
Total (**)	**462.126**	**482.122**	**408.690**	**394.396**	**441.103**	**367.359**

(*) The table above has been prepared using Akbank's consolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, related to the 5411 numbered Banking Law which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency.

(**) Total balance represents the total capital requirement for market risk.

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NOTE 33 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

33.1.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as the total liability less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Total liability	124.913.252	104.230.204
Cash and cash equivalents	(6.643.010)	(4.962.185)
Net liability	118.270.242	99.268.019
Equity	25.473.142	24.646.152
Invested capital	143.743.384	123.914.171
Net liability/ invested capital ratio	82%	80%

NOTE 34 – FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its Subsidiaries and Joint Ventures could realise in a current market exchange.

For all other segments other than those of the banking segment the following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for uncollectibility are carried at amortised cost using the effective yield method, and hence are considered to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at their fair values and accordingly their carrying amounts approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value is as stated below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data .

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NOTE 34 – FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) **Banking industrial segment**

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2011 and 2010 are as follows:

	31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	159.000	2.317	-	161.317
- Government bonds	116.161	-	-	116.161
- Eurobonds	26.623	-	-	26.623
- Government bonds denominated in foreign currency	-	2.317	-	2.317
- Treasury bills	-	-	-	-
- Share certificates	14.249	-	-	14.249
- Other	1.967	-	-	1.967
Derivative financial instruments	54.569	772.142	-	826.711
Available for sale securities	35.553.222	1.794.046	-	37.347.268
- Government bonds	30.344.783	849.004	-	31.193.787
- Eurobonds	4.062.865	-	-	4.062.865
- Treasury bills	-	-	-	-
- Government bonds denominated in foreign currency	-	646.297	-	646.297
- Mutual funds	186.017	-	-	186.017
- Equity securities	-	-	-	-
- Other	959.557	298.745	-	1.258.302
Total Assets	**35.766.791**	**2.568.505**	**-**	**38.335.296**
Trading derivative financial instruments	35.946	637.089	-	673.035
Hedging derivative financial instruments	-	219.851	-	219.851
Total liabilities	**35.946**	**856.940**	**-**	**892.886**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

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

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

NOTE 34 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) Banking industrial segment (continued)

	31 December 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	592.674	-	-	592.674
- Government bonds	465.691	-	-	465.691
- Eurobonds	97.705	-	-	97.705
- Government bonds denominated in foreign currency	4.130	-	-	4.130
-Treasury bills	416	-	-	416
-Share certificates	24.732	-	-	24.732
Derivative financial instruments	42.595	428.446	-	471.041
Available for sale securities	42.786.659	44.639	-	42.831.298
-Government bonds	37.759.252	-	-	37.759.252
-Eurobonds	3.659.674	139	-	3.659.813
-Treasury bills	46.986	-	-	46.986
-Government bonds denominated in foreign currency	512.329	-	-	512.329
-Mutual funds	68.376	-	-	68.376
- Equity securities	25.574	-	-	25.574
-Other	714.468	44.500	-	758.968
Total Assets	**43.421.928**	**473.085**	**-**	**43.895.013**
Trading derivative financial instruments	34.923	405.651	-	440.574
Hedging derivative financial instruments	-	309.429	-	309.429
Total liabilities	**34.923**	**715.080**	**-**	**750.003**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

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

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NOTE 34 – FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

ii) Other industrial segment

	31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	9.685	-	-	9.685
Available for sale securities	181.148	-	-	181.148
Derivatives held for trading	-	6.703	-	6.703
Derivatives held for hedging	-	1.351	-	1.351
Total Assets	**190.833**	**8.054**		**198.887**
Derivatives held for trading	-	2.547	-	2.547
Derivatives held for hedging	-	111.706	-	111.706
Total Liabilities		**114.253**		**114.253**

	31 December 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	258.672	-	-	258.672
Available for sale securities	215.153	-	-	215.153
Derivatives held for trading	-	4.186	-	4.186
Total Assets	**473.825**	**4.186**	-	**478.011**
Derivatives held for trading	-	4.335	-	4.335
Derivatives held for hedging	-	52.899	-	52.899
Total Liabilities	-	**57.234**	-	**57.234**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

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

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NOTE 34 – FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2011	Note	Held to maturity financial assets	Loans and receivables including(cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Book value	Fair value
Financial Assets							
Cash and cash equivalents	5	-	6.643.010	-	-	6.643.010	6.643.010
Trade receivables	8	-	1.566.557	-	-	1.566.557	1.566.557
Other financial assets (*)	6 , 9	6.603.478	171.496	37.561.386	-	44.336.360	44.507.284
Receivables from finance sector operations	28	-	74.157.788	-	-	74.157.788	74.072.429
Financial Liabilities							
Financial payables	7	-	-	-	25.830.882	25.830.882	25.830.882
Trade payables	8	-	-	-	1.801.264	1.801.264	1.801.264
Other financial liabilities (**)	9	-	-	-	2.787.066	2.787.066	2.787.066
Payables from finance sector operations(***)	29	-	-	-	87.164.249	87.164.249	86.796.675
31 December 2010							
Financial Assets							
Cash and cash equivalents	5	-	4.962.185	-	-	4.962.185	4.962.185
Trade receivables	8	-	1.127.654	-	-	1.127.654	1.127.654
Other financial assets (*)	6 , 9	6.757.458	-	43.102.217	-	49.859.675	50.275.352
Receivables from finance sector operations	28	-	58.026.077	-	-	58.026.077	59.891.794
Financial Liabilities							
Financial payables	7	-	-	-	15.852.287	15.852.287	15.852.287
Trade payables	8	-	-	-	1.198.037	1.198.037	1.198.037
Other financial liabilities (**)	9	-	-	-	3.136.621	3.136.621	3.136.621
Payables from finance sector operations(***)	29	-	-	-	82.152.230	82.152.230	82.146.464

(*) Other financial assets consist of other receivables, time deposits, securities available for sale and held for trading.
(**) Other financial liabilities consist of other payables.
(***) Technical Insurance Reserves are not included.

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

The share transfer agreement, with Parcib SAS, the subsidiary of Ciment Français, related to the sale of the 153.000.000 shares of Afyon Çimento Sanayii Türk A.Ş. held by the Group portfolio having a nominal value of TL 1.530, was signed on 15 February 2012. 153.000.000 shares, which consists of 51% of the shares held by the Group, will be sold to Parcib SAS for a consideration of TL 57.530. The share transfer amount was determined by bargaining purchase method. Payment for the shares and the transfer of shares will take place after providing Turkish Competition Authority permission and fulfillment of other transactions stated at the share transfer agreement. The transfer amount of shares will be subject to before and after closing adjustments based on the share transfer agreement.

On 1 February 2012, Klik İç ve Dış Ticaret A.S. joint venture of Teknosa, a joint venture of the Group, started its operations in electonic trading.

As of 29 March 2012, shares in Aksigorta, a joint venture of the Group, increased the share percentage to 35,37%, equally for Holding and Ageas Insurance International N.V. with the last acquisitions from ISE.