HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries (the "Group") which comprise the consolidated balance sheet as of 31 December 2009 and the consolidated statement of income, consolidated comprehensive income statement, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards endorsed by the Capital Markets Board ("CMB"). This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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

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

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Hacı Ömer Sabancı Holding A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards endorsed by the CMB (Note 2).

Emphasis of matter

5. The consolidated financial statements include the accounts of Hacı Ömer Sabancı Holding (the "Holding"), the parent company, its Subsidiaries and Joint Ventures. In these consolidated financial statements, subsidiaries are companies in which the Holding exercises a dominant influence and power to govern the financial and operating policies through the exercise of voting power relating to shares held by the Holding and its Subsidiaries together with voting power which the Holding effectively exercises relating to shares held by Sabancı family members. 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. In effect the Sabancı family members allow the Holding to exercise voting power in respect of their shares held in these companies. In these consolidated financial statements the shares held by Sabancı family members in the consolidated subsidiaries are treated as minority interests.

Additional paragraph for US Dollar ("USD") translation

6. As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2009 for the consolidated statement of income and consolidated statement of cash flows. 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.

Additional paragraph for convenience translation into English

7. 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

İstanbul, 26 March 2010

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2009 AND 2008

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

	Notes	UNAUDITED 2009 USD (*)	2009	2008
ASSETS				
Current Assets		**38.182.034**	**57.490.689**	**55.939.498**
Cash and Cash Equivalents	5	8.547.009	12.869.232	7.665.059
Financial Assets				
- Marketable Securities	6.a	159.435	240.062	175.548
- Available for Sale	6.b	4.569.801	6.880.750	1.927.622
- Held to Maturity	6.c	2.281.149	3.434.726	5.032.118
Derivative Financial Instruments	26	162.833	245.178	83.068
Reserve Deposits with the Central Bank of the Republic of Turkey	2.3	2.300.651	3.464.090	6.265.872
Trade Receivables	8,31	701.887	1.056.831	1.054.979
Receivables from Finance Sector Operations	27	17.874.699	26.913.934	31.081.766
Other Receivables	9	452.033	680.626	457.885
Inventories	10	546.752	823.244	1.472.342
Other Current Assets	18	302.813	455.945	666.752
		37.899.062	**57.064.618**	**55.883.011**
Non-current Assets Held for Sale	20	282.972	426.071	56.487
Non-current Assets		**36.153.034**	**54.435.623**	**44.881.926**
Trade Receivables	8, 31	29.445	44.335	24.816
Receivables from Finance Sector Operations	27	11.949.471	17.992.319	18.048.654
Other Receivables	9	135.495	204.016	81.214
Financial Assets				
- Available For Sale	6.b	14.825.106	22.322.162	5.813.011
- Held to Maturity	6.c	4.634.856	6.978.702	15.516.588
Investments Accounted Through Equity Method	11	202.339	304.662	294.564
Investment Property	12	244.729	368.488	365.133
Property. Plant and Equipment	13	2.630.943	3.961.411	3.727.175
Intangible Assets	14	701.755	1.056.632	369.451
Goodwill	15	469.120	706.354	333.615
Deferred Income Tax Assets	25	329.775	496.542	307.705
Total Assets		**74.335.068**	**111.926.312**	**100.821.424**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2009, 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.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2009 AND 2008

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

	Notes	UNAUDITED 2009 USD (*)	2009	2008
LIABILITIES				
Short Term Liabilities		**56.138.696**	**84.528.035**	**77.477.127**
Borrowings	7	3.419.996	5.149.488	7.352.157
Current Portion of Long-term Borrowings	7	572.663	862.259	1.695.444
Trade Payables	8, 31	661.730	996.367	1.005.183
Other Payables	9	1.789.587	2.694.581	2.032.874
Payables From Finance Sector Operations	28	48.726.651	73.367.719	64.777.982
Derivative Financial Instruments	26	513.997	773.925	314.305
Income Taxes Payable	25	134.654	202.748	83.840
Other Short Term Liabilities	18	141.462	213.000	215.342
		55.960.740	**84.260.087**	**77.477.127**
Liabilities Associated with Non-current Assets Held for Sale	20	177.956	267.948	-
Long Term Liabilities		**4.456.200**	**6.709.700**	**6.005.520**
Borrowings	7	3.034.810	4.569.513	4.612.026
Trade Payables	8, 31	1.575	2.371	4.221
Other Payables	9	288.481	434.366	168.175
Payables from Finance Sector Operations	28	781.276	1.176.368	847.700
Derivative Financial Instruments	26	17.703	26.655	-
Provision for Employment Termination Benefits	17	73.940	111.332	137.191
Deferred Income Tax Liabilities	25	258.415	389.095	236.207
EQUITY		**13.740.172**	**20.688.577**	**17.338.777**
Shareholders' Equity		**7.270.653**	**10.947.422**	**9.556.971**
Share Capital	19	1.261.872	1.900.000	1.800.000
Share Premium		14.392	21.670	21.670
Revaluation Funds		104.556	157.430	(93.842)
Adjustment to Share Capital		2.275.859	3.426.761	3.426.761
Restricted Reserves	19	246.827	371.648	257.817
Translation Reserve		(12.042)	(52.046)	(75.359)
Net Income for the Year		**813.287**	**1.258.481**	**1.188.559**
Retained Earnings	19	**2.565.902**	**3.863.478**	**3.031.365**
Minority Interests		**6.469.519**	**9.741.155**	**7.781.806**
- Sabancı Family Members		2.077.977	3.128.810	2.534.996
- Others		4.391.542	6.612.345	5.246.810
TOTAL EQUITY AND LIABILITIES		**74.335.068**	**111.926.312**	**100.821.424**
Contingent assets and liabilities	16			

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2009, 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.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	UNAUDITED 2009 USD (*)	2009	2008
CONTINUING OPERATIONS				
Sales (net)	21	4.410.595	6.824.954	6.327.945
Interest, Premium, commission and other income	21	7.769.967	12.023.248	12.260.130
Total		**12.180.562**	**18.848.202**	**18.588.075**
Cost of sales (-)	4	(3.586.244)	(5.549.353)	(5.042.194)
Interest, Premium,commission and other expenses (-)	4	(4.216.497)	(6.524.608)	(8.174.781)
Total		**(7.802.741)**	**(12.073.961)**	**(13.216.975)**
Gross profit from non-financial operations		824.351	1.275.601	1.285.751
Gross profit from financial operations		3.553.470	5.498.640	4.085.349
GROSS PROFIT		**4.377.821**	**6.774.241**	**5.371.100**
Marketing, Selling and Distribution Expenses (-)	22	(266.466)	(412.329)	(449.128))
General and Administrative Expenses (-)	22	(1.905.923)	(2.949.226)	(2.841.902)
Research and Development Expenses (-)	22	(8.247)	(12.762)	(14.812)
Other Operating Income	23	313.616	485.290	539.321
Other Operating Expenses	23	(270.332)	(418.311)	(208.181)
OPERATING PROFIT		**2.240.469**	**3.466.903**	**2.544.752**
Shares of Income of Investments Accounted Through Equity Method	11	113.050	174.933	187.647
Financial Income	24	278.333	430.693	459.488
Financial Expenses (-)	24	(273.046)	(422.512)	(498.781)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.358.806**	**3.650.017**	**2.544.752**
Tax income/(expense) from continuing operations				
Current Income Tax Expense	25	(458.594)	(709.628)	(275.234)
Deferred Income Tax Benefit	25	75.987	117.582	103.569
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**1.976.199**	**3.057.971**	**2.373.087**
DISCONTINUED OPERATIONS				
Net (loss) after tax from discontinued operations	20	(10.531)	(16.295)	(45.413)
NET INCOME FOR THE YEAR		**1.965.668**	**3.041.676**	**2.327.674**
ALLOCATION OF NET INCOME		**1.965.668**	**3.041.676**	**2.327.674**
- Minority interest		**1.152.381**	**1.783.195**	**1.139.115**
- Sabancı Family members		312.392	483.396	302.187
- Others		839.989	1.299.799	836.928
- Equity Holders of the Parent		**813.287**	**1.258.481**	**1.188.559**
Earnings per share - thousands of ordinary shares (TL)	30	4,15	6,42	6,07

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official average TL exchange rate announced by CBRT for the year 2009, 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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Note References	2009	2008
NET INCOME FOR THE YEAR		**3.041.676**	**2.327.674**
Other Comprehensive Income:			
Net unrealized fair value gains from available for sale financial assets, after tax	25	1.092.187	(241.463)
Losses on available for sale financial assets transferred to the income statement, after tax	25	(186.701)	(43.875)
Net gains and losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	25	48.930	15.465
Currency translation differences	25	34.818	189.485
Cash flow hedges, after tax	25	(233.417)	(145.300)
OTHER COMPREHENSIVE INCOME/(EXPENSE), AFTER TAX		**755.817**	**(225.688)**
TOTAL COMPREHENSIVE INCOME		**3.797.493**	**2.101.986**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**3.797.493**	**2.101.986**
- Minority interest		2.264.427	923.683
- Equity Holders of the Parent		1.533.066	1.178.303

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Share Capital	Share Premium	Revaluation funds	Adjustment to share capital	Restricted reserves	Translation reserve	Net income for the year	Retained earnings	Equity attributable to the parent	Minority interests	Total
Balances at 1 January 2008	**1.800.000**	**21.670**	**68.108**	**3.426.761**	**215.478**	**(215.298)**	**969.487**	**2.264.627**	**8.550.833**	**7.523.008**	**16.073.841**
Capital increase	-	-	-	-	-	-	-	-	-	89.733	89.733
Transfers	-	-	-	-	42.339	-	(969.487)	927.148	-	-	-
Effect of change in the effective rate of subsidiaries	-	-	-	-	-	-	-	21.352	21.352	(13.088)	8.264
Sale of subsidiary	-	-	-	-	-	-	-	-	-	(188.327)	(188.327)
Purchase of usufruct shares	-	-	-	-	-	-	-	(3.096)	(3.096)	-	(3.096)
Dividends paid	-	-	-	-	-	-	-	(190.421)	(190.421)	(553.203)	(743.624)
Total comprehensive income	-	-	(161.950)	-	-	139.939	1.188.559	11.755	1.178.303	923.683	2.101.986
Balances at 31 December 2008	**1.800.000**	**21.670**	**(93.842)**	**3.426.761**	**257.817**	**(75.359)**	**1.188.559**	**3.031.365**	**9.556.971**	**7.781.806**	**17.338.777**
Balances at 1 January 2009	**1.800.000**	**21.670**	**(93.842)**	**3.426.761**	**257.817**	**(75.359)**	**1.188.559**	**3.031.365**	**9.556.971**	**7.781.806**	**17.338.777**
Capital increase (Note 19)	100.000	-	-	-	-	-	-	(100.000)	-	496	496
Transfers	-	-	-	-	113.831	-	(1.188.559)	1.074.728	-	-	-
Effect of change in the effective rate of subsidiaries	-	-	-	-	-	-	-	-	-	1.236	1.236
Sale and liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(24.998)	(24.998)
Dividends paid	-	-	-	-	-	-	-	(142.615)	(142.615)	(281.812)	(424.427)
Total comprehensive income	-	-	251.272	-	-	23.313	1.258.481	-	1.533.066	2.264.427	3.797.493
Balances at 31 December 2009	**1.900.000**	**21.670**	**157.430**	**3.426.761**	**371.648**	**(52.046)**	**1.258.481**	**3.863.478**	**10.947.422**	**9.741.155**	**20.688.577**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(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 USD (*) 2009	2009	2008
Income before tax from continuing operations		2.358.806	3.650.017	2.544.752
(Loss)/Income before tax from discontinued operations		(7.502)	(11.609)	43.956
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Provision for loan losses		926.528	1.433.710	1.435.338
Depreciation and amortisation		278.410	430.811	421.336
Re-measurement of derivative instruments at fair value		198.160	306.633	206.928
Provision for employment termination benefits		30.654	47.434	47.359
Impairment of non-current assets held for sale		58.139	89.965	-
Impairment charge on property. plant and equipment. intangible assets and investment property		54.038	83.618	20.111
Currency translation differences		121.211	9.056	100.866
Insurance technical reserves		(4.738)	(7.331)	(160.198)
Income from associates		(113.050)	(174.933)	(187.647)
Loss on sale and liquidation of subsidiaries		(27.591)	(42.695)	9.358
Gain on sale of property. plant and equipment and intangible assets		396	612	(159.926)
Other		(14.438)	(22.342)	(17.416)
Net cash provided by operating activities before changes in operating assets and liabilities		**3.859.023**	**5.792.946**	**4.304.817**
Changes in trade receivables		(15.434)	(23.883)	124.864
Changes in inventories		296.368	458.600	(437.137)
Changes in other receivables and other current assets		25.351	39.226	(488.165)
Changes in trade payables		(2.040)	(3.156)	66.210
Changes in other payables and other liabilities		466.108	721.256	(587.505)
Net cash provided by/(used in) operating activities of non-current assets held for sale		44.799	69.322	(219.410)
Changes in assets and liabilities in finance segment:				
Changes in marketable securities		(41.692)	(64.514)	4.657.521
Changes in receivables from financial operations		1.857.766	2.874.707	(10.660.331)
Changes in payables from financial operations		5.713.769	8.841.486	17.702.135
Changes in reserve with the Central Bank of the Republic of Turkey		1.810.638	2.801.782	(4.598.603)
Income taxes paid		(485.624)	(751.454)	(307.734)
Employment termination benefits paid	17	(31.123)	(48.159)	(47.389)
Net cash provided by operating activities		**13.497.909**	**20.708.159**	**9.509.273**
Cash flows from investing activities:				
Capital expenditures	3	(586.420)	(907.426)	(714.000)
Changes in available-for-sale and held-to-maturity securities		(6.737.593)	(10.425.751)	(7.496.596)
Cash used in business combinations		(606.298)	(938.186)	(22.817)
Proceeds from sale and liquidation of subsidiary		92.277	142.789	244.570
Proceeds from sale of property. plant and equipment. intangible assets and non-current assets held for sale		12.966	20.064	257.337
Dividends received		106.177	164.297	77.355
Net cash used in investing activities of current assets held for sale		(5.997)	(9.279)	21.934
Net cash used in investing activities		**(7.724.888)**	**(11.953.492)**	**(7.632.217)**
Cash flows from financing activities:				
Changes in borrowings		(1.911.629)	(2.958.054)	3.578.287
Dividends paid		(92.164)	(142.615)	(190.421)
Purchase of usufruct shares		-	-	(3.096)
Dividends paid to minority interests		(182.120)	(281.812)	(553.203)
Increase in share capital of minority interests		321	496	89.733
Net cash used in financing activities of current assets held for sale		(108.898)	(168.509)	(34.453)
Net cash (used in)/provided by financing activities		**(2.294.490)**	**(3.550.494)**	**2.886.847**
Net increase in cash and cash equivalents		3.478.531	5.204.173	4.763.903
Cash and cash equivalents at the beginning of the period		5.068.478	7.665.059	2.901.156
Cash and cash equivalents at the end of the period		**8.547.009**	**12.869.232**	**7.665.059**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official average TL exchange rate announced by CBRT for the year 2009, 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.

(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 19). The number of employees in 2009 is 55.201 (2008: 51.120). The Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1997. As of 31 December 2009, the Group has 21,50% shares registered to Capital Market Board ("CMB"), also the principal shareholders and their respective shareholding rates in the Holding are as follows: (Note 19):

	%
Sabancı family members	45,51
Public quotation	37,40
Sakıp Sabancı Holding A.Ş.	14,81
Sabancı University	1,62
Hacı Ömer Sabancı Foundation	0,67
	100,00

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at 31 December 2009 are as follows

Subsidiaries	**Nature of business**	**Business segment**
Akbank T.A.Ş. ("Akbank")	Banking	Finance
Aksigorta A.Ş. ("Aksigorta")	Insurance	Finance
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	Tire and tire reinforcement	Tire and tire reinforcement
Temsa Global A.Ş. ("Temsa Global")	Automotive	Automotive
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
Advansa B.V. ("Advansa")	Textile	Other
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	Textile	Other

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, Advansa (collectively referred to as the "Foreign Subsidiaries"). Exsa UK is registered in the United Kingdom, Advansa is registered in the Netherlands.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 December 2009 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Pension	Finance	Aviva
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire and tire reinforcement	Tire and tire reinforcement	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 Üretim A.Ş. ("Enerjisa")	Energy production and sales	Energy	Verbund
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ("ETS")	Energy sales	Energy	Verbund
Enerjisa Elektrik Dağıtım A.Ş. ("EED")	Energy sales	Energy	Verbund
Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ")	Energy sales	Energy	Verbund
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. ("Olmuksa")	Corrugated containers	Other	International Paper
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. ("Dönkasan")	Paper	Other	International Paper and Kartonsan

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"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". 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.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Holding did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by the IASB in its financial statements for the accounting periods starting 1 January 2005.

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

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

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

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

2.1.2 Basis of consolidation

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

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

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2009:

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	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank	40,85	16,38	57,23	36,80
Aksigorta	61,98	-	61,98	61,98
Bimsa	95,11	-	95,11	89,95
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 Global	48,71	51,28	99,99	48,71
Tursa	99,51	-	99,51	98,46
Yünsa	59,37	11,50	70,87	58,80

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

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

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2008:

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	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank	40,85	16,32	57,17	36,80
Aksigorta	61,98	-	61,98	61,98
Bimsa	95,11	-	95,11	89,86
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
Sapeksa (*)	52,84	44,87	97,71	37,00
Sabancı Telekom (**)	100,00	-	100,00	100,00
Teknosa	69,17	30,83	100,00	69,17
Temsa Global	48,70	51,29	99,99	47,66
Toyotasa Pazarlama (***)	65,00	-	65,00	64,99
Tursa	99,51	-	99,51	98,46
Yünsa	59,37	11,50	70,87	58,80

(*) Sapeksa, a subsidiary where the Group holds 52,84% interest at 31 December 2008, is liquidated in 2009. The liquidation process has been finalised as of 14 April 2009 and effective from this date Sapeksa was excluded from the scope of consolidation..

(**) Sabancı Telekom, a wholly owned subsidiary at 31 December 2008, is liquidated in 2009. The liquidation process has been finalised as of 30 March 2009 and effective from this date Sabancı Telekom was excluded from the scope of consolidation.

(***) Whole shares of Toyotasa, a subsidiary where the Group holds 65%, is sold at 14 August 2009 to ALJ Lubnatsi Pazarlama ve Satış A.Ş. and effective from this date Toyotasa was excluded from the scope of consolidation (Note 23).

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 2009 and result of operations for the year ended 31 December 2009 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)

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 2009:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Avivasa	49,83	49,83
Brisa	43,63	43,63
BEDAŞ	50,00	50,00
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Enerjisa	50,00	50,00
ETS	50,00	50,00
EED	50,00	50,00
Olmuksa	43,73	43,73

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 2008:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Enerjisa	50,00	50,00
ETS	50,00	50,00
EED	50,00	50,00
Olmuksa	43,73	43,73

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

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

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

d) Investments in Associates are accounted for by the equity method of accounting. 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 11 and Note 2.e).

Associates whose financial position at 31 December 2009 and result of operations for the year ended 31 December 2009 are insignificant to the overall consolidated financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 6.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2009:

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

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

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 minority interest. Certain Sabancı family members, Sabancı Vakfı, a charitable foundation established by Sabancı family members and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated financial statements their interests are treated as minority interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

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

2.1.3 Amendments in International Financial Reporting Standards

a) Amendments to existing standards, interpretations and new standards that are effective in 2009:

Group applied the revised standards and interpretations, that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) effective from 1 January 2009.

- IAS 1 (Revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group selected to present two statements and used statement of compressive income to present other comprehensive income components.

- IFRS 8 replaces IAS 14,"Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group applies the IFRS 8 (Amendment) beginning from 1 January 2009. In this context, segment reporting disclosures are reviewed and revised (Note 2.3.29).

- IAS 32 (Amendment), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" - "Puttable financial instruments and obligations arising on liquidation". The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group applies the IAS 32 and IAS 1 (Amendment) beginning from 1 January 2009.

- IFRIC 13, "Customer loyalty programme". IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group applies the IFRS 8 (Amendment) beginning from 1 January 2009.

- IAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

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

a) Amendments to existing standards, interpretations and new standards that are effective in 2009 (Continued);

This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker and IAS 39. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the group will not formally document and test this relationship.

When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The Group applies the IAS 39 (Amendment) beginning from 1 January 2009.

- IFRIC 16, 'Hedges of a net investment in a foreign operation'. IFRIC 16 clarifies the accounting treatment in respect of net investment hedge. This includes the fact that net investment hedge relates to functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', applies to the hedging transactions. Akbank applied IFRIC 16 effective from 1 January 2009, which did not have a material impact on the Group's financial statements.

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

b) Standards early adopted by the Group

IAS 23 (Amendment), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. IAS 23 (Amendment) has been early adopted by the Group in 2008 therefore it does not have a further impact on the Group's financial statements.

c) Standards, that are effective in 2009 but are not relevant to the Group's operations

- IFRS 2 (Amendment), "Share-based payment'"
- IFRS 1 (Amendment), "First time adoption of IFRS"
- IFRIC 15, "Agreements for construction of real estates"

d) Standards, amendments and interpretations to existing standards that are effective beginning from 1 January 2010, and have not been early adopted by the Group

- IFRS 3, "Business combinations",
- IFRS 9, "Financial Instruments",
- IAS 27, "Consolidated and separate financial statements"
- IAS 28, "Investments in associates"
- IAS 31, "Interests in joint ventures"
  Comprehensive Amendment regarding the "Acquisition method application"
- IFRIC 17, "Distributions of non-cash assets to owners"
- IFRIC 18, "Transfer of assets from costumers"

The Group will assess the effect of the above amendments to its operations and will apply them beginning from 1 January 2010.

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

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 previous period. The Group presented the consolidated balance sheet as of 31 December 2009 comparatively with the consolidated balance sheet as of 31 December 2009 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the period 1 January- 31 December 2009 comparatively with the period 1 January - 31 December 2008.

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 2009 of TL 1,5057 = USD 1 and TL 1,5474 = 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. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of cash flows and the use of bid rate at the balance sheet date for the translation of the closing and opening cash balances is included as currency translation adjustment separate from cash flows from operating, financing and investing activities.

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 interim period 1 January – 31 December 2009.

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

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

Reserve deposits represent the minimum deposits maintained with the Central Bank of the Republic of Turkey (the "Central Bank"), as required by the Turkish Banking Law ("Banking Law"), calculated on the basis of customer deposits taken at the rates determined by the Central Bank. In accordance with the current legislation, the mandatory reserve deposit rates for New Turkish Lira and foreign currency deposits are 5% (2008: 6%) and 9% (2008: 9%), respectively. Interest income is recognised quarterly using the interest rates determined by the Central Bank.

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

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

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

2.3.5 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, Associates and Joint Ventures are considered and referred to as related parties. On consolidation, most of the related party activity is eliminated and the remainder of non-eliminated balances is disclosed in Note 31.

2.3.6 Inventories

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

2.3.7 Financial Instruments

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

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

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

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

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

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

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

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

2.3.8 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2009. 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 forward foreign exchange contracts are calculated by valuing the contract with the spot exchange rate prevailing at the balance sheet date and comparing the amount arrived at with the original amount calculated on a straight line basis by using the spot rate prevailing at the beginning of the contracts. 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.

i) Cash flow hedge

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 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)

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

ii) Derivatives that do not qualify for hedge accounting

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

2.3.9 Investment property

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

2.3.10 Property, plant and equipment

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

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

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

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

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

2.3.11 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.

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.

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

2.3.13 IFRIC 12 - Service Concession Arrangements

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

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

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

2.3.14 Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

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.

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 Deferred Income Tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to measure deferred income taxes.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 25).

2.3.19 Employee benefits

<u>Retirement benefits</u>

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.

(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)

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.

As of 31 December 2009, the pension fund has no technical or actuarial deficit which requires a provision, in accordance with the technical balance sheet report audited pursuant to the framework stated in the above first paragraph, and which was prepared in consideration of the draft law provisions mentioned above. Furthermore, Akbank management is of the opinion that the liability amount to arise during and after the transfer will be at a reasonable level that can be met by the Fund's assets and it will not cause any additional burden for Akbank.

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 79.761 (2008: TL 69.181), the surplus of the Fund amounts to TL 402.213 as of 31 December 2009 (2008: TL 437.478).

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

	2009	**2008**
Present value of funded obligations	(451.968)	(351.281)
- Pension benefits transferrable to SSI	(742.525)	(614.872)
- Post-employment medical benefits transferrable to SSI	370.318	332.772
- Other non-transferrable benefits	(79.761)	(69.181)
Fair value of plan assets	854.181	788.759
Surplus	**402.213**	**437.478**

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

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

The principal actuarial assumptions used were as follows:

Discount rate	**2009**	**2008**
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%5,92	%6,26

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 17).

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.

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

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

2.3.22 Government grants

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 premiums are those proportions of the premiums written in a year that relate to the period of risk subsequent to the balance sheet date for all policies with more than one year of maturity.

Claim provisions

Claims are recorded in the period in which they occur, based on reported claims or on the basis of estimates when not reported. The provision for claims outstanding is the total estimated ultimate cost of settling all claims arising from events, which have occurred up to the end of the accounting period. Full provision is made for outstanding claims, including claim settlements, reported at the end of the period according to the insurance expert's report, or according to the initial estimations of the insured and the expert.

Life assurance provision

The Subsidiaries dealing in life assurance are required to establish benefit reserves, which in the aggregate must be sufficient to provide for future guaranteed benefits as they become due. The life assurance provision is based on the level of premiums, as adjusted by commission, and administrative expenses and risk premiums that are computed on the basis of actuarial mortality assumptions, as approved by the Insurance Supervisory Office, which are applicable for Turkish insurance companies. The revenues obtained upon the investment activities in relation to the provisions held, are set aside as life assurance provision.

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.

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.

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

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

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 New Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

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

Foreign Group companies

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

2.3.28 Business combinations

In accordance with IFRS 3 "Business Combinations" all business combinations are accounted for by applying the purchase method. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. Prior to the acquisition, the fair value differences of the net assets are accounted as fair value reserve in equity. Goodwill recognised in a business combination is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs the impairment test of goodwill at year-ends.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 3).

Partial share purchase-sale transactions with minority interests

The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority 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 minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority 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)

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.

The Group has combined the Automotive and Tire and tire reinforcement industrial segments, which were followed up as separate industrial segments before, and reported one industrial segment in the segment reporting of 31 December 2009.

The Group classified Textile industrial segment, which was followed up as a separate industrial segment before, into other industrial segments in the segment reporting of 31 December 2009.

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.

(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 2009 are as follows:

Enerjisa Elektrik Dağıtım A.Ş., a joint venture of the Group, won the tender of Privatisation Agency of Republic of Turkey and acquired all the shares of Başkent Elektrik Dağıtım A.Ş. for TL 1.976.169 (USD 1.225 million) with the Share Purchase Agreement signed on 28 January 2009. Fair values of the acquired identifiable assets and liabilities and the purchase consideration is as follows;

Cash and cash equivalents	114.351
Trade receivables	316.040
Financial assets	359.200
Inventories	16.809
Property, plant and equipment and intangible assets	1.293.624
Other receivables and current assets	57.739
Trade payables	(197.197)
Corporate income tax payable	(9.128)
Unearned income	(95.391)
Deposits received	(85.136)
Provision for termination benefits	(49.474)
Deferred income tax liabilities	(181.773)
Other payables and current/non-current liabilities	(296.301)
Fair value of total net assets acquired	1.243.363
Less: cost of acquisition	1.976.169
Goodwill	732.806
Goodwill attributable to the consolidated financial statements resulting from the acquisition completed by the joint venture	**366.403**

The intangible assets include costumer relations and contracts amounting to TL 1.162.000 in accordance with IFRS 3 "Business Combinations".

On 24 July 2006, Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") and Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ") signed the transfer of operating rights agreement. In accordance with this agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, the other movables and immovables which are crucial for operation of the distribution facilities to Başkent for a period of 30 years. The fair value of the operating rights is determined using the expected future cash flows. A financial asset amounting to TL 359.200 and an intangible asset amounting to TL 131.000 are accounted based on transfer of operating rights agreement in accordance with IFRIC 12 "Service Concession Arrangements" and IFRS 3 "Business Combinations". The acquired business contributed revenues of TL 878.573 and net profit of TL 2.342 to the group for the period from 28 January 2009 to 31 December 2009.

Carrefoursa, a joint venture of the Group, acquired 17 supermarkets for a consideration of TL 18.765 in 2009. The acquisition resulted in goodwill amounting to TL 16.339. Goodwill attributable to the consolidated financial statements resulting from the acquisition transaction of the joint-venture is TL 6.336.

(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)

Group's joint venture of Enerjisa, has purchased the 99.99% share of Doka Elektrik Üretim A.Ş ("Doka") for TL 65.865 at 28 December 2009 and 100% share of Ceylin Enerji Üretim A.Ş ("Ceylin") for TL 24.166 at 30 September 2009. Due to the reason Doka and Ceylan have not began to operate as of the date of the purchases, they are not in the scope of IFRS 3 "Business Combinations". Net assets acquired, except for electricity production license, recorded at their carrying value (Note 14).

The business combinations between the period 1 January and 31 December 2008 are as follows:

Çimsa acquired Bilecik Hazır Beton Tesisleri for a consideration of TL 22.817 on 31 July 2008. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Property, plant and equipment and intangible assets	18.081
Other current assets	442
Total net assets	18.523
Less: cost of acquisition	22.817
Goodwill	**4.294**

NOTE 4 - SEGMENT REPORTING

a) External revenues:

	2009	**2008**
Finance	12.023.248	12.260.130
Tire, tire reinforcements and automotive	2.173.440	2.551.976
Retail	2.326.124	2.125.397
Cement	894.746	928.804
Energy	1.108.373	248.587
Other	322.271	473.181
Total	**18.848.202**	**18.588.075**

(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:

	2009	2008
Tire, tire reinforcements and automotive	2.043.148	2.657.358
Cement	1.268.472	1.336.703
Retail	932.432	793.369
Energy	2.601.331	720.391
Finance	103.544.785	93.833.365
Banking	102.106.140	92.491.103
Insurance	1.438.645	1.342.262
Other	546.262	1.195.545
Segment assets (*)	**110.936.430**	**100.536.731**
Non-current assets held for sale (Note 20)	426.071	56.487
Investment in associated companies	304.662	294.564
Unallocated assets	916.408	819.435
Less: intercompany eliminations and reclassifications	(657.259)	(885.793)
Total assets per consolidated financial statements	**111.926.312**	**100.821.424**

(*) Segment assets mainly comprise operating assets.

c) Segment liabilities:

	2009	2008
Tire, tire reinforcements and automotive	427.275	659.167
Cement	182.256	141.576
Retail	554.443	403.493
Energy	371.077	68.003
Finance	88.587.245	82.049.742
Banking	87.627.989	81.180.925
Insurance	959.256	868.817
Other	57.376	214.545
Segment Liabilities (*)	**90.179.672**	**83.536.526**
Liabilities associated with non-current assets held for sale (Note 20)	267.948	-
Unallocated liabilities	1.964.891	1.449.182
Less: intercompany eliminations and reclassifications	(1.174.776)	(1.503.061)
Total liabilities per consolidated financial statements	**91.237.735**	**83.482.647**

(*) Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

(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 2009

					Finance					
	Tire, tire reinforcements and automotive	**Cement**	**Retail**	**Energy**	**Banking**	**Insurance**	**Total finance**	**Other**	**Inter segment elimination**	**Total**
External revenues	2.173.440	894.746	2.326.124	1.108.373	11.096.229	927.019	12.023.248	322.271	-	18.848.202
Inter segment revenues	2.017	26	1.976	47.630	21.501	1.182	22.683	14.484	(88.816)	-
Total revenues	**2.175.457**	**894.772**	**2.328.100**	**1.156.003**	**11.117.730**	**928.201**	**12.045.931**	**336.755**	**(88.816)**	**18.848.202**
Cost of sales (*)	(1.830.685)	(664.069)	(1.819.693)	(1.015.563)	(5.778.653)	(911.058)	(6.689.711)	(267.059)	210.773	(12.076.007)
General administrative expenses	(94.526)	(38.035)	(257.944)	(156.218)	(2.240.848)	(109.582)	(2.350.430)	(44.884)	49.039	(2.892.998)
Sales, marketing and distribution expenses	(149.084)	(8.552)	(227.490)	(657)	-	-	-	(29.513)	2.967	(412.329)
Research and development expenses	(9.959)	(185)	-	-	-	-	-	(3.068)	450	(12.762)
Inter segment adjustment	(202)	(100)	-	-	142.592	(288)	142.304	2.348	(142.304)	2.046
Operating result	**91.001**	**183.831**	**22.973**	**(16.435)**	**3.240.821**	**(92.727)**	**3.148.094**	**(5.421)**	**32.109**	**3.456.152**
Other unallocated operating expenses										(56.228)
Other income/(expense) - net	(20.687)	(6.866)	(54.464)	12.966	175.523	50.211	225.734	(89.704)	-	66.979
Segment result	**70.314**	**176.965**	**(31.491)**	**(3.469)**	**3.416.344**	**(42.516)**	**3.373.828**	**(95.125)**	**32.109**	**3.466.903**

(*) 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)

Segmental analysis for the period between 1 January – 31 December 2008

	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	2.551.976	928.804	2.125.397	248.587	11.357.200	902.930	12.260.130	473.181	-	18.588.075
Inter segment revenues	6.057	182	4.214	86.567	55.435	1.103	56.538	14.416	(167.974)	-
Total revenues	**2.558.033**	**928.986**	**2.129.611**	**335.154**	**11.412.635**	**904.033**	**12.316.668**	**487.597**	**(167.974)**	**18.588.075**
Cost of sales (*)	(2.115.709)	(692.993)	(1.662.501)	(278.667)	(7.443.175)	(942.650)	(8.385.825)	(394.824)	316.002	(13.214.517)
General administrative expenses	(107.847)	(34.907)	(223.518)	(24.227)	(2.245.009)	(127.947)	(2.372.956)	(54.722)	34.277	(2.783.900)
Sales, marketing and distribution expenses	(173.974)	(10.910)	(220.280)	(523)	-	-	-	(45.401)	1.960	(449.128)
Research and development expenses	(11.840)	-	-	-	-	-	-	(2.972)	-	(14.812)
Inter segment adjustment	(105)	(100)	-	-	153.703	796	154.499	(454)	(156.298)	(2.458)
Operating result	**148.558**	**190.076**	**23.312**	**31.737**	**1.878.154**	**(165.768)**	**1.712.386**	**(10.776)**	**27.967**	**2.123.260**
Other unallocated operating expenses										(58.002)
Other income/(expense) - net	(12.857)	(9.103)	134.070	(2.053)	175.235	84.318	259.553	(38.470)	-	331.140
Segment result	**135.701**	**180.973**	**157.382**	**29.684**	**2.053.389**	**(81.450)**	**1.971.939**	**(49.246)**	**27.967**	**2.396.398**

(*) 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:	**2009**	**2008**
Interest income	9.528.262	10.071.022
Interest expense	(4.736.890)	(6.370.161)
Net interest income	**4.791.372**	**3.700.861**
Fee and commission income	1.567.967	1.286.178
Fee and commission expense	(207.392)	(244.345)
Net fee and commission income	**1.360.575**	**1.041.833**
Provision for loan losses	(813.193)	(879.622)
Foreign Exchange trading gains and losses - net	142.915	260.091
Operating expense	(2.240.848)	(2.245.009)
Other operating income	175.523	175.235
Segment result	**3.416.344**	**2.053.389**

ii) Insurance:	**2009**	**2008**
Gross premiums written	927.019	902.930
Premiums ceded to reinsurers	(307.342)	(345.264)
Change in the provision for unearned premiums net of reinsurance	(10.135)	(60.275)
Earned premiums, net of reinsurance	**609.542**	**497.391**
Claims paid	(681.365)	(584.083)
Claims paid - reinsures' share	176.070	192.890
Provisions for life insurance	(5.820)	1.383
Change in the provision for claims	1.465	(66.759)
Claims incurred, net of reinsurance	**(509.650)**	**(456.569)**
Change in life mathematical reserve	(1.339)	(33.164)
Commission expenses - net	(81.698)	(45.479)
Technical income	**16.855**	**(37.821)**
General and administrative expenses	(109.582)	(127.947)
Other operational income/(expense)	50.211	84.318
Segment Result	**(42.516)**	**(81.450)**

(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)

iii) Non-financial segments:	**2009**	**2008**
Net sales	6.824.954	6.327.945
Cost of sales	(5.549.353)	(5.042.194)
Gross profit	**1.275.601**	**1.285.751**
Operating expenses	(1.023.771)	(932.879)
Other operating (expense)/income	(158.755)	71.587
Segment result	**93.075**	**424.459**

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

	2009	**2008**
Tire, tire reinforcement and automotive	169.403	222.237
Cement	236.487	259.719
Retail	57.208	69.802
Energy	40.896	53.529
Finance	3.501.017	2.091.038
Other	957	(36.307)
Total	**4.005.968**	**2.660.018**

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

	2009	**2008**
Adjusted EBITDA for reported operating segments	4.005.968	2.660.018
Impairment charge on investment property	(44.143)	-
Gain on sale of investment property	-	123.380
Gain on sale of subsidiaries	65.936	39.516
Loss on impairment of subsidiaries	(100.675)	(51.840)
Depreciation and amortisation	(402.415)	(374.676)
Other	(57.768)	-
Operating profit	**3.466.903**	**2.396.398**
Financial expenses - net	8.181	(39.293)
Shares of income of investments accounted through equity method	174.933	187.647
Income before tax from continuing operations	**3.650.017**	**2.544.752**

(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	**2009**	**2008**
Current assets	1.422.996	1.218.799
Non-current assets	3.538.357	1.799.774
Total assets	**4.961.353**	**3.018.573**
Current liabilities	1.102.077	589.997
Non-current liabilities	1.379.531	727.453
Total liabilities	**2.481.608**	**1.317.450**
Minority interests	4.358	4.645
Shareholders' equity	2.475.387	1.696.477
Total liabilities, minority interests and, shareholders' equity	**4.961.353**	**3.018.572**

Income statement	**2009**	**2008**
Operating profit	18.536	250.401
Financial income/(expense)- net	41.771	(32.144)
Income before tax and minority interests	60.307	218.257
Taxation on income	4.557	(31.526)
Income before minority interests	64.864	186.731
Minority interests	186	(98)
Net income for the year from continuing operations	**65.050**	**186.633**

(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 charge, impairments and capital expenditures:

1 January - 31 December 2009

	Finance		Tire and tire					Discontinued	
	Banking	Insurance	reinforcements	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	121.608	5.581	99.088	59.522	44.364	46.487	25.765	28.396	430.811
Impairment of property, plant and equipment, intangible assets	-	-	-	668	1.500	18.367	59.704	3.379	83.618
Capital expenditure	143.830	3.748	116.691	39.462	482.318	76.664	18.929	25.784	907.426

1 January - 31 December 2008

	Finance		Tire and tire					Discontinued	
	Banking	Insurance	reinforcements	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	113.120	5.978	86.536	78.746	23.846	35.802	30.648	46.660	421.336
Impairment of property, plant and equipment intangible assets and investment property	-	-	-	-	-	6.452	13.659	-	20.111
Capital expenditure	204.607	4.606	150.871	69.450	139.757	72.965	24.194	47.549	713.999

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NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2009 and 2008 is as follows:

	2009	**2008**
Cash in hand		
- banking	595.685	610.540
- other companies	3.210	7.385
Banks - time deposits	2.911.140	4.788.924
Banks - demand deposits	1.934.841	1.892.902
Government bonds	6.519.548	358.734
Treasury bills	751.932	3.152
Government bonds denominated in foreign currency	114.106	-
Due from reverse repurchase transactions	25.724	1.416
Eurobonds	13.004	-
Other cash and cash equivalents	42	2.006
Total	**12.869.232**	**7.665.059**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,08% p.a (2008: 0,15% p.a), 0,22% p.a (2008: 1,84% p.a) and 12,75% p.a (2008: 14,94% p.a) , respectively.

The analysis of maturities at 31 December 2009 and 2008 is as follows:

	2009	**2008**
Demand	2.533.777	2.512.833
Up to 3 months	10.326.219	5.152.226
1 to 5 years	2.380	-
Over 5 years	6.856	-
Total	**12.869.232**	**7.665.059**

NOTE 6 - FINANCIAL ASSETS

a) Trading securities:

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

	2009	**2008**
Government bonds	132.922	103.217
Eurobonds	66.877	30.743
Treasury bills	30.767	5.426
Government bonds denominated in foreign currency	6.359	11.406
Share certificates	1.787	9.685
Mutual funds	-	15.000
Other	1.350	71
Total	**240.062**	**175.548**

(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)

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 4,63% p.a. (2008: 7,57% p.a), 3,74% p.a (2008: 6,58% p.a) and 9,21% p.a (2008: 17,88% p.a).

The analysis of maturities at 31 December 2009 and 2008 is as follows:

	2009			2008		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	36.523	75.686	112.209	21.991	-	21.991
1 to 5 years	76.372	10.948	87.320	110.640	-	110.640
Over 5 years	37.395	-	37.395	18.161	-	18.161
Other	1.738	1.400	3.138	9.756	15.000	24.756
Total	**152.028**	**88.034**	**240.062**	**160.548**	**15.000**	**175.548**

Period remaining to contractual repricing dates:

	2009			2008		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	28.917	-	28.917	11.325	-	11.325
3 to 12 months	42.622	75.686	118.308	23.251	-	23.251
1 to 5 years	41.356	10.948	52.304	98.134	-	98.134
Over 5 years	37.395	-	37.395	18.082	-	18.082
No maturity	1.738	1.400	3.138	9.756	15.000	24.756
Total	**152.028**	**88.034**	**240.062**	**160.548**	**15.000**	**175.548**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

b) Securities available-for-sale:	**2009**	**2008**
Debt securities		
- Government bonds	26.092.664	4.966.879
- Eurobonds	2.186.076	1.671.269
- Treasury bills	111.661	437.542
- Government bonds denominated in foreign currency	30.116	153.721
- Investment funds	50.149	35.392
- Other bonds denominated in foreign currency	654.611	415.823
Sub-total	**29.125.277**	**7.680.626**
Equity securities		
- Listed	21.879	8.399
- Unlisted	55.756	51.608
Sub-total	**77.635**	**60.007**
Total securities available for sale	**29.202.912**	**7.740.633**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 5,02% p.a. (2008 5,48% p.a.), 4,81% p.a. (2008: 6,64% p.a.) and 11,07% p.a. (2008: 19,53% p.a.).

The movement of available-for-sale securities related to banking segment is as follows:

	2009	**2008**
Balance at 1 January	7.304.761	20.869.792
Additions	27.158.292	14.458.299
Change in fair value	1.611.541	(1.250.919)
Disposals and redemptions	(5.607.926)	(8.257.237)
Transfers	(1.599.915)	(18.515.174)
Total	**28.866.753**	**7.304.761**

Akbank reclassified its government bonds with fair values USD 91.820 and Euro 17.129 into the category of financial assets available-for-sale which were classified under the category of financial assets held-for-trading before in accordance with amendments to IAS 39 and IFRS 7 dated October 2008 and effective from 1 July 2008 due to change in the intention to hold such securities. As of the balance sheet date, fair values of these reclassified government bonds are USD 1.744 and Euro 7.590. Had these financial assets not been reclassified, an unrealized valuation gain before minority interest of USD 0,5 and Euro 33 would have been recognised in the income statement.

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NOTE 6 - FINANCIAL ASSETS (Continued)

The maturity analysis at 31 December 2009 and 2008 is as follows:

	2009			2008		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	6.704.519	176.232	6.880.751	1.683.685	243.937	1.927.622
1 to 5 years	20.293.963	69.725	20.363.688	3.603.123	59.678	3.662.801
Over 5 years	1.786.024	44.666	1.830.690	1.967.501	87.310	2.054.811
No maturity	82.247	45.536	127.783	50.452	44.947	95.399
Total	**28.866.753**	**336.159**	**29.202.912**	**7.304.761**	**435.872**	**7.740.633**

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

	2009			2008		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	3.520.091	-	3.520.091	2.576.875	-	2.576.875
3 to 12 months	13.109.646	176.232	13.285.878	1.870.097	243.937	2.114.034
1 to 5 years	10.368.745	69.725	10.438.470	1.709.334	59.679	1.769.013
Over 5 years	1.786.024	44.666	1.830.690	1.098.003	87.310	1.185.313
No maturity	82.247	45.536	127.783	50.452	44.946	95.398
Total	**28.866.753**	**336.159**	**29.202.912**	**7.304.761**	**435.872**	**7.740.633**

The breakdown of available-for-sale equity securities at 31 December 2009 is as follows::

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş. (*)	69	21.681	Investment management
Other		198	
Total		**21.879**	

Unlisted	Share (%)	Carrying amount	Business
Merter B.V.	24,99	30.116	Real estate
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,96	9.002	Transportation
Other		16.638	
Total		**55.756**	

(*) The Group owns 69% of the shares of Ak Yatırım Ortaklığı A.Ş. (2008: %65). Due to the insignificance of the financial impact on the financial position and results of the Group, these companies were not consolidated and carried at cost less provision for diminution in value at 31 December 2009 and 2008 consolidated financial statements.

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NOTE 6 - FINANCIAL ASSETS (Continued)

The breakdown of available-for-sale equity securities at 31 December 2008 is as follows:

Listed	**Share (%)**	**Carrying amount**	**Business**
Ak Yatırım Ortaklığı A.Ş.	65	8.327	Investment management
Others		72	
Total		**8.399**	

Untested	**Share (%)**	**Carrying amount**	**Business**
Merter B.V.	24,99	28.879	Real estate
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,53	9.002	Transportation
Other		13.727	
Total		**51.608**	

c) Held to maturity:

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

	2009	**2008**
Government bonds	4.447.159	13.939.245
Government bonds denominated in foreign currency	4.802.686	5.444.158
Eurobonds	1.163.583	1.165.303
Total	**10.413.428**	**20.548.706**

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

	2009	**2008**
Balance at 1 January	20.548.706	-
Additions	4.471	21.180.469
Transfers from cash and cash equivalents	(5.414.280)	(12.056)
Monetary exchange differences	(95.862)	-
Addition due to change in amortised cost	337.771	754.430
Redemptions and sales	(4.967.378)	(1.374.137)
Total	**10.413.428**	**20.548.706**

Akbank reclassified its government bonds with fair values TL 104.306, USD 962.377 and EUR 419.021 into the category of held to maturity financial assets which were classified under the category of financial assets held-for-trading before in accordance with amendments to IAS 39 and IFRS 7 due to change in the intention to hold such securities. As of the balance sheet date, fair values of these reclassified government bonds are TL 61.574 , USD 972.098 and EUR 389.177. Had these financial assets not been reclassified, an unrealized valuation gain before minority interest of TL 1.574, USD 315 and EUR 486 would have been recognised in the income statement.

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NOTE 6 - FINANCIAL ASSETS (Continued)

Period remaining to contractual maturity dates for held to maturity financial assets and available-for-sale assets as at 31 December 2009 and 2008 is as follows:

	2009			2008		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	3.434.726	-	3.434.726	5.032.118	-	5.032.118
1 to 5 years	5.815.119	-	5.815.119	12.463.197	-	12.463.197
More than 5 years	1.163.583	-	1.163.583	3.053.391	-	3.053.391
Total	**10.413.428**	**-**	**10.413.428**	**20.548.706**	**-**	**20.548.706**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets and available-for-sale securities as at 31 December 2009 and 2008 is as follows:

	2009			2008		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	6.658.963	-	6.658.963	5.425.632	-	5.425.632
3 to 12 months	1.315.638	-	1.315.638	6.590.550	-	6.590.550
1 to 5 years	1.275.244	-	1.275.244	7.367.220	-	7.367.220
More than 5 years	1.163.583	-	1.163.583	1.165.304	-	1.165.304
Total	**10.413.428**		**10.413.428**	**20.548.706**	**-**	**20.548.706**

NOTE 7 - BORROWINGS

Short-term funds borrowed, bank borrowings and debt securities in issue:	**2009**	**2008**
Short term	5.149.488	7.352.157
Short-term portion of long term	862.259	1.695.444
Total short term	**6.011.747**	**9.047.601**
Long-term funds borrowed, bank borrowing and debt securities in issue:		
Long term	4.569.513	4.612.026
Total	**10.581.260**	**13.659.627**

Effective interest rates of USD, EUR and TL denominated funds borrowed borrowings and debt securities in issue are 2,51% p.a. (2008: 3,61% p.a.), 2,18% p.a. (2008: 3,90% p.a.) and 6,72% p.a. (2008: 15,79% p.a.) respectively.

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

NOTE 7 - BORROWINGS (Continued)

The maturity schedule of borrowings at 31 December 2009 and 2008 is summarised below:

	2009	**2008**
Up to 3 months	2.137.437	2.408.593
3 to 12 months	3.874.310	6.639.008
1 to 5 years	3.057.788	3.184.011
More than 5 years	1.511.725	1.428.015
Total	**10.581.260**	**13.659.627**

The maturity schedule of long term borrowings at 31 December 2009 and 2008 is summarised below:

	2009
2010	1.015.398
2011	822.951
2012	790.209
2013	429.231
2014 and over	1.511.724
Total	**4.569.513**

	2008
2010	787.337
2011	896.425
2012	768.998
2013	731.251
2014 and over	1.428.015
Total	**4.612.026**

The repricing schedule of borrowings at 31 December 2009 and 2008 is summarised below:

	2009	**2008**
Up to 3 months	7.903.045	10.393.151
3 to 12 months	2.411.256	2.702.205
1 to 5 years	254.423	555.632
More than 5 years	12.536	8.639
Total	**10.581.260**	**13.659.627**

NOTE 7 - BORROWINGS (Continued)

Major borrowing transactions of Akbank and Enerjisa at 31 December 2009 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via West LB AG London Branch

At 31 December 2009, funds borrowed from foreign institutions include syndicated credit facilities in the amount of EUR 900.000 and formed by USD 312.000 and EUR 681.500 with an interest rate of Libor + 2.5% and Euribor + 2.5% provided by 48 international banks with West LB AG, London Branch acting as the agent, which mature between 25 August 2010 and 24 September 2010.

b) Akbank - Debt securities in issue

In November 1999, Akbank finalised a structured finance deal of USD 400.000 by securitising its foreign currency denominated present and future remittances (worker remittances, cash against goods, cash against documents, letters of credits, cheque remittances and other third party payment orders) for the issue of floating-rate notes amounting to USD 400.000. Akbank obtained further tranches related with the same deal in the amount of USD 3.569.000 between 2000 and 31 December 2009 through the additional issue of floating-rate notes. Interest rates on the tranches vary between Libor + 0,16% p.a. and Libor + 1,1% p.a. At 31 December 2009, the outstanding principal amount of the securitisation deal amounts to USD 2.046.000 after the repayment of USD 1.922.000 between January 2000 and December 2009.

In December 2005, the Group finalised another structured finance deals with a total amount of USD 500.000 by securitising its foreign currency denominated present and future remittances (credit card receivables). The interest rates varying between Libor + 0,16% and Libor +1,01%.

As of 31 December 2009 the outstanding principal amount of the securitisation deal amounts to USD 314 million after the repayment USD 59.000 during the first period of 2009 and USD 53.000 during the year 2008, USD 48.000 during the year 2007 and USD 26.000 during the year 2006.

c) Enerjisa - Funds borrowed via IFC

Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions on International Finance Corporation ("IFC") and IFC, Akbank and the European Investment Bank's co-ordination on 13 June 2008. 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, ING 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. Finally, with the participation of EIB with a loan amounting to EUR 135.000, the financing package will be completed to EUR 1.000.000. As of 31 December 2009, Enerjisa has obtained EUR 410.000 with respect to this EUR 1.000.000 loan agreement (2008: EUR 211.000).

(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

Short-term and long-term trade receivables:	**2009**	**2008**
Trade receivables	956.440	881.083
Notes and cheques receivable	205.291	214.450
Due from related parties (*)	17.761	13.703
	1.179.492	**1.109.236**
Less: doubtful receivables provision	(78.326)	(29.441)
Total	**1.101.166**	**1.079.795**

(*) Due from related parties and due to related parties are explained in Note 31 Related Party Disclosures.

As of 31 December 2009, trade receivables of TL 138.348 were past due but not impaired (2008: TL 91.940). The aging analysis of these trade receivables is as follows:

	2009	**2008**
Up to 1 month	85.495	66.710
3 to 6 months	32.212	3.691
6 to 9 months	780	1.754
9 months and over	19.861	19.785
Total	**138.348**	**91.940**

As of 31 December 2009 and 2008 the aging analysis of overdue and impaired trade receivables is as follows.

	2009	**2008**
Up to 1 month	1.368	657
3 to 6 months	2.451	1.314
6 to 9 months	8.021	2.993
9 months and over	66.486	24.477
Total	**78.326**	**29.441**

Short-term and long-term trade payables:	**2009**	**2008**
Trade payables	994.790	1.004.108
Due to related parties (*)	3.707	5.044
Notes payable	241	252
Total	**998.738**	**1.009.404**

(*) Due from related parties and due to related parties are explained in Note 31 Related Party Disclosures.

(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

Other receivables:	**2009**	**2008**
Receivables on cheques in clearance	151.937	161.265
Financal assets (*)	167.508	-
Receivables from credit card payments	32.868	12.760
Deposits received (**)	16.418	-
Other	515.911	365.074
Total	**884.642**	**539.099**

(*) 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".

(**) Composed of guarantees received from subscribers accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş.

Other payables:	**2009**	**2008**
Payables related to credit card transactions	1.107.684	803.891
Payable to Privatization Administration (*)	476.057	-
Payables on cheques in clearance	283.894	167.424
Unearned commission income	217.396	251.845
Other taxes and funds	193.821	243.950
Bonus liability to credit card customers	110.197	102.859
Due to personnel	20.624	14.326
Advances received	17.546	35.231
Saving deposits insurance	17.161	19.194
Export deposits and transfer orders	14.053	35.729
Lease payables	10.294	6.249
Payment orders to correspondent banks	8.636	6.856
Payables due to acquisition of subsidiaries	-	23.497
Other	651.584	489.998
Total	**3.128.947**	**2.201.049**

(*) In accordance with the share purchase agreement signed by the Privatisation Administration and Enerjisa Elektrik Dağıtım A.Ş., a joint-venture of the Group, the Group has a payable of USD 612,5 million to the Privatisation Administration (Note 3). This payable will be paid in two installments on 28 January 2010 and 28 January 2011 and bears an interest rate of Libor + 2,5% per annum.

NOTE 10 - INVENTORIES

	2009	**2008**
Raw materials and supplies	166.968	290.445
Semi-finished goods	81.781	163.282
Finished goods and merchandise	453.152	907.240
Spare parts	121.343	111.375
Total	**823.244**	**1.472.342**

(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

	2009	Share (%)	2008	Share (%)
Philsa	247.965	25,00	246.972	25,00
Philip Morrissa	56.697	24,75	47.592	24,75
Total	**304.662**		**294.564**	

Income from associates is as follows:

	2009	2008
Philsa	134.053	151.618
Philip Morrissa	40.880	36.029
Total	**174.933**	**187.647**

The summary financial information of associates is as follows:

	2009		2008	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	1.973.482	981.623	1.751.269	763.384
Philip Morrissa	875.741	646.664	602.778	410.486
Total	**2.849.223**	**1.628.287**	**2.354.047**	**1.173.870**

	2009	2008
Sales revenue		
Philsa (*)	7.369.963	6.880.091
Philip Morrissa	7.738.470	6.994.956

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

	2009	2008
Net income		
Philsa	536.213	606.469
Philip Morrissa	165.171	145.573
Total	**701.384**	**752.042**

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NOTE 12 - INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2009 and 2008 are as follows:

	1 January 2009	Additions	Disposals	Impairment	Mathematical correction	Transfer from non-current assets held for sale	31 December 2009
Cost:							
Land	59.690	1.750	-	-	151.915	31.413	244.768
Buildings	427.117	488	(617)	(59.704)	(155.935)	18.672	230.021
Total	**486.807**	**2.238**	**(617)**	**(59.704)**	**(4.020)**	**50.085**	**474.789**
Accumulated depreciation:							
Buildings	121.674	5.556	(68)	-	(24.465)	3.604	106.301
Net book value	**365.133**						**368.488**

	1 January 2008	Additions	Disposals	Impairment	Transfer to non-current assets held for sale	31 December 2008
Cost:						
Land	82.767	597	-	-	(23.674)	59.690
Buildings	432.502	4.030	-	-	(9.415)	427.117
Total	**515.269**	**4.627**	**-**	**-**	**(33.089)**	**486.807**
Accumulated depreciation:						
Buildings	113.943	8.924	-	-	(1.193)	121.674
Net book value	**401.326**					**365.133**

(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 movements in property, plant and equipment for the year ended 31 December 2009 are as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfer to non-current assets held for sale	Transfer from non-current assets held for sale	Disposal of subsidiary	Business combination	Impairment	Mathematical correction	31 December 2009
Cost:											
Land and land improvements	383.021	4.189	13.053	(1.392)	(16.956)	9.837	-	-	-	-	391.752
Buildings	1.879.917	7.242	28.612	(5.679)	(56.459)	11.236	-	-	(13.570)	(138)	1.851.161
Machinery and equipment	3.404.449	58.020	95.367	(18.880)	(261.564)	26	(24.067)	-	(3.777)	-	3.249.574
Motor vehicles	139.678	340	33.140	(14.800)	(2.448)	-	(4.329)	446	-	-	152.027
Furniture and fixtures	1.553.076	4.323	112.283	(43.891)	(6.950)	11.942	(15.912)	17	(4.582)	-	1.610.306
Total	**7.360.141**	**74.114**	**282.455**	**(84.642)**	**(344.377)**	**33.041**	**(44.308)**	**463**	**(21.929)**	**(138)**	**7.254.820**
Construction in progress	325.377	(3.775)	533.385	-	(18.892)	513	(9.441)	15.049	-	2.761	844.977
Total	**7.685.518**	**70.339**	**815.840**	**(84.642)**	**(363.269)**	**33.554**	**(53.749)**	**15.512**	**(21.929)**	**2.623**	**8.099.797**
Accumulated depreciation:											
Land and land improvements	86.462	1.590	7.197	(156)	(4.321)	-	-	-	-	-	90.772
Buildings	620.342	3.571	58.912	(2.140)	(21.106)	734	-	-	-	(184)	660.129
Machinery and equipment	2.029.485	33.800	149.118	(15.592)	(107.316)	-	(20.474)	-	-	-	2.069.021
Motor vehicles	99.764	265	11.311	(7.446)	(2.357)	-	(1.939)	436	-	-	100.034
Furniture and fixtures	1.122.290	2.903	138.052	(39.426)	(5.316)	7.256	(7.333)	4	-	-	1.218.430
Total	**3.958.343**	**42.129**	**364.590**	**(64.760)**	**(140.416)**	**7.990**	**(29.746)**	**440**	**-**	**(184)**	**4.138.386**
Net book value	**3.727.175**										**3.961.411**

At 31 December 2009 there are mortgages amounting to TL 56.186 on buildings held as security for bank borrowings and for legal requirements (2008: TL 51.825).

(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 movements in property, plant and equipment for the year ended 31 December 2008 are as follows:

	1 January 2008	Currency translation differences	Additions	Disposals	Change in scope of consolidation	Disposal of subsidiary	Business combination	Impairment	31 December 2008
Cost:									
Land and land improvements	363.089	4.052	23.660	(4.341)	3.656	(11.711)	4.616	-	383.021
Buildings	1.914.019	21.147	95.704	(45.195)	6.657	(102.687)	1.695	(11.423)	1.879.917
Machinery and equipment	3.721.610	108.426	201.038	(62.441)	25.892	(592.984)	2.908	-	3.404.449
Motor vehicles	132.134	679	19.405	(19.437)	1.461	(2.677)	8.113	-	139.678
Furniture and fixtures	1.399.485	2.084	197.314	(32.045)	1.632		(13.907)	749	(2.236)
	1.553.076								
Total	**7.530.337**	**136.388**	**537.121**	**(163.459)**	**39.298**	**(723.966)**	**18.081**	**(13.659)**	**7.360.141**
Construction in progress	182.648	6.450	135.400	-	3.803	(2.924)	-	-	325.377
Total	**7.712.985**	**142.838**	**672.521**	**(163.459)**	**43.101**	**(726.890)**	**18.081**	**(13.659)**	**7.685.518**
Accumulated depreciation:									
Land and land improvements	81.268	823	8.695	(1.895)	1.630	(4.059)	-	-	86.462
Buildings	648.885	3.122	52.823	(35.452)	2.056	(51.092)	-	-	620.342
Machinery and equipment	2.291.337	61.656	168.962	(42.618)	19.124	(468.976)	-	-	2.029.485
Motor vehicles	94.088	338	18.849	(12.931)	881	(1.461)	-	-	99.764
Furniture and fixtures	1.028.121	1.137	126.807	(23.489)	1.043	(11.329)	-	-	1.122.290
Total	**4.143.699**	**67.076**	**376.136**	**(116.385)**	**24.734**	**(536.917)**	**-**	**-**	**3.958.343**
Net book value	**3.569.286**								**3.727.175**

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NOTE 14 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2009 and 2008 are as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfer to non-current assets held for sale	Disposal of subsidiary	Business combinations (1)	Impairment	31 December 2009
Cost	553.529	1.045	89.348	(15.582)	(21.780)	(10.041)	673.648	(1.985)	1.268.182
Accumulated amortisation	(184.078)	(379)	(60.665)	15.347	11.988	6.239	(2)	-	(211.550)
Net book value	**369.451**								**1.056.632**

	1 January 2008	Currency translation differences	Additions	Disposals	Transfer to non-current assets held for sale	Disposal of subsidiary	Business combinations (1)	Impairment	31 December 2008
Cost	525.287	13.997	36.851	(12.850)	1.311	(127)	(4.488)	(6.452)	553.529
Accumulated amortisation	(149.725)	(5.880)	(36.276)	4.685	(334)	1	3.451	-	(184.078)
Net book value	**375.562**								**369.451**

(1) Related to the business combination realised by Enerjisa Elektrik Dağıtım A.Ş., and customer relations and contracts, and operating rights concession agreements as stated in Note 3. Furthermore, related with the acquisition of Doka and Ceylin realised by Group's subsidiary Enerjisa Üretim A.Ş. in 2009, respectively TL 37.493 and TL 16.162 associated with electricity production licence and accounted for as intangible assets for the difference between the acquisition cost and the net book value of the acquired net assets,

At 31 December 2009, the cost of intangible assets includes hydro-electric plant licenses of TL 141.834 (2008: TL 141.834) and mining rights of TL 99.634 (coal mine and stone quarry mine) (2008: TL 97.554).

(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 2009 and 2008 are as follows:

	2009	2008
1 January	333.615	365.503
Adjustment to goodwill provisionally accounted	-	(38.091)
1 January restated	**333.615**	**327.412**
Additions (Note 3)	372.739	4.294
Change in scope of consolidation	-	1.909
31 December	**706.354**	**333.615**

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:

	2009
Cement	188.132
Retail	125.497
Energy	366.404
Tire and tire reinforcements	26.321
Total	**706.354**

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 covering a ten and three year period for cement and retail operating segments, respectively. Cash flows beyond these periods are extrapolated 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	Cement	Retail
Gross margin (*)	%12	%39	%24
EBITDA percentage	%7	%25	%6
Growth rate (**)	-	%7	%4
Discount rate (***)	%16,15	%13	%16

(*) Budgeted gross margin

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

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

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

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NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Commitments - Banking segment	**2009**	**2008**
Letters of guarantee issued	4.834.982	4.358.166
Letters of credits	1.601.485	1.658.597
Foreign currency acceptance credits	58.851	65.349
Total	**6.495.318**	**6.082.112**

Commitments - Non-banking segments		
Letters of guarantee issued	978.056	541.872
Other guarantees issued	631.984	352.285
Total	**1.610.040**	**894.157**

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 2009 and 2008 are as follows:

	2009	**2008**
Repurchase commitments	13.854.181	8.716.962
Resale commitments	17.503	-

Commitments to forward currency purchase/sale and swap transactions:

Derivatives held for trading

	2009	**2008**
Currency purchases	499.115	345.401
Currency sales	501.166	334.345
Total	**1.000.281**	**679.746**

	2009	**2008**
Money swap purchases	4.339.416	3.495.903
Money swap sales	4.264.896	3.502.778
Interest rate swap purchases	4.640.511	1.530.882
Interest rate swap sales	4.640.511	1.530.882
Total	**17.885.334**	**10.060.445**

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NOTE 16 - CONTINGENT ASSETS AND LIABILITIES (Continued)

	2009	2008
Spot purchases	302.386	170.389
Spot sales	302.386	170.360
Total	**604.772**	**340.749**

	2009	2008
Money options purchases	3.461.878	520.613
Money options sales	3.461.878	520.894
Total	**6.923.756**	**1.041.507**

	2009	2008
Futures purchases	89.558	18.037
Futures sales	89.558	17.559
Total	**179.116**	**35.596**

Derivatives held for hedging:

	2009	2008
Interest swap purchases	2.545.000	4.302.679
Interest swap sales	2.545.000	4.302.679
Total	**5.090.000**	**8.605.358**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2009 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	227.491	4.607.491	4.834.982
Letters of credits	951.564	649.921	1.601.485
Acceptance credits	47.838	11.013	58.851
Total	**1.226.893**	**5.268.425**	**6.495.318**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2008 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	451.117	3.907.049	4.358.166
Letters of credits	1.049.942	608.655	1.658.597
Acceptance credits	51.495	13.854	65.349
Total	**1.552.554**	**4.529.558**	**6.082.112**

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NOTE 16 - CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2009 and 2008 are as follows:

	2009	2008
Financial institutions	1.167.413	1.300.637
Chemicals	810.767	636.539
Small-scale retailers	667.938	650.890
Construction	668.859	617.794
Steel and mining	576.324	585.085
Wholesale	450.187	789.193
Electricity, gas and water	352.419	234.610
Other manufacturing	191.764	208.411
Food and beverage	149.275	175.894
Automotive	178.351	90.947
Electronics	147.541	170.364
Transportation	102.637	83.405
Textile	91.813	62.169
Agriculture and forestry	81.037	179.831
Tourism	48.814	43.455
Telecommunications	40.426	6.453
Other	769.753	246.435
Total	**6.495.318**	**6.082.112**

NOTE 17- 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 (58 for women and 60 for men). 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 2009, the amount payable consists of one month's salary limited to a maximum of TL 2,4 (2008: TL 2,2) 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.

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NOTE 17- PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

Movements in the provision for employment termination benefits for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
Balances at 1 January	137.191	147.961
Business acquisitions	24.737	-
Change in scope of consolidation	-	324
Disposal of subsidiary	(1.074)	(7.816)
Transfer to non-current assets held for sale	(51.448)	-
Payments during the period	(48.159)	(47.389)
Charge for the period	47.434	45.531
Actuarial income	2.651	(1.420)
31 December	**111.332**	**137.191**

CMB Financial Reporting Standards require actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2009	2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	98	98

NOTE 18 - OTHER CURRENT ASSETS AND SHORT TERM LIABILITIES

Other Current Assets:	2009	2008
Prepaid expenses and prepayments	236.519	339.061
Deductible Value Added Tax ("VAT")	108.965	128.273
Income accrual	67.757	20.465
Job and salary advances given	12.053	13.318
Inventory advances given	30.651	165.635
Total	**455.945**	**666.752**

Other Current Liabilities:

Expense accruals	213.000	215.342

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

NOTE 19 - EQUITY

The Holding's authorised and issued capital consists of 190.000.000.000 (2008: 180.000.000.000) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2009 and 2008 is as follows:

Shareholders:	**Share (%)**	**2009**	**Share (%)**	**2008**
Sabancı family members	45,51	864.672	61,40	1.105.217
Public quotation	37,40	710.515	21,50	387.065
Sakıp Sabancı Holding A.Ş.	14,81	281.388	14,81	266.578
Sabancı University	1,62	30.769	1,62	29.150
H.Ö. Sabancı Foundation	<1	12.656	<1	11.990
Share capital	**100,00**	**1.900.000**	**100,00**	**1.800.000**
Share premium		**21.670**		**21.670**

The issued share capital of Holding amounting to TL 1.800.000 was increased by TL 100.000 to TL 1.900.000 through the transfer from retained earnings on 22 June 2009 and recorded with No: 48/455.

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:

	2009	**2008**
Legal reserves	243.822	218.898
Investments sales income	127.826	38.919
Total	**371.648**	**257.817**

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

NOTE 19 - EQUITY (Continued)

Dividend Distribution

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009 (2008: 20%). Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves.

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

In accordance with the above explanations for the Communiqué No:XI-29, the composition of the Holding's shareholders' equity, which is considered as the basis for profit distribution is as follows:

	2009	2008
Share capital	1.900.000	1.800.000
Share premium	21.670	21.670
Restricted reserves	371.648	257.817
Adjustment to capital	3.426.761	3.426.761
Net income for the year	1.258.481	1.188.559
Retained earnings	3.863.478	3.031.365
Total shareholders' equity subject to dividend distribution	**10.842.038**	**9.726.172**
Translation reserve	(52.046)	(75.359)
Revaluation funds	157.430	(93.842)
Shareholders' equity	**10.947.422**	**9.556.971**

NOTE 20 - DISCONTINUED OPERATIONS

Holding classified Advansa, a subsidiary of Group with 99,93% control rate, as non-current asset held for sale.

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 (Note 23).

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NOTE 20 - DISCONTINUED OPERATIONS (Continued)

At 31 December 2009, the balances of assets and liabilities classified as non-current assets held for sale which will be excluded from consolidated financial statements when the sale transaction is realised are as follows:

Balance Sheet

Assets	**426.071**
Cash and cash equivalents	12.599
Trade receivables	104.820
Inventories	131.582
Property, plant and equipment and intangible assets	232.644
Other assets	27.230
Deferred income tax asset	7.161
Provision for impairment	(89.965)
Liabilities	**267.948**
Financial liabilities	119.475
Trade payables	54.340
Other liabilities	33.871
Provision for Employment Termination Benefit	51.448
Deferred income tax liability	8.814
Net Assets	**158.123**
Minority interests	**(111.623)**
Equity attributable to the parent	**46.500**

The summary income statement of discontinued operations as of 31 December 2009 is as follows:

Income statement

Sales revenue (net)	1.050.688
Cost of sales	(939.989)
Gross profit	**110.699**
Operating expenses	(97.758)
Other operating income (net)	3.544
Operating profit	**16.485**
Financial expenses (net)	(28.094)
Loss before taxation	**(11.609)**
Taxation	(4.686)
Discontinued operations net loss for the year	**(16.295)**

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

NOTE 21 - REVENUE

	2009	2008
Finance	12.023.248	12.260.130
Non-finance	6.824.954	6.327.945
Total	**18.848.202**	**18.588.075**

NOTE 22 - EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
Personnel costs	9.510	9.131
Depreciation and amortisation	955	411
Energy expenses	382	322
Repair and maintenance expenses	369	342
Insurance expenses	50	37
Other	1.496	4.569
Total	**12.762**	**14.812**

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
Personnel costs	102.969	104.599
Rent expense	60.674	56.015
Advertisement expenses	47.856	53.371
Transportation, logistics and distribution expenses	41.778	49.783
Depreciation and amortisation	17.194	17.477
Consultancy expenses	8.565	8.679
Energy expenses	8.307	6.971
Outsourced services	3.549	1.914
Communication expenses	3.402	3.504
Insurance expenses	2.036	1.621
Other	115.999	145.194
Total	**412.329**	**449.128**

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NOTE 22 - EXPENSES BY NATURE (Continued)

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2009 and 2008 are as follows:

	2009	**2008**
Personnel costs	1.199.135	1.124.618
Credit card and banking service expense	353.714	344.431
Depreciation and amortisation	199.847	157.283
Consultancy expenses	175.450	99.145
Repair and maintenance expenses	137.668	130.532
Communication expenses	106.662	114.559
Insurance expenses	69.238	76.567
Taxes and duties	65.643	113.743
Rent expenses	59.137	49.561
Outsourced services	40.040	24.605
Energy expenses	37.482	33.836
Transportation, logistics and distribution expenses	10.499	9.632
Other	494.711	563.390
Total	**2.949.226**	**2.841.902**

NOTE 23 - OTHER OPERATING INCOME/EXPENSES AND GAINS/LOSSES

The details of other operating income/expenses and gain/losses at 31 December 2009 and 2008 are as follows:

31 December 2009

Other operating income related to banking industrial segment for the year ended 31 December 2009 is TL 175.522.

The Group's joint venture EED's gain on reversal of onerous contract provision is TL 29.500 as of 31 December 2009.

The Group sold its shares in Toyotasa to ALJ Lubnatsi Pazarlama ve Satış A.Ş. on 14 August 2009 and as a result of this transaction, gain amounting to TL 65.936 has been accounted for.

The Group has liquidated Sabancı Telekom and Sapeksa, its subsidiaries and has incurred a loss amounting to TL 23.241 as a result.

Carrefoursa, a joint venture of the Group, has a rent agreement for a hypermarket and shopping center that is operational as of 31 December 2009, and accounted for provision of TL 40.178 for the future liabilities associated with the economically disadvantaged terms of this agreement.

The Group realised TL 89.965 expense based on the difference between the fair value and carrying amount of Advansa that is transferred to non current assets held for sale as of 31 December 2009.

Other income related to reversed provisions and recoveries of prior year’s expenses for the year ended 31 December 2009 is TL 15.561

The Grup's other expense related with loss on impairment of assets is TL 70.414 as of 31 December 2009.

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NOTE 23 - OTHER OPERATING INCOME/EXPENSES AND GAINS/LOSSES (Continued)

31 December 2008

On 28 January 2008, Carrefoursa, a joint venture of the Holding, sold Merter Mall Project which was classified as non-current assets held for sale in the balance sheet as of 31 December 2007 to joint venture of MultiTurkmall GYO Yatırım İnşaat and Ticaret A.Ş. and Apollo Real Estate for a consideration of TL 464,3 million and as a result of this transaction, fixed asset sales income amounting to TL 318,7 million has been generated. Share of income of the Group is TL 123.578.

Other income related to provisions reversed and recoveries from prior year's expense for the year ended 31 December 2008 is TL 131.727.

Group sold its all 50,12% share in Bossa on 22 October 2008 to Akkardan Sanayi ve Ticaret A.Ş. for a consideration of TL 116.447 and as a result of the sale transaction, loss amounting to TL 29.699 has been incurred.

Group sold its 49,99% share in Beksa to Bekaert Iberica Holding S.L on 24 July 2008 for a consideration of Euro 39,4 million and as a result of this transaction, gain amounting to TL 22.054 has been generated.

NOTE 24 - FINANCIAL INCOME/EXPENSES

	2009	2008
Financial income		
Foreign exchange income	280.586	341.580
Interest income	146.371	103.379
Other	3.736	14.529
Total	**430.693**	**459.488**
Financial expense		
Foreign exchange losses	245.881	374.703
Interest expense	102.160	108.448
Other financial expenses	74.471	15.630
Total	**422.512**	**498.781**

Financial expenses relate to segments other than banking.

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NOTE 25 - TAX ASSETS AND LIABILITIES

	2009	2008
Corporate and income taxes payable	870.362	423.428
Less: prepaid taxes	(667.614)	(339.588)
Total taxes payable	**202.748**	**83.840**

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 2009 is 20% (2008: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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

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

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

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

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

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for participation in subsidiaries

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

Preferential right certificate sales and issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

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

Exemption for investment allowance

The investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

a) investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003, and

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates),

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed.

The current year tax charge for comprehensive income stated on the statement of consolidated comprehensive income for the years ended 31 December 2009 and 2008 are as follows:

	2009			2008		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net unrealized market value gains from available for sale financial assets	1.365.234	273.047	1.092.187	(301.829)	(60.366)	(241.463)
Gains on available for sale financial assets transferred to the income statement	(233.376)	(46.675)	(186.701)	(54.844)	(10.969)	(43.875)
Net gains and losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	61.163	12.233	48.930	19.331	3.866	15.465
Cash flow hedges	(291.771)	(58.354)	(233.417)	(181.625)	(36.325)	(145.300)
Currency translation differences	34.818	-	34.818	189.485	-	189.485
Other comprehensive income	**936.068**	**180.251**	**755.817**	**(329.482)**	**(103.794)**	**(225.688)**

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the current year tax charge for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
Profit before tax	3.650.017	2.544.752
Expected tax charge according to parent company's tax rate %20 (2008: %20)	(730.003)	(508.950)
Tax rate differences of subsidiaries	(10.302)	(5.801)
Expected tax charge of the Group	**(740.305)**	**(514.751)**
Disallowable expenses	241.173	137.237
Other tax exempt income	(146.604)	(51.546)
Previous period losses not subject to deferred tax	9.603	-
Dividend income	5.483	16.032
Tax effects of		
Tax loss not subject to deferred tax	15.794	-
Timing differences not subject to tax	4.372	-
Investment allowance utilised during the year	5.770	-
Tax correction for previous periods	-	224.709
Investment sale exemptions	(4.668)	30.054
Other	17.336	(13.400)
Current year tax charge of the Group	**(592.046)**	**(171.665)**

Akbank had filed three lawsuits, total of which amounted to TL 754.303, against the Ministry of Finance regarding the correction of corporate tax paid in 2001, 2002, and 2003 with reference to the temporary article 4, added by the Law No.4743 to the Banking Law No.4389, which was annulled on 1 November 2005.

Considering the status of legal and administrative process, the Board of Directors decided to setle with the Ministry of Finance in scope of the article 3 of the "Act on collection of some public receivables through settlement" published in Official Gazette No.26800 dated 27 February 2008.

Accordingly, Akbank has withdrawn the lawsuits explained in the first paragraph and according to the calculations made for the purpose of the settlement, Akbank's total amount of receivables from the Ministry of Finance related to those lawsuits is confirmed as TL 494.710. The remaining amount of TL 224.709 after deducting the amount of TL 270.001, which was acepted by the Ministry of Finance to be ofset against various tax debt of the Bank and recognized in the financial statements of the year 2007, is recorded as income in the year 2009 financial statements.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Deferred income taxes

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

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%. The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2009 and 2008 using the enacted tax rates, is as follows:

	2009		2008	
	Cumulative temporary difference	**Deferred income tax assets/ (liabilities)**	**Cumulative temporary difference**	**Deferred income tax assets/ (liabilities)**
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	(307.946)	61.597	(43.806)	7.347
- Inventories	(32.857)	6.789	(44.875)	9.305
Provision for loan losses	(532.577)	106.515	(477.363)	95.473
Provision for employment termination benefits	(109.460)	22.364	(101.252)	21.224
Expense accruals	(110.839)	22.168	(111.768)	22.353
Provision for law suits	(35.401)	7.080	(23.459)	4.692
Carry forward tax losses	(154.266)	33.317	(88.421)	19.141
Electricity distribution income ceiling provision	(41.863)	8.373	-	-
Onerous contracts	(19.500)	3.900	-	-
Repricing of fair value derivative instruments	(541.850)	108.370	(137.782)	27.557
Economically disadvantageous contracts	(40.718)	8.144	-	-
Other temporary differences (*)	(532.824)	107.925	(502.882)	100.613
Deferred income tax assets		**496.542**		**307.705**
Deferred income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	844.763	(180.650)	724.737	(155.533)
- Inventories	1.455	(291)	6.329	(1.266)
Reversal of country risk provision	123.500	(37.050)	141.453	(42.437)
Deferred financing charges	25.860	(5.172)	23.768	(4.754)
IFRIC 12 "Service Concession Arrangements" correction	167.508	(33.502)	-	-
Customer relations and operating rights concession arrangements	625.358	(125.072)	-	-
Other temporary differences	36.490	(7.358)	154.051	(32.217)
Deferred income tax liabilities		**(389.095)**		**(236.207)**
Deferred income tax assets, net		**107.447**		**71.498**

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

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NOTE 25 - 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 income tax assets:	**2009**	**2008**
To be recovered after one year	307.140	116.989
To be recovered within one year	189.402	190.716
Total	**496.542**	**307.705**

Deferred income tax liabilities:		
To be recovered after one year	341.958	179.840
To be recovered within one year	47.137	56.367
Total	**389.095**	**236.207**

At 31 December 2009 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 337.348 which can be offset against future taxable profits for a period of five years (2008: TL 282.717). The amount of the carry forward tax losses and the last fiscal periods that they can be utilized as of 31 December 2009 is presented below:

2010	63.198
2011	62.099
2012	61.468
2013	84.785
2014	69.827
Total	**341.377**

The movements in deferred income tax assets/liabilities for the years ended at 31 December 2009 and 2008 are as follows:

	2009	**2008**
Balances at 1 January	71.498	(73.865)
Allocated to derivative instruments for hedging purposes	17.532	32.694
Effect of change in scope of consolidation	-	(726)
Business combinations	(90.886)	-
Currency translation differences	(2.589)	(1.277)
Transfer to non-current assets held for sale	1.584	11.103
Charged to statement of income	117.582	103.569
Disposal of subsidiary	5	-
Deducted tax penalty	(4.044)	-
Mathematical correction	(3.235)	-
Balances at 31 December	**107.447**	**71.498**

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NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS

2009	**Fair Value**	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	144.780	(298.349)
Forward currency purchases and sales	6.237	(8.523)
Currency and interest rate futures purchases and sales	44.328	(25.973)
Currency options purchases and sales	49.833	(49.630)
Total over-the-counter derivatives	**245.178**	**(382.475)**
Derivatives held for hedging:		
Interest rate swap purchases and sales	-	(418.105)
Total derivatives held for trading	**245.178**	**(800.580)**

2008	**Fair Value**	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	43.014	(81.656)
Forward currency purchases and sales	18.774	(11.849)
Currency and interest rate futures purchases and sales	8.717	(2.928)
Currency options purchases and sales	12.563	(9.804)
Total over-the-counter derivatives	**83.068**	**(106.237)**
Derivatives held for hedging:		
Interest rate swap purchases and sales	-	(208.068)
Total derivatives held for trading	**83.068**	**(314.305)**

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NOTE 27 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	**2009**	**2008**
Consumer loans and credit cards receivables	15.053.193	14.596.985
Construction	4.384.517	3.543.472
Financial institutions	3.082.575	3.218.978
Small-scale enterprises	2.828.741	3.874.023
Chemicals	2.010.424	2.104.951
Other manufacturing industries	1.595.281	2.487.669
Telecommunication	1.423.678	1.462.301
Health care and social services	1.536.345	981.731
Food and beverage, wholesale and retail	1.314.585	1.528.982
Mining	1.184.800	2.021.510
Project finance loans	887.272	1.123.847
Textile	544.555	713.567
Automotive	589.245	622.847
Tourism	614.085	723.841
Electronics	436.409	616.085
Agriculture and forestry	189.678	747.547
Other	6.487.810	8.015.417
	44.163.193	**48.383.753**
Non-performing loans	1.784.679	1.138.867
Total loans and advances to customers	**45.947.872**	**49.522.620**
Allowance for loan losses	(2.301.308)	(1.601.038)
Net loans and advances to customers	**43.646.564**	**47.921.582**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 3,89% p.a. (2008: 4,81% p.a.), 4,31% p.a. (2008: 6,76% p.a.) and 14,61% p.a. (2008: 21,76% p.a.), respectively.

The movement of loan loss provision of banking segment as of 31 December 2009 by class is as follows:

	Corporate	**Commercial**	**Total**
Balance at 1 January 2009	**1.028.664**	**572.374**	**1.601.038**
Gross provisions	676.218	757.492	1.433.710
Recoveries	(375.743)	(316.852)	(692.595)
Written - off	(17.429)	(23.417)	(40.846)
Currency translation differences	1	-	1
31 December 2009	**1.311.711**	**989.597**	**2.301.308**

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

NOTE 27 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement of loan loss provision of banking segment as of 31 December 2008 by class is as follows:

	Corporate	Commercial	Total
Balance at 1 January 2008	**691.209**	**610.044**	**1.301.253**
Gross provisions	883.356	551.982	1.435.338
Recoveries	(260.585)	(313.598)	(574.183)
Written - off	(285.346)	(276.054)	(561.400)
Currency translation differences	30	-	30
31 December 2008	**1.028.664**	**572.374**	**1.601.038**

The maturity schedule of loans and advances to customers at 31 December 2009 and 2008 are summarised below:

	2009	2008
Up to 3 months	15.547.359	17.034.658
3 to 12 months	10.751.937	13.383.088
Current	**26.299.296**	**30.417.746**
1 to 5 years	14.222.950	13.664.206
Over 5 years	3.124.318	3.839.630
Non - current	**17.347.268**	**17.503.836**
Total	**43.646.564**	**47.921.582**

The repricing schedule of loans and advances to customers at 31 December 2009 and 2008 are summarised below:

	2009	2008
Up to 3 months	24.215.340	26.190.827
3 to 12 months	11.850.957	15.072.165
1 to 5 years	6.685.706	5.868.245
Over 5 years	894.561	790.345
Total	**43.646.564**	**47.921.582**

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

NOTE 27 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 December 2009 and 2008 are summarised below.

Financial lease receivables:	**2009**	**2008**
Gross investment in finance leases	1.204.593	1.124.640
Less: unearned finance income	(197.960)	(178.914)
Total investment in finance leases	1.006.633	945.726
Less: provision for impairment	(42.833)	(34.911)
Net investment in finance leases	**963.800**	**910.815**

Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 December 2009 and 2008 of lease receivables is summarised below:

	2009	**2008**
Up to 1 year	319.170	365.997
1 to 5 year	523.133	448.890
Over 5 years	121.497	95.928
	963.800	**910.815**

b) Insurance

	2009	**2008**
Receivables from insurance operations (net)	295.889	298.023

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

NOTE 28 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	2009			2008		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Savings deposits	3.185.461	35.404.228	38.589.689	4.610.084	32.811.307	37.421.391
Commercial deposits	3.970.256	12.754.480	16.724.736	3.136.227	10.261.805	13.398.032
Bank deposits	194.458	12.936.460	13.130.918	376.928	3.472.304	3.849.232
Funds deposited under repo transactions	-	3.891.294	3.891.294	-	8.593.372	8.593.372
Other	375.318	957.181	1.332.499	373.930	1.197.069	1.570.999
Total	**7.725.493**	**65.943.643**	**73.669.136**	**8.497.169**	**56.335.857**	**64.833.026**

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,81% p.a. (2008: 4,59% p.a.), 2,16 % p.a. (2008: 4,52% p.a.) and 7,83% p.a. (2008: 16,76% p.a.), respectively.

As at 31 December 2009 and 2008, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	2009	**2008**
Demand	7.725.493	8.497.169
Up to 3 months	62.090.570	52.766.142
Between 3 and 12 months	3.095.906	3.012.102
Between 1 and 5 years	618.488	332.763
Over 5 years	138.679	224.850
Total	**73.669.136**	**64.833.026**

b) Insurance

	2009	**2008**
Payables from insurance operations (net)	70.657	65.281
Insurance technical reserves	804.294	727.375
Total	**874.951**	**792.656**

NOTE 29 - MUTUAL FUNDS

At 31 December 2009, the Group manages 18 (2008: 21) mutual funds ("Funds") and 19 pension funds which were established under Capital Markets Board Regulations. At 31 December 2009, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TL 5.727.412 (2008: TL 4.815.568). 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 0,0000548% - 0,001200%. At 31 December 2009, management fees and commissions earned by the Group amounted to TL 173.121 (2008: TL 158.080).

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

NOTE 30 - 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.

	2009	2008
Earnings per share in full TL		
- ordinary share ('000)	6,42	6,07
Weighted average number of shares with TL 0,01 face value each		
- ordinary shares	190.000.000.000	190.000.000.000

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. 10.000.000.000 unit shares were issued during the period 1 January – 31 December 2009. The weighted average number of shares stated above were retrospectively updated as disclosed in related CMB Standard.

The earnings attributable to each class of shares for each period are as follows:

	Sabancı Foundation share	Ordinary shares	Total
1 January - 31 December 2009	37.754	1.220.727	1.258.481
1 January - 31 December 2008	35.657	1.152.902	1.188.559

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

In the year ended 31 December 2008, Pilsa purchased usufruct shares for TL 6.557, and Kordsa purchased usufruct shares for TL 14.532.

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

NOTE 31 - RELATED PARTY DISCLOSURES

Due from related parties included in trade receivables are as follows:

Due from related parties:	**2009**	**2008**
Enerjisa	6.140	2.928
Brisa	3.694	2.961
Carrefoursa	1.645	1.564
Akçansa	581	499
Avivasa	476	1.025
EED	460	-
Diasa	290	271
Olmuksa	287	231
Other	4.188	4.224
Total	**17.761**	**13.703**

Due to related parties included in trade payables are as follows:

Due to related parties:	**2009**	**2008**
Enerjisa	1.531	2.059
Brisa	667	1.825
ETS	401	147
Olmuksa	70	109
Other	1.038	904
Total	**3.707**	**5.044**

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 2009 and 2008 are as follows:

	2009	**2008**
Short term benefits	16.774	17.620
Benefits resulted from discharge	353	143
Other long term benefits	234	226
Total	**17.361**	**17.989**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT

32.1 Financial Instruments and Financial risk management

32.1.1 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.

32.1.1.1 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 2009 and 2008 terms of TL are as follows:

	2009	**2008**
Assets	38.195.918	43.374.822
Liabilities	(38.901.929)	(43.288.253)
Net foreign currency balance sheet position	**(706.011)**	**86.569**
Net foreign currency position of off-balance sheet derivative financial instruments	438.477	62.121
Net foreign currency balance sheet and off-balance sheet position	**(267.534)**	**148.690**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

2009

	Total TL	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	5.032.657	3.330.513	1.554.336	95.623	52.186
Financial assets	9.090.799	6.022.361	3.068.438	-	-
Receivables from financial operations	22.074.268	14.558.560	7.342.218	14.646	158.844
Reserve deposits at Central Bank	1.348.499	423.820	924.679	-	-
Trade receivables	547.184	139.387	355.586	11.302	40.910
Other current assets	102.511	19.765	43.683	3.023	36.038
Other non-monetary receivables and assets	-	-	-	-	-
Total Assets	**38.195.918**	**24.494.406**	**13.288.940**	**124.594**	**287.978**
Liabilities:					
Funds borrowed and debt securities in issue	10.275.704	6.528.550	3.571.467	9.573	166.114
Customer deposits	27.580.742	14.641.328	11.919.870	786.360	233.184
Trade payables	287.129	69.539	109.842	203	107.545
Other payables and provisions	758.354	617.697	105.501	1.756	33.400
Other non-monetary payables and liabilities	-	-	-	-	-
Total Liabilities	**38.901.929**	**21.857.114**	**15.706.680**	**797.892**	**540.243**
Net foreign currency position of off-balance sheet derivative financial instruments	**438.477**	**(2.883.008)**	**2.428.538**	**707.295**	**185.652**
Net foreign currency position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**
Net foreign currency monetary position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

2008

	Total TL	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	7.667.184	3.033.280	4.350.259	167.995	115.650
Financial assets	8.930.994	6.032.794	2.898.200	-	-
Receivables from financial operations	24.333.846	16.665.122	7.590.803	24.019	53.902
Reserve deposits at Central Bank	1.648.902	248.527	1.400.375	-	-
Trade receivables	665.812	221.279	392.131	14.168	38.234
Other current assets	128.084	38.648	32.297	12.661	44.478
Other non-monetary receivables and assets	-	-	-	-	-
Total Assets	**43.374.822**	**26.239.650**	**16.664.065**	**218.843**	**252.264**
Liabilities:					
Funds borrowed and debt securities in issue	13.546.202	7.309.092	6.148.923	14.253	73.934
Customer deposits	28.912.793	15.211.013	12.621.544	873.684	206.552
Trade payables	518.314	130.544	185.589	1.732	200.449
Other payables and provisions	310.944	164.279	107.546	5.602	33.517
Other non-monetary payables and liabilities	-	-	-	-	-
Total Liabilities	**43.288.253**	**22.814.928**	**19.063.602**	**895.271**	**514.452**
Net foreign currency position of off-balance sheet derivative financial instruments	**62.121**	**(2.887.549)**	**2.108.027**	**738.685**	**102.958**
Net foreign currency position	**148.690**	**537.173**	**(291.510)**	**62.257**	**(159.230)**
Net foreign currency monetary position	**148.690**	**537.173**	**(291.510)**	**62.257**	**(159.230)**

	2009	2008
Total export	1.320.287	1.257.966
Total import	1.137.714	1.651.251

Ratio of the total hedging of foreign currency exposure

	2009	2008
USD	%112	%115
EUR	%85	%87
GBP	%16	%24

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2009 and 2008 is summarized as follows: (please refer to 32.1.1.5 for the foreign exchange risk of the Banking segment)

2009	**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	(16.023)	16.023	-	-
Hedged items	-	-	-	-
USD net effect	**(16.023)**	**16.023**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(19.951)	19.951	-	-
Hedged items	-	-	-	-
EUR net effect	**(19.951)**	**19.951**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	2.728	(2.728)	-	-
Hedged items	-	-	-	-
GBP net effect	**2.728**	**(2.728)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(12.943)	12.943	-	-
Hedged items	-	-	-	-
Other currency net effect	**(12.943)**	**12.943**	**-**	**-**
	(46.189)	**46.189**	**-**	**-**

2008	**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	26.538	(26.538)	-	-
Hedged items	-	-	-	-
USD net effect	**26.538**	**(26.538)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(1.458)	1.458	-	-
Hedged items	-	-	-	-
EUR net effect	**(1.458)**	**1.458**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	4.522	(4.522)	-	-
Hedged items	-	-	-	-
GBP net effect	**4.522**	**(4.522)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(19.020)	19.020	-	-
Hedged items	-	-	-	-
Other currency net effect	**(19.020)**	**19.020**	**-**	**-**
	10.582	**(10.582)**	**-**	**-**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

32.1.1.2 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 variable 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 2009 and 2008, the Group's borrowings at variable rate 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 2009 and 2008 is summarized below as follows:

	2009	**2008**
Fixed interest rate financial instruments		
Financial assets	441.967	720.463
Financial assets at fair value through profit or loss	78.165	296.343
Financial assets available-for-sale	363.802	424.120
Financial liabilities	485.020	543.360
Floating interest rate financial instruments		
Financial assets	50.781	307.690
Financial liabilities	413.622	584.420
Other liabilities	476.058	-

Group composed various scenarios for borrowings issued at variable rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios:

At 31 December 2009, 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 781 (2008: TL 2.399) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2009, 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 2.807 (2008: TL 1.969) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2009, 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 713 (2008: TL 1.735) 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 32 - FINANCIAL RISK MANAGEMENT (Continued)

32.1.1.3 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.

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 2009 and 2008 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

	2009				
Liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	58.908.511	12.020.794	3.174.095	807.611	164.165
Funds borrowed and debt securities in issue	739.203	860.625	3.921.254	2.770.323	1.353.391
Interbank money market deposits, funds borrowed and debt securities in issue	483.572	-	-	-	-
	60.131.286	**12.881.419**	**7.095.349**	**3.577.934**	**1.517.556**

	2008				
Liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	56.713.208	6.521.939	3.619.294	379.251	250.712
Funds borrowed and debt securities in issue	591.754	1.376.626	6.260.902	2.901.999	1.409.101
Interbank money market deposits, funds borrowed and debt securities in issue	353.575	5.355	78	-	-
	57.658.537	**7.903.920**	**9.880.274**	**3.281.250**	**1.659.813**

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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, judgment 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 variable 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.

The carrying value and fair value of financial assets and liabilities in the banking segment at 31 December 2009 and 2008 are as follows:

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

	2009		2008	
	Carrying value	Fair value	Carrying value	Fair value
Due from banks	5.029.260	5.029.260	6.867.802	6.867.802
Loans and advances to customers	43.646.564	44.775.774	47.921.582	46.904.667
Trading and available for sale financial assets	39.432.209	40.070.986	28.014.015	28.017.050
Total financial assets	**88.108.033**	**89.876.020**	**82.803.399**	**81.789.519**
Other deposits	73.669.136	73.762.039	64.833.026	65.979.605
Funds borrowed and debt securities in issue	9.692.912	9.510.098	12.538.830	11.976.225
Total financial liabilities	**83.362.048**	**83.272.137**	**77.371.856**	**77.955.830**

Fair value hierarchy

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 (unobservable inputs).

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NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2009 is as follows;

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Trading securities	152.604	7.182	-	159.786
- Government bonds	79.042	-	-	79.042
- Eurobonds	69.475	-	-	69.475
- Government bonds denominated in foreign currency	-	7.182	-	7.182
- Treasury bills	2.350	-	-	2.350
- Share certificates	387	-	-	387
- Other	1.350	-	-	1.350
Derivative financial instruments	44.328	200.792	-	245.120
Securities available for sale	30.586.719	132.788	-	30.719.507
- Government bonds	26.958.500	-	-	26.958.500
- Eurobonds	2.196.482	-	-	2.196.482
- Treasury bills	808.211	-	-	808.211
- Government bonds denominated in foreign currency	-	24.689	-	24.689
- Mutual funds	50.149	-	-	50.149
- Listed equity securities	21.681	-	-	21.681
- Other	551.696	108.099	-	659.795
Total assets	**30.783.651**	**340.762**	**-**	**31.124.413**
Trading derivative financial instruments	25.973	355.309	-	381.282
Hedging derivative financial instruments	-	390.461	-	390.461
Total liabilities	**25.973**	**745.770**	**-**	**771.743**

As explained in the Note 2.3.7, 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 32 - FINANCIAL RISK MANAGEMENT (Continued)

Other industrial segments:

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 2009 and 2008 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

2009 (1)(2)	**Book value**	**Contractual cash flows**	**Up to 3 months**	**3- 12 months**	**1- 5 years**	**Over 5 years**
Financial liabilities	888.348	903.527	142.231	251.709	301.538	208.049
Financial lease obligations	10.294	10.774	3.750	2.622	4.402	-
Trade payables	998.738	1.006.029	900.068	98.856	4.735	2.370
Payables from insurance operations	70.657	70.657	23.409	47.248	-	-
Other payables	740.567	751.727	351.293	49.746	306.980	43.708
	2.708.604	**2.742.714**	**1.420.751**	**450.181**	**617.655**	**254.127**

2008 (1)(2)	**Book value**	**Contractual cash flows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**
Financial liabilities	1.120.797	1.149.014	413.992	315.188	286.185	133.649
Financial lease obligations	6.983	3.777	1.008	1.225	1.544	-
Trade payables	1.004.108	1.003.041	973.316	29.725	-	-
Payables from insurance operations	65.285	65.285	65.285	-	-	-
Other payables	120.507	116.143	72.770	34.400	8.731	242
	2.317.680	**2.337.260**	**1.526.371**	**380.538**	**296.460**	**133.891**

(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.

32.1.1.4 Credit Risk

Other industrial segments

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.

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2009 and 2008 is summarized below as follows:

2009	**Trade receivables**	**Receivables from insurance operations**	**Other receivables (*)**	**Bank deposits**	**Derivative instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.101.166**	**295.889**	**232.211**	**438.130**	**76.920**
Collateralized or secured with guarantees part of maximum credit risk	405.943	-	276	-	-
A. Neither past due nor impaired	950.072	254.466	232.022	438.130	76.920
B. Restructured Otherwise accepted as past due and impaired	12.046	-	-	-	-
C. Past due but not impaired net book value	138.348	35.560	189	-	-
Guaranteed amount by commitment	28.614	-	-	-	-
D. Impaired assets net book value	700	5.863	-	-	-
- Past due (Gross amount)	79.026	41.294	2.599	-	-
- Impairment (Note 8)	(78.326)	(35.431)	(2.599)	-	-
- Net value Collateralized or guaranteed part of net value	1.109	-	-	-	-

2008	**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)	**1.079.795**	**304.801**	**29.761**	**359.604**	**2.871**
Collateralized or secured with guarantees part of maximum credit risk	497.272	-	-	-	2.847
A. Neither past due nor impaired	944.365	234.923	23.578	353.316	2.871
B. Restructured Otherwise accepted as past due and impaired	42.687	-	-	-	-
C. Past due but not impaired net book value	91.939	66.628	6.183	6.288	-
Guaranteed amount by commitment	7.278	-	-	-	-
D. Impaired assets net book value	804	3.250	-	-	-
- Past due (Gross amount)	30.245	20.237	7	-	-
- Impairment (Note 8)	(29.441)	(16.987)	(7)	-	-
- Net value Collateralized or guaranteed part of net value	2.255	-	-	-	-

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

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 32 - FINANCIAL RISK MANAGEMENT (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:

	2009	**2008**
Above average	%30,62	%36,34
Average	%45,76	%43,62
Below average	%18,98	%17,61
Unrated	%4,64	%2,43

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2009 is summarized below as follows:

2009	**Corporate loans**	**Consumer loans and credit cards**	**Financial lease receivables**	**Total**
Standard loans	27.995.289	13.481.189	952.670	42.429.148
Close monitoring loans	1.090.655	1.596.060	13.251	2.699.966
Loans under follow up	979.834	804.845	39.613	1.824.292
Total	**30.065.778**	**15.882.094**	**1.005.534**	**46.953.406**
Provisions	(1.311.711)	(989.597)	(42.832)	(2.344.140)
	28.754.067	**14.892.497**	**962.702**	**44.609.266**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2008 is summarized below as follows:

2008	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	32.136.163	12.599.851	889.349	45.625.363
Close monitoring loans	1.797.393	1.850.346	17.416	3.665.155
Loans under follow up	702.639	436.228	38.961	1.177.828
Total	**34.636.195**	**14.886.425**	**945.726**	**50.468.346**
Provisions	(1.028.664)	(572.374)	(34.911)	(1.635.949)
	33.607.531	**14.314.051**	**910.815**	**48.832.397**

The aging analysis of the loans under close monitoring for the year ended 31 December 2009 are as follows:

2009	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	799.194	1.118.140	3.811	1.921.145
Past due 1 - 2 months	162.758	361.324	3.207	527.289
Past due 2 - 3 months	128.703	116.596	2.837	248.136
Leasing payment receivables (uninvoiced)	-	-	3.396	3.396
	1.090.655	**1.596.060**	**13.251**	**2.699.966**

The aging analysis of the loans under close monitoring for the year ended 31 December 2008 are as follows:

2008	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	1.340.597	1.287.556	5.800	2.633.953
Past due 1 - 2 months	288.456	403.017	3.774	695.247
Past due 2 - 3 months	168.340	159.773	2.327	330.440
Leasing payment receivables (uninvoiced)	-	-	5.515	5.515
	1.797.393	**1.850.346**	**17.416**	**3.665.155**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

Maximum exposure to credit risk of banking industrial segment:

	2009	2008
Loans and advances to banks	3.753.255	5.449.849
Loans and advances	**43.646.564**	**47.921.582**
Consumer loans and advances	**14.892.497**	**14.314.051**
Corporate loans and advances	**28.754.067**	**33.607.531**
Financial lease receivables	962.702	910.815
Trading financial assets	159.786	160.548
Derivative financial instruments	245.120	80.221
Financial assets	39.272.423	27.853.467
Other assets	375.598	276.224
Total	**88.415.448**	**82.652.706**

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 2009 and 2008 are as follows:

2009	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	216.833	-	216.833
A1, A2, A3	-	296.376	-	296.376
Baa1, Baa2, Baa3	-	94.898	-	94.898
Ba3 (*)	158.049	28.171.891	10.413.428	38.743.368
C	-	-	-	-
Total	**158.049**	**28.779.998**	**10.413.428**	**39.351.475**

2008	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	7.583	-	7.583
A1, A2, A3	-	135.992	-	135.992
Baa1, Baa2, Baa3	-	57.119	-	57.119
Ba3 (*)	160.548	7.097.121	20.548.706	27.806.375
C	-	6.946	-	6.946
Total	**160.548**	**7.304.761**	**20.548.706**	**28.014.015**

(*) 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 32 - FINANCIAL RISK MANAGEMENT (Continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2009 and 2008 are summarized as follows:

2009	Turkey	USA	EU Countries	Non EU Countries	Total
Loans and advances to banks	445.132	662.553	2.633.989	11.581	3.753.255
Loans and advances	**42.624.271**	**3.471**	**684.366**	**334.456**	**43.646.564**
Consumer loans and advances	**14.892.497**	**-**	**-**	**-**	**14.892.497**
Corporate loans and advances	**27.731.774**	**3.471**	**684.366**	**334.456**	**28.754.067**
Financial lease receivables	962.702	-	-	-	962.702
Trading assets	159.786	-	-	-	159.786
Derivative financial instruments	122.709	105	122.304	2	245.120
Available for sale financial assets	38.562.328	151	709.944	-	39.272.423
Other assets	333.322	-	42.276	-	375.598
Total	**83.210.250**	**666.280**	**4.192.879**	**346.039**	**88.415.448**

2008	Turkey	USA	EU Countries	Non EU Countries	Total
Loans and advances to banks	553.568	1.057.846	3.825.268	13.167	5.449.849
Loans and advances	**46.782.628**	**2.502**	**768.491**	**367.961**	**47.921.582**
Consumer loans and advances	**14.314.051**	**-**	**-**	**-**	**14.314.051**
Corporate loans and advances	**32.468.577**	**2.502**	**768.491**	**367.961**	**33.607.531**
Financial lease receivables	910.815	-	-	-	910.815
Trading assets	160.548	-	-	-	160.548
Derivative financial instruments	36.130	1.180	28.582	14.329	80.221
Available for sale financial assets	27.402.142	110	451.215	-	27.853.467
Other assets	245.133	-	31.091	-	276.224
Total	**76.090.964**	**1.061.638**	**5.104.647**	**395.457**	**82.652.706**

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

NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2009 and 2008 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	3.753.255	-	-	-	-	-	3.753.255
Loan and advances	**3.021.995**	**1.645.432**	**4.549.421**	**7.712.659**	**11.824.560**	**14.892.497**	**43.646.564**
Consumer loans	**-**	**-**	**-**	**-**	**-**	**14.892.497**	**14.892.497**
Corporate loans	**3.021.995**	**1.645.432**	**4.549.421**	**7.712.659**	**11.824.560**	**-**	**28.754.067**
Financial lease receivables	962.702	-	-	-	-	-	962.702
Trading assets	1.737	158.049	-	-	-	-	159.786
Derivative financial instruments	243.172	-	-	-	-	1.948	245.120
Available for sale financial assets	569.587	38.533.505	-	-	169.331	-	39.272.423
Other assets	289.805	-	-	-	-	85.793	375.598
2009	**8.842.253**	**40.336.986**	**4.549.421**	**7.712.659**	**11.993.891**	**14.980.238**	**88.415.448**
2008	**10.096.506**	**30.215.173**	**6.301.207**	**10.230.838**	**11.431.144**	**14.377.838**	**82.652.706**

32.1.1.5 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 2009 and 2008, assuming that all other variables are constant, and TL and foreign currency interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

	Impact on income		Impact on other reserves	
Change in interest rates	**2009**	**2008**	**2009**	**2008**
(+) %1	(66.313)	(135.000)	(263.333)	(49.111)
(-) %1	66.598	127.000	275.457	35.220

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".

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NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

The table (*) below represents average market risk table at 31 December 2009 and 2008 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".

	2009			**2008**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Interest rate risk	176.346	267.905	118.162	154.327	188.238	97.312
Foreign Exchange risk	22.383	15.784	29.101	29.610	19.730	34.010
Equities risk	1.139	1.828	629	787	686	1.211
Total (**)	**199.868**	**285.517**	**147.892**	**184.724**	**208.654**	**132.533**

(*) 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 to be employed for market risk.

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NOTE 32 - FINANCIAL RISK MANAGEMENT (Continued)

32.1.2 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, return capital 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 2009 and 2008 are as follows:

	2009	**2008**
Total liability	90.266.612	83.025.409
Cash and cash equivalents	(12.869.232)	(7.665.059)
Net liability	77.397.380	75.360.350
Equity	20.688.577	17.338.777
Invested capital	98.085.957	92.699.127
Net liability/invested capital ratio	79%	81%

NOTE 33 - EVENTS AFTER THE BALANCE SHEET DATE

1. Akbank sold its impaired loans portfolio amounting to TL 326.000 for at an amount of TL 38.500 to Girişim Varlık Yönetimi A.Ş. The transaction is accounted for in 2010.

2. The spin-off process in which Akbank shares held by Aksigorta A.Ş. and Exsa Sanayi Mamülleri Satış ve Araştırma A.Ş. are injected as capital in kind to Hacı Ömer Sabancı Holding A.Ş. was completed on 14 January 2010. As a result of the spin-off, the direct ownership of Hacı Ömer Sabancı Holding A.Ş. in Akbank increased from 32,28% to 40,75%.

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