HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Deloitte.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Other Matter

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

Additional Paragraph for US Dollar ("USD") Translation

"As explained in Note 2 to the consolidated financial statements USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the offical USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2014 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency."

Reports on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 2 March 2015.

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

Ömer Tanrıöver, SMMM
Partner

İstanbul, 2 March 2015

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HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 2013

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

	Note References	Unaudited Current Period 31 December 2014 USD (*)	Current Period 31 December 2014	Restated Prior Period 31 December 2013
ASSETS				
Current Assets		**47.483.670**	**110.109.883**	**105.134.288**
Cash and Cash Equivalents	5	3.242.379	7.518.753	5.566.531
Financial Assets		3.450.406	8.001.147	16.993.146
- Held for Trading	6.a	23.703	54.964	124.740
- Available for Sale	6.b	3.017.992	6.998.422	13.127.822
- Held to Maturity	6.c	387.946	899.608	1.776.715
- Time Deposits	6.d	20.765	48.153	1.963.869
Trade Receivables	8	436.654	1.012.556	1.211.220
Receivables from Finance Sector Operations	30	29.851.069	69.221.643	59.416.942
Reserve Deposits with the Central Bank of the Republic of Turkey		8.158.125	18.917.875	16.690.681
Other Receivables	9	253.342	587.474	611.929
Derivative Financial Instruments	29	612.696	1.420.780	1.767.417
Inventories	10	793.310	1.839.607	1.883.451
Prepaid Expenses	11	124.836	289.483	332.698
Other Current Assets	20	267.062	619.289	630.305
		47.189.878	**109.428.607**	**105.104.320**
Assets Classified As Held for Sale	22	293.793	681.276	29.968
Non-current Assets		**51.928.359**	**120.416.672**	**101.436.531**
Financial Assets		17.469.646	40.510.363	30.418.270
- Available for Sale	6.b	13.200.132	30.609.785	20.041.531
- Held to Maturity	6.c	4.269.515	9.900.578	10.376.739
Trade Receivables	8	30.659	71.095	41.189
Receivables From Finance Sector Operations	30	29.466.505	68.329.878	59.706.203
Other Receivables	9	27.182	63.033	45.679
Derivative Financial Instruments	29	123.382	286.110	630177
Investments Accounted Through Equity Method	12	2.366.129	5.486.817	4.960.899
Investment Property	13	140.490	325.782	348.788
Property, Plant and Equipment	14	1.681.216	3.898.572	3.898.832
Intangible Assets		394.685	915.234	784.693
- Goodwill	16	206.535	478.935	478.935
- Other Non Current Assets	15	188.149	436.299	305.758
Prepaid Expenses	11	11.883	27.556	33.018
Deferred Tax Assets	28	205.879	477.413	495.383
Other Non Current Assets	20	10.703	24.819	73.400
Total Assets		**99.412.029**	**230.526.555**	**206.570.819**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

These consolidated financial statements have been approved for issue by the Board of Directors on 2 March 2015 and signed on its behalf by Zafer Kurtul, Member of Board of Directors and CEO and Barış Oran, Head of Planning, Reporting and Finance Department.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 2013

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

	Note References	Unaudited Current Period 31 December 2014 USD (*)	Current Period 31 December 2014	Restated Prior Period 31 December 2013
LIABILITIES				
Short Term Liabilities		**73.007.385**	**169.296.825**	**150.872.625**
Financial Liabilities	7	8.779.580	20.358.969	16.311.856
Current Portion of				
Long-Term Financial Liabilities	7	756.197	1.753.546	2.013.844
Trade Payables	8	780.196	1.809.196	1.918.494
Payables from Finance Sector Operations	31	59.445.106	137.847.256	123.368.888
Short Term Employee Benefits	19	17.342	40.214	47.178
Other Payables	9	1.552.210	3.599.419	3.911.097
Derivative Financial Instruments	29	521.597	1.209.531	1.190.196
Deferred Income	11	53.534	124.141	322.641
Income Taxes Payable	28	152.482	353.590	104.128
Short Term Provisions		227.105	526.633	613.596
- Short Term Provisions				
for Employee Benefits	19	87.545	203.009	165.467
- Other Short Term Provisions	17	139.559	323.624	448.129
Other Short Term Liabilities	20	571.295	1.324.776	1.070.707
		72.856.644	168.947.271	150.872.625
Liabilities Classified As Held for Sale	22	150.741	349.554	-
Long Term Liabilities		**10.510.091**	**24.371.850**	**23.683.537**
Financial Liabilities	7	5.004.780	11.605.585	11.905.902
Trade Payables	8	217	503	596
Payables from Finance Sector Operations	31	5.249.495	12.173.053	11.318.200
Other Payables	9	15.148	35.127	33.215
Derivative Financial Instruments	29	45.691	105.952	71.003
Deferred Income	11	64.360	149.244	66.683
Long Term Provisions		79.733	184.894	177.240
- Long Term Provisions				
for Employee Benefits	19	77.625	180.004	173.319
- Other Long Term Provisions	17	2.109	4.890	3.921
Deferred Tax Liabilities	28	49.582	114.976	107.706
Other Long Term Liabilities	20	1.085	2.516	2.992
EQUITY		**15.894.553**	**36.857.880**	**32.014.657**
Equity Attributable to the Parent	**21**	**8.270.162**	**19.177.680**	**17.034.439**
Share Capital	21	879.902	2.040.404	2.040.404
Adjustment to Share Capital		1.477.753	3.426.761	3.426.761
Treasury Shares (-)	21	-	-	-
Share Premium		9.345	21.670	21.670
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss		(4.539)	(10.526)	1.240
- Actuarial Gains/Losses		(4.539)	(10.526)	1.240
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss		(97.824)	(100.945)	(504.839)
- Currency Translation Reserve	21	25.029	183.938	258.722
- Hedge Reserve	21	(81.493)	(188.975)	(211.491)
- Revaluation Reserve	21	(41.359)	(95.908)	(552.070)
Restricted Reserves	21	369.014	855.707	926.278
Retained Earnings		4.685.625	10.865.495	9.391.529
Net Income for the Year		950.887	2.079.114	1.731.396
Non-controlling Interests		**7.624.391**	**17.680.200**	**14.980.218**
TOTAL EQUITY AND LIABILITIES		**99.412.029**	**230.526.555**	**206.570.819**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

	Note References	Unaudited Current period 1 January - 31 December 2014 USD (*)	Current period 1 January - 31 December 2014	Restated Prior period 1 January - 31 December 2013
CONTINUING OPERATIONS				
Sales (net)	4,23	4.810.204	10.517.510	8.457.484
Cost of Sales (-)	4,23	(3.822.017)	(8.356.840)	(6.912.506)
Gross Profit From Non-Financial Operations		**988.187**	**2.160.670**	**1.544.978**
Interest, Premium, Commission and Other Income	4	7.737.926	16.918.975	14.595.256
Interest, Premium, Commission and Other Expense (-)		(4.153.459)	(9.081.538)	(6.927.813)
Gross Profit From Financial Operations		**3.584.467**	**7.837.437**	**7.667.443**
GROSS PROFIT		**4.572.654**	**9.998.107**	**9.212.421**
General Administrative Expenses (-)	24	(2.013.174)	(4.401.804)	(3.880.106)
Marketing, Selling and Distribution Expenses (-)	24	(562.243)	(1.229.344)	(812.698)
Research and Development Expenses (-)	24	(2.073)	(4.533)	(10.462)
Income From Other Operating Activities	25	372.531	814.540	665.083
Expense From Other Operating Activities (-)	25	(187.393)	(409.735)	(502.108)
Interest in Income of Investments Accounted Through Equity Method	12	145.609	318.373	151.417
OPERATING PROFIT		**2.325.911**	**5.085.604**	**4.823.547**
Income From Investment Activities	26	133.282	291.421	38.127
Expense From Investment Activities (-)	26	(956)	(2.090)	(3.204)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		**2.458.237**	**5.374.935**	**4.858.470**
Financial Income	27	24.681	53.965	11.596
Financial Expenses (-)	27	(83.646)	(182.891)	(170.099)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.399.272**	**5.246.009**	**4.699.967**
Tax Income / (Expense) from Continuing Operations				
Current Income Tax Expense	28	(549.385)	(1.201.231)	(781.452)
Deferred Income Tax Benefit / Charge	28	104.737	229.008	(165.820)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**1.954.624**	**4.273.786**	**3.752.695**
DISCONTINUED OPERATIONS				
Net Income After Tax From Discontinued Operations	22	35.249	77.073	91.957
NET INCOME FOR THE YEAR		**1.989.874**	**4.350.859**	**3.844.652**
ALLOCATION OF NET INCOME				
- Non-controlling Interests		1.038.987	2.271.745	2.113.256
- Equity Holders of the Parent		950.887	2.079.114	1.731.396
Earnings per share				
- thousands of ordinary shares (TL)	33	4,66	10,19	8,49
Earnings per share from continuing operations				
- thousands of ordinary shares (TL)	33	4,49	9,81	8,03

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

	Note References	Current period 1 January - 31 December 2014	Restated Prior period 1 January - 31 December 2013
NET INCOME FOR THE YEAR		**4.350.859**	**3.844.652**
Other Comprehensive Income / (Loss) :			
Items That Will Not Be Reclassified Subsequently To Profit or Loss			
Actuarial (losses) / gains	28	(14.913)	3.976
Items That Will Be Reclassified Subsequently To Profit or Loss		**1.125.809**	**(2.892.482)**
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	28	1.649.775	(2.408.339)
Losses on available for sale financial assets transferred to the income statement, after tax	28	(479.393)	(624.919)
Net gains/(losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	28	(63.943)	(9.335)
Currency translation differences	28	(34.911)	143.364
Cash flow hedges, after tax	28	35.414	91.503
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	28	18.867	(84.756)
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		**1.110.896**	**(2.888.506)**
TOTAL COMPREHENSIVE INCOME		**5.461.755**	**956.146**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**5.461.755**	**956.146**
- Non-controlling Interests		2.966.188	337.792
- Equity Holders of the Parent		2.495.567	618.354

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

					Accumulated Other Comprehensive Income or Loss That Will									
					Not Be Reclassified	Be Reclassified to Profit or Loss								
	Share Capital	Adjustment to share capital	Treasury shares (-)	Share premium	Actuarial gains/ losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2013	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(2.736)**	**145.286**	**(223.386)**	**690.155**	**654.707**	**7.691.951**	**1.858.491**	**16.251.076**	**14.261.968**	**30.513.044**
Transfers	-	-	-	-	-	-	-	-	271.571	1.586.920	(1.858.491)	-	-	-
Change in shareholding structure by the effect of share purchases (*)	-	-	-	-	-	-	-	-	-	(2.541)	-	(2.541)	504.107	501.566
Disposal of joint ventures (**)	-	-	-	-	-	-	-	-	-	62.856	-	62.856	-	62.856
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	124	-	3.570	-	3.694	3.266	6.960
Effect of disposal of subsidiaries' shares (***)	-	-	52.227	-	-	-	-	-	-	275.699	-	327.926	268.718	596.644
Change in the consolidation method	-	-	-	-	-	-	-	-	-	(13.384)	-	(13.384)	-	(13.384)
Dividends paid (****)	-	-	-	-	-	-	-	-	-	(213.542)	-	(213.542)	(395.633)	(609.175)
Total comprehensive income	-	-	-	-	3.976	113.436	11.895	(1.242.349)	-	-	1.731.396	618.354	337.792	956.146
Balances at 31 December 2013	**2.040.404**	**3.426.761**	**-**	**21.670**	**1.240**	**258.722**	**(211.491)**	**(552.070)**	**926.278**	**9.391.529**	**1.731.396**	**17.034.439**	**14.980.218**	**32.014.657**
Balances at 1 January 2014	**2.040.404**	**3.426.761**	**-**	**21.670**	**1.240**	**258.722**	**(211.491)**	**(552.070)**	**926.278**	**9.391.529**	**1.731.396**	**17.034.439**	**14.980.218**	**32.014.657**
Transfers	-	-	-	-	-	-	-	-	(70.571)	1.691.921	(1.731.396)	(110.046)	110.046	-
Effect of public offering of the joint venture (*****)	-	-	-	-	-	-	-	-	-	3.560	-	3.560	-	3.560
Disposal of subsidiaries (******)	-	-	-	-	-	(24.324)	-	-	-	-	-	(24.324)	(2.373)	(26.697)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	(1.992)	-	(1.992)	-	(1.992)
Dividends paid (****)	-	-	-	-	-	-	-	-	-	(219.523)	-	(219.523)	(373.879)	(593.402)
Total comprehensive income	-	-	-	-	(11.766)	(50.460)	22.516	456.162	-	-	2.079.114	2.495.567	2.966.188	5.461.755
Balances at 31 December 2014	**2.040.404**	**3.426.761**	**-**	**21.670**	**(10.526)**	**183.938**	**(188.975)**	**(95.908)**	**855.707**	**10.865.495**	**2.079.114**	**19.177.680**	**17.680.200**	**36.857.880**

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

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

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

(****) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,10 (2013: TL 0,10).

(*****) After the transactions to maintain price stability, net 8,55% of the shares of Avivasa, which isincluded in the Group portfolio with 49,83% share have been offered to the public on 13 November 2014.

(******) A share transfer agreement for Kordsa Argentina S.A. of Kordsa's subsidiaries, one of the subsidiaries of the Group, had been signed on 30 September 2014 and liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited which is operating in China, has been concluded (Note 22).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

	Note References	Unaudited Current Period 1 January- 31 December 2014 USD (*)	Current Period 1 January- 31 December 2014	Restated Prior Period 1 January- 31 December 2013
Net income before tax from continuing operations		2.399.272	5.246.009	4.699.966
Net income after tax from discontinued operations	22	35.249	77.073	91.957
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Depreciation and amortisation expenses	4	218.275	477.258	412.117
Provision for loan losses	30	964.204	2.108.233	1.764.846
Changes in the fair value of derivative instruments		421.122	920.783	(1.804.020)
Interest income and foreign currency gains		(204.839)	(447.880)	162.702
Interest expense		22.192	48.523	137.012
Provision for employment termination benefits	19	26.802	58.602	58.040
Impairment charge on property, plant and equipment, intangible assets and investment property	4	(2.193)	(4.795)	21.913
Income from associates and joint ventures	12	(145.609)	(318.373)	(151.417)
Provision for / (reversal of) inventory impairment	10	1.155	2.526	2.181
Provision for/ (reversal of) doubtful receivables		6.487	14.184	6.017
(Profit) / loss from stock sales of joint venture	22	(58.345)	(127.571)	(121.196)
Other		(9.742)	(21.301)	8.814
Net cash provided by operating activities before changes in operating assets and liabilities		**3.674.032**	**8.033.271**	**5.288.932**
Changes in trade receivables		70.695	154.574	(242.062)
Changes in inventories		18.897	41.318	(376.445)
Changes in other receivables and other current assets		52.766	115.372	232.531
Changes in trade payables		(50.030)	(109.391)	614.024
Disposal of joint ventures asset		-	-	(38.683)
Changes in other liabilities and other payables		(156.684)	(342.589)	1.214.726
Net cash provided in operating activities of assets classified as held for sale		(61.903)	(135.350)	87.505
Currency translation differences		(45.598)	(99.701)	98.321
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		32.007	69.983	(93.643)
Changes in receivables from financial operations		(9.355.703)	(20.456.244)	(27.735.774)
Changes in payables from financial operations		6.991.475	15.286.860	25.260.635
Changes in reserve with the Central Bank of the Republic of Turkey		(882.823)	(1.930.293)	(2.757.140)
Income taxes paid		(456.815)	(998.825)	(782.101)
Employment termination benefits paid	19	(23.662)	(51.738)	(55.230)
Net cash used in operating activities		**(193.347)**	**(422.753)**	**715.596**
Cash flows from investing activities:				
Capital expenditures	4	(438.122)	(957.953)	(688.562)
Sale / (purchase) of available for sale and held to matuirty financial assets		203.941	445.918	(7.513.065)
Proceeds from sale of non current assets held for sale, property, plant and equipment and intangible assets		45.493	99.470	63.408
Dividends received		146.341	319.974	326.185
Cash provided from the share sale of subsidiary		-	-	596.294
Change in the effective ownership of subsidiaries		-	-	22.650
Cash provided from the sale of joint venture		75.636	165.378	146.495
Cash used in the acquisition of shares of joint venture	3	-	-	(141.000)
Net cash provided from / (used in) investing activities		**33.289**	**72.787**	**(7.187.595)**
Cash flows from financing activities:				
Changes in financial liabilities		1.604.354	3.507.921	6.111.584
Dividends paid		(100.399)	(219.523)	(213.542)
Dividends paid to non-controlling interests		(170.994)	(373.879)	(395.633)
Capital increase of joint ventures		(205.808)	(450.000)	(1.721.000)
Net cash provided by / (used in) financing activities		**1.127.153**	**2.464.519**	**3.781.409**
Effect of change in foreign currency rates on cash and cash equivalents		60.739	132.806	618.792
Net increase/(decrease) in cash and cash equivalents		1.027.834	2.247.358	(2.071.798)
Cash and cash equivalents at the beginning of the period (**)		1.188.066	2.597.707	4.669.505
Cash and cash equivalents at the end of the period		**2.215.900**	**4.845.065**	**2.597.707**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

(**) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 624 and cash and cash equivalents at the end of the period comprise interest accruals of TL 1.973 (31 December 2013: TL 208 and TL 624 respectively). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TL 2.968.616 and TL 2.673.688, respectively (31 December 2013: TL 1.660.155 and TL 2.968.616, respectively).

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 21). The number of employees in 2014 is 60.170 (31 December 2013: 58.907). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BIST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 31 December 2014, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 21):

	%
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,21
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Diğer	64,84
	100

Subsidiaries

As of 31 December 2014, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	**Name of Exchange Traded**	**Nature of business**	**Business segment**	**Number of employees**
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	16.514
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	BİST	Tire reinforcement	Industry	4.065
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.840
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.142
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	3.633
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	7
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	3
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	7
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	- -	Trade of data and processing systems	Other	196
Sasa Polyester Sanayi A.Ş. ("Sasa")	BİST	Chemical and textile	Industry	1.229
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.965
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa") (*)	BİST	Trade of consumer goods	Retailing	9.459

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

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

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

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

Joint Ventures

As at 31 December 2014, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	667
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension	Insurance	Aviva	1.635
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.016
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	3.102
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	-	Energy	Energy	E.ON SE	8.994

All Joint Ventures are registered in Turkey.

Affiliates

As at 31 December 2014, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Associates	Name of exchange traded	Nature of business	Segment	Ventures	Number of Employees(*)
Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa)	-	Tobacco products production	Industry	Philip Morris	
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	-	Tobacco products marketing and sales	Industry	Philip Morris	2.608

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance with TAS

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

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards ("TAS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

<u>Preparation of Financial Statements in Hyperinflationary Periods</u>

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

<u>Functional and Presentation Currency</u>

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

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

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards

(a) Amendments to TASs affecting amounts reported in the consolidated financial statements

None.

(b) New and revised standards applicable in 2014 with no material effect on the consolidated financial statements of the Group

Amendments to TFRS 10, 11,TAS 27	*Investment Entities*[1]
Amendments to TAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to TAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to TAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
TFRS Interpretation 21	*Levies*[1]
Amendments to TAS 21	*The Effect of Changes in Foreign Exchange Rates*[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective from12 November 2014

Amendments to TFRS 10, 11, TAS 27 Investment Entities

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

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

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 have been changed.

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

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

(b) New and revised standards applicable in 2014 with no material effect on the consolidated financial statements of the Group (continued)

Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 Levies

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Amendments to TAS 21 The Effect of Changes in Foreign Exchange Rates

Clause (b) of Paragraph 39 of TAS 21 Effects of Changes in Foreign Exchange Rates has been amended as below:

"(b) Income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions."

c) New and revised standards in issue but not yet effective

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

TFRS 9	*Financial Instruments*
Amendments toTFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*
Amendments to TAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39*[1]
Annual Improvements to 2011-2013 Cycle	*TFRS 3, TFRS 13, TMS 40*[1]
Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [2]
Amendments to TAS 16 and TAS 41	*Agriculture: Bearer Plants* [2]
TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint Operations*[2]

[1] Effective for annual periods beginning on or after 30 June 2014.
[2] Effective for annual periods beginning on or after 31 December 2015.

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

c) New and revised standards in issue but not yet effective (continued)

TFRS 9 Financial Instruments

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

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This revision has not been published by POA yet.

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

c) New and revised standards in issue but not yet effective (continued)

Annual Improvements to 2011-2013 Cycle *(continued)*

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include "bearer plants" within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

These amendments on TAS 16 and TAS 41 caused revisions on related parts of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11

- disclose the information required by TFRS 3 and other TFRSs for business combinations.

This amendment on TFRS 11 caused revisions on related parts of TFRS 1.

The Group evaluates the effects of these standards on the consolidated financial statements.

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation

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

b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.

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

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

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2014 and 2013:

	31 December 2014		31 December 2013	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest
Subsidiaries	%	%	%	%
AEO	76,85	76,85	76,85	76,85
Akbank	40,76	40,76	40,77	40,77
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa Global	91,11	91,11	91,11	91,11
Teknosa	60,29	60,29	60,29	60,29
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Sasa	51,00	51,00	51,00	51,00
Carrefoursa	50,93	50,93	50,93	50,93

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

Financial statements of Subsidiaries whose financial position and result of operations for year ended 31 December 2014 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such Subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

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

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

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

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2014:

	31 December 2014		**31 December 2013**	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	**Proportion of effective interest**	**Direct and indirect ownership interest by the Holding and its Subsidiaries**	**Proportion of effective interest**
Joint Ventures	**%**	**%**	**%**	**%**
Akçansa	39,72	39,72	39,72	39,72
Aksigorta	36,00	36,00	36,00	36,00
Avivasa (*)	41,28	41,28	49,83	49,83
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	50,00	50,00	50,00	50,00

(*) After the transactions to maintain price stability, net 8,55% of the shares of Avivasa, which isincluded in the Group portfolio with 49,83% share have been offered to the public on 13 November 2014.

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

e) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influce rather than control over the business operations. Unrealized gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation considering the Group share, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is not applied for Investments in Associates if the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are recognized at fair value if the fair value can be determined objectively; otherwise, they are recognized at cost (Note 12 and Note 2.e). Financial statements of associates, whose financial position at 31 December 2014 and result of operations for the period year ended 31 December 2014 are insignificant to the overall consolidated financial statements are not consolidated on the grounds of materiality. Such associates are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2014 and 31 December 2013:

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

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

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

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

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.

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

2.1 Basis of Presentation (continued)

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year. The Group presented the consalidated balance sheet as of 31 December 2014 comparatively with the consolidated balance sheet as of 31 December 2013 and presented the consolidated statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity for the period 1 January-31 December 2014 comparatively with the period 1 January-31 December 2013.

The Share Purchase Agreement was signed on 13 January 2015 regarding the sale of all shares in our subsidiary SASA Polyester Sanayi A.Ş corresponding to 51 % of the share capital of the Company to Erdemoğlu Holding A.Ş. According to the Share Purchase Agreement, the transfer price of the Holding's shares in SASA Polyester Sanayi A.Ş, corresponding to 51 % of the share capital is USD 102 Million excluding adjustments. The transfer price was determined through bargaining negotiations between the parties and the total consideration wll be collected on the closing date. The shares will be transferred upon the approvals of the relevant authorities. As of 31 December 2014 and 2013, the profit or loss items of Sasa have been reclasified to "Discontinued Operations" on the consolidated statement of profit or loss.

A share transfer agreement for Kordsa Argentina, one of the subsidiaries of the Group, has been signed with Nicolas Jose Santos and Intenta S.A on 30 September 2014 and the share transfer took place on 2 October 2014. Net operating results of Kordsa Argentina for the periods 31 December 2014 and 2013 has been accounted for under income / losses from discontinued operations on the consolidated statement of profit or loss.

As of 18 December 2014, liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited (KQNE) of Kordsa's subsidiaries, one of the Group subsidiaries which is operating in China, has been concluded. Net operating results of KQNE for the periods 31 December 2014 and 2013 has been accounted for under income / loss from discontinued operations on the consolidated statement of profit or loss.

Time deposits with maturities up to 3 months presented in the cash and cash equivalents on the consolidated financial statements as of 31 December 2013 have been reclassified to time deposits under financial assets.

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

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

2.1 Basis of Presentation (continued)

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

The table below summarises the restatements to the consolidated balance sheet, statement of profit or loss and statemnt of comprehensive income of the Group as at and for the year ended 31 December 2013:

	As Previously Reported 31 December 2013	**Adjustments/ Reclassifications**	**Restated 31 December 2013**
ASSETS			
Current assets	**105.134.288**		**105.134.288**
Cash and Cash Equivalents	9.746.904	(4.180.373)	5.566.531
Financial Assets	12.812.773	4.180.373	16.993.146
- Held for Trading	123.737	1.003	124.740
- Available for Sale	10.725.166	2.402.656	13.127.822
- Held to Maturity	1.776.715	-	1.776.715
- Time Deposits	187.156	1.776.713	1.963.869
Trade Receivables	1.211.220	-	1.211.220
Receivables from Finance Sector Operations	59.416.942	-	59.416.942
Reserve Deposits with the Central Bank of the Republic of Turkey	16.690.681	-	16.690.681
Other Receivables	611.929	-	611.929
Derivative Financial Instruments	1.767.417	-	1.767.417
Inventories	1.883.451	-	1.883.451
Prepaid expenses	332.698	-	332.698
Other Current Assets	630.305	-	630.305
	105.104.320	**-**	**105.104.320**
Assets Classified As Held for Sale	29.968	-	29.968
			-
Non-current Assets	**101.436.531**	**-**	**101.436.531**
			-
Financial Assets	30.418.270	-	30.418.270
- Available for Sale	20.041.531	-	20.041.531
- Held to Maturity	10.376.739	-	10.376.739
Trade Receivables	41.189	-	41.189
Receivables From Finance Sector Operations	59.706.203	-	59.706.203
Other Receivables	45.679	-	45.679
Derivative Financial Instruments	630.177	-	630.177
Investments Accounted Through Equity Method	4.960.899	-	4.960.899
Investment Property	348.788	-	348.788
Property, Plant and Equipment	3.898.832	-	3.898.832
Intangible Assets	784.693	-	784.693
Goodwill	*478.935*	-	*478.935*
Other Non Current Assets	*305.758*	-	*305.758*
Prepaid Expenses	33.018	-	33.018
Deferred Tax Assets	495.383	-	495.383
Other Non Current Assets	73.400	-	73.400
Total Assets	**206.570.819**		**206.570.819**

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

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

2.1 Basis of Presentation (continued)

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

	As Previously Reported 31 December 2013	Adjustments/ Reclassifications	Restated 31 December 2013
LIABILITIES			
Short Term Liabilities	**150.872.625**	**-**	**150.872.625**
Financial Liabilities	16.311.856	-	16.311.856
Current Portion of Long-Term Financial Liabilities	2.013.844	-	2.013.844
Trade Payables	1.918.494	-	1.918.494
Payables from Finance Sector Operations	123.368.888	-	123.368.888
Short Term Employee Benefits	47.178	-	47.178
Other Payables	3.911.097	-	3.911.097
Derivative Financial Instruments	1.190.196	-	1.190.196
Deferred Income	322.641	-	322.641
Income Taxes Payable	104.128	-	104.128
Short Term Provisions	613.596	-	613.596
- Short Term Provisions for Employee Benefits	165.467	-	165.467
- Other Short Term Provisions	448.129	-	448.129
Other Short Term Liabilities	1.070.707	-	1.070.707
Long Term Liabilities	**23.683.537**	**-**	**23.683.537**
Financial Liabilities	11.905.902	-	11.905.902
Trade Payables	596	-	596
Payables from Finance Sector Operations	11.318.200	-	11.318.200
Other Liabilities	33.215	-	33.215
Derivative Financial Instruments	71.003	-	71.003
Deferred Income	66.683	-	66.683
Long Term Provisions	177.240	-	177.240
- Long Term Provisions for Employee Benefits	173.319	-	173.319
- Other Long Term Provisions	3.921	-	3.921
Provision For Employee Termination Benefits			
Deferred Tax Liabilities	107.706	-	107.706
Other Long Term Liabilities	2.992	-	2.992
EQUITY	**32.014.657**	**-**	**32.014.657**
Equity Attributable to the Parent	**17.034.439**	**-**	**17.034.439**
Share Capital	2.040.404	-	2.040.404
Adjustment to Share Capital	3.426.761	-	3.426.761
Treasury Shares (-)	-	-	-
Share Premium	21.670	-	21.670
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss	1.240	-	1.240
-Actuarial Gains/Losses	1.240	-	1.240
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss	(504.839)	-	(504.839)
- Currency Translation Reserve	258.722	-	258.722
- Hedge Reserve	(211.491)	-	(211.491)
- Revaluation Reserve	(552.070)	-	(552.070)
Restricted Reserves	926.278	-	926.278
Retained Earnings	9.391.529	-	9.391.529
Net Income for the Year	1.731.396	-	1.731.396
Non-controlling Interests	**14.980.218**	**-**	**14.980.218**
TOTAL EQUITY AND LIABILITIES	**206.570.819**	**-**	**206.570.819**

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

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

2.1 Basis of Presentation (continued)

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

	As Previously Reported 1 January- 31 December 2013	**Adjustments/ Reclassifications**	**Restated 1 January- 31 December 2013**
CONTINUING OPERATIONS			
Sales (net)	9.560.895	(1.103.411)	8.457.484
Cost of Sales (-)	(7.934.994)	1.022.488	(6.912.506)
Gross Profit From Commercial Operations	**1.625.901**	**(80.923)**	**1.544.978**
Interest, Premium, Commission and Other Income	14.595.256	-	14.595.256
Interest, Premium, Commission and Other Expense (-)	(6.927.813)	-	(6.927.813)
Gross Profit From Financial Operations	**7.667.443**	**-**	**7.667.443**
GROSS PROFIT	**9.293.344**	**(80.923)**	**9.212.421**
General and Administrative Expenses (-)	(3.900.384)	20.278	(3.880.106)
Marketing, Selling and Distribution Expenses (-)	(856.221)	43.523	(812.698)
Research and Development Expenses (-)	(12.990)	2.528	(10.462)
Other Operating Income	759.124	(94.041)	665.083
Other Operating Expenses (-)	(575.281)	73.173	(502.108)
Interest in Income of Investments Accounted Through Equity Method	151.417	-	151.417
OPERATING PROFIT	**4.859.009**	**(35.462)**	**4.823.547**
Income From Investment Activities	40.856	(2.729)	38.127
Expense From Investment Activities (-)	(3.269)	66	(3.204)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES	**4.896.596**	**(38.126)**	**4.858.470**
Financial Income	14.957	(3.361)	11.596
Financial Expenses (-)	(210.606)	40.507	(170.099)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**4.700.947**	**(980)**	**4.699.967**
Tax Income / (Expense) from Continuing Operations			
Current Income Tax Expense	(781.452)	-	(781.452)
Deferred Income Tax Benefit	(164.643)	(1.177)	(165.820)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	**3.754.852**	**(2.157)**	**3.752.695**
DISCONTINUED OPERATIONS			**-**
Net Income After Tax			-
From Discontinued Operations	89.800	2.157	91.957
NET INCOME FOR THE YEAR	**3.844.652**	**-**	**3.844.652**
ALLOCATION OF NET INCOME	**3.844.652**	**-**	**3.844.652**
- Non-controlling Interests	2.113.256	-	2.113.256
- Equity Holders of the Parent	1.731.396	-	1.731.396

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

2.1.6 US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 December 2014 of TL 2,3189 = USD 1 and TL 2,1865 = USD 1, respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

2.2 Changes in Accounting Policies and Estimates and Errors

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

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods. There is no change in the accounting policies and estimates of the Group in the current period.

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

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

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

2.3.2 Sale and repurchase agreements

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

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

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

The reserve rates for TL liabilities vary between 5% and 11,5% (2013: 5% and 11%) for TL deposits and other liabilities according to their maturities as of 31 December 2014. The reserve rates for foreign currency liabilities vary between 6% and 13% (2013: 6% and 13%) for deposit and other foreign currency liabilities according to their maturities as of 31 December 2014.

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.4 Trade receivables and allowance for doubtful receivables

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

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

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

2.3.5 Related parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties. Related party activities and balances are disclosed in Note 34.

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

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

Investments in which the Holding has no control or sifnificant influence 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.

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.7 Financial Instruments (continued)

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

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

The Bank has Consumer Price Index (‘’CPI’’) linked government bonds in available for sale and held to maturity portfolios having 5-10 year term and six month fixed real coupon rates until the maturity. These marketable securities are valued by using effective interest method by considering the real coupon rates together with the changes in the CPI references between the issuance and balance sheet dates.

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

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

2.3.8 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.8 Derivative financial instruments (continued)

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

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

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

Enerjisa is hedged against cash flow risk arising from financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under value increase funds within equity.

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

2.3.9 Investment property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 13). The cost of a self constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies TAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus is transferred to investment property. Assets held under operating leases are not disclosed as investment property.

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.10 Property, plant and equipment

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

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

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

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

2.3.11 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 15). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Costumer relations and agreements are amortised using the straight-line method over their estimated useful life of 27 years and carried at cost less accumulated amortisation and impairment (Note 15).

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.12 Non-current assets held for sale and discontinued operations

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

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

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

2.3.13 TFRS Interpretation 12 - Service Concession Arrangements

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

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

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

2.3.14 Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of premium in excess of par, the payment dates are considered (Note 21).

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.14 Shareholders' equity (continued)

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

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

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

2.3.15 Research expenses and development costs

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

2.3.16 Borrowing costs

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

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.17 Deferred financing charges

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

2.3.18 Income taxes

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

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

Current tax

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

Deferred Tax

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

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

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.18 Income taxes (continued)

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

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

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

2.3.19 Employee benefits

Retirement benefits

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

On 1 November 2005, Banking Law No.5411 ("New Law") which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26731 dated 15 December 2007, and its execution was annulled at the publication date of the decision.

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.19 Employee benefits (continued)

Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these consolidated financial statements and at 17 April 2008, at No. 5754 of the Social Security Act (" New Law") circuit that regulates the principles and provisions of the Parliamentary General Assembly agreed and 8 May 2008 and published in the Official Gazette No. 26870th be entered into force. Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

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

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

With respect to that, according to the technical balance sheet report as at 31 December 2014 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with TAS 19 for the non-transferrable social benefits and payments which are included in the articles of association and audited within the framework stated in the first paragraph above. The fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for Akbank.

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.19 Employee benefits (continued)

The Group's obligation in respect of the post-employment benefits transferrable to SSI, has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations; and the Group's obligation related to other non-transferrable benefits has been calculated in accordance with TAS 19 by a registered actuary. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9,80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting TL 314.431 (31 December 2013: TL 225.809), the surplus of the Fund amounts to TL 392.975 as of 31 December 2014 (31 December 2013: TL 444.642).

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

	31 December 2014	**31 December 2013**
Present value of funded obligations	(812.717)	(681.635)
- Pension benefits transferrable to SSI	(1.125.845)	(1.008.716)
- Post-employment medical benefits transferrable to SSI	627.559	552.890
- Other non-transferrable benefits	(314.431)	(225.809)
Fair value of plan assets	1.205.692	1.126.277
Surplus	**392.975**	**444.642**

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

The principal actuarial assumptions used were as follows:

Discount rate	**31 December 2014**	**31 December 2013**
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits (*)	3,43%	4,34%

(*) The assumption represents the average rate calculated considering each individual's remaining years to retirement.

Provision for Employment Termination Benefit

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 19). All actuarial gains and losses are accounted for under equity.

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.20 Provisions, contingent liabilities and assets

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

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

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

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

2.3.21 Loans and advances to customers and provisions for loan impairment

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

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

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.22 Investment incentives

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

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

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

2.3.23 Insurance technical reserves

Unearned premiums reserve

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.23 Insurance technical reserves (continued)

Continued risk provisions

Within the framework of Regulation on Technical Reserves, insurance companies are requires to account for an unexpired risk reserve against the probability thati future lossed incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred lossed to current year earned premiums. If the loss ratio for a branch is higher than 95% the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premim reserve for the related branch. The difference between gross amount and net amount is considered as reinsurance portion. Opening outstanding claims provision amount is revised consistently with the current period, in calculation of expected loss ratio considered in the calculation of unexpired risk reserve as of 31 December 2014.

Outstanding claim and provision

The company accounts for outstanding claims provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted based on reports of experts or inital assessments of policyholders and experts, and salvage, subrogation and similar gains are not deducted as of 31 December 2014.

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.23 Insurance technical reserves (continued)

Life mathematical reserves

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

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

2.3.24 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.

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

2.3 Summary of Significant Accounting Policies (continued)

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.f.i).

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

Insurance

Life:

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

Non-Life:

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.25 Revenue recognition (continued)

Other segments

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

2.3.26 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 33 earnings per share are calculated in accordance with IAS 33 "Earnings Per Share".

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

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

2.3.27 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.27 Foreign currency transactions (continued)

Foreign Group companies

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

2.3.28 Business combinations

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income *Taxes* and TAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.28 Business combinations (continued)

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (continued)

2.3.28 Business combinations (continued)

Partial share purchase-sale transactions with non-controling interests

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

2.3.29 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.

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

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

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

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

2.4 Critical accounting estimates and assumptions

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

NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2014 are as follows:

None.

The business combinations between the period 1 January and 31 December 2014 are as follows:

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

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

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

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

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

Ayedaş Distribution Region:

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

Toroslar Distribution Region:

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

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

NOTE 4 - SEGMENT REPORTING

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

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

a) External Revenues (Consolidated):

	1 January - 31 December 2014	1 January - 31 December 2013
Finance / Banking	16.918.975	14.595.256
Industry	3.210.287	3.073.534
Retail	6.130.414	4.348.027
Cement	1.094.299	953.665
Other	82.510	82.258
Total (*)	**27.436.485**	**23.052.740**

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

b) Segment assets (Consolidated):

	31 December 2014	31 December 2013
Finance / Banking	216.569.579	193.709.430
Industry	3.055.376	3.679.868
Retail	2.904.392	2.725.550
Cement	1.347.850	1.323.596
Other	1.187.968	1.028.150
Segment assets (*)	**225.065.165**	**202.466.594**
Assets classified as held for sale (Note 22)	681.276	29.968
Investments accounted through equity method (Note 12)	5.486.817	4.960.899
Unallocated assets	420.637	436.550
Less: intersegment eliminations	(1.127.340)	(1.323.192)
Total assets as per consolidated financial statements	**230.526.555**	**206.570.819**

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment liabilities (Consolidated):

	31 December 2014	31 December 2013
Finance / Banking	189.873.567	171.263.563
Industry	1.619.647	2.095.004
Retail	1.688.268	1.557.034
Cement	274.268	279.059
Other	519.835	472.396
Segment liabilities (*)	**193.975.585**	**175.667.056**
Liabilities related with assets classified as held for sale (Note 22)	349.554	-
Unallocated Liabilities	468.565	211.835
Less: intersegment eliminations	(1.125.029)	(1.322.729)
Total liabilities as per consolidated financial statements	**193.668.675**	**174.556.162**

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	7.386.362	7.386.362	5.407.668	5.407.668
Financial assets	48.510.984	48.510.984	47.410.968	47.410.968
Derivative financial instruments	1.695.280	1.695.280	2.397.047	2.397.047
Reserve deposits with the Central Bank of Republic of Turkey	18.917.875	18.917.875	16.690.681	16.690.681
Receivables from finance sector operations	137.722.442	137.722.442	119.530.903	119.530.903
Property, plant and equipment	861.644	861.644	849.510	849.510
Intangible assets	229.004	229.004	162.215	162.215
Other receivables and other assets (***)	1.245.988	1.245.988	1.260.438	1.260.438
Total segment assets	**216.569.579**	**216.569.579**	**193.709.430**	**193.709.430**
Financial liabilities	32.251.507	32.251.507	28.957.596	28.957.596
Payables from finance sector operations	150.945.357	150.945.357	135.595.588	135.595.588
Derivative financial instruments	1.313.165	1.313.165	1.242.558	1.242.558
Other payables and other liabilities (***)	5.363.538	5.363.538	5.467.821	5.467.821
Total segment liabilities	**189.873.567**	**189.873.567**	**171.263.563**	**171.263.563**

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

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TL 15.851.364 as of 31 December 2014 (31 December 2013: TL 13.472.181).

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	1.148.748	-	1.144.926	-
Financial assets	711.620	-	594.090	-
Receivables from finance sector operations	443.009	-	432.541	-
Investments accounted through equity method (Note 12)	-	305.932	-	298.133
Property, plant and equipment	30.694	-	16.950	-
Intangible assets	53.490	-	30.505	-
Other receivables and other assets (***)	766.369	-	607.981	-
Total segment assets	**3.153.930**	**305.932**	**2.826.993**	**298.133**
Payables from finance sector operations	2.311.989	-	2.006.295	-
Other payables and other liabilities (***)	122.355	-	85.071	-
Total segment liabilities	**2.434.344**	**-**	**2.091.366**	**-**

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

Insurance segment consist of Aksigorta and Avivasa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	208.504	-	865.113	-
Financial assets	836	-	616	-
Trade receivables	1.753.314	-	1.748.785	-
Inventories	110.686	-	86.308	-
Investments accounted through equity method (Note 12)	-	4.214.024	-	3.840.575
Property, plant and equipment	9.258.100	-	8.523.690	-
Intangible assets	6.362.236	-	6.584.804	-
Other receivables and other assets (***)	5.954.282	-	4.821.929	-
Total segment assets	**23.647.958**	**4.214.024**	**22.631.245**	**3.840.575**
Financial liabilities	9.023.832	-	7.583.767	-
Payables to Privatization Administration	2.413.806	-	3.631.549	-
Trade payables	1.209.009	-	1.303.460	-
Other payables and other liabilities (***)	2.077.221	-	2.033.198	-
Total segment liabilities	**14.723.868**	**-**	**14.551.974**	**-**

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

Energy segment consists of Enerjisa and its subsidiaries.

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

NOTE 4 - SEGMENT REPORTING (continued)

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

iv) Industry:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	58.858	38.269	68.841	55.679
Financial assets	85	85	10	10
Trade receivables	1.326.886	801.839	1.417.586	961.417
Inventories	1.056.780	742.827	1.277.315	996.182
Investments accounted through equity method (Note 12)	317.465	581.173	229.450	477.475
Property, plant and equipment	1.708.540	1.125.169	1.802.319	1.281.287
Intangible assets	179.767	139.418	136.318	102.191
Other receivables and other assets (***)	1.033.454	886.043	419.130	313.071
Total segment assets	**5.681.835**	**4.314.823**	**5.350.969**	**4.187.312**
Financial Liabilities	1.819.622	1.096.871	1.861.783	1.281.322
Trade payables	551.337	342.450	762.209	571.923
Other payables and other liabilities (***)	618.726	529.880	307.970	241.759
Total segment liabilities	**2.989.685**	**1.969.201**	**2.931.962**	**2.095.004**

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	287.701	287.701	481.633	481.633
Trade receivables	53.126	53.126	67.612	67.368
Inventories	972.339	972.339	774.524	774.524
Investment property	232.245	232.245	255.299	255.299
Property, plant and equipment	901.943	901.943	746.970	746.970
Intangible assets	43.473	43.473	15.946	15.946
Other receivables and other assets (***)	352.729	413.565	322.730	383.810
Total segment assets	**2.843.556**	**2.904.392**	**2.664.714**	**2.725.550**
Financial liabilities	84.532	84.532	27.146	27.146
Trade payables	1.333.881	1.333.881	1.215.483	1.215.467
Other payables and other liabilities (***)	269.854	269.854	314.405	314.421
Total segment liabilities	**1.688.267**	**1.688.267**	**1.557.034**	**1.557.034**

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

Retailing segment consists of Teknosa and Carrefoursa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	65.612	57.917	56.888	44.901
Financial assets	162.085	57	161.994	57
Trade receivables	560.809	221.577	539.262	208.268
Inventories	258.475	119.641	222.183	105.110
Investments accounted through equity method (Note 12)	-	385.688	-	344.717
Property, plant and equipment	1.470.882	764.908	1.440.164	778.098
Intangible assets	54.734	18.552	55.816	20.587
Other receivables and other assets (***)	315.129	165.198	317.811	166.575
Total segment assets	**2.887.726**	**1.733.538**	**2.794.118**	**1.668.313**
Financial liabilities	203.971	105.676	302.113	123.002
Trade payables	345.228	106.506	307.612	114.895
Other payables and other liabilities (***)	115.382	62.086	92.189	41.162
Total segment liabilities	**664.581**	**274.268**	**701.914**	**279.059**

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

Cement segment consists of Çimsa and Akçansa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Cash and cash equivalents	665.661	665.661	478.027	478.027
Financial assets	11.712.548	385	11.272.928	382
Trade receivables	32.882	32.163	17.607	17.552
Inventories	4.799	4.799	7.636	7.636
Property, plant and equipment	262.332	226.323	260.338	223.790
Intangible assets	5.888	5.888	4.854	4.854
Other receivables and other assets (***)	196.674	255.750	236.376	295.909
Total segment assets	**12.880.784**	**1.190.969**	**12.277.766**	**1.028.150**
Financial liabilities	349.725	349.725	250.320	250.320
Trade payables	36.881	36.881	23.273	23.185
Other payables and other liabilities (***)	133.229	133.229	124.327	198.891
Total segment liabilities	**519.835**	**519.835**	**397.920**	**472.396**

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated statement of profit or loss:

	1 January 2014 - 31 December 2014			1 January 2013 - 31 December 2013		
	Total Consolidation of Segments Before Elimination	**Elimination and Consolidation Adjustments**	**Consolidated**	**Total Consolidation of Segments Before Elimination**	**Elimination and Consolidation Adjustments**	**Consolidated**
Total revenue	**27.519.170**	**(82.685)**	**27.436.485**	**23.092.923**	**(40.183)**	**23.052.740**
Cost of sales and interest, premiums, commissions and other expenses	(17.515.274)	76.896	(17.438.378)	(14.005.297)	164.977	(13.840.320)
General administration expenses	(4.456.553)	54.749	(4.401.804)	(3.889.563)	9.457	(3.880.106)
Sales, marketing and distribution expenses	(1.230.695)	1.351	(1.229.344)	(813.459)	761	(812.698)
Research and development expenses	(4.533)	-	(4.533)	(10.462)	-	(10.462)
Other operating income/(expense) - net	422.340	(17.535)	404.805	272.915	(109.940)	162.975
Interest in income of joint ventures	318.373	-	318.373	151.415	2	151.417
Operating profit	**5.052.828**	**32.777**	**5.085.604**	**4.798.472**	**25.074**	**4.823.546**
Income/(expense) from investing activities - net	340.764	(51.433)	289.331	184.338	(149.415)	34.923
Operating profit before financial expense	**5.393.592**	**(18.656)**	**5.374.935**	**4.982.810**	**(124.341)**	**4.858.469**
Financial income/(expense) - net	(155.424)	26.498	(128.926)	(181.068)	22.565	(158.503)
Income before tax	**5.238.168**	**7.842**	**5.246.009**	**4.801.742**	**(101.776)**	**4.699.966**
Tax	(972.223)	-	(972.223)	(947.271)	(1)	(947.272)
Profit/(loss) after tax from discontinued operations	77.073	-	77.073	(29.240)	121.197	91.957
Income for the period	**4.343.018**	**7.842**	**4.350.859**	**3.825.231**	**19.420**	**3.844.651**
Net income attributable to equity holders of the parent			**2.079.114**			**1.731.396**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss:

i) Banking:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Interest, commission and other income	16.946.050	16.946.050	14.615.165	14.615.165
Interest, commission and other expenses	(9.145.763)	(9.145.763)	(7.075.504)	(7.075.504)
General administration expenses	(3.987.196)	(3.987.196)	(3.574.073)	(3.574.073)
Other operating income/(expense) - net	449.020	449.020	363.188	363.188
Interest in income of joint ventures	-	-	-	-
Operating profit	**4.262.111**	**4.262.111**	**4.328.776**	**4.328.776**
Income/(expense) from investing activities - net	1.381	1.381	4.970	4.970
Operating profit before financial expense	**4.263.492**	**4.263.492**	**4.333.746**	**4.333.746**
Financial income/(expense) - net	-	-	-	-
Profit before tax	**4.263.492**	**4.263.492**	**4.333.746**	**4.333.746**
Tax	(873.216)	(873.216)	(889.214)	(889.214)
Net income	**3.390.276**	**3.390.276**	**3.444.532**	**3.444.532**
Net income attributable to equity holders of the parent		**1.382.213**		**1.404.336**
EBITDA	4.463.745	4.463.745	4.499.665	4.499.665

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

Akbank's net income attributable to non-controlling interets is TL 2.008.063 as of 31 December 2014 (31 December 2013: TL 2.040.196).

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

ii) Insurance:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Gross premiums	1.971.930	-	1.759.026	-
Premiums, commission and other expenses	(1.907.226)	-	(1.523.045)	-
General administration expenses	(283.615)	-	(264.768)	-
Other operating income/(expense) - net	286.051	-	240.251	-
Interest in income of joint ventures	-	41.350	-	88.018
Operating profit	**67.140**	**41.350**	**211.464**	**88.018**
Income/(expense) from investing activities - net	28.743	-	88.771	-
Operating profit before financial expense	**95.883**	**41.350**	**300.235**	**88.018**
Financial income/(expense) - net	(14.826)	-	(31.981)	-
Profit before tax	**81.057**	**41.350**	**268.254**	**88.018**
Tax	(10.363)	-	(47.048)	-
Net income	**70.694**	**41.350**	**221.206**	**88.018**
Net income attributable to equity holders of the parent	**-**	**41.350**	**-**	**88.018**
EBITDA	46.715		184.834	

Note: Aksigorta, one of the subsidiary of the Group,make changes on provision calculations for prior years. Related changes accounted on equity at Aksigorta financial statements and recorded at Gruop consolidated profit or loss statement on current year.(Combined net income effect 103.419 TL, consolidated net income effect 37.230 TL)

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

iii) Energy:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Sales revenue (net)	10.982.258	-	6.693.635	-
Cost of sales	(9.451.135)	-	(5.754.426)	-
General administration expenses	(1.120.720)	-	(594.751)	-
Sales, marketing and distribution expenses	-	-	(18.400)	-
Other operating income/(expense) - net	35.815	-	(115.620)	-
Interest in income of joint ventures	-	(83.345)	-	(233.771)
Operating profit	**446.218**	**(83.345)**	**210.438**	**(233.771)**
Income/(expense) from investing activities - net	-	-	-	-
Operating profit before financial expense	**446.218**	**(83.345)**	**210.438**	**(233.771)**
Financial income/(expense) - net	(747.435)	-	(760.861)	-
Profit before tax	**(301.217)**	**(83.345)**	**(550.423)**	**(233.771)**
Tax	134.527	-	82.881	-
Net income	**(166.690)**	**(83.345)**	**(467.542)**	**(233.771)**
Net income attributable to equity holders of the parent		**(83.345)**	**-**	**(233.771)**
EBITDA	833.696		463.972	

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

iv) Industry:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Sales revenue (net)	4.903.799	3.210.300	4.567.952	3.073.984
Cost of sales	(3.905.321)	(2.697.995)	(3.770.686)	(2.664.414)
General administration expenses	(232.555)	(167.748)	(146.776)	(90.778)
Sales, marketing and distribution expenses	(338.204)	(165.019)	(314.084)	(165.940)
Research and development expenses	(19.166)	(4.533)	(24.380)	(10.462)
Other operating income/(expense) - net	48.603	19.273	134.784	102.798
Interest in income of joint ventures	185.751	267.117	191.398	254.381
Operating profit	**642.907**	**461.395**	**638.208**	**499.569**
Income/(expense) from investing activities - net	85.989	86.273	23.395	22.839
Operating profit before financial expense	**728.896**	**547.668**	**661.603**	**522.408**
Financial income/(expense) - net	(117.657)	(65.494)	(175.615)	(124.200)
Profit before tax	**611.239**	**482.174**	**485.988**	**398.208**
Tax	(41.136)	(15.995)	(38.183)	(28.280)
Profit/(loss) after tax from discontinued operations	77.073	77.073	2.158	2.158
Net income	**647.176**	**543.252**	**449.963**	**372.086**
Net income attributable to equity holders of the parent	**-**	**428.404**		**327.100**
EBITDA	818.083	556.387	712.712	516.411

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

v) Retail:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Sales revenue (net)	6.142.773	6.135.985	5.557.808	4.356.523
Cost of sales	(4.808.729)	(4.801.941)	(4.385.223)	(3.472.771)
General administration expenses	(153.844)	(153.844)	(126.962)	(90.292)
Sales, marketing and distribution expenses	(1.054.115)	(1.054.115)	(920.933)	(638.957)
Other operating income/(expense) - net	(55.022)	(55.022)	(211.710)	(178.002)
Interest in income of joint ventures	-	-	-	(16.479)
Operating profit	**71.063**	**71.063**	**(87.020)**	**(39.978)**
Income/(expense) from investing activities - net	76.541	76.541	6.948	6.948
Operating profit before financial expense	**147.604**	**147.604**	**(80.072)**	**(33.030)**
Financial income/(expense) - net	(44.452)	(44.452)	(25.731)	(27.220)
Profit before tax	**103.152**	**103.152**	**(105.803)**	**(60.250)**
Tax	(22.393)	(22.393)	19.810	13.091
Profit/(loss) after tax from discontinued operations			(78.494)	(31.398)
Net income	**80.759**	**80.759**	**(164.487)**	**(78.557)**
Net income attributable to equity holders of the parent		**39.142**	**-**	**(64.722)**
EBITDA	231.945	231.945	10.861	29.253

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

vi) Cement:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Sales revenue (net)	2.505.172	1.094.321	2.155.949	953.724
Cost of sales	(1.786.509)	(767.283)	(1.664.278)	(726.629)
General administration expenses	(110.116)	(58.559)	(88.886)	(42.880)
Sales, marketing and distribution expenses	(24.789)	(8.230)	(18.837)	(6.271)
Other operating income/(expense) - net (***)	(19.261)	(17.140)	(2.193)	(4.513)
Interest in income of joint ventures	-	93.251	-	59.268
Operating profit	**564.497**	**336.360**	**381.755**	**232.699**
Income/(expense) from investing activities - net	6.820	4.223	8.120	5.138
Operating profit before financial expense	**571.317**	**340.583**	**389.875**	**237.837**
Financial income/(expense) - net	(45.229)	(15.951)	(44.257)	(23.364)
Profit before tax	**526.088**	**324.632**	**345.618**	**214.473**
Tax	(107.314)	(48.873)	(69.678)	(32.144)
Net income	**418.774**	**275.759**	**275.940**	**182.329**
Net income attributable to equity holders of the parent	**-**	**187.028**	**-**	**124.495**
EBITDA	686.012	394.896	486.629	279.629

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (continued):

vii) Other:

	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014	Combined(*) 31 December 2013	Consolidated(**) 31 December 2013
Sales revenue (net)	765.534	132.514	742.504	93.527
Cost of sales	(102.341)	(102.292)	(66.111)	(65.979)
General administration expenses	(93.436)	(89.206)	(95.137)	(91.541)
Sales, marketing and distribution expenses	(3.331)	(3.331)	(2.291)	(2.291)
Other operating income/(expense) - net (***)	37.599	26.208	(5.535)	(10.560)
Interest in income of joint ventures	-	-	-	-
Operating profit	**604.025**	**(36.107)**	**573.430**	**(76.844)**
Income/(expense) from investing activities - net	172.346	172.346	122.346	144.461
Operating profit before financial expense	**776.371**	**136.239**	**695.776**	**67.617**
Financial income/(expense) - net	(29.527)	(29.527)	(6.284)	(6.284)
Profit before tax	**746.844**	**106.712**	**689.492**	**61.333**
Tax	(11.746)	(11.746)	(10.725)	(10.725)
Net income	**735.098**	**94.966**	**678.767**	**50.608**
Net income attributable to equity holders of the parent	**-**	**84.324**	**-**	**85.945**
EBITDA	613.695	(27.580)	589.821	(61.603)

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

g) Net income attributable to equity holders of the parent

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

	31 December 2014	31 December 2013
Banking	1.382.213	1.456.927
Insurance	62.304	68.220
Industry	418.473	324.450
Cement	188.965	124.495
Energy	(83.345)	(149.406)
Retail	(1.735)	(337)
Other	(46.374)	34.446
Total	**1.920.501**	**1.858.795**

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

	31 December 2014	31 December 2013
Adjusted net income for reported operating segments (Equity holders of the Parent)	1.920.501	1.858.795
Akbank Competition Board penalty	-	(52.593)
Aksigorta profit from the sale of real estate	1.382	26.192
Provision for impairment of the subsidiary Aksigorta Merter B,V,	-	(6.394)
Carrefoursa restruction and other provision expenses	-	(64.384)
Fair value differences of shares previously held during the acquisition of Carrefoursa shares	-	41.134
Income from the sale of shares of Diasa	-	84.841
Temsa gain from the sale of real estate	9.888	9.080
Temsa litigation provision expense	(4.189)	-
Yünsa gain from the sale of real estate	10.187	-
Impairment of old natural gas installations of Enerjisa	-	(78.000)
Income from the sale of shares of Avivasa	127.000	-
Other	14.345	(87.275)
Net income (Equity holders of the Parent)	**2.079.114**	**1.731.396**

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January – 31 December 2014

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	201.634	-	108.345	58.861	-	89.929	18.489	477.258
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	1.838	-	-	(6.633)	-	(4.795)
Capital expenditure	283.810	-	268.342	64.429	-	317.551	23.821	957.953

1 January – 31 December 2013

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	170.889	-	109.143	59.525	-	56.805	15.755	412.117
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	21.549	364	21.913
Capital expenditure	279.123	-	177.567	73.578	-	136.153	22.141	688.562

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January – 31 December 2014

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	201.634	9.223	206.836	124.082	426.783	89.929	19.633	1.078.120
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	1.838	-	-	(6.633)	-	(4.795)
Capital expenditure	283.810	51.576	436.072	178.118	1.684.998	317.551	23.823	2.975.948

1 January – 31 December 2013

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation	170.889	7.703	192.727	122.853	288.893	85.457	16.905	885.427
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	204.888	26.907	320	232.115
Capital expenditure	279.123	21.119	288.132	162.064	2.825.558	179.655	22.141	3.777.792

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

NOTE 5 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Cash		
- Banking	1.522.182	1.532.438
- Other companies	13.754	13.127
Bank - time deposit	1.973.242	265.715
Bank - demand deposit	3.305.943	3.753.081
Receivables from reverse repo	700.215	-
Other cash and cash equivalents	3.417	2.170
Total	**7.518.753**	**5.566.531**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,44% (31 December 2013: 0,21%), 0,09% (31 December 2013: 0,12%) and 10,46% (31 December 2013: 9,37%), respectively.

The analysis of maturities at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Demand	4.845.295	5.566.531
Up to 3 months	2.673.458	-
Total	**7.518.753**	**5.566.531**

As of 31 December 2014, total amount of the restriction on the Group's off- shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TL 2.671.711 (31 December 2013: TL 2.968.616).

NOTE 6 – FINANCIAL ASSETS

a) Held for trading securities:

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

	31 December 2014	31 December 2013
Share certificates	68	58.377
Government bonds	8.525	7.746
Eurobonds	2.491	2.149
Other	43.880	56.468
Total	**54.964**	**124.740**

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

NOTE 6 – FINANCIAL ASSETS (Continued)

a) Held for trading securities (continued) :

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 4,13% (31 December 2013: 3.92%), 3,55% (31 December 2013: 2,89%) and %10,46 (31 December 2013: 11,38%), respectively. The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 5.820 (31 December 2013: TL 5.116).

The analysis of maturities at 31 December 2014 and 2013 is as follows:

	31 December 2014	**31 December 2013**
3 to 12 months	14.082	842
1 to 5 years	37.988	16.865
Over 5 years	2.826	47.653
No maturiy	68	59.380
Total	**54.964**	**124.740**

Period remaining to contractual repricing dates:

	31 December 2014	**31 December 2013**
Up to 3 months	44.161	56.480
3 to 12 months	7.423	6.754
1 to 5 years	723	823
Over 5 years	2.589	2.298
No maturiy	68	58.385
Toplam	**54.964**	**124.740**

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

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

NOTE 6 – FINANCIAL ASSETS (Continued)

b) Available for sale securities:

	31 December 2014	31 December 2013
Debt securities		
- Government bonds	21.283.380	23.173.668
- Eurobonds	11.154.528	6.917.457
- Investment funds	289.909	248.690
- Other bonds denominated in foreign currency	4.863.528	2.813.847
Sub-total	**37.591.345**	**33.153.662**
Equity securities		
- Listed	90	91
- Unlisted	16.772	15.600
Sub-total	**16.862**	**15.691**
Total financial assets available for sale	**37.608.207**	**33.169.353**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,67% (31 December 2013: 3,52%), 3,68% (31 December 2013: 3,75%) and 10,02% (31 December 2013: 9,44%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 24.823.669 (31 December 2013: TL 19.534.511). Available for sale financial assets that are given as colleteral because of the Group’s financing activities are amounting to TL 3.691.128 (31 December 2013: TL 3.919.373). No available for sale financial assetes exist whose risk is undertaken by insurance policy holders (31 December 2013: 182.745 TL).

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

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NOTE 6 – FINANCIAL ASSETS (Continued)

b) Available for sale securities (continued):

The maturity analysis at 31 December 2014 and 2013 is as follows:

	31 December 2014			31 December 2013		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	6.708.513	-	6.708.513	12.879.133	-	12.879.133
1 to 5 years	10.104.763	-	10.104.763	7.261.650	-	7.261.650
Over 5 years	20.488.160	-	20.488.160	12.764.190	-	12.764.190
No maturity	306.319	452	306.771	263.933	447	264.380
Total	**37.607.755**	**452**	**37.608.207**	**33.168.906**	**447**	**33.169.353**

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

	31 December 2014			31 December 2013		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	10.023.754	-	10.023.754	10.871.082	-	10.871.082
3 to 12 months	9.905.491	-	9.905.491	11.209.122	-	11.209.122
1 to 5 years	9.508.929	-	9.508.929	3.811.264	-	3.811.264
Over 5 years	7.863.262	-	7.863.262	7.013.505	-	7.013.505
No maturity	306.319	452	306.771	263.933	447	264.380
Total	**37.607.755**	**452**	**37.608.207**	**33.168.906**	**447**	**33.169.353**

c) Financial assets held to maturity:

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

	31 December 2014	**31 December 2013**
Government bonds	10.800.186	12.153.454
Total	**10.800.186**	**12.153.454**

Effective interest rates of USD, EUR and TL denominated debt securities are 3,83% (31 December 2013: 3,42%), 3,69% (31 December 2013: 3%) and TL is 11,22% (31 December 2013: 9,96%). The Group's financial assets held to maturity subject to funds provided from repo are TL 7.291.113 (31 December 2013: TL 7.064.453). The amount of Group's held to maturity financial assets colleterals given for financial operations is TL 2.154.116 (31 December 2013: TL 3.875.664).

(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)

c) Financial assets held to maturity (continued):

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

	31 December 2014	31 December 2013
1 January	**12.153.454**	**3.637.468**
Additions (*)	6.480	9.969.319
Foreign exchange differences	145.662	172.740
Addition due to amoritsed cost	302.080	162.081
Redemptions and sales	(1.798.190)	(1.788.154)
Allowance for impairment	(9.300)	-
Total	**10.800.186**	**12.153.454**

(*) The Bank has reclassified debt securities with the nominal value of TL 4.863.357, EUR 721.540 Thousand and USD 1.092.397 Thousand from available-for-sale portfolio to held-to-maturity portfolio due to the change in the intention to hold such securities. Reclassified debt securities have a fair value of TL 5.398.459, EUR 815.927 Thousand and USD 1.189.524 Thousands, respectively as of the reclassification date. Valuation differences of these securities which have been accounted under equity previously are being amortized using effective interest method over the remaining maturity.

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 December 2014 and 2013 is as follows:

	31 December 2014			31 December 2013		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	899.533	75	899.608	1.776.715	-	1.776.715
1 to 5 years	5.615.109	-	5.615.109	3.916.884	-	3.916.884
Over 5 years	4.285.469	-	4.285.469	6.459.855	-	6.459.855
Total	**10.800.111**	**75**	**10.800.186**	**12.153.454**	**-**	**12.153.454**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 December 2014 and 2013 is as follows:

	31 December 2014			31 December 2013		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	2.910.231	-	2.910.231	4.499.278	-	4.499.278
3 to 12 months	1.421.534	75	1.421.609	1.265.436	-	1.265.436
1 to 5 years	5.615.108	-	5.615.108	3.077.667	-	3.077.667
Over 5 years	853.238	-	853.238	3.311.073	-	3.311.073
Total	**10.800.111**	**75**	**10.800.186**	**12.153.454**	**-**	**12.153.454**

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

NOTE 6 – FINANCIAL ASSETS (Continued)

d) Time Deposits:

As of 31 December 2014, maturities of time deposits over 3 months denominated at TL and EUR are TL 36.370 and TL 11.782. Interest rate of time deposits are 11,6%. And 3,55% The breakdown of maturities of time deposits over 3 months is as follows:

	31 December 2014	31 December 2013
3 to 12 months	48.153	1.963.869
Total	**48.153**	**1.963.869**

NOTE 7 – FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2014	31 December 2013
Short term	20.358.969	16.311.856
Short-term portion of long term	1.753.546	2.013.844
Total short term	**22.112.515**	**18.325.700**
Long term funds borrowed, bank borrowings and debt securities:		
Long term	11.605.585	11.905.902
Total	**33.718.100**	**30.231.602**

Effective interest rates of USD, EUR and TL denominated funds borrowed, borrowings and debt securities in issue are 1,68% (31 December 2013: 1,58%), 1,17% (31 December 2013: 1,19%) and 8,05% (31 December 2013: 7,70%) respectively.

The maturity schedule of borrowings at 31 December 2014 and 2013 is summarised below:

	31 December 2014	31 December 2013
Up to 3 months	8.694.973	6.612.819
3 to 12 months	13.417.542	11.712.881
Short term borrowings and short term portion of long term borrowings	**22.112.515**	**18.325.700**
1 to 5 years	8.403.244	10.535.757
Over 5 years	3.202.341	1.370.145
Long term borrowings	**11.605.585**	**11.905.902**
Total financial liabilities	**33.718.100**	**30.231.602**

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

NOTE 7 – FINANCIAL LIABILITIES (Continued)

The maturity schedule of long term borrowings at 31 December 2014 and 2013 is summarised below:

	31 December 2014	**31 December 2013**
2015	3.788.096	6.354.895
2016	2.213.755	1.082.645
2017	1.935.632	1.779.555
2018	465.761	1.318.662
2019 and after	3.202.341	1.370.145
Total	**11.605.585**	**11.905.902**

The repricing schedule of borrowings at 31 December 2014 and 2013 is summarized below:

	31 December 2014	**31 December 2013**
Up to 3 months	18.632.708	15.574.420
3 to 12 months	7.696.157	7.032.834
1 to 5 years	4.878.414	6.462.417
Over 5 years	2.510.821	1.161.931
Total	**33.718.100**	**30.231.602**

The transactions related with the funds and loans as of 31 December 2014 are as follows:

a) Akbank – Funds borrowed via syndicated credit facilities

As of 31 December 2014, Akbank has three outstanding syndicated loan facilities. On 14 August 2014, the Parent Bank signed the first syndicated loan facility and raised EUR 851.4 million and USD 367.7 million. The loan‟s maturity is 1 year with a cost of Euribor/Libor+0.90%. With the second syndicated loan facility signed on 19 March 2014 the Parent Bank signed the first syndicated loan facility and raised EUR 817.7 million and USD 221.8 million. The loan‟s maturity is 1 year with a cost of Euribor/Libor+0.90%.The third outstanding syndicated loan facility was signed on 21 March 2013. The loan‟s 2-year tranche which will be repaid in March 2015, amounts to USD 100 million with an applicable cost of Euribor/Libor+1,25%.

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NOTE 7 – FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2014		31 December 2013	
	USD	**TL**	**USD**	**TL**
2015	1.725.810	4.015.787	1.274.524	2.715.246
2016	252.692	587.989	260.786	555.578
2017	732.268	1.703.914	609.135	1.297.701
2018	856.893	1.993.904	716.987	1.527.469
2019	136.795	318.308	19.842	42.271
2020	76.000	176.844	18.900	40.265
2021	102.014	237.376	18.006	38.360
2022	650.117	1.512.757	335.209	714.129
2023	291.495	678.280	-	-
2024	71.400	166.141	-	-
Total	**4.895.484**	**11.391.300**	**3.253.389**	**6.931.019**

The balance amounting to USD 4.895.484 consists of securitization deals and USD denominated securities issued by the Bank.

	31 December 2014	
	EUR	**TL**
2015	10.283	29.071
2016	15.833	44.763
2017	63.333	179.055
2018	63.333	179.055
2019	47.500	134.292
Total	**200.282**	**566.236**

The balance amounting to EUR 200.282 consists of securitization deals and EUR denominated securities issued by the Group.

Additionally, as of 31 December 2014, there are bonds issued by the Bank amounting to TL 381.551 with 3 months maturity, TL 1.033.753 with 6 months maturity, TL 70.221 with 1 years maturity and TL 872.629 with 5 years maturity, TL 814.250 with over 5 years maturity. (31 December 2013: 6 months maturity TL 933.802; 1 years maturity TL 778.610 ; 2 years maturity TL 151.665; 3 years maturity TL 391.956; 5 years maturity 883.017 TL).

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

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES

Short and long term trade receivables:

	31 December 2014	**31 December 2013**
Trade receivables	966.760	1.143.074
Notes and cheques	195.735	173.995
	1.162.495	**1.317.069**
Less: allowance for doubtful receivables	(78.844)	(64.660)
Total	**1.083.651**	**1.252.409**

As of 31 December 2014, trade receivables of TL 87.691 were past due but not impaired (31 December 2013: TL 134.048). The aging analysis of these trade receivables is as follows:

	31 December 2014	**31 December 2013**
Up to 3 months	38.126	92.627
3 to 6 months	43.672	19.650
6 to 9 months	5.415	20.752
Over 9 months	478	1.019
Toplam	**87.691**	**134.048**

As of 31 December 2014 and 2013, the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2014	**31 December 2013**
Up to 3 months	200	2.550
3 to 6 months	-	411
6 to 9 months	409	859
Over 9 months	78.235	60.840
Toplam	**78.844**	**64.660**

Short and long term trade payables:	**31 December 2014**	**31 December 2013**
Trade payables	1.803.632	1.917.092
Notes payablrs	712	485
Expense accruals	5.355	1.513
Toplam	**1.809.699**	**1.919.090**

(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 short term receivables:	**31 December 2014**	**31 December 2013**
Receivables from credit card payments	11.249	36.497
Other receivables	576.225	575.432
Total	**587.474**	**611.929**

Other long term receivables:	**31 December 2014**	**31 December 2013**
Deposits and guarantees given	28.444	3.331
Other receivables	34.589	42.348
Total	**63.033**	**45.679**

Other short term payables:	**31 December 2014**	**31 December 2013**
Payables related to credit card transactions	2.524.657	2.336.981
Taxes and funds payable	253.571	202.186
Export deposits and transfer orders	30.071	63.170
Payment orders to correspondent banks	145.008	161.185
Other	646.112	1.147.575
Total	**3.599.419**	**3.911.097**

Other long term payables:		
Financial lease payables	23.760	20.590
Other	11.367	12.625
Total	**35.127**	**33.215**

NOTE 10 - INVENTORIES

	31 December 2014	**31 December 2013**
Raw materials	220.865	260.669
Work in process	192.771	214.719
Finished good and merchandises	1.294.853	1.149.265
Spare parts	58.741	148.149
Other	106.433	142.179
	1.873.663	**1.914.981**
Allowance for impairment on inventory (-)	(34.056)	(31.530)
Total	**1.839.607**	**1.883.451**

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

	2014	**2013**
1 January	31.530	23.127
Effects of change in consolidation method due to acquisition shares	-	6.222
Charge for the period	13.725	12.689
Provision used	(11.199)	(10.508)
31 December	**34.056**	**31.530**

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NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses:	**31 December 2014**	**31 December 2013**
Prepaid expenses	283.655	306.039
Advances given for inventory purchases	4.367	22.860
Other	1.461	3.799
Total	**289.483**	**332.698**

Long-term prepaid expenses:	**31 December 2014**	**31 December 2013**
Advances given for property, plant and equipment purchases	23.186	28.963
Prepaid expenses	4.370	3.855
Other	-	200
Total	**27.556**	**33.018**

Short-term deffered income:	**31 December 2014**	**31 December 2013**
Unearned commission income	82.121	257.160
Advances received	29.732	61.475
Deferred income	11.760	3.865
Other	528	141
Total	**124.141**	**322.641**

Long-term deffered income:	**31 December 2014**	**31 December 2013**
Unearned commission income	149.244	66.683
Total	**149.244**	**66.683**

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2014	**Share (%)**	**31 December 2013**	**Share (%)**
Aksigorta	141.171	36,00	179.323	36,00
Avivasa (*)	164.761	41,28	118.810	49,83
Brisa	263.707	43,63	248.025	43,63
Akçansa	385.688	39,72	344.716	39,72
Enerjisa	4.214.024	50,00	3.840.575	50,00
Philsa	212.964	25,00	204.542	25,00
Philip Morrissa	32.124	24,75	37.829	24,75
Temsa Mısır	(12.714)	73,75	(12.921)	73,75
Temsa İş Makineleri (**)	85.092	24,84	-	-
Total	**5.486.817**		**4.960.899**	

(*) After the transactions to maintain price stability, net 8,55% of the shares of Avivasa (shares with a nominal value of TL 3.060), which is included in the Group portfolio with 49,83% share have been offered to the public on 13 November 2014. The sale transaction has been realized as TL 47 per share base price. As a result of this transaction, allocation of 12,43% to domestic individual investors, 17,57% to domestic corporate investors and 70% to forein corporate investors has been realized. Total consideration of TL 165 Million has been received, whereas TL 127 Million profit has been realized (Note 26).

(**) The share transfer agreement to sell the shares of Temsa İş Makineleri A.Ş., the subsidiary of Temsa Global, representing 49% of the total capital of the entity to Japon Marubeni Corporation, has been signed on 3 March 2014. The majority of the shareholding will remain at Temsa Global by 51% ownership. The transfers of shares have been executed on 28 April 2014. As of this date, Compony is accounted through equity method in the consolidated financial statements.

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

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	31 December 2014	31 December 2013
Aksigorta	(18.081)	57.809
Avivasa	59.431	30.209
Brisa	81.366	62.982
Carrefoursa (Note 3)	-	(16.479)
Akçansa	93.251	59.268
Enerjisa	(83.345)	(233.771)
Philsa	145.637	153.640
Philip Morrissa	37.374	49.979
Temsa Mısır	856	(12.220)
Temsa İş Makineleri	1.884	-
Total	**318.373**	**151.417**

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

	31 December 2014		31 December 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	2.041.572	1.649.430	1.894.896	1.397.290
Avivasa	1.158.048	824.339	957.446	719.501
Brisa	1.650.825	1.046.408	1.418.146	849.673
Akçansa	1.432.591	448.658	1.361.387	480.380
Enerjisa	24.276.096	15.846.599	23.386.619	15.705.547
Philsa	2.772.704	1.920.849	2.515.535	1.697.366
Philip Morrissa	1.151.274	1.021.482	1.087.898	935.056
Temsa Mısır	24.533	41.772	27.208	44.728
Temsa İş Makineleri	268.095	141.461	-	-
Total	**34.775.738**	**22.940.998**	**32.649.135**	**21.829.541**

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

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 31 December 2014	1 January - 31 December 2013
Aksigorta	1.713.615	1.526.138
Avivasa	258.315	232.888
Brisa	1.693.498	1.489.492
Carrefoursa	-	1.196.127
Akçansa	1.410.850	1.202.225
Enerjisa	10.982.258	6.698.103
Philsa(*)	15.008.770	13.595.790
Philip Morrissa	14.979.340	13.879.686
Temsa Mısır	750	1.545
Temsa İş Makineleri	403.250	-

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

Net profit / (loss) for the year

	1 January - 31 December 2014	1 January - 31 December 2013
Aksigorta	(50.226)	160.581
Avivasa	120.920	60.624
Brisa	186.491	144.355
Carrefoursa	-	(42.493)
Akçansa	250.262	159.548
Enerjisa	(166.690)	(467.542)
Philsa	582.549	614.558
Philip Morrissa	151.004	201.934
Temsa Mısır	856	(16.569)
Temsa İş Makineleri	8.087	-

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NOTE 13 - INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	Impairment	Transfers	Currency translation differences	Assets classified as held for sale	31 December 2014
Cost:								
Land	215.206	-	(6.374)	-	-	-	(3.706)	205.126
Building	174.207	4.689	(19.667)	-	93	-	(4.246)	155.076
Total	**389.413**	**4.689**	**(26.041)**	**-**	**93**	**-**	**(7.952)**	**360.202**
Accumulated deprecition								
Buildings	(40.625)	(5.130)	2.723	3.842	-	1.048	3.722	(34.420)
Net book value	**348.788**							**325.782**

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

(*) TL 190 of the additions include the depreciation expense of SASA which is presented in discontinued operations.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2014 is as follows:

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to non-current assets held for sale	Change in consolidation method due to acquisition of shares (**)	Disposal of subsidiaries (***)	31 December 2014
Cost:										
Land and land improvements	565.916	912	76.471	(17.549)	2.619	-	(23.087)	-	(3.752)	601.530
Buildings	2.351.394	11.601	48.703	(21.351)	(6.095)	-	(66.184)	-	(24.628)	2.293.440
Machinery and equipment	2.933.715	42.227	81.853	(49.548)	151.205	(2.019)	(388.560)	(665)	(58.041)	2.710.167
Motor vehicles	197.188	(9.795)	17.496	(24.235)	15.993	-	(1.780)	(86.061)	(576)	108.230
Furniture and fixtures	2.233.971	(5.229)	260.902	(93.045)	67.427	(10.402)	(5.682)	(1.695)	(1.780)	2.444.467
Total	**8.282.184**	**39.716**	**485.425**	**(205.728)**	**231.149**	**(12.421)**	**(476.803)**	**(88.421)**	**(88.777)**	**8.157.834**
Construction in progress	209.008	2.273	287.655	(2.128)	(285.543)	-	(10.673)	-	(2.792)	197.800
Total	**8.491.192**	**41.989**	**773.080**	**(207.856)**	**(54.394)**	**(12.421)**	**(495.966)**	**(88.421)**	**(91.569)**	**8.355.634**
Accumulated depreciation:										
Land and land improvements	(213.407)	(747)	(6.610)	423	-	-	5.366	-	-	(214.975)
Buildings	(832.645)	(7.051)	(61.704)	5.892	-	-	41.602	-	6.856	(847.050)
Machinery and equipment	(1.805.938)	(14.822)	(102.874)	35.331	-	15	284.102	446	23.271	(1.580.469)
Motor vehicles	(514.749)	(2.358)	(13.110)	15.244	-	-	1.661	19.963	1.094	(492.255)
Furniture and fixtures	(1.225.621)	1.624	(189.034)	81.073	-	3.854	4.235	969	587	(1.322.313)
Total	**(4.592.360)**	**(23.354)**	**(373.332)**	**137.963**	**-**	**3.869**	**336.966**	**21.378**	**31.808**	**(4.457.748)**
Net book value	**3.898.832**									**3.898.572**

(*) Transfers during the period consists of TL 93 to intangible assets and TL 54.302 to investment property.
(**)The share transfer agreement to sell the shares of Temsa İş Makineleri A.Ş., the subsidiary of Temsa Global, representing 49% of the total capital of the entity to Japon Marubeni Corporation, has been signed on 3 March 2014. The majority of the shareholding will remain at Temsa Global by 51% ownership. The transfers of shares have been executed on 28 April 2014.
(***)A share transfer agreement for Kordsa Argentina S.A. of Kordsa's subsidiaries, one of the subsidiaries of the Group, has been signed on 30 September 2014.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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

(***) TL 18.286 and TL 3.787 of the additions include the depreciation expense of SASA and Kordsa Argentina which are presented in discontinued operations, respectively.

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NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers	Subsidiary liquidation	Impairment/ (reversal)	Transfers to non-current assets held for sale	31 December 2014
Cost	713.034	8.123	180.184	(13.459)	54.302	(7.387)	(2)	(12.847)	921.948
Accumulated amortisation (-)	(407.276)	3.324	(98.796)	7.200	-		(83)	9.982	(485.649)
Net book value	**305.758**								**436.299**

	1 January 2013	Currency translation differences	Additions(**)	Disposals	Transfers	Subsidiary liquidation	Impairment/ (reversal)	Change in shareholding structure by the effect of share purchases (*)	31 December 2013
Cost	542.061	12.816	118.135	(17.840)	17.381	-	-	"	713.034
Accumulated amortisation (-)	(290.212)	(5.324)	(74.791)	1.569	-	-	(38)	(38.480)	(407.276)
Net book value	**251.849**								**305.758**

(*) Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to "Share Transfer Agreement" dated 30 April 2013 and reached to 50,79%. Accordingly, Carrefour Nederland B.V.‟s shares decreased from 58,19% to 46,19%. Following the completion of all legal procedures, as of July 2013 official share transfer has been realized. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013, whereas it has been consolidated as a joint venture previously.

(**) TL 1.680 and TL 285 of the additions include the amortization expense of SASA and Kordsa Argentina which are presented in discontinued operations, respectively.

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NOTE 16 - GOODWILL

The movements in goodwill for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
1 January	478.935	181.644
Change in scope of consolidation (Note 3) (*)	-	360.790
Provision for impairment	-	(63.499)
Total	**478.935**	**478.935**

Impairment tests for goodwill

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

	31 December 2014	31 December 2013
Cement	155.323	155.323
Retail	297.291	297.291
Industry	26.321	26.321
Total	**478.935**	**478.935**

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

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

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NOTE 16 – GOODWILL (Continued)

Assumptions used for value in use calculations are as follows:

	Retail	Industry	Cement
Growth rate (**)	7,50%	9,00%	6,00%
Discount rate (***)	15,00%	9,67%	13,97%
Years of used cash flows	until 2019	until 2017	until 2021

(**) Weighted average growth rates used to extrapolate cash flows beyond the budget period.
(***) After tax discount rate applied to the cash flow projections

Management determined gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports.

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	**31 December 2014**	**31 December 2013**
Provision for liabilities	280.219	352.010
Credit bonus provision	*119.070*	*114.587*
Litigation	*60.164*	*96.672*
Uncompensated and not encashed non-cash loans	*66.434*	*52.027*
Onerous contracts	*34.000*	*80.920*
Other short-term provisions	*551*	*7.804*
Other	43.405	96.119
Total	**323.624**	**448.129**

Other long term provisions	**31 December 2014**	**31 December 2013**
Provision for liabilities	4.890	3.921
Other long-term provisions	*4.890*	*3.921*
Total	**4.890**	**3.921**

Commitments – Banking segment	**31 December 2014**	**31 December 2013**
Letters of guarantee given	20.827.862	16.974.742
Letters of credit	5.259.940	6.030.755
Foreign currency acceptance	1.130.533	1.705.986
Other guarantees given	3.119.945	3.144.150
Total	**30.338.280**	**27.855.633**

Commitments – Non-banking segment	**31 December 2014**	**31 December 2013**
Letters of guarantee given	283.323	548.596
Other guarantees given	176.650	377.581
Collateral notes given	-	35
Mortgages, guarantees and pledges for tangible assets	10.302	94.565
Total	**470.275**	**1.020.777**

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

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

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Repurchase commitments	28.215.166	23.003.288
Resale commitments	700.215	-

Commitments to forward currency purchase/sale and swap transactions

Transactions for held for trading

	31 December 2014	31 December 2013
Foreign currency purchases	4.217.615	5.833.256
Foreign currency sales	4.308.110	5.804.606
Total	**8.525.725**	**11.637.862**

	31 December 2014	31 December 2013
Currency swap purchases	29.345.571	24.038.821
Currency swap sales	25.070.191	22.572.098
Interest swap purchases	19.299.989	18.109.785
Interest swap sales	19.299.989	18.109.785
Total	**93.015.740**	**82.830.489**

	31 December 2014	31 December 2013
Spot purchases	4.568.209	4.544.293
Spot sales	4.543.227	4.553.556
Total	**9.111.436**	**9.097.849**

	31 December 2014	31 December 2013
Currency, interest and securities options purchases	27.014.182	30.912.645
Currency, interest and securities options sales	27.000.352	30.790.492
Total	**54.014.534**	**61.703.137**

	31 December 2014	31 December 2013
Future purchases	3.263	5.229
Future sales	95.275	70.213
Total	**98.538**	**75.442**

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

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

Transactions for held for trading (continued):

	31 December 2014	31 December 2013
Other purchase transactions	1.138.539	202.181
Other sales transactions	5.128.421	1.322.316
Total	**6.266.960**	**1.524.497**

Derivative transactions for hedging:

	31 December 2014	31 December 2013
Interest swap purchases	3.816.116	3.387.336
Interest swap sales	3.816.116	3.387.336
Total	**7.632.232**	**6.774.672**

	31 December 2014	31 December 2013
Foreign currency purchases	-	54.054
Foreign currency sales	95.150	169.278
Total	**95.150**	**223.332**

	31 December 2014	31 December 2013
Currency swap purchases	1.128.590	3.102.178
Currency swap sales	878.044	2.640.102
Total	**2.006.634**	**5.742.280**

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2014 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	2.249.733	18.578.129	20.827.862
Letters of credits	3.909.440	1.350.500	5.259.940
Acceptance credits	1.089.463	41.070	1.130.533
Other guarantees	1.326.325	1.793.620	3.119.945
Total	**8.574.961**	**21.763.319**	**30.338.280**

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

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

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

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

On 22 January 2013, Exsa, a subsidiary of the Group, is subjected to a tax penalty statement due to the corporate tax calculation in 2010 with an additional tax amounting to TL 39 million and its penalty amounting to TL 58 million. The main comment at the tax investigation report in accordance with the penalty is related to the spin-off transaction that took part in 2010 which was previously subjected to another investigation report in 2011. Regarding to that report in 2011, the Company has already reached a reconcilement with the Ministry of Finance. On 22 January 2013, the Company applied to the Ministry of Finance to reach a reconciliation settlement according to the same issue and the same year but no reconciliation was provided. The Company filed a lawsuit related to this matter. Exsa management did not allow any provision in the financial statements for period ended on 31 December 2014 taking into account the legal advisors‟ and tax experts‟ opinions stating that the final legal process has not yet been completed and the uncertainty about the tax penalty and is still continuing.

Aksigorta, one of the Group's joint ventures, has been subjected to tax investigation in 2012 regarding corporate tax calculation of the year 2010 and additional tax amounting to TL 61 million and its penalty amounting to TL 91 million has been charged to the Company at 4 February 2013. The tax investigation was related to the spin-off transaction which was subject to tax investigation in 2010. Upon reconcilement with the Ministry of Finance, adjustments have been made on the tax burden and the inter-related tax penalty that have been charged to the Company in 2010, amounting to TL 102 and TL 152 million respectively, where the tax penalty has been waived and the total tax burden of TL 102 million has been decreased to TL 9 million and paid in 2011. Aksigorta appealed for a reconciliation settlement process to Ministry of Finance on 4 March 2013. No reconciliation was provided in the meeting held between Aksigorta and the Ministry of Finance Central Reconciliation Commission on 10 October 2013 and Aksigorta filed a lawsuit by the Tax Court as of 24 October 2013. The related case won appealed by revenue administration at 15 October 2014. Judiciary process is going on as of balance sheet date. Aksigorta management has not booked any provision on financial statements as of 31 December 2014 in case of the opinions of judical advisers and tax experts considering the uncertainty and the judiciary process whish is not finalized yet.

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

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

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2014 and 2013 are as follows:

	31 December 2014	**31 December 2013**
Financial institutions	4.748.550	4.641.088
Construction	2.902.968	2.746.189
Chemicals	3.702.554	3.921.747
Wholesale	6.717.649	6.548.609
Small-scale retailers	3.776.343	2.229.458
Steel and mining	1.890.713	1.711.456
Food and beverage	518.647	661.056
Electricity, gas and water	1.449.108	819.191
Automotive	491.561	418.084
Other manufacturing	1.205.349	526.743
Electronics	534.112	573.711
Textile	747.155	581.914
Transportation	306.910	315.837
Telecommunications	64.651	201.480
Tourism	154.319	348.467
Agriculture and forestry	87.355	92.939
Other	1.040.336	1.517.663
Total	**30.338.280**	**27.855.632**

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

NOTE 18 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2014 is as follows:

	31 December 2014				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A, Total amount of the Collaterals given for its own legal entity	657.100	169.144	155.196	44.395	2.846
B, Collaterals given on behalf of fully consolidated companies	1.960.313	1.551.651	51.513	94.717	22.039
C, Collaterals given on behalf of the third parties'debt for continuation of their economic activities	30.338.280	13.286.518	5.003.556	1.831.318	283.420
D,Total amount of other Collaterals	-	-	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Colleterals	**32.955.693**	**15.007.313**	**5.210.265**	**1.970.430**	**308.305**
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2014, the the ratio of other CPMs given by the Group to the equity is 0,45%.

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

NOTE 18 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2014 is as follows:

	31 December 2014				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A, Total amount of the Collaterals given for its own legal entity	1.513.599	1.373.431	59.948	409	-
B, Collaterals given on behalf of fully consolidated companies	625.557	625.500	25	-	-
C, Collaterals given on behalf of the third parties'debt for continuation of their economic activities	15	12	1	-	-
D,Total amount of other Collaterals	231	231	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	231	231	1	-	-
Total Colleterals	**2.139.402**	**1.999.174**	**59.974**	**409**	**-**
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

As of 31 December 2014, the the ratio of other CPMs given by the Group to the equity is 0,03%.

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

NOTE 18 - COMMITMENTS (Continued)

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

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

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

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

NOTE 18 - COMMITMENTS (Continued)

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

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

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

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

NOTE 19 – EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2014	31 December 2013
Payables to personnel	18.174	24.112
Social security premiums payable	20.709	21.134
Other	1.331	1.932
Total	**40.214**	**47.178**

Short-term provision for employee benefits:

	31 December 2014	31 December 2013
Unused vacation pay provision	75.396	65.903
Bonus provision	22.064	16.851
Other	105.549	82.713
Total	**203.009**	**165.467**

Long-term provision for employee benefits:

	31 December 2014	31 December 2013
Unused vacation pay provision	2.130	1.843
Bonus provision	-	1.019
Provision for employment termination benefits	165.236	162.547
Other	12.638	7.910
Total	**180.004**	**173.319**

Provision for retirement pay liability:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2014, the amount payable consists of one month’s salary limited to a maximum of TL 3 (31 December 2013: TL 3) for each year of service.

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

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2014, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 3,30% at the respective balance sheet date (31 December 2013: 4,28%). Severance pay ceiling is revised semi-annually. 3 TL severance pay ceiling, which is effective on 1 January 2014, has been considered in the provision for employment termination benefits calculations of the Group.

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

NOTE 19 -PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Long term provision for employee benefits (continued):

Provision for retirement pay liability (continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	162.547	133.963
Change in consolidation method due to acquisition of shares	-	30.655
Charge for the period	56.356	56.318
Payments	(51.738)	(55.230)
Interest cost	2.246	1.722
Foreign currency translation adjustments	(21)	89
Business combinations	(17.244)	-
Actuarial (gains) / losses	13.090	(4.970)
31 December	**165.236**	**162.547**

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2014**	**31 December 2013**
Cheques in clearance	462.917	407.406
Deductible, deferred and other VAT	65.109	95.638
Other	91.263	127.261
Total	**619.289**	**630.305**

Other Non-Current Assets	**31 December 2014**	**31 December 2013**
Long term tax claims and other legal receivables	5.157	5.157
Deductible, deferred and other VAT	12.990	62.793
Other non-current assets	6.672	5.450
Total	**24.819**	**73.400**

Other Short Term Liabilities	**31 December 2014**	**31 December 2013**
Cheques in clearance	905.937	744.734
Saving deposits insurance	38.033	33.975
Other short term liabilities	380.806	291.998
Total	**1.324.776**	**1.070.707**

Other Long Term Liabilities	**31 December 2014**	**31 December 2013**
Other long term liabilities	2.516	2.992
Total	**2.516**	**2.992**

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

NOTE 21 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2013: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2014 and 2013 is as follows:

Shareholders:	Share (%)	31 December 2014	Share (%)	31 December 2013
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	7,21	147.160
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,84	1.323.010	64,84	1.323.010
Share capital	**100,00**	**2.040.404**	**100,00**	**2.040.404**
Share premium		**21.670**		**21.670**

Restricted Reserves

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

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. Based on the exemption for sale of participation shares and property, 75% of the related gain is required to be held in account "gain on sale of subsidiaries". In 2012, related to the initial public offering of Teknosa, Holding accounted for 75% of this gain in this account.

The details of restricted reserves mentioned above are as follows:

	31 December 2014	31 December 2013
Legal reserves	522.338	592.909
Investments sales income	333.369	333.369
Total	**855.707**	**926.278**

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

NOTE 21 - EQUITY (Continued)

Dividend Distribution

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014.

Furthermore, Group companies that are obliged to prepare consolidated financial statements based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of TAS/TFRS.

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

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation differences
Balance as of 1 January 2013	**690.155**	**(189.176)**	**(34.210)**	**145.286**
Increases/ (decreases) during the period	(1.229.581)	32.975	(43.193)	113.436
Gains transferred to income statement	(318.474)	25.091	-	-
Change of rate	-	-	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(4.757)	- -	-	
Tax effect	310.587	(11.617)	8.639	-
Balance as of 31 December 2013	**(552.070)**	**(142.727)**	**(68.764)**	**258.722**
Balance as of 1 January 2014	**(552.070)**	**(142.727)**	**(68.764)**	**258.722**
Increases/ (decreases) during the period	846.947	7.667	9.615	(50.460)
Gains transferred to income statement	(244.311)	10.866	-	
Company liquidation	-	-	-	(24.324)
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(32.587)	-	-	-
Tax effect	(113.887)	(3.709)	(1.923)	-
Balance as of 31 December 2014	**(95.908)**	**(127.903)**	**(61.072)**	**183.938**

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

NOTE 22 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January – 31 December 2014

The Share Purchase Agreement was signed on 13 January 2015 regarding the sale of all shares in our subsidiary SASA Polyester Sanayi A.Ş with a corresponding to 51 % of the share capital of the Company, to Erdemoğlu Holding A.Ş. According the Share Purchase Agreement, the transfer price of our shares in SASA Polyester Sanayi A.Ş, corresponding to 51 % of the share capital is million USD 102 excluding adjustment. The transfer price was determined through bargaining negotiations between the parties, remaining part of it will be payable on the closing date. The shares will be transferred upon the approvals of the relevant authorities. As of 31 December 2014 and 2013, the income statement items of SASA has been reclasified to "Discontinued Operations" on the condensed consolidated statement of profit or loss.

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Statement of balance sheet of SASA for the period ended 31December 2014 and 2013 is as follows:

Statement of balance sheet

	31 December 2014
Assets	669.890
Liabilities	349.554
Equity	320.336

Statement of profit or loss	**1 January - 31 December 2014**	**1 January - 31 December 2013**
Income	1.292.703	1.185.143
Expense	(1.225.615)	(1.180.079)
Net loss before tax	**67.088**	**5.064**
Tax	4.292	1.177
Net profit	**71.380**	**6.241**

Cumulative translation reserves with an amount of 15.715 TL related with the loss occurred due to the excluding of Kordsa Arjantin S.A. financial statements from the Korsa Global consolidated financial statements, one of the subsidiary of the Group, calculated on financial statements and presented under equity is included in period income at current year.

Cumulative translation reserves with an amount of 10.981 TL calculated on financial statements and presented under equity related with the liquidation of Korsa Global's subsidiary Kordsa Qingdao Nylon Enterprise ("KQNE"), one of the subsidiary of the Group, is included in period income at current year.

Due to the sale desicion of the land taken by the board which has owned by Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.'s associate Nile Kordsa, one of the Group's subsidiary, the amount of 4.385 TL reclassified under assets held fo sale at 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 22 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

1 January – 31 December 2013

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

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

NOTE 23 – REVENUE AND COST OF SALES

Revenue

	1 January- 31 December 2014	**1 January- 31 December 2013**
Domestic sales	9.703.865	7.668.209
Foreign sales	1.249.033	1.184.277
Less: Discounts	(435.388)	(395.002)
Total	**10.517.510**	**8.457.484**

Cost of sales

	1 January- 31 December 2014	**1 January- 31 December 2013**
Cost of raw materials and merchandises	6.964.315	5.675.398
Change in finished good work in process inventory and	124.110	10.901
Depreciation and amortisation	168.283	168.336
Personnel expenses	274.296	229.437
Other	825.836	828.434
Total	**8.356.840**	**6.912.506**

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

NOTE 24 - EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	**1 January- 31 December 2013**
Personnel expenses	2.473	3.167
Depreciation and amortisation	1.316	1.436
Consultancy expenses	257	355
Repair and maintenance expenses	49	75
Other	438	5.429
Total	**4.533**	**10.462**

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

NOTE 24 - EXPENSES BY NATURE (Continued)

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses	417.644	253.325
Rent expenses	285.838	173.503
Transportation, logistic and distribution expenses	88.748	78.455
Depreciation and amortisation	66.761	72.801
Advertisement expenses	64.722	72.445
Consultancy expenses	43.607	27.880
Outsourced services	24.037	3.301
Maintenance and repair expenses	23.021	16.590
Energy expenses	22.856	14.426
Insurance expenses	6.072	3.230
Material costs	3.424	2.123
Communication expenses	1.994	1.560
Other	180.620	93.059
Total	**1.229.344**	**812.698**

General administrative expenses:

Allocation of general administrative expenses on nature basis for the years ended 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses	1.682.585	1.582.957
Credit card and banking service expenses	438.302	412.006
Consultancy expenses	230.828	147.159
Depreciation and amortisation	197.679	191.457
Taxes and duties	189.709	190.308
Repair and maintenance expenses	181.019	183.003
Insurance expenses	148.703	129.948
Communication expenses	129.123	109.858
Advertisement expenses	109.370	122.311
Energy expenses	48.463	50.777
Material expenses	20.060	12.313
Outsourced services	12.176	31.415
Other	1.013.787	716.594
Total	**4.401.804**	**3.880.106**

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

NOTE 25 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2014 and 2013 are are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign currency gains resulting from operations	199.442	236.801
Interest income	5.118	2.926
Due date income from trade receivables	35.727	20.194
Other income	574.253	405.162
Total	**814.540**	**665.083**

The details of other expenses from operating activities for the years ended 31 December 2014 and 2013 are are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign currency losses resulting from operations	211.587	145.663
Due date expense from trade payables	87.528	25.641
Provision expense	30.596	206.945
Other expenses	80.024	123.859
Total	**409.735**	**502.108**

NOTE 26 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2014 and 2013 are are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Interest income:		
Time deposit	2.344	1.607
Dividend income	1.424	4.998
Gain on sale of fixed assets	115.369	25.337
Gain on sale of shares of joint ventures (*)	147.152	5.883
Other	25.132	302
Total	**291.421**	**38.127**

(*) After the transactions to maintain price stability, net 8,55% of the shares of Avivasa which is included in the Group portfolio with 49,83% share have been sold. Total consideration of TL 165 Million has been received, whereas TL 127 Million profit has been realized. The shares of Temsa İş Makineleri A.Ş., the subsidiary of Temsa Global, representing 49% of the total capital of the entity to has been transferred Japanese Marubeni Corporation. As a result of the transaction, TL 20 Million profit has been realized.

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

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

Income from investing activities (continued)

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

	1 January-31 December 2014	**1 January-31 December 2013**
Held to maturity investments	-	1.967
Total	**-**	**1.967**

Expenses from investing activities

The details of other expenses from investing activities for the years ended 31 December 2014 and 2013 are are as follows:

	1 January-31 December 2014	**1 January-31 December 2013**
Loss on sale of fixed assets	2.090	2.813
Other	-	391
Total	**2.090**	**3.204**

NOTE 27 – FINANCE INCOME/EXPENSES

	1 January-31 December 2014	**1 January-31 December 2013**
Financial income		
Foreign currency gains	52.605	11.595
Other	1.360	-
Total	**53.965**	**11.595**
Financial expenses		
Foreign currency losses	50.593	71.440
Interest expense	97.246	72.464
Other financial expenses	35.052	26.195
Total	**182.891**	**170.099**

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

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

NOTE 28 - TAX ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Corporate and income taxes payable	1.248.286	449.777
Less: prepaid taxes	(894.696)	(345.649)
Total taxes payable	**353.590**	**104.128**

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporate tax rate of the fiscal year 2014 is 20% (2013: 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.

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

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

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

Exemption for participation in subsidiaries

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

Preferential right certificate sales and issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

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

Exemption for Investment Incentive

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

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014			31 December 2013		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Net unrealized fair value from available for sale financial assets	2.062.219	412.444	1.649.775	(3.010.424)	(602.085)	(2.408.339)
Net gain on available for sale financial assets transferred to the income statement	(599.241)	(119.848)	(479.393)	(781.149)	(156.230)	(624.919)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(79.929)	(15.986)	(63.943)	(11.669)	(2.334)	(9.335)
Cash flow hedges	44.268	8.854	35.414	114.379	22.876	91.503
Gain/ (loss) on net foreign investment hedge	23.584	4.717	18.867	(105.945)	(21.189)	(84.756)
Currency translation differences	(34.911)	-	(34.911)	143.364	-	143.364
Actuarial gains / losses	(18.641)	(3.728)	(14.913)	4.970	994	3.976
Other comprehensive income	**1.397.349**	**286.453**	**1.110.896**	**(3.646.474)**	**(757.968)**	**(2.888.506)**

The reconciliation of the current year tax charge for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Profit before tax	5.246.009	4.699.966
Expected tax charge according to parent company’s tax rate %20 (2013: %20)	(1.049.202)	(939.993)
Tax rate differences of subsidiaries	364	-
Expected tax charge of the Group	**(1.048.838)**	**(939.993)**
Revenue that is exempt from taxation	27.603	92.244
Expenses that are not deductible in determining taxable profit	(48.327)	(74.140)
Timing differences not subject to tax	693	(248)
Investment allowance incentives	20.651	-
Exemption of gain on real estate sales	6.031	-
Other	69.964	(25.135)
Current year tax charge of the Group	**(972.223)**	**(947.272)**

Deferred tax

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

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

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

At 31 December 2014, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 66.611 which can be offset against future taxable profits for a period of five years (31 December 2013: TL 69.459). As of 31 December 2014 and 31 December 2013 carry forward tax losses and the latest annual periods are as follows:

	31 December 2014	31 December 2013
2014	1.171	38.201
2015	21.159	-
2016	-	31.258
2017	-	-
2018	44.281	-
Total	**66.611**	**69.459**

The movements in deferred income tax assets/ (liabilities) for the years ended at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Deferred Tax Assets	477.413	495.383
Deferred Tax Liabilities	(114.976)	(107.706)
31 December	**362.437**	**387.677**

	31 December 2014	31 December 2013
1 January	387.767	94.170
Change in consolidation method due to acquisition of shares	-	46.695
Disposal of subsidiaries	6.971	-
Charged to equity	(242.711)	408.813
Currency translation differences	(3.494)	2.642
Charged to statement of profit or loss	229.008	(165.820)
Transfers to non-current assets held for sale	(1.162)	1.177
31 December	**362.437**	**387.677**

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

NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	910.205	798.156
Forward currency purchases and sales	45.416	128.910
Currency and interest rate futures purchases and sales	35.922	4.474
Currency options purchases and sales	234.099	248.141
Other	189.458	29.757
Total derivative instruments held for trading	**1.415.100**	**1.209.438**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	284.541	105.952
Currency options purchases and sales	7.249	93
Total derivative instruments held for hedging	**291.790**	**106.045**
Total derivative instruments	**1.706.890**	**1.315.483**

31 December 2013

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

Akbank and Enerjisa hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under "Hedge Funds" within equity. Akbank also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps.

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	**31 December 2014**	**31 December 2013**
Consumer loans and credit cards receivables	42.109.660	41.247.665
Project finance loans	20.348.175	15.943.292
Small-scale enterprises	11.531.705	9.993.406
Health care and social services	1.266.825	6.839.242
Other manufacturing industries	8.819.469	6.031.637
Construction	11.763.192	5.163.172
Financial institutions	9.584.714	3.248.227
Telecommunication	3.607.809	3.167.176
Mining	2.778.317	2.724.094
Chemicals	2.136.492	2.122.150
Textile	3.287.312	2.068.930
Food and beverage, wholesale and retail	2.210.412	1.975.774
Automotive	1.386.585	1.946.653
Tourism	1.975.210	1.546.061
Agriculture and forestry	977.627	649.093
Electronics	445.003	334.895
Other	11.580.646	12.507.430
Non-performing loans	2.330.155	1.676.682
Total loans and advances to customers	**138.139.308**	**119.185.579**
Allowance for loan losses	(4.271.108)	(3.271.943)
Leasing receivables	3.683.321	3.209.509
Net loans and advances to customers	**137.551.521**	**119.123.145**

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,34% p.a. (31 December 2013: 4,67% p.a.), 4,31% p.a. (31 December 2013: 4,34% p.a.) and 12,01% p.a. (31 December 2013: 11,27% p.a.), respectively.

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement of loan loss provision of banking segment as of 31 December 2014 by class is as follows:

	Corporate	Commercial	Total
1 January 2014	**1.531.588**	**1.740.355**	**3.271.943**
Gross provisions	786.969	1.321.264	2.108.233
Recoveries	(143.719)	(377.426)	(521.145)
Written-off (*)	(157.997)	(429.926)	(587.923)
31 December 2014	**2.016.841**	**2.254.267**	**4.271.108**

(*) TL 252.200 of the Bank's non-performing loan portfolio were sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 44.000 and TL 250.500 of the Bank's non-performing loan portfolio were sold to Efes Varlık Yönetim A.Ş. at a price of TL 41.000.

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

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

The maturity schedule of loans and advances to customers at 31 December 2014 and 2013 are summarised below:

	31 December 2014	31 December 2013
Up to 3 months	39.197.718	38.189.764
3 to 12 months	29.014.030	20.047.630
Current	**68.211.748**	**58.237.394**
1 to 5 years	46.566.593	40.061.603
Over 5 years	19.089.859	17.614.639
Non-current	**65.656.452**	**57.676.242**
Total	**133.868.200**	**115.913.636**

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

NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 31 December 2014 and 2013 are summarised below:

	31 December 2014	31 December 2013
Up to 3 months	61.015.004	60.545.013
3 to 12 months	31.127.676	20.551.883
1 to 5 years	35.163.779	29.340.965
Over 5 years	6.561.741	5.475.775
Total	**133.868.200**	**115.913.636**

NOTE 31 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2014			31 December 2013		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	9.349.364	55.693.817	65.043.181	8.414.302	48.197.928	56.612.230
Commercial deposits	9.318.933	29.662.363	38.981.296	8.302.564	32.579.926	40.882.490
Bank deposits	501.286	13.082.116	13.583.402	681.270	10.733.996	11.415.266
Funds provided from repo transactions	-	28.408.773	28.408.773	-	22.898.256	22.898.256
Other	615.793	3.387.864	4.003.657	902.285	1.976.561	2.878.846
Total	**19.785.376**	**130.234.933**	**150.020.309**	**18.300.421**	**116.386.667**	**134.687.088**

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,19% p.a. (31 December 2013: 1,53% p.a.), 0,77% p.a. (31 December 2013: 1,28% p.a.) and 9,89% p.a. (31 December 2013: 6,55% p.a.).

As at 31 December 2014 and 2013, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2014	31 December 2013
Demand	17.572.163	18.300.421
Up to 3 months	106.273.793	91.659.460
3 to 12 months	14.001.312	13.409.007
1 to 5 years	8.574.579	6.732.081
Over 5 years	3.598.462	4.586.119
Total	**150.020.309**	**134.687.088**

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NOTE 32 - MUTUAL FUNDS

As of 31 December 2014, the Group manages 44 (31 December 2013: 51) mutual funds with unaudited total value of TL 3.233.211 (31 December 2013: 2.982.884). The participating certificates of these funds which were established under Capital Markets Board Regulations are preserved at Istanbul Settlement and Custody Bank Inc.

NOTE 33 - EARNINGS PER SHARE

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

	31 December 2014	**31 December 2013**
Earnings per share in full TL		
- ordinary share ('000)	10,19	8,49
Earnings per share of continuing operations in full TL		
- ordinary share ('000)	9,81	8,05
Weighted average number of shares with TL 0,01 face value each		
- ordinary shares	204.040.393.100	204.040.393.100

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

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

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NOTE 34 - RELATED PARTY DISCLOSURES

Key management personnel compensation:

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

The detailed schedule of compensation paid or payable to key management for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Short term benefits	19.774	18.116
Benefits resulted from termination	655	315
Other long term benefits	260	251
Total	**20.689**	**18.682**

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

35.1 Financial Instruments and Financial Risk Management

35.1.1 Financial risk management

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

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

35.1.1.1 Foreign Exchange Risk

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

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

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

35.1.1.1 Foreign Exchange Risk (continued)

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 December 2014 and 2013 terms of TL are as follows:

	31 December 2014	**31 December 2013**
Assets	100.539.856	87.512.789
Liabilities	(111.100.362)	(103.153.412)
Net foreign currency balance sheet position	**(10.560.506)**	**(15.640.623)**
Net foreign currency position of off-balance sheet derivative financial instruments	11.017.204	16.029.519
Net foreign currency balance sheet and off-balance sheet position	**456.698**	**388.896**

31 December 2014

	Total TL Equivalent	**USD**	**EUR**	**GBP**	**Other**
Assets:					
Cash and cash equivalents	5.237.279	3.761.304	1.278.393	50.427	147.155
Financial assets	21.237.202	16.197.318	5.039.884	-	-
Receivables from financial operations	56.933.096	38.335.141	18.539.364	33.465	25.126
Reserve deposits at Central Bank	16.334.281	10.072.841	2.994.356	-	3.267.084
Trade receivables	581.228	285.920	215.497	10.932	68.879
Other current assets	216.770	80.772	63.383	129	72.486
Total Assets	**100.539.856**	**68.733.296**	**28.130.877**	**94.953**	**3.580730**
Liabilities:					
Funds borrowed and debt securities in issue	28.999.873	20.682.537	8.274.882	7.528	34.926
Customer deposits	81.019.266	55.014.991	22.532.383	1.272.980	2.198.912
Trade payables	259.682	143.468	68.492	263	47.459
Other payables and provisions	821.542	425.574	308.404	42.468	45.096
Total Liabilities	**111.100.363**	**76.266.570**	**31.184.161**	**1.323.239**	**2.326.393**
Net foreign currency position of off-balance sheet derivative financial instruments	**11.017.204**	**7.760.081**	**3.231.786**	**1.236.042**	**(1.210.705)**
Net foreign currency position	**456.697**	**226.807**	**178.502**	**7.756**	**43.632**
Net foreign currency monetary position	**456.697**	**226.807**	**178.502**	**7.756**	**43.632**

Net profit effect of the consolidated to the total net foreign currency position is TL 886.484 as of 31 December 2014 (Akbank and Philsa-Philip Morrissa excluded).

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

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

35.1.1.1 Foreign Exchange Risk (continued)

31 December 2013

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	6.294.468	4.276.373	1.889.346	36.111	92.638
Financial assets	14.953.479	10.073.776	4.879.703	-	-
Receivables from financial operations	48.632.089	32.379.412	16.188.976	32.539	31.162
Reserve deposits at Central Bank	16.569.052	8.796.173	4.881.266	-	2.891.613
Trade receivables	827.201	367.857	390.768	6.824	61.752
Other current assets	236.500	85.652	67.558	453	82.837
Total Assets	**87.512.789**	**55.979.243**	**28.297.617**	**75.927**	**3.160.002**
Liabilities:					
Funds borrowed and debt securities in issue	25.539.083	18.279.795	7.251.297	7.991	-
Customer deposits	75.932.324	48.175.948	23.894.618	1.137.300	2.724.458
Trade payables	476.588	158.842	248.350	254	69.142
Other payables and provisions	1.205.417	464.733	695.627	1.299	43.758
Total Liabilities	**103.153.412**	**67.079.318**	**32.089.892**	**1.146.844**	**2.837.358**
Net foreign currency position of off-balance sheet derivative financial instruments	**16.029.519**	**10.791.297**	**4.428.082**	**1.079.508**	**(269.368)**
Net foreign currency position	**388.896**	**(308.778)**	**635.807**	**8.591**	**53.276**
Net foreign currency monetary position	**388.896**	**(308.778)**	**635.807**	**8.591**	**53.276**

Net profit effect of the consolidated to the total net foreign currency position is TL 1.056.009 as of 31 December 2014 (Akbank and Philsa-Philip Morrissa excluded).

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

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

35.1.1.1 Foreign Exchange Risk (continued)

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2014 and 2013 is summarized as follows:

31 December 2014	**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	(17.240)	17.240	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(17.240)**	**17.240**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(21.166)	21.166	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(21.166)**	**21.166**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	340	(340)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**340**	**(340)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	4.826	(4.826)	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**4.826**	**(4.826)**	**-**	**-**
	(33.240)	**33.240**	**-**	**-**

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

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

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

35.1.1.2 Interest Rate Risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2014 and 2013, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2014 and 2013 is summarized below as follows: (Please refer to Note 35.1.1.5 for banking industrial segment).

	31 December 2014	31 December 2013
Fixed interest rate financial instruments		
Financial assets	52.413	116.142
Financial assets at fair value through profit of loss	-	-
Available-for-sale financial assets	-	-
Time deposits	52.413	116.142
Financial liabilities	393.939	753.242
Floating interest rate financial instruments		
Financial assets	-	-
Financial liabilities	641.927	531.812

Group composed various scenarios for borrowings issued at floating rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios: (Please refer to Note 35.1.1.5 for banking industrial segment).

At 31 December 2014, if the annual interest rate on TL denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 1.099 (31 December 2013: TL 4.720) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2014, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TL (4) (31 December 2013: TL 677) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

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

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

35.1.1.2 Foreign Exchange Risk (continued)

At 31 December 2014, if the annual interest rate on EUR denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TL 191 (31 December 2013: TL 468) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

35.1.1.3 Liquidity Risk

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

i) Banking industrial segment

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

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

As of 31 December 2014 and 2013 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

	31 December 2014						
Liabilities	**Book value**	**Contructual Cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	150.703.714	153.372.079	102.437.008	23.086.439	14.456.641	9.456.739	3.935.252
Funds borrowed and debt securities in issue	31.809.785	36.504.843	1.023.407	6.685.320	13.574.373	9.742.241	5.479.502
Interbank money market deposits	441.722	441.722	441.722	-	-	-	-
	182.955.221	**190.318.644**	**103.902.137**	**29.771.759**	**28.031.014**	**19.198.980**	**9.414.754**

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

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

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

35.1.1.3 Liquidity Risk (continued)

ii) Other industrial segment

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

As of 31 December 2014 and 2013 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

31 December 2014(1)(2)	**Book value**	**Contructual Cash flows**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Financial liabilities	1.127.052	1.133.945	329.007	450.607	235.598	118.733
Financial lease obligations	17.607	19.457	220	659	4.002	14.576
Trade payables	1.162.728	1.137.695	1.108.681	29.014	-	-
Payables from insurance operations	-	-	-	-	-	-
Othe payables	77.902	80.557	69.156	1.137	10.264	-
	2.385.289	**2.371.654**	**1.507.064**	**481.417**	**249.864**	**133.309**

31 December 2013(1)(2)	**Book value**	**Contructual Cash flows**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Financial liabilities	1.285.054	1.377.978	349.809	463.194	513.700	47.476
Financial lease obligations	22.106	24.068	4634	574	2.462	-
Trade payables	1.197.170	1.196.479	618.356	77.637	4085	15215
Payables from insurance operations	-	-	494227	5203	1952	-
Othe payables	61.493	62.076	27.892	4.110	12.508	3039
	2.565.823	**2.660.601**	**1.494.918**	**550.718**	**534.707**	**65.730**

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

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

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

35.1.1.4 Credit Risk

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

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

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

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

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

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

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

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

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

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

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

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

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

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

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

	31 December 2014	31 December 2013
Above average	41,80%	37,51%
Average	48,04%	48,26%
Below average	8,16%	12,26%
Unrated	2,00%	1,97%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2014 and 2013 are summarized below as follows:

31 December 2014	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	90.070.595	41.465.234	3.651.128	135.186.957
Close monitoring loans	1.835.940	2.437.384	18.332	4.291.656
Non Performing loans	751.403	1.578.752	82.287	2.412.442
Total	**92.657.938**	**45.481.370**	**3.751.747**	**141.891.055**
Provisons	**(2.016.841)**	**(2.254.267)**	**(68.426)**	**(4.339.534)**
Net	**90.641.097**	**43.227.103**	**3.683.321**	**137.551.521**

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

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

33.1.1.4 Credit Risk (continued)

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

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

The aging analysis of the loans under close monitoring for the year ended 31 December 2014 and 2013 are as follows:

31 December 2014	**Corporate loans**	**Consumer loans and credit cards**	**Financial lease receivables**	**Total**
Past due up to 1 month	686.229	1.621.594	8.821	2.316.644
Past due 1- 2 months	230.447	518.661	807	749.915
Past due 2-3 months	919.264	297.129	2.647	1.219.040
Leasing payment receivables (uninvoiced)	-	-	6.057	6.057
	1.835.940	**2.437.384**	**18.332**	**4.291.656**

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

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

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

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

Maximum exposure to credit risk of banking industrial segment:

	31 December 2014	31 December 2013
Loans and advances to banks	24.832.131	22.529.781
Loans and advances	133.868.200	115.913.636
Consumer loans and advances	43.227.103	41.829.391
Corporate loans and advances	90.641.097	74.084.245
Financial lease receivables	3.683.321	3.209.509
Trading financial assets (*)	54.896	66.363
Trading purpose derivative financial assets	1.410.739	1.766.870
Available for sale and held to maturity financial assets	48.101.547	45.058.425
Other assets	543.094	595.924
Total	**212.493.928**	**189.140.508**

(*) Share certificates are not included.

The Moody's rating analysis of trading securities, available for sale financial assets and held to maturity financial assets of the banking industrial segment for the years ended for 31 December 2014 and 2013 are as follows:

31 December 2014	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	73.883	-	73.883
Aa1, Aa2, Aa3	680	-	-	680
A1, A2, A3	16.593	119.431	-	136.024
Baa1, Baa2, Baa3	37.623	36.699.503	10.800.111	47.537.237
Ba1	-	289.512	-	289.512
Ba2 (*)	-	119.107	-	119.107
Total	**54.896**	**37.301.436**	**10.800.111**	**48.156.443**

31 December 2013	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	-	-	-
Aa1, Aa2, Aa3	6138	-	-	6138
A1, A2, A3	17.883	452.596	-	470.479
Baa1, Baa2, Baa3	42.342	32.312.917	12.153.453	44.508.712
Ba1	-	69.696	-	69.696
Ba2 (*)	-	69.763	-	69.763
Total	**66.363**	**32.904.972**	**12.153.453**	**45.124.788**

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

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

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

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2014 and 2013 are summarized as follows:

31 December 2014	**Turkey**	**USA**	**EU Contries**	**Non-EU Contries**	**Total**
Loans and advances to banks	20.848.982	256.660	3.678.085	48.404	24.832.131
Loans and advances	132.605.709	-	664.892	597.599	133.868.200
Consumer loans and advances	*43.227.103*	-	-	-	*43.227.103*
Corporate loans and advances	*89.378.606*	-	*664.892*	*597.599*	*90.641.097*
Financial lease receivables	3.683.321	-	-	-	3.683.321
Trading financial assets	54.896	-	-	-	54.896
Trading purpose derivative financial assets	538.176	82.311	779.611	10.641	1.410.739
Available for sale and held to maturity financial assets	47.234.925	16.368	815.275	34.979	48.101.547
Other assets	533.474	-	7.821	1.799	543.094
Total	**205.499.483**	**355.339**	**5.945.684**	**693.422**	**212.493.928**

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

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

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

35.1.1.4 Credit Risk (continued)

i) Banking industrial segment (continued)

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2014 and 2013 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	24.832.131	-	-	-	-	-	24.832.131
Loan and advances	10.326.867	2.236.896	26.701.946	36.926.917	14.448.471	43.227.103	133.868.200
Consumer loans	-	-	-	-	-	43.227.103	43.227.103
Corporate loans	10.326.867	2.236.896	26.701.946	36.926.917	14.448.471	-	90.641.097
Financial lease receivables	111.450	-	74.058	289.921	3.207.892	-	3.683.321
Trading financial assets							
Derivative financial	13.334	11.016	-	17.192	13.354	-	54.896
instruments	955.325	-	-	-	445.768	9.646	1.410.739
Available for sale and assets held for sale financial assets	4.312.097	43.238.019	-	-	551.431	-	48.101.547
Other assets	543.094	-	-	-	-	-	543.094
31 December 2014	**41.094.298**	**45.485.931**	**26.776.004**	**37.234.030**	**18.666.916**	**43.236.749**	**212.493.928**
31 December 2013	**32.360.963**	**30.649.246**	**20.448.212**	**37.110.542**	**12.276.924**	**41.986.289**	**174.832.176**

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

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

35.1.1.4 Credit Risk (continued)

ii) Other industrial segment

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

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2014 and 2013 is summarized below as follows:

31 December 2014	**Trade receivables**	**Receivables from insurance operations**	**Other receivables (*)**	**Bank deposits**	**Derivative instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D)	**23.807.352**	**589**	**61.366.141**	**48.852.392**	**3.041**
Collateralized or secured with guarantees part of maximum credit	588.528	-	61.335	48.804	-
A. Neither past due nor impaired	968.364	-	31.559	48.302	2.992
B.Restructed otherwise accepted as past due and impaired	22.745.744	-	61.334.582	48.804.029	-
C. Past due but not impaired					
net book value	84.865	-	-	-	-
guaranteed amount by commitment	20.027	-	-	-	-
D. Net book value of impaired assets	8.379	589	-	61	49
- Past due (Gross amount)	58.581	-	754	-	-
- Impairment	(50.202)	589	(754)	61	49
- Collateralized or guaranteed part of net value	(12.216)	-	-	-	-

(*) Tax and other receivables are not included.

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

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

35.1.1.4 Credit Risk (continued)

ii) Other industrial segment (continued)

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

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

35.1.1.5 Value at Risk

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of Akbank, include interest rate stress testing. Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Asset Liability Committee (ALCO) performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

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

As of 31 December 2014, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

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

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

35.1.1.5 Value at Risk (continued)

		31 December 2014		31 December 2013	
Para Birimi	**Applied Schock (+/- x basis points)**	**Gains / Losses**	**Gains / Shareholders Equity-Losses / Shareholders Equity**	**Gains / Losses**	**Gains / Shareholders Equity-Losses / Shareholders Equity**
TL	-400	3.327.669	11,79%	2.720.119	11,35%
TL	500	(3.481.510)	(12,33)%	(2.822.999)	(11,78)%
US Dollar	-200	583.134	2,07%	433.706	1,81%
US Dollar	200	(609.306)	(2,16)%	(339.961)	(1,42)%
Euro	-200	73.285	0,25%	299.027	1,24%
Euro	200	(330.476)	(1,17)%	(348.120)	(1,45)%
Total (for negative shocks)		**3.984.088**	**14,11%**	3.452.852	14,40%
Total (for positive shocks)		**(4.421.292)**	**(15,66)%**	(3.511.080)	(14,65)%

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

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

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

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

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

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

35.1.1.5 Value at Risk (continued)

The average market risk table of Akbank is as follows;

	31 Aralık 2014		
	Average	**Maximum**	**Minimum**
Interest Rate Risk	66.069	81.004	53.173
Share Certificates Risk	1.630	999	466
Currency Risk	11.866	84.774	-
Commodity Risk	-	-	-
Settlement Risk	2	-	-
Option Risk	5.725	4.577	1.354
Counterparty Credit Risk	81.610	136.206	46.572
Total Amount Subject to Risk	**166.902**	**307.560**	**101.565**

35.1.2 Capital risk management

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

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

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

The net liability/invested capital ratios at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Total financial liabilities	192.817.096	174.005.542
Cash and cash equivalents	7.518.753	5.566.531
Net liability	185.298.343	168.439.011
Equity	36.857.880	32.014.657
Invested capital	222.156.223	200.453.668
Net liability/ invested capital ratio	83%	84%

NOTE 36 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

Financial assets

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

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

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

Financial liabilities

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

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

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

Derivative financial instruments

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

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2014 and 2013 are as follows:

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

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

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

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2014 and 2013 are as follows:

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	**54.964**	**-**	**-**	**54.964**
- Government bonds	8.525	-	-	8.525
- Eurobonds	2.491	-	-	2.491
- Foreign govermnet bonds	-	-	-	-
- Treasury bonds	-	-	-	-
-Share certificates	68	-	-	68
-Other	43.880	-	-	43.880
Available for sale securities	**37.370.398**	**220.947**	**-**	**37.591.345**
-Government bonds	21.283.380	-	-	21.283.380
-Eurobonds	11.154.528	-	-	11.154.528
- Treasury bonds	-	-	-	-
- Foreign govermnet bonds	-	-	-	-
-Mutual funds	289.909	-	-	289.909
-Listed shares	-	-	-	
-Other	4.642.581	220.947	-	4.863.528
Trading derivative financial assets	**35.922**	**1.374.817**	**-**	**1.410.739**
Hedging derivative financial assets	**-**	**284.541**	**-**	**284.541**
Total Assets	**37.461.284**	**1.880.305**	**-**	**39.341.589**
Trading derivative financial instruments	**4.475**	**1.202.738**	**-**	**1.207.213**
Hedging derivative financial instruments	**-**	**105.952**	**-**	**105.952**
Total liabilities	**4.475**	**1.308.690**	**-**	**1.313.165**

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

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

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

NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

i) Banking industrial segment (continued)

	31 December 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	123.737	-	-	123.737
- Government bonds	7.746	-	-	7.746
- Eurobonds	2.149	-	-	2.149
- Government bonds denominated in foreign currency	-	-	-	-
-Treasury bills	-	-	-	-
-Share certificates	58.377	-	-	58.377
-Other	55.465	-	-	55.465
Available for sale securities	30.480.994	270.102	-	30.751.096
-Government bonds	20.536.281	-	-	20.536.281
-Eurobonds	6.888.515	-	-	6.888.515
-Treasury bills	-	-	-	-
-Government bonds denominated in foreign currency	-	-	-	-
-Mutual funds	248.690	-	-	248.690
- Equity securities	91	-	-	91
-Other	2.807.417	270.102	-	3.077.519
Trading derivative financial assets	79013	1.687.857	-	1.766.870
Hedging derivative financial assets	-	630.724	-	630.724
Total Assets	**30.683.744**	**2.588.683**	**-**	**33.272.427**
Trading derivative financial instruments	31.312	1.147.436	-	1.178.748
Hedging derivative financial instruments	-	63.810	-	63.810
Total liabilities	**31.312**	**1.211.246**	**-**	**1.242.558**

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

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

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DİPNOT 36 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (continued)

ii) Other industrial segment

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Held for trading securities	-	-	-	-
Available for sale securities	-	-	-	-
Derivatives held for trading	-	5.930	-	5.930
Derivatives held for hedging	-	5.066	-	5.066
Total Assets	**-**	**10.996**	**-**	**10.996**
Derivatives held for trading	-	1.890	-	1.890
Derivatives held for hedging	-	336	-	336
Total Liabilities	**-**	**2.226**	**-**	**2.226**

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

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

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

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

NOTE 36 – FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2014	Note	Held to maturity securities	Loan and receivables (include cash and cash equivalents)	Available for sale financial assets	Financial liabilities measured at fair value	Booking value	Fair value
Financial assets							
Cash and cash equivalents	5	-	7.518.753	-	-	7.518.753	7.518.753
Trade receivables	8	-	1.083.651	-	-	1.083.651	1.083.651
Other financial assets (*)	6, 9	10.800.186	698.660	37.608.207	-	49.107.053	49.509.601
Receivables from financial operations	30	-	137.551.521	-	-	137.551.521	140.149.877
Financial liabilities							
Financial payables	7	-	-	-	33.718.100	33.718.100	33.297.755
Trade payables	8	-	-	-	1.809.699	1.809.699	1.809.699
Other financial liabilities (**)	9	-	-	-	3.634.546	3.634.546	3.634.546
Payables from financial operations	31	-	-	-	150.020.309	150.020.309	150.430.887

31 December 2013	Note	Held to maturity securities	Loan and receivables (include cash and cash equivalents)	Available for sale financial assets	Financial liabilities measured at fair value	Booking value	Fair value
Financial assets							
Cash and cash equivalents	5	-	5.566.531	-	-	5.566.531	5.566.531
Trade receivables	8	-	1.252.409	-	-	1.252.409	1.252.409
Other financial assets (*)	6, 9	12.153.454	2.621.477	33.169.353	-	47.944.284	47.774.276
Receivables from financial operations	30	-	119.123.145	-	-	119.123.145	118.272.480
Financial liabilities							
Financial payables	7	-	-	-	30.231.602	30.231.602	29.587.246
Trade payables	8	-	-	-	1.919.090	1.919.090	1.919.090
Other financial liabilities (**)	9	-	-	-	3.944.312	3.944.312	3.944.312
Payables from financial operations	31	-	-	-	134.687.088	134.687.088	134.410.975

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

NOTE 37 - EVENTS AFTER THE REPORTING PERIOD

Operating transfer agreement has been signed at 2 February 2014 between Carrefoursa, one of the subsidiary of the Group, and İsmar Marketler Zinciri Gıda ve Tüketim Mal. San. ve Tic. A.Ş. ("İsmar") for the purpose of transfering 26 supermarkets which had been operating by İsmar. Transfer process will be completed after legal permissions are taken.

The real estate in İzmir owned by Carrefoursa which is one of the subsidiary of the Group has agreed to be sold to third parties and the related sale transaction has been realized at 11 February 2015.

Enerjisa which is one of the joint venture of the Group targets to reach 5.000 MW installed capacity in the medium term. Portfolio optimizaton work about scale economy and effective usage of the resources has been performed for determing the priorities related with realization of the targets. As a result of this work, assets which are not compatible with the portfolio targets agreed to be sold. Sale process with prepatory work has started at the second half of 2014. Within this scope, share transfer of Gazipaşa and Birkapılı hidroelectric plants has actualized at Februay 2015 in consequence with the approval of EPDK.

Kordsa Global which is one of the subsidiary of the Group starts to the construction of Kompozit Teknolojiler Mükemmeliyet Merkezi with approximate 10.000 square meter closed area at Teknopark İstanbul A.Ş. (İstanbul Teknoloji Geliştirme Bölgesi). Investment Incentive Certificate for related investment was given by the Ministry of Economy with an amount of 36 M TL at 4 December 2014. In accordance with the certificate taken, the project which has been taken into the scope of "priority investments" benefits from 5. Zone supports. The project is planned to be finalized at the first half of 2016.

The share transfer agreement has signed at 13 January 2015 related with the sale of shares to Erdemoğlu Holding A.Ş which represents the %51 of the company capital owned by SASA Polyester Sanayi A.Ş. which is one of the subsidiary of the the Group. Due to the share transfer agreement, transfer fee for %51 of the Company's shares on SASA Polyester Sanayi A.Ş. is 102 Million Dolars exempt adjustments. Share transfer fee was determined with bargain and all amount will be collected at the closing day of the share transfer realized. Transfer of stocks will be realized after permissions are taken from related authorities.

Akbank T.A.Ş. which is one of the subsidiary of the Group sold part of the non performing loans with an amount of 248.5 Thousand TL to Girişim Varlık Yönetimi A.Ş. .

In compliance with decision taken at the Akbank T.A.Ş. board meeting which is one of the subsidiary of the Group at 26 February 2015; with respect to the net profit of 3.159.678 TL provided by operations of the Bank for the year of 2014;

• Payment of cash gross dividend of 569.600 TL to the shareholders at 31 December 2014 corresponds the %14,24 of the total paid in capital which comprises of 200.000 TL first cash gross dividend which corresponds with % 5 of the 4.000.000 TL paid in capital of the Bank and 369.600 TL second cash gross dividend,

• Beginning of the payments for cash dividends as of 30 March 2015,

• Due to the Corporate Tax Law Article 5, paragraph 1 (e) and (f), transfer of 4.505 TL to "Special Funds" which held exempt from corporate tax and transfer of remaining amount to "Extraordinary Reserves" after allocating 36.960 TL to "Legal Reserves" has been decided to be proposed to the General Assembly by the Board of Directors.