IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (a) PURCHASING IN OFFSHORE TRANSACTIONS AND NOT U.S. PERSONS (EACH AS DEFINED IN REGULATION S) OR (b) QIBS (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. The following applies to the attached Prospectus (the "**Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from (or on behalf of) the issuer as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OF AMERICA (WITH ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA, COLLECTIVELY THE "**UNITED STATES**") OR ANY OTHER JURISDICTION TO THE EXTENT THAT IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER UNITED STATES JURISDICTION AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, THEN YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the securities described therein, prospective investors must be either: (a) purchasing in offshore transactions and not U.S. persons (each as defined in Regulation S) or (b) qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("**QIBs**"). The Prospectus is being sent at your request and by accepting this electronic distribution and accessing the Prospectus, you will be deemed to have represented to the issuer that: (i) you and any customers you represent in connection herewith are either: (A) purchasing in offshore transactions and not U.S. persons and, if applicable, that the electronic mail address to which this electronic transmission has been delivered is not located in the United States or (B) QIBs, (ii) you consent to delivery of the Prospectus by electronic transmission and (iii) you have understood and agree to the terms set out herein.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place to the extent that offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and an underwriter or any affiliate of an underwriter is a licensed broker or dealer in that jurisdiction, then the offering will be deemed to be made by such underwriter or such affiliate on behalf of the issuer in such jurisdiction.

The Prospectus has been provided to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of Commerzbank AG, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. International plc, National Bank of Abu Dhabi PJSC and Société Générale (the "**Joint Lead Managers**"), the issuer or any person who controls any of them, nor any director, officer, employee, counsel nor agent of any of them or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Prospectus is being distributed only to and directed only at: (a) persons who are outside the United Kingdom, (b) persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (c) those persons in the United Kingdom to whom it may otherwise lawfully be distributed (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Prospectus is directed only at relevant persons and must not be acted on or relied upon by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The Prospectus is being distributed only to and directed at real persons and legal entities domiciled outside of Turkey.

AKBANK T.A.Ş.

Issue of U.S.$500,000,000 5.125 per cent. Notes due 2025

under its U.S.$3,500,000,000 Global Medium Term Note Programme

Issue price: 99.037 per cent.

The U.S.$500,000,000 5.125 per cent. Notes due 2025 (the "**Notes**") are being issued by Akbank T.A.Ş., a banking institution organised as a joint stock company under the laws of Turkey and registered with the Istanbul Trade Registry under number 90418 ("**Akbank**", the "**Bank**" or the "**Issuer**") under its U.S.$3,500,000,000 Global Medium Term Note Programme (the "**Programme**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$3,000,000,000 in respect of Akbank (or its equivalent in other currencies calculated as described in the Base Prospectus as defined below).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and are being offered: (a) for sale to qualified institutional buyers only (each a "**QIB**") as defined in, and in reliance upon, Rule 144A under the Securities Act ("**Rule 144A**") and (b) for sale to non-U.S. persons outside the United States in reliance upon Regulation S under the Securities Act ("**Regulation S**"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "*Subscription and Sale"* in the Base Prospectus (as defined under "*Documents Incorporated by Reference*" below) and "*Plan of Distribution*" and "*Transfer Restrictions*" below.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "*RISK FACTORS*" HEREIN.

The Notes will bear interest from (and including) 31 March 2015 (the "**Issue Date**") to (but excluding) 31 March 2025 (the "**Maturity Date**") at a fixed rate of 5.125 per cent. per annum. Interest will be payable in arrears on the 31st and 30th day of each March and September, respectively, in each year (each an "**Interest Payment Date**") up to (and including) the Maturity Date; *provided that* if any such date is not a Payment Day (as defined in Condition 7.6) then such payment will be made on the next Payment Day. Principal of the Notes is scheduled to be paid on 31 March 2025, but may be paid earlier under certain circumstances described herein. The Notes initially will be sold to investors at a price equal to 99.037 per cent. of the principal amount thereof. For a more detailed description of the Notes, see "*Terms and Conditions of the Notes*" herein. This Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Such approval relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Main Securities Market**") or on another regulated market for the purposes of Directive 2004/39/EC and/or that are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (the "**Official List**") and trading on the Main Securities Market. References in this Prospectus to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to the Official List and trading on the Main Securities Market.

Application has been made to the Capital Markets Board of Turkey (the "**CMB**"), in its capacity as competent authority under Law No. 6362 (the "**Capital Markets Law**") of the Republic of Turkey ("**Turkey**") relating to capital markets, for the issuance and sale of the Notes by the Bank outside of Turkey. The Notes cannot be sold before the necessary approvals and an approved issuance certificate in respect of the Notes are obtained from the CMB. The CMB approval relating to the issuance of Notes based upon which the offering of the Notes will be conducted was obtained on 16 December 2014 in the meeting of CMB and numbered 35/1203 (the "**CMB Approval**"), and the approved tranche issuance certificate (*tertip ihraç belgesi*) bearing the approval of the CMB relating to the Notes is expected to be obtained from the CMB on or before 31 March 2015.

The Notes are expected to be rated at issuance BBB- by Fitch Ratings Ltd. ("**Fitch**") and Baa3 by Moody's Investors Service Limited ("**Moody's**" and, together with Fitch and Standard & Poor's Credit Market Services Europe Limited, the "**Rating Agencies**"). Each of the Rating Agencies is established in the EU and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes are being offered under Rule 144A and Regulation S by each of Commerzbank AG, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. International plc, National Bank of Abu Dhabi PJSC and Société Générale (each a "**Joint Lead Manager**" and, collectively, the "**Joint Lead Managers**"), subject to their acceptance and right to reject orders in whole or in part. The Notes will initially be represented by global notes in registered form (the "**Global Notes**"), one of which will be issued in respect of the Notes ("**Rule 144A Notes**") offered and sold in reliance on Rule 144A (the "**Rule 144A Global Note**") and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"), and the other of which will be issued in respect of the Notes ("**Regulation S Notes**") offered and sold in reliance on Regulation S (the "**Regulation S Global Note**") and will be registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). It is expected that delivery of the Global Notes will be made in book-entry form against payment therefor in immediately available funds on 31 March 2015 (i.e., the fifth Business Day following the date of pricing of the Notes (such date being referred to herein as the "**Issue Date**" and such settlement cycle being referred to as "**T+5**")).

Joint Lead Managers

BofA Merrill Lynch	**Commerzbank**	**J.P. Morgan**
Morgan Stanley	**National Bank of Abu Dhabi PJSC**	**Société Générale Corporate & Investment Banking**

The date of this Prospectus is 27 March 2015.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive. This document does not constitute a prospectus for the purpose of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

The Issuer, having made all reasonable enquiries, confirms that: (a) this Prospectus (including the information incorporated herein by reference) contains all information that in its view is material in the context of the issuance and offering of the Notes (or beneficial interests therein), (b) the information contained or incorporated by reference in this Prospectus is true and accurate in all material respects and is not misleading, (c) any opinions, predictions or intentions expressed in this Prospectus (or any of the documents incorporated herein by reference) on the part of the Issuer are honestly held or made by the Issuer and are not misleading in any material respects, and there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions, predictions or intentions misleading in any material respect, and (d) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes or for any statement consistent with this Prospectus made, or purported to be made, by a Joint Lead Manager or on its behalf in connection with the Notes. Each Joint Lead Manager accordingly disclaims all and any liability that it might otherwise have (whether in tort, contract or otherwise) in respect of the accuracy or completeness of any such information or statements.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained or incorporated in this Prospectus and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer based upon such investigation as it deems necessary. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither (i) this Prospectus nor (ii) any advertisement or other offering material, may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom) and the Republic of Turkey, see "*Subscription and Sale* " in the Base Prospectus.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States and, other than the approvals of the CMB and the Central Bank of Ireland described herein, have not been approved or disapproved by any other securities commission or other regulatory authority in any other jurisdiction, nor has any such authority (other than the Central Bank of Ireland to the extent described herein) approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

None of the Joint Lead Managers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL INFORMATION

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions from the registration requirements thereof described under "*Transfer Restrictions*" below. Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, of the Notes (or a beneficial interest therein) that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

The Issuer has obtained the CMB Approval and the Banking Regulation and Supervision Agency approval (the "**BRSA Approval**" and, together with the CMB Approval, the "**Approvals**") (dated 31 October 2013 and numbered 20008792.23-2-27-038) required for the issuance of the Notes. In addition to the Approvals, a tranche issuance certificate (*tertip ihraç belgesi*) in respect of the Notes is required to be obtained from the CMB by the Issuer on or before the Issue Date. Pursuant to the Approvals, the offer, sale and issue of Notes has been authorised and approved in accordance with Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "**Decree 32**"), the Banking Law No. 5411 (the "**Banking Law**") and its related legislation, the Capital Markets Law and Communiqué II-31.1 on Debt Instruments (the "**Communiqué on Debt Instruments**") and its related regulation. The tranche issuance certificate from the CMB relating to the approval of the issue of the Notes is expected to be obtained on or before the Issue Date.

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the Approvals. Under the CMB Approval, the CMB has authorised the offering, sale and issue of any Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made in Turkey. Notwithstanding the foregoing, pursuant to the BRSA decision dated 6 May 2010 No. 3665 and in accordance with Decree 32, residents of Turkey: (a) may purchase or sell Notes denominated in a currency other than Turkish Lira (or beneficial interests therein) offshore on an unsolicited (reverse inquiry) basis in the secondary markets only; and (b) may purchase or sell Notes denominated in Turkish Lira (or beneficial interests therein) offshore on an unsolicited (reverse inquiry) basis in both the primary and secondary markets; provided that such purchase or sale is made through licensed banks or licensed brokerage institutions authorised pursuant to BRSA and/or CMB regulations and the purchase price is transferred through licensed banks authorised under BRSA regulations. As such, Turkish residents should use licensed banks or licensed brokerage institutions while purchasing the Notes (or beneficial interests therein) and transfer the purchase price through licensed banks authorised under BRSA regulations. For more information, see "*Subscription and Sale* " in the Base Prospectus. Monies paid for purchases of Notes are not protected by the insurance coverage provided by the Savings Deposit Insurance Fund (the "**SDIF**").

The Regulation S Global Note will be deposited on or about the Issue Date with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg, and will be registered in the name of a nominee for the Common Depositary. Except as described in this Prospectus, beneficial interests in the Regulation S Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect accountholders in Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be deposited on or about the Issue Date with The Bank of New York Mellon, New York Branch, in its capacity as custodian (the "**Custodian**") and will be registered in the name of Cede & Co. as nominee for DTC. Except as described in this Prospectus, beneficial interests in the Rule 144A Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC.

In connection with the issue of the Notes, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; however, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules. Notwithstanding anything herein to the contrary, the Bank may not (whether through over-allotment or otherwise) issue more Notes than have been approved by the CMB.

In this Prospectus and except where the context otherwise requires, references to "**Akbank**", the "**Bank**" or "**Issuer**" or "**Akbank Group**" are to Akbank T.A.Ş., either on a standalone basis or together with its consolidated subsidiaries, as the context requires.

In this Prospectus, all references to:

- "**Turkish Lira**" and "**TL**" refer to the lawful currency for the time being of the Republic of Turkey;

- "**Euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and

- "**U.S. Dollars**", "**U.S.$**" and "**$**" refer to United States dollars.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 10 September 2014 (the "**Deed Poll**") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes to be transferred remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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RISK FACTORS

*Prospective investors in the Notes should consider carefully the information contained in this Prospectus and the documents which are incorporated herein by reference and in particular should consider all the risks inherent in making such an investment, including the information under the heading "Risk Factors" on pages 10 to 54 (inclusive) of the Base Prospectus (the "**Programme Risk Factors**"), before making a decision to invest. In investing in the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Programme Risk Factors a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described in the Programme Risk Factors.*

In addition, for purposes of the Notes the Programme Risk Factors shall be deemed to be revised as follows (with corresponding changes deemed to be made elsewhere in the Base Prospectus):

a. The section entitled "Risks Related to Akbank" is hereby deleted in its entirety and replaced by the following:

RISKS RELATED TO AKBANK

Akbank's loan portfolio, deposit base and government securities portfolio are concentrated in Turkey and adverse changes affecting the Turkish economy could have a material adverse effect on its business, financial condition, results of operations and prospects.

Akbank's business is significantly dependent upon its customers' ability to make payments and meet their other obligations, which in turn are materially affected by the strength of the Turkish economy.

Akbank's loans and receivables constituted 62.2% of its total assets, or TL136.1 billion, on a consolidated basis as of 31 December 2014. Approximately 96.6% of these assets were located in Turkey. Akbank's deposits from customers constituted 49.7% of its total liabilities, or TL108.7 billion, as of 31 December 2014, almost all of which were located in Turkey. In addition, 19.8% of Akbank's total assets were invested in Turkish government ("**Turkish Government**") securities as of 31 December 2014.

Economic activity in Turkey slowed in 2012, 2013 and 2014, with GDP growth rates of 2.1%, 4.1% and 2.8% (for the first nine months of 2014) respectively, compared to 8.8% in 2011 (source: Turkstat) principally as a result of continued weakness in Turkey's main export markets in Europe as well as continued volatility across emerging markets. Inflation has also remained an ongoing focus of Turkish Central Bank policy, with consumer price inflation rates of 6.2%, 7.4% and 8.2% for 2012, 2013 and 2014. Although the unemployment rate in Turkey decreased to 9.9% in December 2014 from its peak of 16.1% in February 2009 and Turkish Government debt levels decreased considerably from 77.9% of GDP in 2001 to 33.1% of GDP in 2014 (based on EU-defined debt levels), Turkey remains an emerging market and is susceptible to a higher degree of volatility than more developed markets. Factors such as the current account deficit, inflation and interest rate and currency volatility remain of concern, particularly in light of recent depreciation of the Turkish Lira (see "*—Risk Factors – General Risks – Risks Related to Turkey and Other Related Risks*").

In light of recent economic conditions, in October 2014, the Turkish Government announced a new three-year medium-term economic programme from 2015 to 2017. Under this medium-term projected economic programme, the Turkish Government set growth targets of 4.0% for 2015, 5.0% for 2016 and 5.0% for 2017, as well as lower targets for inflation, current account and budget deficit. (*Source: State Planning Organization (DPT)*). However, there can be no assurance that the Turkish Government will continue to implement its current and proposed economic and fiscal policies successfully. There can be no assurance that the strong economic growth rates achieved in recent years and improvement in other key indicators such as the current account deficit and unemployment rates will continue in light of potential external and internal shocks, including macroeconomic, political and geopolitical factors, all of which remain volatile. In particular, Turkey's growth is expected to be negatively impacted during 2015 due to expected reductions in global liquidity from the U.S. Federal Reserve gradually reducing its quantitative easing policy which is expected to decrease in fund flows to emerging markets, domestic political issues with Turkish elections scheduled for June 2015, and by continuing volatility in emerging markets, driven by factors such as general macroeconomic conditions, including the impact of possible rises in oil prices. In addition, macroeconomic conditions in Turkey are expected to be affected by the Central Bank's efforts to curtail inflation and the current account deficit (see "—*The Central Bank's policy on reserve requirements and interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*"). Moreover, Turkey is located in a region that has been subject to ongoing political and security concerns, especially in recent years, and any negative developments could have a material impact on Turkey's economic conditions (See "—*Conflict and terrorism in Turkey or conflict and terrorism in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*" below).

There is no assurance that Turkey will continue its current fiscal policy and remain economically stable. Future negative developments in the Turkish economy or political situation could impair Akbank's business strategies, have a negative impact on Akbank's customers and Akbank's growth prospects and credit quality and have a material adverse effect on its business, financial condition, results of operations and prospects.

The Central Bank's policy on reserve requirements and interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Reserve requirements and policy rates in Turkey have been volatile in recent years, with frequent and significant changes depending on actual and expected economic conditions. The Central Bank has been actively involved in the Turkish economy and has pursued conventional and unconventional approaches. The Central Bank has also revised reserve requirement ratios for different assets from time to time and may adjust reserve requirement ratios further (or take other steps) to slow credit supply in order to curb inflationary pressures or economic imbalances or address other macroeconomic concerns. The Turkish Lira reserve requirement for deposits, which was formerly a blanket 6%, was increased in 2011 and in 2013 on a tiered basis so that it ranges from 11.50% for deposits of immediately available funds, through to 5% for deposits with maturities of one year or more. In addition, the reserve requirement ratios for foreign currency liabilities were also increased in 2012, 2013, 2014 and early 2015 on a tiered basis so that they range from 20% for non-deposit liabilities up to one year to 6% for non-deposit liabilities with maturities longer than five years. Recent increases and further future increases in reserve requirements could have an adverse impact on Akbank's net interest income, thereby exerting downward pressure on Akbank's net interest margins. In addition, the increases in reserve requirement ratios could also limit or reduce the growth of the Turkish economy and demand for Akbank's products and services.

The increase in reserve requirements ratios from time to time has been combined with changes in the Central Bank's interest rate policies. The Central Bank's one-week repo rate was periodically reduced from 7.0% in December 2010 to 4.50% by May 2013. However, on 29 January 2014, the Central Bank's one-week repo rate increased substantially to 10% because of a sharp increase in volatility in emerging markets due to expected tightening of U.S. monetary policy, political uncertainties in Turkey and rising inflation in Turkey which reached 7.4% in December 2013. After four months of extraordinarily tight monetary policy, the Central Bank started to decrease the policy rate again along with the decrease in global risk premia. The Central Bank reduced the one-week repo rate from 10% as of May 2014 to 8.25% as of July 2014. In 2015, due to a lower inflation outlook, the one-week repo rate was reduced to 7.5% by February 2015. In an attempt to combat inflation expectations and an accelerated decline in the value of the Turkish Lira, in June 2013 the Central Bank adopted a policy of eliminating the availability of Turkish Lira funding via one-week repo auctions on certain "extraordinary days". The upper limits for one-week repo auctions and one-month repo auctions were removed effective 24 July 2013, and the lower limit for daily funding via one-week repo auctions was lowered to TL0.2 billion from TL0.5 billion and has remained unchanged since then. In addition, the overnight borrowing rate has been subject to frequent changes, including a large reduction from 5.75% to to 1.5% in November and December 2010, and then was raised to 5.0% on 5 August 2011. Subsequently, it was reduced between January and May 2013 to 3.5% 2013. The overnight borrowing rate was increased significantly once again to 8.0% on 29 January 2014 but then reduced to 7.5% on 18 July 2014. In February 2015, the overnight borrowing rate was reduced further to 7.25%. The overnight lending rate has also been subject to significant changes between 2010 and 2013, ranging from 6.5% in May 2013 to 12.5% in October 2011. Most recently, the overnight lending rate was periodically increased from 7.25% in July 2013 to 12% on 29 January 2014 in reaction to the depreciation of the Turkish Lira following political uncertainties in Turkey and volatility across emerging markets given expected tightening of U.S. monetary policy. The overnight lending rate was kept stable at 12.0% on 29 January 2014 and reduced to 11.25% on 28 August 2014. Due to lower risk premium, the overnight lending rate was decreased to 10.75% in 25 February 2015. In addition, the reserve requirement ratios for foreign currency (FX) denominated liabilities of banks and financing companies were revised on 3 January 2015 in order to encourage the extension of maturities of non-core liabilities.

In addition to statutory reserves, the Central Bank may also require Akbank to maintain additional reserves in the future, if it determines non-compliance with the reserve requirement regulations. As at 31 December 2014, the Central Bank had not imposed any additional reserve requirements.

Any failure by, or limitation on, Akbank to adequately respond to these or other future changes in Turkish monetary policy could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on Akbank's business, financial condition, results of operations and prospects.

Akbank is subject to a number of banking and other regulations designed to maintain the safety and financial soundness of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations include Turkish laws and regulations (and in particular those of the BRSA), as well as laws and regulations of certain other countries where Akbank and its subsidiaries conduct business. These laws and regulations may increase the cost of doing business and may limit Akbank's activities.

New laws and regulations may increase Akbank's cost of doing business or limit its current or future potential activities. See "*—The Central Bank's policy on reserve requirements and interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*".

In addition to the implementation of Basel II and III in Turkey, over the past 18 months the BRSA has introduced new laws and regulations that impose heightened requirements upon specific retail banking activities. These new requirements may reduce the flexibility and opportunities available to Akbank or increase costs, and have negatively affected, and may continue to negatively affect, Akbank’s business and profitability.

For example, over the past few years a Resource Utilisation Support Fund Levy has been applied on consumer loans at a rate of 15%, mortgage loan-to-value ratios have been limited to 75%, a ceiling on mutual fund fees has been imposed and ceiling rates on credit cards have been decreased. The BRSA also introduced amendments to its regulations on 18 June 2011 and on 8 October 2013 that were specifically designed to curb consumer lending. The amendments require all banks with consumer lending portfolios exceeding 25% of their overall loan book, or with non-performing consumer loan (classified as illiquid claims (*donuk alacaklar*), excluding mortgage loans) ratios greater than 8% of their total consumer loans, to set aside higher general provisioning of 4% (increased from 1%) for outstanding standard loans and 8% (increased from 2%) for outstanding closely monitored loans. The amendments additionally require banks to increase risk weightings for capitalisation purposes on new consumer loans (excluding vehicle and mortgage loans) with maturities of one to two years and above two years to 150% and 200%, respectively (increased from 75% if the loan is in the retail asset class) and impose certain limits with respect to fees and commissions charged to customers. The maximum maturity on general purpose loans was reduced from 48 months to 36 months and credit cards' maximum instalments were reduced in order to curb excessive consumer spending.

The Central Bank also reduced the cap on monthly individual credit card interest rates from 2.34% in 2012 to 2.22% as of 1 April 2013, to 2.12% as of 1 July 2013 and further to 2.02% as of 1 October 2013. As of 1 January 2015 the cap remained at 2.02%. On 5 August 2013, the Central Bank introduced caps on monthly commercial credit card interest rates in line with the caps on individual cards. Accordingly, the ceiling for contractual interest rates for commercial cards was set at 2.02%. On 27 May 2013, the Central Bank also amended the Communiqué on Interest Rates of Deposits and Loans and Other Benefits from Lending Transactions, introducing an interest rate cap on overdraft loans. Accordingly, the maximum interest rates charged on overdraft accounts cannot exceed that of credit cards. Moreover, on 7 November 2013, the Grand National Assembly (the "**GNA**") enacted a new consumer protection law, Consumer Protection Law No. 6502 ("**New Consumer Protection Law**"), which was published in the Official Gazette dated 28 November 2013 and numbered 28835. The New Consumer Protection Law came into force on 28 May 2014, and replaced the previous Consumer Protection Law No. 4077 ("**Existing Consumer Protection Law**"). The New Consumer Protection Law's main aims are to set out a framework to govern the imposition of fees by banks on customers and to increase transparency and comparability between banks so that customers can make more informed decisions. Pursuant to this or other regulations, the Turkish Government may impose limits or prohibitions on interest rates, fees and/or commissions charged to customers, including fees associated with credit cards, or otherwise affect payments received by Akbank from its customers. As a result of such laws and regulations, Akbank may need to alter the scope, or otherwise limit certain of its existing or planned business lines, or its products or services, which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

As some of the new capital markets laws, banking laws and regulations issued by regulatory institutions have only recently been adopted, the manner in which those laws and regulations are applied to the operations of financial institutions is still evolving. Moreover, in light of such new laws and regulations, additional regulatory proceedings or actions may be commenced by the BRSA and other regulators against Turkish banks to seek to reduce fees and /or impose additional fines or penalties, which could be material. Further new laws or regulations might be adopted, enforced or interpreted in a manner that could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Any future failure to adopt adequate responses to such changes in the regulatory framework may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Finally, non-compliance with regulatory guidelines could expose Akbank to potential liabilities and fines.

The BRSA continuously conducts examinations of all banks operating in Turkey. Even small credit deterioration is closely monitored by the BRSA. Financial information, total capital ratio, open positions, liquidity, interest rate risk and credit portfolio are followed up in detail at frequent intervals. Although Akbank has implemented procedures to monitor these issues, there can be no assurance that Akbank will not breach the ratios and limits set by the regulator.

Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all.

Basel II, which was issued by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2004, was implemented in Turkey in stages and was fully adopted during the second half of 2012. Akbank began reporting under Basel II in July 2012. In 2013, the Basel Committee adopted further revisions to its final guidance issued in 2010 in relation to a package of new capital and liquidity requirements developed to strengthen the regulation for the banking sector ("**Basel III**"), which is expected to continue to be implemented in phases through 2019. Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements. The BRSA has issued regulations for the implementation of capital standards and leverage ratio which came into force on 1 January 2014. Likewise, regulations for the implementation of a liquidity coverage ratio came into force as of 1 January 2015 (except for net stable funding ratio and counterparty risk requirements). However, any other potential changes relating to Basel III or any other capital adequacy related revisions may impact the manner in which Akbank calculates its capital ratios and may even impose higher capital requirements, which, in turn, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Customers may bring claims (including in a class action) against Akbank seeking damages in relation to violations of competition and antitrust laws of Turkey.

Akbank is subject to competition and antitrust laws as applicable to all other enterprises in Turkey. In November 2011, the Turkish Competition Board resolved to initiate an investigation against twelve banks, and two subsidiaries of one of the banks that is under investigation, operating in Turkey to determine whether they have violated Turkish competition laws in respect of interest rates and fees on products, loans (including mortgages) and credit card services. On 8 March 2013, the Competition Board announced its fines, with Akbank being fined TL172,165,155 in connection with this investigation. Akbank paid three quarters of this administrative penalty (i.e. TL129 million) in accordance with the provisions of a law permitting a 25% reduction in an administrative penalty if paid within 30 days after Akbank's receipt of the final decision. Akbank appealed the fine following its receipt of the detailed decision of the Turkish Competition Board through an annulment action which was taken to the 2nd Administration Court of Ankara against the decision of the Competition Board about the administrative fine imposed on Akbank. Akbank was informed on 9 March 2015 by the National Judiciary Informatics System (UYAP) that such annulment action was rejected and it intends to appeal that decision to the Council of State within the limitation period following the receipt of the notice. While there is no precedent Turkish court decision approving the legal validity of any such claims by customers and there are not any resolved cases opened by any customers against Akbank in this respect, under articles 57 and 58 of the Law on the Protection of Competition customers may be able to bring claims (including in a class action) against Akbank seeking damages, which, in turn, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. See also "*Information about Akbank—Business—Competition Board Investigations*".

Credit risks, including risks arising from exposure to clients and the Turkish Government, have materially adversely affected and could continue to have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's business, financial condition, results of operations and prospects have been affected and will likely continue to be affected by credit risks, particularly if economic conditions in Turkey deteriorate. As a large and diverse financial organisation, Akbank is subject to a broad range of general credit risks, including with respect to its retail, corporate and commercial customers and other third parties with obligations to Akbank. These parties include borrowers of loans from Akbank, issuers, including the Turkish Government whose securities are held by Akbank, trading and hedging counterparties, customers of letters of credit provided by Akbank and other financial counterparties of Akbank, any of which might default on their obligations to Akbank due to bankruptcy, lack of liquidity, economic downturns, operational failures or other reasons.

Akbank may experience credit default arising from adverse changes in credit and recoverability that are inherent in Akbank's banking businesses and its customer base.

Akbank's core banking businesses have historically been, and are expected to continue to be, loans to retail, small and medium enterprises ("**SMEs**") and corporate clients. As at 31 December 2014, such loans constituted 62.2% of Akbank's total assets, and the proportion of loans to non-corporate customers has been increasing. As at 31 December 2014, 35.2% of Akbank's loan portfolio consisted of loans to SMEs (both Turkish Lira and foreign currency) compared to 32.0% as at 31 December 2013. SMEs, which typically have less financial strength than large companies, are a key component of Akbank's current business and growth strategy. The availability of accurate and comprehensive financial information and general credit information on which to base credit decisions is more limited for SMEs than is the case for large corporate clients. Therefore, notwithstanding the credit risk determination procedures that Akbank has in place, Akbank may be unable to evaluate correctly the current financial condition of each prospective borrower and to determine their long-term financial viability.

Akbank's non-performing loans ("**NPLs**") as at 31 December 2014, 2013 and 2012 were 1.7%, 1.4%, and 1.2%, respectively.

It is generally accepted that lending to the SME segment represents a relatively higher degree of risk than comparable lending to other groups, and there can be no guarantee that Akbank's NPLs from the SME segment will not materially increase in the near to medium term, in particular if there is a further deterioration in the macroeconomic conditions in Turkey or if Akbank is unable to accurately model the risk associated with SME or other borrowers to which it extends credit (see "*—Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks*").

Credit cards are also another important consumer banking product which tend to have a higher degree of risk comparable to other consumer lending products, with the volume of outstanding retail credit card loans was TL11.6 billion as at 31 December 2014, representing 8.5% of Akbank's total loans. Akbank's NPLs for credit card loans at the end of the years ending 31 December 2014, 2013 and 2012 were 6.6%, 4.4%, 2.4%, respectively.

Many factors affect customers' ability to repay their loans or other obligations to Akbank. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, may be difficult to anticipate and are completely outside of Akbank's control. Other factors are dependent upon Akbank's strategy of loan growth (including sector focus) and the viability of Akbank's internal credit application and monitoring systems (see "*—Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks*"). All of the aforementioned risks could have a material adverse impact on Akbank's ability to meet its obligations under the Notes and could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The rapid growth of Akbank's loan portfolio subjects it to the risk that it may not be able to maintain asset quality.

Growth in Akbank's loan portfolio is due to increasing loan demand and Akbank's strategy to change its asset mix from securities to loans, which may lead to deterioration in the underlying asset quality and an increase in loan to deposit ratios, due to a relatively slower growth in deposits. Akbank's loan portfolio growth rate for the years ended 31 December 2014, 2013 and 2012 was 15.4%, 27.8%, and 24.2%, respectively. The significant and rapid increase in Akbank's loan portfolio (including a significant portion of unseasoned loans) has increased Akbank's credit exposure and requires continued and improved monitoring by Akbank's management of its lending policies, credit quality and adequacy of provisioning levels through Akbank's risk management programme. Akbank's total performing loans were TL136.0 billion as at 31 December 2014 compared to TL117.9 billion as at 31 December 2013 and TL92.3 billion as at 31 December 2012. Its NPLs as at 31 December 2014, 31 December 2013, and 31 December 2012 were 1.7%, 1.4%, and 1.2%, respectively. Its NPLs coverage through specific provisioning as at 31 December 2014, 31 December 2013 and 31 December 2012 was 93.5%, 94.5% and 91.7%, respectively. Akbank expects balanced growth in its loan portfolio and any such increase could further increase the credit risk faced by Akbank. Negative developments in the Turkish economy could affect SME and medium sized companies more than large companies, resulting in higher levels of NPLs and, as a result, higher levels of provisioning. Any failure by Akbank to manage the growth, within prudent risk parameters, of its loan portfolio or the credit quality of its creditors or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

A significant portion of Akbank's total assets comprises securities issued by the Turkish Government, and thus, in the event of a government default, there would be a direct negative impact on Akbank in addition to a severe impact on the Turkish economy.

Akbank, like other Turkish banks, has historically invested a significant portion of its assets and almost its entire securities portfolio in securities issued by the Turkish Government. As at 31 December 2014, 19.8% of Akbank's total consolidated assets were invested in securities issued by the Turkish Government (21.6% as at 31 December 2013). A significant portion of such Turkish Government securities are inflation-linked, which have historically contributed to Akbank's net income, as yields on inflation-linked securities have been attractive relative to lending activity, particularly given higher inflation rates. A prolonged period of low or negative inflation will have a material impact on the income received from such securities. In addition to any direct losses that Akbank might incur, a default by the Turkish Government in making payments on its treasury bills would have a significant negative impact on the Turkish economy and the Turkish banking system generally and thus would significantly negatively affect Akbank's business, financial condition, results of operations and prospects.

Security interests or loan guarantees provided in favour of Akbank may not be sufficient to cover any losses in the event of defaults by debtors and may entail long and costly enforcement proceedings.

The practice of pledging assets to secure a bank loan is subject to certain limitations and administrative restrictions under Turkish law. As a result, Akbank may have difficulty foreclosing on collateral or enforcing guarantees or other third party credit support arrangements when debtors default on their loans and would likely face further difficulties if any of Akbank's key customers were to default on their loans. In addition, the time and costs associated with enforcing security interests in Turkey may make it uneconomical for Akbank to pursue such proceedings, adversely affecting Akbank's ability to recover its loan losses. Any decline in the value or liquidity of such collateral may prevent Akbank from foreclosing on such collateral for its full value or at all, in the event that a borrower becomes insolvent and enters bankruptcy, and could thereby adversely affect Akbank's ability to recover any loan losses.

Changes in interest rate levels may affect the value of Akbank's assets sensitive to interest rates and spread changes, as well as Akbank's net interest margins and borrowings costs.

Akbank's results of operations depend upon the level of its net interest income, which is the difference between interest income Akbank receives from interest-earning assets and interest expense on interest-bearing liabilities. The difference between average interest income and average interest expense is net interest margin. Net interest income contributed 88.7%, 84.0% and 78.3% of gross income for the years ended 31 December 2014, 2013 and 2012 respectively, and net interest margin (excluding time deposit placements) was 3.6%, 3.7% and 3.7% over the same periods.

Interest rates are highly sensitive to many factors beyond Akbank's control, including monetary policies pursued by the Turkish Government, domestic and international economic and political conditions and other factors, and Akbank may be unable to take action to mitigate any adverse effects of interest rate movements. Income from financial operations is particularly vulnerable to interest rate volatility, as further illustrated below (see "*—The Central Bank's Policy on reserve requirements and interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*").

Changes in market interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and thereby affect results of operations. An increase in interest rates, for instance, could cause interest expense on deposits (which for Turkish banks are typically short-term and reset frequently) to increase more significantly and quickly than interest income from loans (which are short, medium and long-term), resulting in a reduction in net interest income. Moreover, an increase in interest rates could reduce demand for Akbank's loans, resulting in a further reduction in net interest income. In addition, a significant fall in average interest rates charged on loans to customers that is not fully matched by a decrease in interest rates on funding sources, or a significant rise in interest rates on funding sources that is not fully matched by a rise in interest rates charged, to the extent such exposures are not hedged, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank uses derivative instruments to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, Akbank applies hedge accounting for transactions that meet specific criteria. However, there is a risk that these hedging arrangements will not be adequate to protect Akbank from the risks of changing interest rates or that hedging counterparties may default which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank faces intense competition in the Turkish banking sector from both private banks and government-owned financial institutions, which may result in reduced net interest margins and fee income and may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The Turkish banking sector is highly competitive and has in recent years undergone a period of consolidation. As at 31 December 2014, there was a total of 46 banks (excluding the Central Bank and participation banks) licensed to operate in Turkey (*Source: BRSA*). A small number of these banks dominate the industry. According to The Banks Association of Turkey, as at 30 September 2014, the top five banks in Turkey (including Akbank) held approximately 56% of the banking sector's total loan portfolio and approximately 58% of the total bank assets in Turkey (excluding participation banks) (*Source: The Banks Association of Turkey*). The banking industry in Turkey is highly competitive across each banking segment and sector. The intense competition may increase the pressure for Akbank to expand the range and sophistication of its products and services currently offered, as well as reducing its margins. Increased competition may affect Akbank's loan growth, reduce the average interest rates that Akbank can charge its customers, increase cost of deposits and reduce the interest rates that Akbank earns on its interest-earning assets. Any reduction in interest rates, that Akbank charges its customers or earns on its interest-earning assets without a corresponding reduction in the interest rates that it pays on its interest-bearing liabilities may affect Akbank's net interest margin and may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Increased pricing competition in the Turkish banking markets through the offer of products at significantly lower prices may also impact customer behavioural patterns and loyalty. Public banks have continued to focus on the private sector (including retail and SMEs), leading to increased competition and pressure on margins. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products with consistently high levels of service could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

International banks have shown an increased interest in the banking sector in Turkey. See "*Information about Akbank—Business—Competition*". The entry of foreign-owned companies into the sector, either directly or in collaboration with existing Turkish banks, may increase the already significant competition in the market.

Akbank's increased exposure to intense competition in each of its key areas of operation may, among other things, limit Akbank's ability to increase its client base and expand its operations, reduce its asset growth rate and profit margins on services it provides and increase competition for investment opportunities. There can be no assurance, therefore, that the continuation of existing levels of competition or increased competition will not have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The interests of Akbank's controlling shareholder may not coincide with the interests of the Noteholders and transactions entered into with such shareholders may not be at arm's length.

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 48.9% of the outstanding share capital of Akbank as at 31 December 2014. The Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There can be no guarantee that the interests of the Controlling Shareholders will coincide with those of the Noteholders.

Although it is Akbank's policy that transactions with parties related to, or affiliated with, its Controlling Shareholders are priced at market rates, are otherwise undertaken on an arm's length basis, are in compliance with applicable Turkish legislation and are subject to the same loan or account approval procedures and limits as applied by Akbank to transactions with parties not related to or affiliated with Akbank, there can be no assurance that such transactions with parties related to, or affiliated with, Akbank's Controlling Shareholders have been or will be extended on the above basis and terms. Moreover, although Akbank has not experienced pressure from its Controlling Shareholders to date to conduct transactions upon more favourable terms with parties related to, or affiliated with, such Controlling Shareholders, or to deviate from its credit and lending policies and procedures, there is no guarantee that Akbank may not come under pressure to enter into investments with a lower profit margin than it would otherwise pursue, or to provide financing to certain companies or entities on favourable or non-market terms, in the future. Such activities, which are not permitted by BRSA and CMB rules and tax rules, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank has incurred, and continues to incur, a risk of counterparty default that arises, for example, from entering into swaps or other derivative contracts under which counterparties have financial obligations to make payments to Akbank.

Akbank routinely executes transactions with counterparties in the financial services industry, including commercial banks, investment banks, central banks and other institutional clients, resulting in a significant credit concentration. A significant portion of Akbank's hedging and derivative transactions are entered into with non-Turkish financial institutions. Akbank is exposed to counterparty risks which were increased as a result of financial institution failures and nationalisations during the global financial crisis and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. In addition, Akbank's credit risk would be exacerbated if the collateral it holds cannot be realised at, or is liquidated at, prices that are not sufficient to recover the full amount of the loan or derivative exposure it is intended to secure. In addition, a default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material and adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's business, financial condition, results of operations and prospects have been affected by liquidity risks in a volatile Turkish market, and would likely be affected by liquidity risks, particularly if financial market conditions deteriorate.

Liquidity risk comprises uncertainties in relation to Akbank's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet the maturity of liabilities and to satisfy capital requirements. It includes both the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of Akbank's liabilities reasonably in line with assets, as well as the risk of not being able to meet payment obligations on time at a reasonable price due to liquidity pressures. Akbank's inability to meet its net funding requirements due to inadequate liquidity could have a material adverse effect on its business, financial condition, results of operations and prospects.

Akbank primarily relies on short-term liabilities in the form of deposits (typically, term deposits with terms of 30 days to three months) as its source of funding and has a mix of short-, medium- and long-term assets in the form of retail, consumer and corporate loans, mortgages and credit cards, which may result in asset-liability maturity gaps and ultimately liquidity problems.

Since 31 December 2011, the rate of growth of loans and receivables to Akbank's customers has outpaced the rate of growth of deposits from Akbank's customers, leading to an increase in loan to deposit ratios from 101.8% as at 31 December 2012, to 104.9% as at 31 December 2013 and to 111.3% as at 31 December 2014. Accordingly, as the growth in loans has outpaced deposit growth, Akbank has funded this through the sale of securities and the use of borrowing facilities in addition to deposits and it may need to do so in the future.

If deposit growth does not keep close to loan and asset growth (for example, due to competition), then Akbank would be increasingly dependent upon other sources of financing. The need to rely upon shorter-term funds or the inability to raise financing via the capital or loan markets, may adversely affect Akbank's liquidity profile and could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

There can be no assurance that depositors will not withdraw their funds at a rate faster than the rate at which borrowers repay. Furthermore, the Central Bank's recent policies have raised Turkish banks' reserve requirements for Turkish Lira deposits which have limited Turkish Lira liquidity. An inability on Akbank's part to access funds or to access the markets from which it raises funds may put Akbank's positions in liquid assets at risk and lead Akbank to be unable to finance its operations and growth plans adequately. Akbank may be unable to secure funding in the international capital markets if conditions in these markets, or its credit ratings, were to deteriorate.

A rising interest rate environment could compound the risk of Akbank not being able to access funds at favourable rates. These and other factors could lead creditors to form a negative view of Akbank's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, Akbank's ability to raise or access funds may be impaired by factors that are not specific to its operations, such as general market conditions, severe disruption of the financial markets or negative views about the prospects of the sectors to which Akbank provides its loans. While Akbank aims to maintain at any given time an adequate level of liquidity reserves, strains on liquidity caused by any of these factors or otherwise could adversely affect Akbank's business, financial condition, results of operations and prospects.

Despite Akbank's liquidity policies, there can be no assurance that Akbank will not experience liquidity issues in the future. The implementation of Basel III in Turkey may also lead to increased pressure on liquidity (see "*—Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all*"). In the event that Akbank experiences liquidity issues, market disruptions and credit downgrades may cause certain sources of funding to become unavailable. For example, in the case of a liquidity crisis, wholesale funding becomes increasingly costly and more difficult to obtain which may adversely affect borrowing using certain capital market instruments including asset-backed securities and Eurobonds. It is possible that Akbank would not be able to obtain additional funding on commercially reasonable terms as and when required, or at all. Akbank's inability to refinance or replace deposits and devalued assets with alternative funding could result in its failure to service its debt, fulfil loan commitments or meet other on- or off-balance sheet payment obligations on specific dates, which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank relies on short-term demand and time deposits as its primary source of funding, but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps.

In common with other Turkish banks, many of Akbank's liabilities are demand and time deposits, whereas its assets are generally medium- to long-term (such as loans and mortgages). Although Akbank has accessed wholesale funding markets (through syndicated loans facilities and international capital markets) in order to diversify its funding sources, such short- to medium-term borrowings have not eliminated asset-liability maturity gaps.

As at 31 December 2014 and 31 December 2013, 91.0% and 88.9%, respectively, of Akbank's funding (which includes amounts due to banks and financial institutions, customers' deposits and other borrowed funds) had repricing maturities of one year or less or were payable on demand. As at the same dates, Akbank had a negative cumulative repricing gap (more short-term liabilities than short-term assets) of TL17.9 billion and TL12.4 billion, respectively.

If a substantial portion of Akbank's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or Akbank fails to refinance some of its large short- to medium-term borrowings, Akbank may need to utilise more expensive sources of financing to meet its funding requirements, including wholesale funding. No assurance can be given that Akbank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. Akbank's inability to refinance or replace such deposits or other borrowings with alternative funding could have a material adverse effect on Akbank's liquidity, business, financial condition, results of operations and prospects.

Market risks arising from open positions in interest rate, currency and equity products could affect Akbank, particularly if economic conditions deteriorate.

Akbank is exposed to market risk because of its asset and liability management of its overall financial position, including its trading portfolio. Therefore, Akbank is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates and, to a lesser extent, commodity and equity prices. If Akbank were to suffer substantial losses due to any such market volatility, it would adversely affect Akbank's business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates, to the extent they are not adequately hedged against, may adversely affect Akbank's financial position and cash flows.

Akbank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. A portion of Akbank's financial assets and liabilities is denominated in, or indexed to, foreign currencies, primarily U.S. Dollars and Euro. As at 31 December 2014, 39.8% of Akbank's total loans and receivables to customers and banks (of which 27.2% were in U.S. Dollars and 12.6% in Euro) and 46.6% (of which 27% were in U.S. Dollars and 16.8% in Euro) of Akbank's total deposits were denominated in foreign currencies. Akbank has a policy of not carrying foreign currency risk and holds foreign currency asset and liability items together with derivatives to hedge against the foreign currency risk. Akbank manages foreign currency risk by using natural hedges that arise from offsetting foreign currency-denominated assets and liabilities. The remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. There is also a risk that hedging counterparties may default. The Board of Directors, taking into account the recommendations from the Executive Risk Committee ("**ERC**"), sets limits in relation to the size of foreign exchange exposure, which are closely monitored by the Assets and Liabilities Committee (the "**ALCO**"). Furthermore, there is no assurance that the financial conditions of the borrowers to whom Akbank provides foreign currency loans will not deteriorate due to the depreciation of the Turkish Lira. This may result in an increase in NPLs at Akbank. Consequently, Akbank's future exposure to foreign currency risks could lead to a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks.

There can be no assurance that Akbank's risk management and internal control policies and procedures will adequately control or protect Akbank against all credit, liquidity, market and other risks. In addition, certain risks could be greater than Akbank's empirical data would otherwise indicate.

Akbank monitors interest rate risk by anticipating the net effect on the economic value of its exposures. This approach mirrors policies adopted by Akbank's principal domestic competitors and the Turkish banking sector generally (see "*Information about Akbank—Risk Management—Interest Rate Risk*"). In September 2011, Akbank started to modify its Enterprise Risk Management ("**ERM**") Framework with a project to implement a new ERM platform using software developed by Algorithmics, which is now owned by IBM. The project includes implementation of separate modules for each of credit risk, market risk, asset and liability management, liquidity risk, operational risk, economic capital and risk dashboard. As of 31 December 2014, all modules have been implemented. These risk management procedures may not yet be fully effective or consistently implemented in mitigating Akbank's exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of Akbank's methods of managing risk are based upon its use of historical market behaviour, which, as evidenced by the recent global financial crisis, may not always accurately predict future risk exposures that could be significantly greater than historical measures indicate. In addition, the credit bureaus responsible for surveying the credit histories of prospective Akbank clients may not have access to, and may not accurately profile, such persons' credit histories. As a result, the behavioural scorecards that are used to appraise the credit risk of prospective bank clients may not serve to adequately measure that risk. It is also possible that certain of Akbank's valuation models, including assets such as derivative contracts that are not publicly traded, may incorrectly value Akbank's assets, resulting in unanticipated losses if such assets are discovered to be incorrectly valued.

Other risk management practices, including "know-your-client" practices, depend upon evaluation of information regarding the markets in which Akbank operates, its clients or other matters that are publicly available or information otherwise accessible to Akbank. As such practices are less developed in Turkey than they are in other, non-emerging markets, and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up to date or properly evaluated in all cases.

Akbank also cannot give assurances that all of its staff have adhered or will adhere to its policies and procedures. Akbank is susceptible to, amongst other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders (see "—*Akbank's banking business entails operational risks*"). Akbank's risk management and internal control capabilities are also limited by the information tools and technologies available to it.

Any material deficiency in Akbank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Akbank will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Any failure or interruption in or breach of Akbank's information systems, and any failure to update such systems, may result in lost business and other losses.

Akbank relies heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing and/or loan origination systems. Although Akbank has developed back-up systems and business continuity plans for cases of emergency, if Akbank's information systems were to fail, even for a short period of time, it could be unable to serve some customers' needs on a timely basis and could thus lose their business. Likewise, a temporary shutdown of Akbank's information systems could result in costs that are required for information retrieval and verification. No assurance can be given that such failures or interruptions will not occur or that Akbank will adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Akbank will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Akbank's banking business entails operational risks.

Akbank is exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. Akbank is susceptible to, among other things, fraud by employees or outsiders, including unauthorised transactions and operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems. Given Akbank's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. An Operational Risk Management Framework is in place to ensure that operational risks within Akbank are properly identified, monitored, managed and reported in a structured, systematic and consistent manner. Key elements of this Framework include risk control points, continuous risk monitoring, internal loss data collection and internal audit. Moreover, a set of risk limits have been established to ensure the safety and soundness of the operating environment. Akbank also seeks to mitigate operational risk through the Bankers Blanket Bond insurance policy. However, there can be no assurance that Akbank will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, any inadequacy of Akbank's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Akbank will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Akbank's planned expansion may lead to increased wage and other operating expenses and Akbank may have difficulty in hiring and retaining qualified personnel.

Akbank's planned expansion of its branch network may lead to an increase in its operating expenses as a result of increased rent payments and an increase in wage and salary costs due to the increase in the number of employees. Akbank's ability to successfully implement its strategy also depends upon its ability to recruit and maintain suitably qualified and capable employees. Even though its human resources policy is aimed at achieving these goals, it is not possible to guarantee that constraints in this area will not arise in the future. An inability to attract and retain qualified and capable employees for each position may limit or delay the execution of Akbank's strategy, and could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Labour disputes or other industrial actions could disrupt operations or make them more costly to run.

Labour disputes or work stoppages could disrupt operations or make them more costly to run. Akbank is exposed to the risk of labour disputes and work stoppages. As at 31 December 2014, approximately 45.5% of Akbank's employees were members of labour unions. Although Turkish Law No. 6356 makes strikes and lockouts illegal in the banking sector and Akbank has not experienced any work stoppages or labour disputes in the past, there can be no assurance that work stoppages or labour disputes will not occur in the future. Any such action could disrupt operations, possibly for a significant period of time, result in increased wages and benefits or otherwise have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkish corporate governance standards differ from those of more developed countries.

The standards of corporate governance under Turkish law or regulation may not be as high (or cover the same areas) as those set out by the rules of other jurisdictions (such as the United States or the United Kingdom) and are subject to change. On 30 December 2011, the Communiqué on the Determination and Implementation of Corporate Governance Principles Series: IV, No: 56, as amended (the "**Forme**r **Corporate Governance Communiqué**") was published and entered into force, providing certain compulsory and non-mandatory principles applicable to all companies incorporated in Turkey and listed on the Borsa Istanbul A.Ş. ("**Borsa Istanbul**"), including Akbank. The Former Corporate Governance Communiqué was designed to implement certain enhancements to Turkish corporate governance standards, including a requirement that at least one third of board members be independent. The Corporate Governance Communiqué became applicable to banks on 30 December 2012, however, on 3 January 2014, a new Corporate Governance Communiqué was published by the CMB and entered into force in accordance with the requirements of the new Capital Markets Law, providing certain compulsory and non-mandatory principles applicable to all companies incorporated in Turkey and listed on the Borsa Istanbul, including Akbank.

Disclosure requirements for banks in Turkey may differ from those in other countries.

Historically, the reporting, accounting and financial practices of Turkish banks have differed in certain respects from those applicable to similar banks in the EU or in other developed economies. There is less publicly available information on businesses in Turkey than is regularly published by similar businesses in the EU or in other developed markets and any information that is published may only be presented in Turkish. In recent years, Turkish banks have applied IAS and IFRS in accounting and reporting, which are similar to BRSA regulations, except in certain respects, such as provision requirements for loans. The BRSA rules require Turkish banks to publish their financial reports on their websites and their annual financial reports in the Official Gazette (*Resmi Gazete*) in Turkey. Annual financial reports comprise audited financial statements and activity reports, and quarterly financial reports comprise reviewed financial statements and interim management reports. Quarterly financial statements are generally available first under BRSA Principles, and only subsequently made available in IFRS statements. Most Turkish banks, like Akbank, have English versions of their financial statements available on their websites. In addition, banks that are listed on the Borsa Istanbul are also required to publish their financial statements on a quarterly basis and those banks are required to disclose any significant development that is likely to have an impact on investors' decisions. Akbank maintains its accounting systems and prepares its accounts and publishes quarterly financial results in accordance with BRSA Principles. These accounts are not prepared on a basis consistent with IFRS as applied in preparing Akbank's IFRS financial statements. Akbank is not required by law to prepare its accounts under any accounting standards other than BRSA and only Akbank's annual and semi-annually published financial statements are prepared in accordance with IFRS. There are differences between Akbank's BRSA financial statements and its IFRS financial statements. For a discussion of the differences between BRSA Principles and IFRS, see "*Appendix 1—Overview of Significant Differences between IFRS and BRSA Accounting Principles*". There can be no assurance that investors who are unfamiliar with the Turkish banking system will have the same level of access to relevant information as that of a similar bank in the EU.

The audit report in relation to the Akbank 2014 BRSA Annual Financial Statements includes a qualification.

The audit report for the 2014 BRSA Annual Financial Statements included a qualification about a free provision allocated by Akbank's management for the possible results of the circumstances that may arise from any changes in economic or market conditions. The free provision as of 31 December 2013 amounted to TL270 million and was recorded under "Provision for losses and other receivables" in the year ended 31 December 2013, while in the year ended 31 December 2014, Akbank reserved TL70 million of such free provision (this was recorded under "Other Operating Income"), and as of 31 December 2014, the remaining amount of such free provision amounted to TL200 million. Akbank may have similar qualifications in the future. The auditor's statements on such qualification can be found in its letters attached to the Akbank 2014 BRSA Annual Financial Statements and 2013 BRSA Annual Financial Statements, each incorporated by reference herein. This provision may be reversed or re-allocated by Akbank in future periods, which may cause Akbank's net profit to be higher in future periods than it otherwise would be in the absence of such reversal or re-allocation. Provisions of this type do not currently impact Akbank's level of tax or its capitalisation ratios, although implementation of Basel III capital standards may lead to a negative impact on capital ratios. See "*—Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all*".

Akbank BRSA Financial Statements may not provide investors with the same information as financial statements prepared under IFRS

Akbank has prepared its financial statements in accordance with BRSA principles. Akbank BRSA Financial Statements may not provide investors with the information they would have received if the financial statements were prepared under IFRS. BRSA Principles differ in certain significant respects from IFRS. Potential investors should consult their own professional advisors for an understanding of the difference between IFRS and BRSA Principles and how these differences might affect the financial information in this Prospectus. For more information, see "*Annex A—Overview of Significant Differences Between IFRS and BRSA Accounting Principles".*

Future events may be different than those reflected in the management assumptions and estimates used in the preparation of Akbank's financial statements, which may cause unexpected reductions in profitability or losses in the future.

Akbank is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves and the fair value of certain assets and liabilities, among other items. Should the estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future BRSA rules or interpretations, Akbank may experience unexpected reductions in profitability or losses.

Akbank may not be able to fully comply with anti-money laundering regulations, which could result in governmental fines and reputational damage.

Although Akbank has implemented comprehensive anti-money laundering ("**AML**") and "know your customer" ("**KYC**") policies and procedures and seeks to adhere to all requirements under Turkish legislation aimed at preventing it being used as a vehicle for money laundering there can be no assurance that these policies and procedures will be completely effective. Moreover, to a certain extent, Akbank must rely upon correspondent banks to maintain and properly apply their own appropriate AML and KYC policies and procedures. In the past, Akbank has failed to comply with certain AML and KYC policies and procedures, as a result of which a number of administrative fines were imposed on Akbank. However, following challenges by Akbank, approximately 85% of the fines were rescinded in 2014. If Akbank in the future fails to comply with timely reporting requirements or other AML or KYC regulations and/or is associated with money laundering and/or terrorist financing, its reputation, business, financial condition, results of operations and prospects could be adversely affected. In addition, involvement in such activities may carry criminal or regulatory fines and sanctions.

b. The section entitled "General Risks – Risks Related to Turkey and Other Related Risks" is hereby deleted in its entirety and replaced by the following:

GENERAL RISKS

Risks Related to Turkey and Other Related Risks

Any claims against Akbank under the Notes and the Transaction Documents will be unsecured claims payable from, among other sources, Akbank's funds in Turkey. The ability of Akbank to make any such payments from Turkey will depend, among other factors, upon the Turkish Government not having imposed any prohibitive foreign exchange controls, its ability to obtain U.S. Dollars in Turkey and its ability to secure any applicable necessary approval from the relevant authority, which could be affected by the circumstances described below. Any such restrictions or failure to obtain the necessary approval could affect Akbank's ability to make payment of interest and principal under the Notes.

Akbank is predominantly engaged in business in Turkey and its results of operations and financial condition are to a large extent dependent upon the overall level of economic activity and political stability in Turkey. Even though in recent years Turkey has undergone significant political and economic transformation which has resulted in increased stability and economic growth, Turkey has been affected by the global financial crisis and is still generally considered by international investors to be an emerging market.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or other similar jurisdictions. Summarised below are a number of risks relating to operating in Turkey and other emerging markets.

Difficult macroeconomic and financial market conditions affected and could continue to have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Disruptions in global capital and credit markets, coupled with the re-pricing of credit risk created difficult conditions in financial markets. These conditions have resulted in historically high levels of volatility across many markets (including capital markets), volatile commodity prices, decreased or no liquidity, widening of credit spreads, lack of price transparency in certain markets and the failure of a number of financial institutions in the United States and Europe.

In response to the global financial crisis, the government of the United States, a number of European governments and international monetary organisations have taken steps intended to help stabilise the financial system and increase the flow of credit in their respective economies and globally. There can be no assurance as to the actual impact that these measures and related actions will have on the financial markets and consumer and corporate confidence generally and on Akbank specifically, including the levels of volatility and limited credit availability in wholesale markets that have recently characterised the financial markets. The failure of these measures and related actions to help stabilise the financial markets and a continuation or worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption and, as a result, could have an adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey is located in a region that has been subject to on-going political and security concerns, especially in recent years. Since December 2010, political instability has increased markedly in a number of countries in the Middle East, North Africa, and Eastern Europe such as Syria, Iraq and Ukraine. The conflict in Syria and with ISIS has been the subject of significant international attention and is inherently volatile and its impact and resolution is difficult to predict. In addition, there have been military and civilian hostilities in both directions across the Syrian-Turkish border, and representatives of each country have made statements that do not rule out escalated military conflict. The political and military tensions between Syria and Turkey have not yet normalised and the tensions in the Middle East region have in general increased. Unrest in those countries may affect Turkey's relationships with its neighbours, have political implications in Turkey or otherwise have a negative impact on the Turkish economy including through both financial markets and the real economy or negatively affect market sentiment towards securities originating in Turkey. There can be no assurance that such disturbances will not have political repercussions within Turkey. Such disturbances may also have a negative impact on the Turkish economy that could in turn adversely affect Akbank's business, financial condition, results of operations and prospects. See also "*—Conflict and terrorism in Turkey or conflict and terrorism in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*" below.

Akbank and its customers operating in Turkey continue to remain vulnerable to other external financial and economic factors such as the continuing weakness in Eurozone economic conditions, particularly in Greece.

A relapse in the global economy or continued uncertainty around the potential for such a relapse could lead to the reintroduction of national currencies in one or more Eurozone countries or, in particularly dire circumstances, the abandonment of the Euro. These factors could have a material adverse impact on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on Akbank's business, financial conditions and liquidity. In particular, these factors could disrupt payment systems, money markets, long-term and short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Akbank's performance will continue to be influenced by conditions in the global economy. The outlook for the global economy over the near to medium term remains challenging, which also impacts prospects for stabilisation and improvement of economic and financial conditions in Turkey.

Economic instability in Turkey could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Since the early-1980s, the Turkish economy has undergone a transformation from a highly protected and regulated system to a more open market system. Although the Turkish economy has generally responded well to this transformation, it has continued to experience severe macroeconomic imbalances, including significant balance of payment deficits, substantial budget deficits, high rates of inflation, high rates of interest (which are nominal rates adjusted to remove the effects of inflation) and a considerable level of unemployment.

In spite of its economic development since 2001, Turkey has experienced recent economic difficulties and remains vulnerable to both external and internal shocks, including potential domestic political uncertainty and changing investor sentiment due to monetary policy changes in developed countries, particularly in the United States. A substantial current account deficit may also contribute to economic vulnerability. See "*—Turkey's high current account deficit may result in Turkish Government policies that negatively affect Akbank's business*". Turkey was also negatively affected by the global economic downturn, which resulted in a negative GDP growth rate of 4.8% in 2009. Following the decline in 2009, however, Turkey had a GDP growth rate of 9.2% in 2010, 8.8% in 2011, 2.1% in 2012, 4.1% in 2013 and 2.8% in the first nine months of 2014 (*Source: Turkstat*).

There can be no assurance that Turkey will be able to remain economically stable during any periods of renewed global economic weakness. Future negative developments in the Turkish economy could impair Akbank's business strategies and have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey's high current account deficit may result in Turkish Government policies that negatively affect Akbank's business.

In 2011 and 2010, Turkey's current account deficit widened significantly to U.S.$75.1 billion and U.S. $45.4 billion, respectively, from U.S.$12.2 billion in 2009. The rapid acceleration in the current account deficit raised concerns regarding financial stability in Turkey, and the Central Bank, the BRSA and the Ministry of Finance initiated coordinated measures to lengthen the maturity of deposits, reduce short-term capital inflows and curb domestic demand. The main aim of these measures was to slow down the current account deficit by controlling the rate of loan growth. These measures, combined with the overall slowdown of economic growth in Turkey, resulted in a decrease in the current account deficit. The current account deficit decreased to U.S.$45.8 billion (or 5.7% of GDP according to Central Bank) in 2014 from $65 billion in 2013. According to the new three-year medium-term economic programme announced in October 2014, current account deficit is targeted to be reduced to 5.4% of GDP in 2015 and 2016. It is unclear whether Turkey's current account deficit will continue to decrease or whether these or other measures might be needed to curtail domestic consumption. Any related reduction in economic growth could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Although Turkey's growth dynamics depend to some extent upon domestic demand, Turkey is also dependent upon trade with Europe. While the EU is recovering from recession and its growth is expected to accelerate in following years, a significant decline in the EU's economic growth could affect Turkey's exports negatively and result in an increase in Turkey's current account deficit. To a lesser extent Turkey also exports to markets in the Middle East and Russia, which provides an important source of tourism revenue for Turkey. The continuing political turmoil in certain of those markets could lead to a decline in demand for Turkish exports, with a similar negative effect on Turkish economic growth and Turkey's current account deficit as described immediately above.

Turkey is an energy-dependent country and recorded U.S.$56.2 billion and U.S.$54.9 billion of energy imports in 2013 and 2014, respectively, with energy imports representing a significant majority of Turkey's current account deficit during the period. Although Turkey's current account deficit was positively impacted by declining global oil prices in 2014, Turkey's current account position remains subject to ongoing volatility regarding global oil prices. As a result, any geopolitical development concerning energy security and global oil prices could have a material impact on Turkey's current account balance. With regard to this, the efforts in northern Iraq to export its oil reserves via Turkish territory might improve Turkey's energy bill; however, in order to export its oil reserves, the regional government in northern Iraq will need to reach an agreement with Iraq's central government. Recently, a conflict has arisen between Turkey and Iraq due to the sale of Iraqi oil by the Kurdistan Regional Government of Northern Iraq to Turkey. This led Iraq's Ministry of Oil to file a request for arbitration before the International Chamber of Commerce against Turkey and BOTAŞ (a state-owned petroleum enterprise) on 23 May 2014. Turkey might also be able to diversify its energy suppliers and lower its energy cost as a result of the interim arrangement between the P5+1 countries and Iran. Nonetheless, both of these approaches are subject to significant political and other risks and might not result in reduced energy costs to Turkey – in fact, increased tensions with Iran could result in an increase in global energy prices and thus have a negative impact on Turkey's current account deficit. Although the recent drop in oil prices is expected to reduce the cost of energy imports in 2015, there can be no assurance that oil prices will not increase in the near-term.

Financing the high current account deficit might be difficult in the event of a global liquidity crisis and/or declining interest of foreign investors in Turkey. Any such difficulties may lead the Turkish Government to seek to raise additional revenue to finance the current account deficit or to seek to stabilize the Turkish financial system, and any such measures might adversely affect Akbank's business, financial condition, results of operations and prospects.

Government actions intended to address the current account deficit may adversely affect Akbank's business. For example, in early 2011, the Turkish government declared its intention to take additional measures to decrease the current account deficit, and in this regard it identified the high growth rate of loans as one of the target areas. Such measures in relation to consumer loans and credit cards may curb domestic demand. Such measures are also likely to reduce economic growth and might adversely affect Akbank's business, financial condition, results of operations and prospects. There can be no assurance that any future regulations introduced by the Turkish Government, BRSA or the Central Bank with respect to loan growth ratios would not have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Exchange Rates – the value of the Turkish Lira fluctuates against other currencies

Since February 2001, the Central Bank has applied a floating exchange rate policy and exchange rates for the Turkish Lira have historically been, and continue to be, highly volatile and recent events in Turkey and globally have further contributed to significant fluctuations in the value of the Turkish Lira against international currencies such as the U.S. Dollar.

In 2013, in nominal terms, the Turkish Lira depreciated against the U.S. Dollar by 19.73% compared to year-end 2012; however, on a real basis, based upon the CPI-based real effective exchange rate, there was only a 9.50% real depreciation compared to year-end 2012. In particular, from June 2013 until the end of 2013, the value of the Turkish Lira depreciated against major currencies due to the increased risk perception in global markets regarding the market's expectation of U.S. Federal Reserve reductions in its quantitative easing programme (and its ultimate decision to do so) and the Taksim Square protests and other political events described above. Against these developments, the Central Bank first implemented additional monetary tightening and held intra-day foreign exchange selling auctions, and raised the upper limit of the interest rate corridor, in order to reduce the volatility of the Turkish Lira. The Turkish Lira continued to decline in value, falling 9.8% in nominal terms against the U.S. Dollar year-to-date through 28 January 2014. In response, the Central Bank significantly increased interest rates on 28 January 2014 as described above under "*—The Central Bank's policy on reserve requirements and interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*". From 28 January 2014 until 30 April 2014, the Turkish Lira appreciated against the U.S. Dollar by 9.6% and, due to such improvement, on 22 May 2014, the Central Bank reduced its one-week repo rate 50 basis points to 9.5% and in the following months, the Central Bank further reduced the one-week repo rate from 9.5% initially on 24 June 2014 to 7.50% on 25 February 2015. However, in nominal terms, between 22 May 2014 and 18 March 2015, the Turkish Lira depreciated against the U.S. Dollar by 25.1% although on a real basis, based upon the CPI-based real effective exchange rate, the Turkish Lira actually appreciated slightly during the period. These and other domestic and international circumstances might result in continued or increasing volatility in the value of the Turkish Lira.

Any significant depreciation of the Turkish Lira against the U.S. Dollar or other major currencies, or any actions taken by the Central Bank or Turkish government to protect the value of the Turkish Lira (such as increased interest rates or capital controls) may adversely affect the financial condition of Turkey as a whole, including its inflation rate, and may have a negative effect on Akbank's business, financial condition and/or results of operations.

The government's influence over the Turkish economy could negatively impact Akbank's business.

The Turkish Government has traditionally exercised, and continues to exercise, significant influence over many aspects of the Turkish economy. The Turkish Government is also directly involved in the Turkish economy through its ownership and administration of State Economic Enterprises ("**SEEs**") which, despite the divestments undertaken in the Turkish Government's privatisation programme, continue to represent a significant portion of the Turkish economy. SEEs and other such public enterprises operate in business segments in which Akbank is active or may be active in the future, including businesses in the financial services sector. Accordingly, any decisions taken by the Turkish Government with respect to SEEs and other such public enterprises may significantly impact the Turkish economy, which could in turn have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Political developments in Turkey may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey has been a parliamentary democracy since 1923, although the military has in the past played a significant role in politics and the government, intervening in the political process through coups in 1960, 1971 and 1980. Unstable coalition governments have been common, and in the 90 years since its formation, the Republic of Turkey has had 61 governments with political controversies frequently resulting in early elections. Furthermore, the Turkish military establishment has historically played a significant role in Turkish Government and politics, intervening in the political process. Today, the role of the Turkish military has been diminished compared to its political and social role in the past. However, any potential military or other intervention in the political process in the future may adversely affect the stability of the Turkish economy and, in turn, Akbank's business, financial condition, results of operations and prospects.

Turkey has, both historically and recently, experienced controversies between the Turkish Government and the military. In 2007, the Turkish Government commenced an investigation whose scope included military officers, scholars, journalists and others based on allegations that a coup was being planned. On 21 September 2012, the Istanbul 10th High Criminal Court announced its verdict as to the so-called Sledgehammer trial that was on-going since 2010, and 300 defendants out of the 365 military-related suspects, including generals, received sentences of between 16 and 20 years' imprisonment.

Since May 2013, Turkey has experienced internal unrest including protests and demonstrations throughout the country in opposition to the current Government's policies. The protests started in May 2013 in Istanbul and spread to Ankara and other major cities in Turkey, against plans to replace Gezi Park, an urban park in İstanbul's central Taksim Square, with a commercial development. These protests resulted in confrontations among protestors and security forces, have partly contributed to significant increase in the volatility of Turkish financial markets. While Akbank's management does not believe that these conflicts will have a material long-term negative impact on Turkey's economy or Akbank's business, financial condition or results of operation; it is possible that these (or other) protests and related circumstances could have such an impact and/or a negative impact on investors' perception of Turkey and/or the value of the Notes issued under the Programme.

In addition, since late 2013, Turkish politics have been particularly volatile, commencing with a series of arrests of prominent businessmen and family members of some cabinet ministers (who have since resigned) on suspicions of corruption. While the causes of these events are uncertain, there is speculation that it reflects a division among important elements of the Turkish government, police and judiciary system. The Turkish government's responses to these events have included the removal of certain prosecutors and police from their offices and proposals to change the manner in which the police and judicial authorities are supervised by the national government, which has led to concerns about the separation of powers. The government has also sought to impose limits on certain social media, such as Twitter and YouTube in connection with privacy allegations against its users in Turkey. These events, as well as the concerns over the U.S. Federal Reserve's possibly starting to gradually reduce its quantitative easing policy have contributed to significant declines in the value of the Turkish stock market and the Turkish Lira.

Despite the occurrence of these events, Turkey's ruling party, the AKP, has emerged with approximately 45% votes from the local elections held on 30 March 2014. The main opposition party, CHP, has received 28% of the votes. Turkish stock market rallied following local elections and the Turkish Lira also strengthened against the U.S. Dollar and the Euro.

Following the local elections, the former Prime Minister Recep Tayyip Erdoğan announced his candidacy to run for the presidency, which he won with approximately 52% of the vote. The former minister of foreign affairs, Ahmet Davutoğlu, was elected as the prime minister on 27 August 2014. Recently, political tension has increased in Turkey due to proposed legislation regarding internal security in the country. As at the date of this Prospectus, the Turkish parliament is still reviewing that draft legislation.

Recently, BRSA's regulatory actions taken towards Bank Asya have incurred criticism from a number of Turkish politicians and have intensified discussions on the independence of regulatory bodies in Turkey. There can be no assurance that such concerns will not further increase following the general elections in June 2015.

The events surrounding future elections (including the general elections expected to occur in June 2015) and/or the results of such elections could contribute to the volatility of Turkish financial markets and/or have an adverse effect on investors' perception of Turkey. Actual or perceived political instability in Turkey and/or other political circumstances (and related actions, rumors and/or uncertainties) could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey's economy has been subject to significant inflationary pressures in the past and may become subject to significant inflationary pressures in the future.

The Turkish economy has experienced significant inflationary pressures in the past with year-over-year consumer price inflation rates as high as 69.7% in the early 2000s; however, weak domestic demand and declining energy prices in 2009 caused the domestic year-over-year consumer price index to decrease to 6.5% at the end of 2009, the lowest level in many years. Consumer price inflation was 6.2%, 7.4% and 8.2% in 2012, 2013 and 2014, respectively. Producer price inflation was 2.5%, 7.0% and 6.4% in 2012 and 2013 and 2014, respectively. Potential global price increases in major commodities such as oil, cotton, corn and wheat (especially in energy commodities) would be likely to increase supply side inflation pressures in Turkey. The Turkish Lira has also fluctuated materially in recent years due to global, regional and local factors, which also impact inflation levels and the Central Bank's policies. Recently, the Turkish Lira depreciated materially against the U.S. Dollar. According to Central Bank figures, the U.S.$/TL rate was 2.1304, 2.3269 and 2.5889 as of 31 December 2013, 31 December 2014 and 12 March 2015, respectively. Any further depreciation of the Turkish Lira or any other reason may result in Turkish inflation exceeding the Central Bank's inflation target, which may cause the Central Bank to modify its monetary policy. Inflation-related measures that may be taken by the Turkish government in response to increases in inflation could have an adverse effect on the Turkish economy. If the level of inflation in Turkey were to fluctuate or increase significantly, then this could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, the EU and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including Akbank's, which could adversely affect the market price of Akbank's securities.

Moreover, financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in other emerging market countries, as investors may move their investments to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. There can be no assurance that investors' interest in Turkey will not be negatively affected by events in other emerging markets or the global economy in general.

Uncertainties relating to Turkey's accession to the European Union may adversely affect the Turkish financial markets and result in greater volatility.

Turkey has had a long relationship with the EU, but has not yet been granted membership and there is no clear timetable for joining. In 1963, Turkey signed an association agreement with the EU and a supplementary agreement was signed in 1970 providing for a transitional second stage of Turkey's integration into the EU. Turkey has been a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy will be judged by the same 28 criteria (or "**Chapters**") applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented. Among these legislative reforms are three new major laws: the Capital Markets Law, Turkish Commercial Code and Code of Obligations which replaced the former Capital Markets Law No 2499, Turkish Commercial Code No. 6762 and Code of Obligations No. 818, respectively (see "*—Recent changes in Turkish law may have a significant impact on Akbank's business, financial condition, results of operations and prospects*" below).

Although Turkey has implemented various reforms and continued with its efforts towards harmonisation with the EU, the relationship between the EU and Turkey has at times been strained. Negotiations for Turkey's accession to the EU commenced on 3 October 2005 and negotiations concerning the Chapters relating to "Science and Research", "Free Circulation of Capital", "Taxation", "Environment", "Intellectual Property", "Group Law", "Statistic", "Financial Audit", "Information Society and Media", "Protection of Consumers", "Enterprise and Industrial Policy", "Trans-European Networks" and "Food Safety, Veterinary Medicine and Plant Health" are still in progress.

During 2006, the EU issued several warnings in connection with Turkey's undertakings under the additional protocol (the "**Additional Protocol**") dated July 2005 relating to the Customs Union and to recognise Northern Cyprus. In December 2006, the EU Council passed a resolution setting forth that the negotiations concerning eight of the Chapters be suspended and that none of the Chapters be closed until the EU Commission verifies that Turkey has fulfilled its commitments related to the additional protocol and that Turkey be closely monitored for a period of three years. In November 2013, the negotiations on Chapters and Turkey's accession to the EU were recommenced. There can be no assurances that the EU or Turkey will continue to maintain an open approach to Turkey's EU membership or that Turkey will be able to meet all the criteria applicable to becoming an EU Member State, including the new Chapters applicable from 2009 relating to taxation and the environment. In the event of a loss of market confidence as a result of deterioration in Turkey's EU accession discussions or any other international relations involving Turkey, the Turkish economy may be adversely affected, which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. On the other hand, there can be no assurances that any future accession by Turkey to the EU would have the expected benefits for the Turkish economy.

Conflict and terrorism in Turkey or conflict and terrorism in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey is located in a region that has been subject to on-going political and security concerns, especially in recent years. Political uncertainty within Turkey and in certain neighbouring and nearby countries, such as Iran, Iraq, Georgia, Cyprus, Egypt, Tunisia, Armenia and Syria has historically been one of the potential risks associated with an investment in Turkish securities. Political instability in the Middle East has increased since the terrorist attacks in the United States of 11 September 2001. The period since the commencement of military action by the United States and its allies in March 2003 has been characterised by frequent incidents of violence and sectarian conflict in Iraq and the heightened risk of terrorist acts against both the United States and its allies. Frequent incidents of violence and sectarian conflict in Iraq and Syria, the recent uprisings in a number of countries near Turkey, growing global tensions with Iran and the emergence of ISIS have increased concern about the stability of the region.

The conflict in Syria has gained increased international attention recently and its impact and outcome are difficult to predict. In early October 2012, Turkish territory was hit by shells launched from Syria, some of which killed Turkish civilians. On 4 October 2012, the Turkish Parliament authorized the government for one year to send and assign military forces in foreign countries should such action be considered appropriate by the government. On 3 October 2013, the authorisation was extended for one year and was subsequently extended for another year on 2 October 2014. In addition, elevated levels of conflict have resulted from the emergence of ISIS and its capture of several Syrian villages and key cities in Iraq, including the commencement in August 2014 of an aerial campaign in Northern Iraq and Syria by the United States and other nations. These and related events have contributed to thousands of refugees crossing into Turkey and may lead to further military involvement by Turkey in the conflict. The situation in Iraq and Syria may also have other significant and unpredictable effects on Turkey's domestic conditions and economy. For example, in May 2013, two car bombs were detonated in Reyhanli in Hatay province, which is close to the Syrian border, killing fifty-one civilians and injuring more than one hundred people. In October 2014, nineteen people were killed in southeast Turkey during the protests against the government for not taking any cross-border action against the ISIS. Any further escalation of the conflict and related unrest, could impact the Turkish economy leading to a decrease in exports, an increase in risk premiums and higher oil prices. Any material adverse effect on the Turkish economy could, in turn, have a material adverse effect Akbank's business, financial condition, results of operations and prospects.

Furthermore, over the past 10 years, there have been bombings in several Turkish cities, including in Istanbul, Ankara and Diyarbakır and in the coastal holiday resorts of Antalya, Marmaris, Mersin, Çeşme and Kuşadasi. In addition, there have been several terrorist attacks against the Turkish armed forces and police in several parts of Turkey. For example, in October 2011, a terrorist group attacked military stations in Çukurca province in the eastern Turkey, killing 24 soldiers. In August 2012, a bomb in Gaziantep province in south-eastern Turkey exploded, killing nine people. In September 2012, a suicide bomber attacked a police station in Istanbul, killing one person. Also in September 2012, a landmine in Bingöl province in the eastern Turkey exploded, killing nine police officers. In February 2013, a suicide bomber attacked the U.S. Embassy in Ankara killing himself and others. Any further escalation of these types of events, could impact the Turkish economy, which could, in turn, have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

In addition to the situation in Syria and Iraq, since January 2011, there have also been varying degrees of political instability and public protests within certain Middle Eastern and Northern African countries, including Bahrain, Egypt, Iran, Libya and Tunisia. Although such instances of instability have not so far materially affected Turkey's financial or political situation, there can be no assurances that such instability will not escalate in the future, that such instability will not spread to additional countries in the Middle East or North Africa, that governments in the Middle East and North Africa will be successful in maintaining domestic order and stability or that Turkey's economic or political situation will not consequently be affected.

In early 2014, political unrest and demonstrations in Ukraine led to a change in the national government. While the United States and the EU recognized the new government, Russia claimed that that new government was illegitimate and was violating the rights of ethnic Russians living in the Crimean peninsula and elsewhere in Ukraine. Escalating military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea (and Crimea's independence vote and absorption by Russia), have combined with Ukraine's very weak economic conditions to create great uncertainty in Ukraine and the global markets. The actions in Crimea have prompted condemnation from the international community and combined with the continuing political and economic uncertainties in Ukraine have had an adverse effect on the Ukrainian economy, and may adversely affect the Russian economy. As a consequence, the United States has imposed sanctions on certain Russian entities in energy, defence and financial sectors (including four Russian state-owned banks). The EU has imposed similar sanctions on five Russian banks in which the Russian state holds a majority stake. Among other things, the sanctions effectively restrict access for such Russian legal entities to the U.S. and EU capital markets by prohibiting purchasing, selling, brokering or assistance in issuance of their debt securities with maturity exceeding 90 days. Other countries have also imposed sanctions, including Canada, Japan and Switzerland. The tensions in Ukraine further escalated following the alleged destruction of a civilian airliner by Ukrainian separatists. Resolution of Ukraine's political and economic conditions will likely not be obtained for some time, and the situation could even degenerate into increased violence and/or economic collapse. While not directly impacting Turkey's territory, the disputes in Ukraine could materially negatively affect Turkey's economy, including through its impact on the global economy and the impact it might have on Turkey's access to Russian energy supplies, which, in turn, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's credit ratings may not reflect all risks, and changes to Turkey's credit ratings may affect Akbank's ability to obtain funding.

Credit ratings affect the cost and other terms upon which Akbank is able to obtain funding. Rating agencies regularly evaluate the Issuers and their ratings of the Issuers' long-term debt are based on a number of factors, including the Issuers' financial strength as well as conditions affecting the financial services or financial leasing industries generally, as applicable. One or more independent credit rating agencies may also assign credit ratings to the Notes issued by Akbank. Any ratings of either Akbank or the Notes issued by Akbank may not reflect the potential impact of all risks related to the Notes' structure, the global financial market and the Turkish banking sector, additional factors described in this "*Risk Factors*" section and any other factors that may affect the value of the Notes. In light of the difficulties in the financial markets, there can also be no assurance that the rating agencies will maintain Akbank's current ratings or outlooks, which could have a material adverse effect on the trading value of the Notes issued by Akbank and Akbank's ability to finance its operations, which could in turn have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. A downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the perception these agencies have of Akbank's rating. Investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time. As at the date of this Base Prospectus, each rating agency rating the Programme is established in the EU and registered under the CRA Regulation. As such, these rating agencies are included in the list of credit rating agencies published by the European Securities and Markets Authority in accordance with the CRA Regulations.

Turkey is subject to earthquakes.

Almost all of Turkey is classified by seismologists as being in a high-risk earthquake zone. On 17 August 1999, an earthquake measuring 7.4 on the Richter scale struck the area surrounding İzmit. On 12 November 1999, another earthquake occurred in the city of Düzce, between Ankara and İstanbul, resulting in significant financial costs to Turkey. More recently, on 8 March 2010, an earthquake measuring 6.0 on the Richter scale struck the eastern province of Elazığ, and in October 2011 an earthquake measuring 7.2 on the Richter scale struck the eastern part of the country causing significant property damage and loss of life. A significant portion of Turkey's population and most of its economic resources are located in a first-degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes). A number of Akbank's properties and business operations in Turkey are located in earthquake risk zones.

Akbank maintains earthquake insurance but does not have additional business interruption insurance or insurance for loss of profits, as such, insurance is not generally available in Turkey. The occurrence of a severe earthquake could adversely affect one or more of Akbank's facilities, therefore causing an interruption in, and an adverse effect on, Akbank's business. In addition, a severe earthquake could harm the Turkish economy in general, which could adversely affect the Akbank's business, financial condition, results of operations and prospects.

The Financial Action Task Force may call upon its members to take measures against Turkey.

Turkey has a high-level political commitment to work with the Financial Action Task Force (the "FATF") to seek to address Turkey's deficiencies in combating the financing of terrorism, the FATF requested that Turkey make progress in implementing its action plan. Since the adoption of the mutual evaluation report in 2007, Turkey has taken a number of important steps to strengthen its legal and regulatory framework. In particular, Turkey has amended the money laundering offence in the Criminal Code, by lowering the threshold for predicate offences and including elements required by the relevant UN conventions, adopted new regulations and amendments to existing regulations which strengthen the requirements on customer due diligence, beneficial ownership, risk and simplified/enhanced due diligence, strengthened the reporting requirements for suspected terrorist financing transactions; and adopted a new regime on the Prevention of the Financing of Terrorism.

Although the FATF identified outstanding AML/CFT issues in its mutual evaluation report,, the FATF Plenary concluded that Turkey had made significant progress in improving its anti-money laundering/countering the financing of terrorism ("AML/CFT") regime. The FATF published its 15th follow-up report on the mutual evaluation of Turkey and noted that Turkey had taken sufficient steps in addressing technical compliance with the core and key recommendations of the mutual evaluation report to be removed from the follow-up process, however additional plenary meetings are expected to take place in 2015 focusing on further actions if necessary. If Turkey fails to comply with these further steps sufficiently, the FATF may impose measures against Turkey, and this could have a material adverse effect on Akbank Group's business, financial condition and/or results of operations.

c. The second paragraph of the risk factor entitled "Risk Factors – Risks Related to the Notes Generally – EU Savings Directive – The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes" is hereby deleted in its entirety and replaced by the following:

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which will still operate a withholding system when they are implemented.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Prospectus:

(a) the sections of the Base Prospectus (the "**Base Prospectus**") of Akbank dated 10 September 2014 relating to Akbank's U.S.$3,500,000,000 Global Medium Term Note Programme, entitled as set out in the table below:

	Page references (inclusive)
Presentation of Financial and Other Information	4 to 8
Risk Factors	10 to 54
Enforcement of Judgments and Service of Process	55
Forward-Looking Statements	58 to 59
Overview of the Issuers– Overview of Akbank	60 to 62
Use of Proceeds	121
Terms and Conditions of the Notes	85 to 120
Taxation	249 to 252
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Appendix 1 – Overview Of Certain Significant Differences Between IFRS and BRSA Accounting Principles	261 to 262

(b) the convenience translation into English of Akbank's audited consolidated statutory financial statements and related notes hereto for the financial year ended December 2014 (the "**Akbank 2014 BRSA Annual Financial Statements**") (including Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of Ernst & Young Global Limited ("**EY**"), audit report dated 2 February 2015 issued in respect thereof);

(c) the convenience translation into English of Akbank's audited consolidated statutory financial statements and related notes hereto for the financial year ended December 2013 (the "**Akbank 2013 BRSA Annual Financial Statements**") (including Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.C., a member of Ernst & Young Global Limited ("**EY**"), audit report dated 5 February 2014 issued in respect thereof);

(d) the convenience translation into English of Akbank's audited consolidated statutory financial statements and related notes hereto for the financial year ended December 2012 (the "**Akbank 2012 BRSA Annual Financial Statements**") (including EY's audit report dated 7 February 2013 issued in respect thereof); and

The Akbank 2014 BRSA Annual Financial Statements, the Akbank 2013 BRSA Annual Financial Statements and the Akbank 2012 BRSA Annual Financial Statements are collectively referred to as the "**Akbank BRSA Financial Statements**".

Copies of the documents listed above from (b) to (d), which are incorporated by reference in this Prospectus are available on Akbank's website at http://www.akbank.com/en-us/investor-relations/Pages/Financials.aspx (such website is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus). A copy of the Base Prospectus is available on the website of the Irish Stock Exchange (such website is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus). On issuance of the Notes, a copy of this Prospectus will be published on the website of the Irish Stock Exchange (www.ise.ie) and the website of the Central Bank of Ireland (www.centralbank.ie) (each of such websites is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus).

Following the publication of this Prospectus a supplement may be prepared by Akbank and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Where only parts of a document are being incorporated by reference, the non-incorporated parts of that document are either not material for an investor in the Notes or are covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The financial statements incorporated by reference into this Prospectus, all of which are in English, were prepared as convenience translations of the Turkish language Financial Statements (which translations Akbank confirms were direct and accurate).

Akbank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus in accordance with Article 16 of the Prospectus Directive.

OVERVIEW OF THE OFFERING

The following sets out certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. The following is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus and the Base Prospectus. See, in particular, "Terms and Conditions of the Notes."

Issue:	U.S.$500,000,000 5.125 per cent. Notes due 2025 issued under Akbank's U.S.$3,500,000,000 Global Medium Term Note Programme.
Interest and Interest Payment Dates:	The Notes will bear interest from and including the Issue Date (i.e., 31 March 2015) at the rate of 5.125 per cent. per annum, payable semi-annually in arrears on each Interest Payment Date (i.e., 31 March and 30 September in each year); *provided that*, as described in Condition 7.6, if any such date is not a Payment Day, then such payment will be made on the next Payment Date. The first interest payment (representing a full six month period) will be made on 30 September 2015.
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Bank at their principal amount on 31 March 2025.
Use of Proceeds:	The net proceeds of the offering of the Notes will be applied by Akbank for its general corporate purposes.
Status:	The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of Akbank and (subject as provided above) will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of Akbank, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge:	Subject to certain exceptions, so long as any of the Notes remains outstanding, Akbank will not create or have outstanding any Security Interest (as defined in Condition 4) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 4), unless Akbank, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (a) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; (b) such Security is terminated or (c) such other Security Interest or other arrangement is provided as is approved by an Extraordinary Resolution of the Noteholders. See "*Terms and Conditions of the Notes—Condition 4*" in

	the Base Prospectus.
Certain Covenants:	Akbank will agree to certain covenants, including covenants limiting transactions with affiliates. See "*Terms and Conditions of the Notes—Condition 5*" in the Base Prospectus.
Taxation; Payment of Additional Amounts:	All payments of principal and interest in respect of the Notes by or on behalf of Akbank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature ("**Taxes**"), imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in Condition 9.1) unless the withholding or deduction of the Taxes is required by law. In that event, Akbank will (subject to certain exceptions) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction. See "*Taxation—Certain Turkish Tax Considerations*" and "*Terms and Conditions of the Notes—Condition 9*" in the Base Prospectus and "*U.S. Taxation*" herein.
Optional Redemption for Tax Reasons:	The Notes may be redeemed at Akbank's option in whole, but not in part, at any time at their principal amount (together with interest accrued to but excluding the date of redemption) if: (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 27 March 2015, on the next Interest Payment Date, Akbank would be required to: (i) pay additional amounts as provided or referred to in Condition 9; and (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, at a rate in excess of the prevailing applicable rates on 27 March 2015; and (b) such requirement cannot be avoided by Akbank taking reasonable measures available to it. See "*Terms and Conditions of the Notes—Condition 8*" in the Base Prospectus.

Events of Default:	The Notes will be subject to certain events of default, including (among others) non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See "*Terms and Conditions of the Notes—Condition 11*" in the Base Prospectus.
Form, Transfer and Denominations:	Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Common Depositary and registered in the name of a nominee for the Common Depositary. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued to investors in exchange for beneficial interests in the Global Notes. Interests in the Global Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*" below. Interests in the Regulation S Global Note will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect participants, as applicable). Interests in the Rule 144A Global Note will be represented in, and transfers thereof will be effected only through, records maintained by DTC (or its direct or indirect participants, as applicable). Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 thereafter.
ERISA:	Subject to certain conditions, the Notes may be invested in by an "employee benefit plan" as defined in and subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a "plan" as defined in and subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), or any entity whose underlying assets include "plan assets" of any of the foregoing. See "*Certain Considerations for ERISA and other U.S. Employee Benefit Plans*" below.
Governing Law:	The Notes, the Agency Agreement, the Deed Poll and the Deed of Covenant will be governed by, and construed in accordance with, English law.
Listing:	An application has been made to the Irish Stock Exchange to admit the Notes to listing on the Official List and trading on the Main Securities Market; however,

	no assurance can be given that such application will be accepted.
Turkish Selling Restrictions:	The offer and sale of the Notes (or beneficial interests therein) are subject to restrictions in Turkey in accordance with applicable CMB and BRSA laws and regulations. See "*Subscription and Sale —Selling Restrictions—Turkey—Akbank*" in the Base Prospectus.
Other Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) is also subject to restrictions in the European Economic Area (including the United Kingdom). See "*Subscription and Sale*" in the Base Prospectus.
Risk Factors:	There are certain factors that may affect Akbank's ability to fulfil its obligations under the Notes. These are set out under "*Risk Factors*" in the Base Prospectus and include risks relating to Akbank, its business, operations and shareholding, Turkey and the Turkish banking industry. In addition, there are certain factors which are material for the purpose of assessing the risks associated with the Notes. These are set out under "*Risk Factors*" in the Base Prospectus and include certain risks relating to the structure of the Notes and certain market risks. See "*Risk Factors*" herein.
Issue Price:	99.037 per cent. of the principal amount of the Notes.
Yield:	5.25 per cent. per annum.
Regulation S Notes Security Codes:	ISIN: XS1210422074 Common Code: 121042207
Rule 144A Notes Security Codes:	CUSIP: 00971YAF7 ISIN: US00971YAF79 Common Code: 121074133
Representation of Noteholders:	There will be no trustee.
Expected Ratings:	BBB- by Fitch and Baa3 by Moody's.
Fiscal Agent, Exchange Agent, Principal Paying and Transfer Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains an analysis of the consolidated results of operations of Akbank as at and for the years ended 31 December 2014, 2013 and 2012. The following discussion should be read in conjunction with the Akbank BRSA Financial Statements and notes thereto incorporated by reference into the Prospectus. The Akbank BRSA Financial Statements have been prepared in accordance with BRSA Principles as described in "Presentation of Financial and Other Information" in the Base Prospectus incorporated by reference herein. Certain information herein is derived from unaudited management accounting records. This discussion includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in "Risk Factors" in the Base Prospectus.

Overview

Recent Developments

Value Added Tax

Under a ruling of the Ministry of Finance dated 10 February 2015, if a company incorporated in Turkey issues bonds outside of Turkey, then such company shall be liable (sorumlu sıfatıyla) to pay value added tax ("**VAT**") (at the rate of 18% as of the date of this Prospectus) on the interest payments made with respect to such bonds unless the recipient of such interest income is a bank or an insurance company. In the case of a Noteholder resident in Turkey which is not a bank or an insurance company, the ruling in its current form requires that the liability for such VAT payments resides with that Turkish resident Noteholder. However, because it will not be possible for the Issuer to identify any Noteholders entitled to interest income on the Notes other than the registered holder of the Global Notes, and as this ruling has only recently been issued and there is no precedent or developed practice with respect to the VAT, there is uncertainty as to how this VAT liability should be imposed. In the meanwhile, the Association of Turkish Banks (of which the Issuer is a member) has liaised with the tax authorities with respect to the ruling and the tax authorities will be reassessing the ruling. During the period of re-assessment, the Turkish tax authorities have formally instructed the Association of Turkish Banks to refrain from implementing any transactions based on the tax ruling until the tax authorities have finalised their re-assessment. The Issuer believes that the Turkish tax authorities will reverse the ruling and that no VAT will be payable.

Notwithstanding the above, even if the VAT is ultimately regarded as payable, there will be no withholding or other deduction for or on account of any such VAT payments by the Issuer in respect of any payments on the Notes, and there will be no additional payments made by the Issuer pursuant to Condition 9.1 with respect to any such VAT payments.

Citigroup's sale of its shares in Akbank

In January 2007, Citigroup, Inc. and its affiliates and subsidiaries ("**Citigroup**") acquired a 20% equity stake in Akbank. In May 2012, Citigroup sold 10.1% of its stake in Akbank reportedly due to its capital planning preparations for the application of Basel III requirements. Although Citigroup had committed to hold the remaining 9.9% of Akbank's shares for a three-year lock-up period following such sale, Citigroup and the Sabancı Group reached an agremment to facilitate Citigroup's early exit from its lock-up, and Citigroup sold its remaining holding of 9.9% through an accelerated equity offering on 4 March 2015. After the sale, Sabancı Holding, together with its affiliates, held 48.9% of the Akbank shares and the free float is 51.1%.

Syndicated Loan Facility

On 16 March 2015, Akbank signed a syndicated dual currency term loan facilicty consisting of two tranches with maturities of 364 and 367 days, respectively, amounting to U.S.$1.2 billion. The 364 day tranche has an all-in cost of Euribor/Libor + 70 bps, while the 367 day tranche has an all-in cost of Euribor/Libor + 80 bps.

Significant Factors Affecting Akbank's Results of Operations

Numerous factors affect Akbank's results of operations, some of which are outside of Akbank's control. The following identifies certain of such factors that have been significant during the periods under review.

Turkish Economic and Political Environment

Akbank operates primarily in Turkey. Accordingly, its results of operations and financial condition are and will continue to be significantly affected by Turkish political and economic factors, including the economic growth rate, the rate of inflation and fluctuations in exchange rates and interest rates.

The following table sets forth key Turkish economic indicators as at or for the years 2012 to 2014 (unless otherwise indicated).

	As at or for the year ended 31 December		
	2014	*2013*	*2012*
GDP *in billion Turkish Lira*	1,702.7 (2)	1,561.5	1,416.8
GDP *in billion U.S. Dollars*	800 (2)	820	785.7
GDP growth *(%)*	2.8(2)	4.1	2.1
GDP per capita *in U.S. Dollars*	10,537(1)	10,782	10,459
Unemployment *(%)*	9.9	9.0	8.4
Central Bank policy rate *(year-end, %)*	8.25	7.75	9.0
Benchmark yield *(year-end, %)*	7.96	10.1	6.15
Inflation *(Consumer prices) (%)*	8.17	7.40	6.16
Exports *in billion U.S. Dollars*	157.6	151.8	152.5
Imports *in billion U.S. Dollars*	242.2	251.6	236.5
Trade deficit *in billion U.S. Dollars*	84.5	99.9	84.1
Current account deficit *in billion U.S. Dollars*	45.8	65.1	47.8
Budget deficit *in billion Turkish Lira*	22.7	18.4	29.4

Notes:

(1) 2014 year end medium term forecast

(2) As of 30 September 2014

Sources of macro-economic data: Central Bank of Turkey, Turkish Statistical Institute General Directorate of Public Accounts, Turkish Treasury, Turkish State Planning Organisation (DPT), IMF and other public sources.

After GDP growth of 8.8% in 2011, GDP grew only by 2.1% in 2012 mainly due to low domestic demand. In 2012, Akbank focused on increasing its lending growth in higher-yielding TL-denominated SME and consumer loans. Total loan growth for 2012 was 24.2%.

Economic activity gained pace in 2013 and resulted in GDP growth of 4.1%. In parallel with increase in economic activity and increased loan demand supported by historically low levels of interest rates on TL-denominated loans, Akbank loan growth accelerated in the first half of 2013 and in 2013 total loans grew by 28% as compared to 2012, principally driven by high yielding TL-denominated loans granted to the SMEs and consumers. During the same period, Akbank limited its growth in credit cards and FX-denominated loans. As a result, credit cards and FX denominated loans increased by 6% and 8%, respectively.

On 8 October 2013, the BRSA announced certain legislative amendments aimed at controlling the increase in consumer loans and increasing the share of commercial loans within total banks' loans by differentiating loan costs as well as certain other measures. Amendments included (i) increasing general provisions for consumer loans (except for housing loans) while decreasing such provisions for SME and export loans; (ii) increasing risk weights for consumer loans (except for housing loans); and (iii) restricting credit card limits and instalment payments.

Due to accelerated capital outflows from emerging markets beginning in May 2013 and increased domestic political concerns, the Turkish Lira depreciated rapidly throughout December 2013 and January 2014 and the risk premium for Turkish assets increased. In order to support financial stability and in response to rising inflation, the Central Bank announced a significant rate increase on 28 January 2014. As a result of tight monetary policy and other measures taken by the BRSA to control the increase in consumer loans in the last quarter of 2013, domestic consumption weakened and the current account deficit improved significantly falling to U.S.$45.8 billion in 2014 as compared to U.S.$65.1 billion in 2013. Political conditions also somewhat stabilised following local and presidential elections in March and August 2014. These stabilizing measures and improved domestic political situation in Turkey in the second half of 2014 also helped to support loan growth in the Turkish banking sector and contributed to the growth in Akbank's loan portfolio. However, tensions have increased in anticipation of Turkey's next general election in June 2015.

GDP growth in the first nine months of 2014 was only 2.8% principally reflecting limited growth in private consumption which represents almost 70% of the GDP.

The Turkish economy may also be negatively affected by regional political instability as well as EU and US sanctions against certain Russian financial institutions and companies. See "*Risk Factors—Risk Factors Relating to Turkey*" of the Base Prospectus incorporated by reference herein.

Loan Portfolio Growth

During 2012, 2013 and 2014, Akbank pursued a policy of changing its asset mix from securities to loans and increasing its lending growth in all areas with a particular focus on high yielding TL-denominated loans. This policy of changing asset mix from securities to loans and changing the loan mix towards higher-yielding products, coupled with the increased demand for commercial and retail loans as a result of lower interest rates in 2013 (following a decline in inflation), increase in GDP per capita and the improved asset quality resulted in an increase of the share of loans as a percentage of Akbank's assets from 53.1% as at 31 December 2011 to 62.2% as at 31 December 2014.

The table below sets forth Akbank's total loans, total securities, and total deposits in Turkish Lira and foreign currency as at 31 December 2014, 2013 and 2012.

	31 December								
	2014			*2013*			*2012*		
	(in TL billions)								
	TL	*FC*	*Total*	*TL*	*FC*	*Total*	*TL*	*FC*	*Total*
Total Loans	85.9	50.3	136.1	75.5	42.5	118.0	58.9	33.5	92.4
Total Securities	27.2	21.2	48.4	30.5	14.8	45.4	34.0	12.3	46.3
Total Deposits	65.3	57.0	122.3	56.3	56.2	112.5	51.0	39.7	90.7

Akbank's total loan growth was 15.4%, 27.8% and 24.2% in 2014, 2013 and 2012 respectively.

Akbank's total loans reached TL136.1 billion as at 31 December 2014 from TL118.0 billion as at 31 December 2013, a TL18.1 billion or 15.4% increase, with the highest growth in TL-denominated SME loans in the year ended 31 December 2014. TL-denominated SME loans increased from TL23.0 billion as at 31 December 2013 to TL30.2 billion as at 31 December 2014, an increase of 26.6%. As at 31 December 2014, TL denominated SME loans represented 22.2% of the Akbank's total loans.

Consumer loans grew by 11.7% and credit cards outstanding decreased by 12.2% in the year ended 31 December 2014. These trends reflected the measures taken by BRSA at the end of 2013 to control the increase in consumer lending, including particularly restrictive measures on credit cards and loans. Given these more burdensome requirements in relation to consumer lending, as well as Akbank's cautious growth strategy in relation to its credit card and mortgage loan portfolios, Akbank sought to continue steady loan growth. Akbank's mortgage loan growth was 3.6% while Akbank's bank-only FX loan growth was 4.4%, which was below sector levels of 10.8% in U.S.$ terms. This was the result of Akbank's cautious growth strategy in an environment where FED rate action was expected but not yet known as to when and/or how much it would be and the possible impact of this on the Turkish economy and interest rates, as well as Akbank's willingness to match lending to financing of mortgage loans in terms of maturities to avoid higher vulnerability from changes in pricing. Therefore, Akbank's overall lending growth was lower than that of many of its competitors in this business line.

Akbank's NPL ratio was 1.7%, 1.4% and 1.2% as of 31 December 2014, 2013 and 2012 respectively. In 2013, Akbank's NPL ratio was impacted by adverse macroeconomic conditions starting from June 2013 which resulted from political uncertainties in Turkey, global monetary policies and a reduction in overall risk appetite for emerging markets. The increase in Akbank's NPL ratio as of 31 December 2014 was mainly due to economic uncertainties and fluctuations in interest rates and fluctuations in the TL, which mainly negatively impacted credit card and consumer debt as well as several corporate/commercial loans that became non-performing during the period. Akbank's NPL ratio was further adversely impacted by regulatory restrictions on credit card limits which impacted repayment capabilities of borrowers. Asset quality remains an on-going concern and a key focus of Akbank given potential risks to economic growth the value of TL and interest rates. During the same periods, the NPL ratio of the Turkish banking sector was 2.8%, 2.6% and 2.8%, respectively.

Interest Rate Environment in Turkey

There have been and are expected to be significant changes in interest rates in Turkey reflecting both macro factors and conventional and unconventional action by the Central Bank of Turkey. In general, increases in interest rates allow Akbank to increase its revenue from loans due to higher rates that Akbank is able to charge. Akbank benefits from a higher return on its excess capital. However, such an increase may adversely affect Akbank's results of operations as a result of reduced overall demand for loans and greater risk of default by Akbank's customers. In addition, increased interest rates affect Akbank's funding costs and can adversely affect Akbank's net income if Akbank is unable to pass on the increased funding costs to its customers. On the other hand, a decrease in interest rates can reduce Akbank's revenue from loans as a result of lower rates on Akbank's loans. This reduction of revenue may however be offset by an increase in the volume of Akbank's loans resulting from increased demand for loans and by a decrease in Akbank's funding costs.

On average, principally due to the short-term nature of the majority of Akbank's customers' time deposits, Akbank's interest bearing liabilities are generally repriced faster than its interest-earning assets. Reductions in interest rates are repriced into Akbank's liabilities after approximately 185 days. At the same time, the repricing of its loans and securities is slower, at between 366 and 991 days, due to their longer maturities, resulting in a widening of the net interest margin earned by Akbank. Accordingly, an increase in interest rates results in narrowing margins in the short term. The Central Bank overnight Turkish Lira borrowing rate was 5.0% in the year ended 31 December 2012. Thereafter, it was gradually reduced to 3.50% as of 31 December 2013. On 28 January 2014, the Central Bank increased the overnight interest rate to 8.0%. On the same date the repo rate, which is considered the policy rate, was increased from 4.5% to 10.0%. As a result of a reduced political uncertainties and improvement in risk premium indicators following the local elections in March 2014, the Central Bank (CBRT) reduced the repo rate from 10.0% to 9.5% on 22 May 2014, to 8.75% on 25 June 2014 and to 8.25% on 17 July 2014 and kept at 8.25% until the start of 2015. More recently, in January 2015; CBRT started an easing cycle in monetary policy in line with the favourable inflation outlook mainly due to decreasing oil prices and favourable base effects. Decreasing oil prices also had a positive impact on the current account deficit; CAD/GDP decreased 5.8% in 2014 from 7.9% in 2013. However, a further decrease in the current account deficit may be suppressed by the recent devaluation of the TL. The CBRT cut the repo rate from 8.25% to 7.75% on 20 January 2015 and again to 7.50% on 23 February 2015. Additionally, the O/N lending rate decreased from 11.25% in December 2014 to 10.75% in February 2015.

The following table sets forth Akbank's net interest margin (computed as net interest income for the period as a percentage of average interest earning assets) for the semi-annual periods from 1 January 2012 to 31 December 2014.

First Half 2012	3.47%
Second Half 2012	3.67%
First Half 2013	3.87%
Second Half 2013	3.69%
First Half 2014	3.53%
Second Half 2014	3.58%

The improvement in net interest margins in 2012 was principally due to the growth in Akbank's TL-denominated loans, particularly high yielding SME and consumer loans, the positive impact of loan repricing and a decrease in interest rates on deposits. In the first half of 2013, the improvement in the net interest margin continued principally due to continued reduction in interest rates. Akbank also continued to grow its high margin products such as TL-denominated SME and consumer loans and increase its low cost demand deposits. However, due to adverse economic and political developments in Turkey and increase in interest rates starting from June 2013, Akbank's net interest margin declined in the second half of 2013. In the first half of 2014, the decline in net interest margin continued mainly due to tightening of monetary policy and the resulting increase in the cost of deposits, which outpaced loan repricing. In the second half of 2014, net interest margin increased mainly due to easing of the monetary policy which positively impacted loan-deposit spreads as interest-bearing liabilities repriced faster.

For further information, see "*Selected Statistical and Other Information—Interest Earning Assets: Yield, Margin and Spread*".

Exchange Rates

A significant portion of Akbank's assets and liabilities are denominated in foreign currencies, particularly in U.S. Dollars and Euro. As of 31 December 2014, 44.2% of Akbank's total assets and 51.0% of Akbank's total liabilities were denominated in foreign currencies. Akbank monitors its net open position in foreign currencies and historically has sought to be fully hedged in terms of foreign currency exposure through entering into derivative foreign exchange transactions.

In addition, the BRSA imposes a foreign currency position limit which is defined as an amount plus/minus 20% of the total capital used in the calculation of regulatory capital adequacy ratios. Akbank's foreign currency net open position ratios were 3.3%, 3.2% and 5.1% as of 31 December 2014, 2013 and 2012, respectively.

Akbank converts such assets and liabilities and interest earned from and paid on those assets and liabilities into Turkish Lira in preparing its financial statements. As a result, Akbank's financial results are impacted by changes in foreign exchange rates. For the years ended 31 December 2014, 2013 and 2012, Akbank recorded net foreign exchange gain of TL516 million, loss of TL922 million and gain of TL541 million respectively.

Exchange rate movements also affect the Turkish Lira-equivalent value of Akbank's foreign currency denominated assets and capital, which can affect capital adequacy either positively (for example, if the Turkish Lira appreciates, then assets in foreign currencies convert into fewer Turkish Lira in the calculations of capital adequacy ratios and thus increase the capital adequacy ratios) or negatively (for example, if the Turkish Lira depreciates, then assets in foreign currency convert into more Turkish Lira in the calculations of capital adequacy ratios and thus reduce the capital adequacy ratios.)

Securities Portfolio

The share of Akbank's securities portfolio, which comprises primarily Turkish government securities and smaller holdings of other securities such as corporate and foreign government debt securities, in its total assets decreased to 22.2% as of 31 December 2014 from 23.7% as of 31 December 2012 as a result of Akbank's policy of changing its asset mix from securities to loans, which resulted in the increase of share of loans in total assets from 47.2% as of 31 December 2012 to 62.2% as of 31 December 2014. Historically, Akbank's securities portfolio has generated a substantial portion of its income but Akbank has viewed active lending as potentially more lucrative. As a result of this policy, Akbank's management expects that the percentage of its assets invested in securities will decrease further in the medium term.

Similarly, the share of total interest income from Akbank's marketable securities declined to 25.3% for the year ended 31 December 2014, as compared to 27.8% and 35.1% in the years ended 31 December 2013 and 31 December 2012, respectively. For the year ended in 2014, interest income on marketable securities was TL3.7 billion and interest income on loans was TL10.6 billion.

As of 31 December 2014, Akbank's total securities comprised 55.7% fixed rate securities, 9.7% floating rate securities (excluding Consumer Price Index (**CPI**) linked securities) and 34.6% CPI-linked securities, compared to 48.4%, 17.8% and 33.8%, respectively, in 2013 and 47.7%, 15.9% and 36.4%, respectively, in 2012.

As Akbank's securities portfolio is comprised largely of high quality domestic securities (principally Turkish government debt denominated principally in TL and to a lesser extent in U.S.$ and other major currencies), Akbank does not expect any significant credit losses on its securities portfolio. Its trading portfolio and available-for-sale investment securities portfolio are marked-to-market with the mark-to market losses or gains being included in income (for the trading portfolio and where there is a permanent impairment of available-for-sale securities) or shareholders' equity (for the available-for-sale portfolio) as appropriate. In case of permanent impairments of held-to-maturity securities, such impairment losses are also recognized in income.

See "*Selected Statistical and Other Information - Securities Portfolio*".

Akbank's Provisioning for Impaired Loans

Akbank's NPL ratio was 1.7%, 1.4% and 1.2% as of 31 December 2014, 2013 and 2012 respectively. In 2013, Akbank's NPL ratio was impacted by adverse macroeconomic conditions starting from June 2013 which resulted from political uncertainties in Turkey, global monetary policies and reduction in overall risk appetite for emerging markets. The increase in Akbank's NPL ratio as of 31 December 2014 was mainly due to economic uncertainties and fluctuations in interest rates and the value of TL which mainly impacted credit card and consumer lending as well as several corporate/commercial loans that became non-performing during the period. These adverse conditions were also furthered by regulatory restrictions on credit card limits which impacted repayment capabilities of retail borrowers.

Akbank has a more conservative policy regarding provisions for NPLs than required by the BRSA. As of 31 December 2014, Akbank has set aside 93.5% of its NPLs through specific provisioning for its non-performing loans. This policy is conservative as regulations allow for a period of up to 12 months for provisions to be made, depending on the level of collateralisation. Due to its conservative provisioning policy, Akbank believes that it may benefit from strong recoveries from NPLs within shorter periods of time, as such NPLs may also have strong collateralisation levels. Together with general provisioning, Akbank total provisions covers almost 183.8% of its NPLs.

The audit reports for the 2014 BRSA Annual Financial Statements and the 2013 BRSA Annual Financial Statements included a qualification relating to the general provision allocated by Akbank's management for the possible results of the circumstances that may arise from any changes in the economy and market conditions.

This general provision as of 31 December 2013 amounted to TL270 million and was recorded under "Provision for losses and other receivables" in the year ended 31 December 2013. During the year ended 31 December 2014, Akbank reversed TL70 million of the general provision (this was recorded under "Other operating income"), so as of 31 December 2014 it amounted to TL200 million. This provision might be reversed or re-allocated by management in future periods, which may cause Akbank's net profit to be higher in future periods than it otherwise would be in the absence of such reversal or re-allocation.

See "*Risk Management – Identification and Remediation of Problem Loans*".

Critical Accounting Policies

The accounting policies adopted by Akbank are critical to understanding its financial condition, results of operations and the Akbank BRSA Financial Statements and the notes thereto. These accounting policies are described in detail in the notes to the Akbank 2014 Annual BRSA Financial Statements incorporated by reference herein under "*Section Three—Accounting Policies*". Certain of Akbank's accounting policies require significant managerial judgment on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by Akbank's management. Akbank has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the preparation of its financial statements for the relevant period. The following is a brief description of Akbank's current accounting policies which require significant managerial judgment or otherwise are critical to the results of operations and financial condition presented in the Akbank BRSA Financial Statements.

Forward Transactions and Derivative Instruments

The major derivative instruments utilized by Akbank are currency and interest rate swaps, cross currency swaps, currency options and currency forwards. The Bank does not engage in speculative trading.

Akbank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). In accordance with TAS 39, although certain derivative transactions provide effective economic hedges under

Akbank’s risk management position, in accordance with TAS 39 they are treated as derivatives “Held-for-trading.”

Payables and receivables arising from the derivative instruments are included in the off-balance sheet accounts at their contractual values.

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to “Trading derivative financial assets” or “Hedging derivative financial assets”; if the fair value difference is negative, it is recorded to “Trading derivative financial liabilities” or “Hedging derivative financial liabilities”. Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under “trading income/loss” in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted for according to the standard applied to the host contract.

Interest Income and Expense

Interest income and expenses are recognised using the “Effective interest method”. Akbank Group ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

Fees and Commission Income and Expense

Fees and commission income/expenses are primarily recognised on an accrual basis or “Effective interest method” according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognised as income at the time of collection.

Financial Assets

Financial assets at the fair value through profit or loss

Trading financial assets are financial assets which are either acquired to generate a profit from short term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making.

All regular way purchases and sales of trading financial assets are recognised at the settlement date, which is the date that the asset is delivered to/from Akbank. Trading financial assets are initially recognised at fair value and re-measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is accounted as interest income and dividends received are included separately in dividend income.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes.

Akbank has no financial assets designated as financial assets at fair value through profit or loss.

Financial assets available-for-sale

Financial assets available-for-sale consist of financial assets other than “Loans and receivables”, “Held-to-maturity”, “Financial assets at fair value through profit or loss” and non-derivative financial assets. Financial assets available-for-sale are recorded by adding transaction cost to acquisition cost reflecting the fair value of the financial asset.

After the recognition, financial assets available-for-sale are re-measured at fair value. Interest income arising from available-for-sale calculated with “Effective interest method” and dividend income from equity securities are reflected to income statement. “Unrealised gains and losses” arising from the difference between the amortised cost and the fair value of securities classified as available-for-sale are recognised in the account of “Marketable securities valuation differences” under shareholder’s equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables are carried initially by adding acquisition cost which reflect fair value to transaction costs and subsequently recognised at the discounted value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

If the collectability of any receivable is identified as limited or doubtful by the management through assessments and estimates, Akbank provides general and specific provisions for these loans and receivables. Provision expenses are deducted from the net income of the period. If there is a subsequent collection from a receivable which has already provisioned in the previous years, the recovery amount is classified under other operating income. If a receivable is collected which is provisioned in the same year, it is deducted from the special provisions for loans and other receivables. Uncollectible receivables are written-off after all the legal procedures are finalised.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of the those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

There are no financial assets previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

Akbank has 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 the 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 the “Inflation Indexed Bonds Manual” published by the Turkish Treasury, the reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Provisions and Contingent Liabilities

Provisions are recognised when Akbank Group has a present legal or contingent obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle. When the amount of the obligation cannot be reliably estimated and there is no possibility of an outflow of resources from Akbank Group, it is considered that a contingent liability exists and it is disclosed in the related notes to the financial statements.

Taxation

Current tax

In Turkey, the corporate tax rate is 20%. Corporate tax is calculated on Akbank's total income after adjusting for certain disallowable expenses, tax-exempt income and other allowances. No further tax is payable unless the profit is distributed. A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

Under the Turkish Corporate Tax Law, 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.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies must file their tax returns by the 25th day of the fourth month following the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which time period 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. Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

Deferred tax

Akbank Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements. In the deferred tax calculation, the enacted tax rate is used as of the balance sheet date. Deferred tax liabilities are recognised for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions.

Deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements. Deferred tax related to items recognised directly in equity is also credited or charged directly to equity.

Information on taxation in foreign associates

Akbank AG (Germany)

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15.825% since an additional solidarity tax of 5.5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 16% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is approximately 32%.

Akbank (Dubai) Limited (United Arab Emirates)

Akbank Dubai, operating in Dubai International Finance Center, is not subject to taxes according to the laws of this country.

Accounting Policy Changes

There have been no accounting policy changes since 2008.

Analysis of Results of Operations and Financial Condition

The table below sets out Akbank's summary income statement for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December				
	2014	*2014/ 2013 Change %*	*2013*	*2013/ 2012 Change %*	*2012*
	(TL thousands, except percentages)				
Interest income	14,690,586	23.5%	11,891,833	2.1%	11,649,475
Interest expense	7,470,308	35.6%	5,510,286	(12.4)%	6,291,675
Net interest income..................	**7,220,278**	**13.1%**	**6,381,547**	**19.1%**	**5,357,800**
Net fee and commission income	2,436,707	9.1%	2,233,319	24.8%	1,788,881
Dividend income ...	1,381	(72.2)%	4,970	580.8%	730
Trading income/(loss) (net)	(75,476)	(115.4)%	491,008	21.8%	403,189
Other operating income	633,895	51.5%	418,409	0.7%	415,363
Total operating income..................	**10,216,785**	**7.2%**	**9,529,253**	**19.6%**	**7,965,963**
Provision for loan losses and other receivables....	2,076,858	7.2%	1,936,548	72.8%	1,120,889
Other operating expenses	3,806,435	7.9%	3,528,724	18.9%	2,968,464
Net operating income/(loss).........	**4,333,492**	**6.6%**	**4,063,981**	**4.8%**	**3,876,610**
Tax provision for continuing operations	954,846	(3.2)%	986,800	13.2%	871,662
Net income/(loss).........	**3,378,646**	**9.8%**	**3,077,181**	**2.4%**	**3,004,948**

The following table identifies the share that net interest income, net fee and commission income, dividend income, trading income and other operating income have represented in Akbank's total operating income for each of the indicated periods.

	For the years ended 31 December		
	2014	*2013*	*2012*
Net interest income.......................................	70.7%	67.0%	67.3%
Net fee and commission income....................	23.9%	23.4%	22.5%
Dividend income	0.0%	0.1%	0.01%
Trading income/(loss) (net)	(0.7)%	5.2%	5.1%
Other operating income	6.2%	4.4%	5.2%
Total operating income	**100.0%**	**100.0%**	**100.0%**

Net Income

The following tables set out the principal components of Akbank's net income for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December			*% change*	
	2014	*2013*	*2012*	*2014/2013*	*2013/2012*
	(TL thousands, except percentages)				
Interest and similar income............................	14,690,586	11,891,833	11,649,475	23.5%	2.1%
Interest expense and similar charges	(7,470,308)	(5,510,286)	(6,291,675)	35.6%	(12.4%)
Non-interest income[(1)]	2,996,507	3,147,706	2,608,163	-4.8%	20.7%
Provision for loan losses and other receivables...	(2,076,858)	(1,936,548)	(1,120,889)	7.2%	72.8%
Other operating expenses...............................	(3,806,435)	(3,528,724)	(2,968,464)	7.9%	18.9%
Tax provision for continuing operations.........	(954,846)	(986,800)	(871,662)	-3.2%	13.2%
Income/(loss) from the group	3,378,646	3,077,177	3,004,910	9.8%	2.4%
Income/(loss) from minority interest	7	4	38	75.0%	(89.5)%
Net income..	**3,378,646**	**3,077,181**	**3,004,948**	**9.8%**	**2.4%**

Note:

(1) Non-interest income comprises net fee and commission income, dividend income, trading income/(loss) (net) and other operating income.

Akbank's net income for the year ended 31 December 2014 was TL3.38 billion, a 9.8% increase compared to TL3.08 billion in the year ended 31 December 2013. Return on average total assets was 1.6% for the year ended 31 December 2014 and 1.7% for the year ended 31 December 2013. Return on average shareholders' equity (excluding non-controlling interest) was 14.1% for the year ended 31 December 2014 compared to 14.0% for the year ended 31 December 2013. The sector average was 11.6% for the 2014 on a standalone basis.

Akbank's net income for the year ended 31 December 2013 was TL3.1 billion, a 2.4% increase compared to TL3.0 billion in 2012. Return on average total assets was 1.7% for 2013 and 2.0% for 2012. Return on average shareholders' equity (excluding non-controlling interest) for 2013 was 14.0% compared to 15.1% for 2012.

Net Interest Income

Akbank's net interest income is the difference between the interest income that it earns on its interest-earning assets and the interest expense that it pays on its interest-bearing liabilities. Its primary sources of interest income are interest on loans and interest on marketable securities (principally Turkish government securities denominated in TL). The table below sets out the principal components of Akbank's net interest income for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December				
	2014	*Change (%)*	*2013*	*Change (%)*	*2012*
	(TL thousands, except percentages)				
Interest Income – Interest Expense:					
Interest on loans...	10,595,948	27.4%	8,317,433	13.2%	7,345,599
Interest from reserve requirements	—		—		—
Interest from banks......................................	36,747	12.3%	32,736	30.9%	25,000
Interest from money market transactions	63,676	149.7%	25,497	(41.3)%	43,441
Interest from marketable securities..............	3,718,611	12.3%	3,311,800	(19.1)%	4,094,443
Financial lease income.................................	235,838	26.7%	186,186	41.7%	131,438
Other interest income	39,776	118.7%	18,181	90.3%	9,554
Total interest income.................................	**14,690,586**	**23.5%**	**11,891,833**	**2.1%**	**11,649,475**
Interest on deposits......................................	5,457,539	34.3%	4,062,573	(15.4%)	4,804,202
Interest on funds borrowed..........................	375,206	13.4%	330,875	(9.5)%	365,633
Interest on money market transactions	1,002,028	59.6%	627,980	(8.1)%	683,262
Interest on securities issued..........................	612,542	30.4%	469,917	13.6%	413,566
Other interest expense	22,993	21.4%	18,941	(24.3)%	25,012
Total interest expense	7,470,308	35.6%	**5,510,286**	(12.4)%	**6,291,675**
Net interest income	**7,220,278**	**13.1%**	**6,381,547**	**19.1%**	**5,357,800**

Net interest income increased by 13.1% in the year ended 31 December 2014 from TL6.4 billion in the year ended 31 December 2013 to TL7.2 billion, mainly driven by effective NIM management and loan growth on higher yielding products in the increasing TL market interest rates environment, as well as interest income earned by CPI linked securities, despite a reduction in net interest margin due to the higher cost of funding. Akbank's cost of funding increased by 35.6% from the year ended 31 December 2013 to year ended 31 December 2014, while interest income increased by 23.5% during the same period. The increase in cost of funding was primarily driven by the general upward trend of funding costs resulting from continued increase in average TL market interest rates, starting from mid-2013. Akbank's total deposits and TL-denominated deposits increased by 8.7% and 16.0%, respectively, in the year ended 31 December 2014. For the same period, total loans increased by 15.4% and total investment securities increased by 6.8%. Akbank's net interest margin decreased to 3.6% in the year ended 31 December 2014 as compared to 3.7% for the year ended 31 December 2013. The decrease in net interest margin resulted principally from an increase in the cost of deposits as a result of an increase in interest rates. Although the cost of funding increased in the second half of 2013 due to concerns with respect to tapering by the U.S. Federal Reserve which adversely impacted emerging markets and political uncertainty within Turkey, Akbank's net interest income increased by 19.1% in 2013 as compared to 2012. The increase was mainly due to better NIM Management and focusing on high yielding loan segments. For an allocation of changes in Akbank's net interest income as a result of these factors see "*Selected Statistical and Other Information – Analysis of Changes in Net Interest Income and Interest Expense.*"

Interest income and interest expense are discussed in greater detail below.

Interest Income

Interest income is a function of both volume of, and yield earned on Akbank's interest earning assets, mainly from loans and debt securities.

Interest income was TL14.7 billion for the year ended 31 December 2014, an increase of 23.5% compared to TL11.9 billion for the year ended 31 December 2013. For the year ended 31 December 2014, the increase in interest income was principally due to a 27.4% increase in interest income from loans primarily driven by growth in higher yielding TL loans and a 12.3% increase in interest income from marketable securities principally driven by improved yields as well as an increase in the average TL market interest rates. Total assets increased by 11.9% as at 31 December 2014, from TL195.5 billion at 31 December 2013, investment securities increased by 6.8% from TL45.4 billion as at 31 December 2013 to TL48.4 billion as at 31 December 2014 and total loans increased by 15.4% from TL118.0 billion as at 31 December 2013 to TL136.1 billion as at 31 December 2014. See "*—Loan Portfolio Growth*".

Interest income was TL11.9 billion for the year ended 31 December 2013, an increase of 2.1% compared to TL11.6 billion for the year ended 31 December 2012. In 2013 the increase in interest income from loans was largely offset by the decline in interest income from marketable securities due to lower market rates. Total assets increased by 19.6% as at 31 December 2013, from TL163.5 billion in 2012 to TL195.5 billion in 2013, with total loans increasing by 27.8% in 2013, from TL92.4 billion as at 31 December 2012 to TL118.0 billion as at 31 December 2013 and cash and balances with the Central Bank of Turkey increasing by 9.4% from TL16.7 billion as at 31 December 2012 to TL18.2 billion as at 31 December 2013. See "*—Loan Portfolio Growth*".

Interest Income from Loans

The table below sets out certain key components of Akbank's total loans for the periods presented.

	2014	*Change %*	*2013*	*Change %*	*2012*
			(TL thousands, except percentages)		
Consumer loans	30,999	11.7	27,744	32.5	20,944
SME loans	47,894	26.6	37,817	39.2	27,178
Credit cards	12,904	(12.2)	14,692	7.8	13,624
Corporate loans	44,185	17.3	37,664	23.2	30,521
Performing loans	135,980	15.3	**117,917**	**27.8**	**92,267**
Non-performing loans	2,330	39.0	1,677	50.4	1,115
Total loans and advances to customers	138,310	15.7	**119,594**	**28.1**	**93,382**
Allowance for loan losses	2,179	37.6	1,584	54.8	1,023
Net loans and advances to customers	136,131	15.4	**118,010**	**27.8**	**92,360**

Consumer loans and SME loans increased 11.7% and 26.6% respectively, credit cards decreased 12.2% (principally driven by adverse regulatory changes) and corporate loans increased 17.3% in the year 2014. Consumer loans and SME loans increased 32.5% and 39.1% respectively, credit cards increased 7.8% and corporate loans increased 23.4% in 2013. Consumer loans and SME loans increased 34.3% and 33.9% respectively, credit cards increased 37.3% and corporate loans increased 7.3% in 2012.

Interest income from loans was TL10.6 billion in the year ended 31 December 2014, an increase of 27.4% compared to TL8.3 billion in the year ended 31 December 2013 primarily due to the increase in size of Akbank's loan portfolio and due to increased yield on loans mainly as a result of better management of loan spreads. In the year ended 31 December 2014, Akbank continued to focus on growing its loan portfolio in the high yielding TL-denominated loans, in particular to SMEs and general purpose loans to retail customers. TL-denominated consumer loans and TL-denominated SME loans increased 11.8% and 31.2% in the year ended 31 December 2014 with the loans to total assets ratio increasing to 62.2% in the year ended 31 December 2014 from 60.4% in the year ended 31 December 2013. As of 31 December 2014, Akbank had a 10.5% market share in total loans in Turkey (10.4% in TL loans and 10.8% in foreign currency loans) *(source: BRSA)*.

Interest income from loans was TL8.3 billion in 2013, an increase of 13.2% compared to TL7.3 billion in 2012 primarily due to an increase in loans, although decline in yields on securities due to lower market rates offset a substantial part of positive impact on loan growth. Responses to rising inflation and TL depreciation by monetary authorities, including reductions in interest rate by Central Bank, as well as competition in the sector resulted in lower yields on loans. Higher yielding loan products such as TL-denominated consumer loans and TL-denominated SME loans increased 32.4% and 39.8% in 2013 and 34.3% and 50.4% in 2012 with the loans to total assets ratio decreasing to 60.4% in 2013 from 72.2% in 2012.

Interest Income from Marketable Securities

Akbank's interest income from marketable securities amounted to TL3.7 billion in the year ended 31 December 2014, an increase of 12.3% compared to TL3.3 billion in the year ended 31 December 2013. This increase was primarily due to an increase in the volume of marketable securities, an increase in the interest rates as well as rising inflation which increased the interest income on inflation-linked securities. Income from inflation-linked securities increased by 8.9% from 31 December 2013 to 31 December 2014, whereas income from the overall securities portfolio increased by 6.8% in the same period.

Akbank's interest income from marketable securities amounted to TL3.3 billion in 2013, a decrease of 19.1% compared to TL4.1 billion in 2012. This decrease was primarily due to declining interest rates in the first half of 2013.

For an allocation of changes in Akbank's interest income between 31 December 2014 and 31 December 2012, see "*Selected Statistical and Other Information – Analysis of Changes in Net Interest Income and Interest Expense.*"

Interest Expense

Akbank's liabilities predominantly consist of short-term deposits, as well as funds provided under repurchase agreements and borrowings.

Total liabilities excluding shareholders' equity increased by 11.1%, from TL173.3 billion as at 31 December 2013 to TL192.6 billion as at 31 December 2014, with deposits increasing by 8.7% from TL112.5 billion as at 31 December 2013 to TL122.3 billion as at 31 December 2014. Akbank's market share for deposits in the year ending in 2014 was 10.0% (9.8% for TL-denominated deposits and 10.3% for foreign currency deposits) *(source: BRSA)*.

Funds borrowed increased by 6.9% from TL19.9 billion as at 31 December 2013 to TL21.3 billion as at 31 December 2014, due to depreciation of Turkish Lira against the U.S. Dollar, as most of Akbank's borrowings are denominated in U.S. Dollars, and an increase in borrowings through the ARTS Securitisation Program and short-term bond issues under Akbank's GMTN programme established in December 2013.

Interest expense for the year ended 31 December 2014 increased by 35.6% to TL7.5 billion from TL5.5 billion in the year ended 31 December 2013. The change was partly due to an increase in the cost of deposits and cost of money market transactions resulting from an increase in average TL market interest rates as a result of concerns with respect to global monetary conditions resulting from anticipated reduction in liquidity by the U.S. Federal Reserve and political uncertainty within Turkey especially in the early part of 2014, and partly due to increase in the volume of deposits.

Outstanding average TL-denominated deposits, together with deposits (based on management accounts) provided under repo transactions, increased by 12.3% in the year ended 31 December 2014 as compared to the year ended 31 December 2013. The average volume of foreign currency denominated deposits increased by 25.2% in the year ended 31 December 2014 denominated in TL as compared to the year ended 31 December 2013, mainly due to depreciation of the TL, although in U.S.$ terms, it decreased 7.2% from U.S.$26.4 billion to U.S.$24.5 billion.

In terms of average outstanding TL deposit balances (based on management accounts), 16.2% were TL demand deposits and 83.8% were TL time deposits in the year ended 31 December 2014, compared to 15.8% TL demand deposits and 84.2% TL time deposits in the year ended 31 December 2013.

The annual average cost on TL time deposits increased 9.3% in the year ended 31 December 2014 from 7.3% in the year ended 31 December 2013 due to an increase in average TL market interest rates as a result of concerns with respect to global monetary conditions resulting from anticipated reduction in liquidity by the U.S. Federal Reserve, economic and political uncertainties and fluctuations in interest rates.

Interest expense on funds borrowed increased to TL375.2 million in the year ended 31 December 2014 from TL330.9 million in the year ended 31 December 2013.

Total liabilities excluding shareholders' equity increased by 22.9% in 2013, from TL141.0 billion as at 31 December 2012 to TL173.3 billion as at 31 December 2013, with deposits increasing by 24% in 2013, from TL90.7 billion as at 31 December 2012 to TL112.5 billion as at 31 December 2013, funds borrowed increasing by 27.6% in 2013, from TL15.6 billion as at 31 December 2012 to TL19.9 billion as at 31 December 2013 and debt securities increasing by 32.0% in 2013, from TL6.6 billion in 2012 to TL8.7 billion in 2013. Interest expense for the year ended 31 December 2013 decreased by 12.4% to TL5.5 billion from TL6.3 billion in the year ended 31 December 2012. The decrease in interest expense in 2013 was principally due to a decrease in market rates and effective cost management by restrained pricing on deposits, increasing the share of demand deposits relative to total deposits and opportunistic repurchase transactions.

Outstanding average Turkish Lira denominated deposits, together with deposits (based on management accounts) provided under repo transactions, increased by 11.6% in 2013 as compared to 2012. The average volume of foreign currency denominated deposits increased by 26.2% in 2013 as compared to 2012.

In terms of average outstanding TL deposit balances (based on management accounts), 15.8% were TL demand deposits and 84.2% were TL time deposits in 2013, compared to 13.4% TL demand deposits and 86.6% TL time deposits in 2012.

Changes in interest expense result both from changes in the average amount of interest-bearing liabilities and the interest rates payable thereon. For an analysis of changes in Akbank's consolidated interest expense and similar charges as a result of these factors between 31 December 2014 and 31 December 2013, see "*Selected Statistical and Other Information—Analysis of Changes in Net Interest Income and Interest Expense*."

Provision for Loan Losses

Akbank maintains a general policy of taking 100% provision for loan losses (irrespective of collateral) unless Akbank management believes collections from collaterals would be strong. Akbank's non-performing loans (i.e. over 90 days past due) are fully provisioned in accordance with BRSA, except for a few instances, where management believes collections from collateral would be sufficient for recovering the loan amount.

Akbank's provisions for loan losses increased by 7.2% to TL2.1 billion in the year ended 31 December 2014 from TL1.9 billion in the year ended 31 December 2013 principally due to growth on outstanding loans. Akbank's provisions for loan losses increased by 72.8% to TL1.9 billion in the year ended 31 December 2013 from TL1.1 billion in the year ended 31 December 2012, principally driven by the substantial growth on loans in the previous months and adverse economic and market conditions starting from June 2013.

NPLs as a percentage of total loans remained at low levels relative to Turkish banking sector averages as published by the BRSA. Akbank's percentage increased to 1.7% in 2014 and 1.4% in 2013 compared to 1.2% in 2012. Turkish sector averages for the same periods were 2.8%, 2.6% and 2.8%, respectively. Akbank's segment NPL breakdown for the year ended 31 December 2014 was 0.8% for business loans, 2.1% for consumer loans and 6.6% for credit cards and the banking sector's breakdown in the respective segments was 2.4%, 2.4% and 6.8%.

For additional information on Akbank's loan losses, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Akbank's Provisioning for Impaired Loans*"; "*Selected Statistical and Other Information —Non-Performing Loans; Provisioning; Loan Losses*," and "*Selected Statistical and Other Information— Allowance for Loan Losses*."

Total Non-interest Income

The table below sets forth the components of Akbank's non-interest income for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December							
	2014	*% of Total non-interest income*	*% change y-o-y*	*2013*	*% of Total non-interest income*	*% change y-o-y*	*2012*	*% of Total non-interest income*
	(TL thousands, except percentages)							
Net fees and commissions income	2,436,707	81.3%	9.1%	2,233,319	71.0%	24.8%	1,788,881	68.6%
Dividend income	1,381	0.0%	(72.2)%	4,970	0.2%	580.8%	730	0.03%
Trading income/(loss)	(75,476)	(2.5)%	(115.4)%	491,008	15.6%	21.8%	403,189	15.5%
Other operating income	633,895	21.2%	51.5%	418,409	13.3%	0.7%	415,363	15.9%
Total non-interest income	**2,996,507**	**100.0%**	**(4,8)%**	**3,147,706**	**100.0%**	**20.7**	**2,608,163**	**100.0%**

Total non-interest income decreased by 4.8% in the year 2014 to TL3.0 billion from TL3.1 billion in the year 2013, primarily due to trading losses, which was only partially offset by an increase in net fee and commission income. The trading loss principally reflected loss on derivative financial transactions entered into, to mainly use Akbank's excess foreign currency liquidity to fund Akbank's local currency assets.

Akbank earns fee and commission income mainly from credit cards, bancassurance, asset management, consumer and commercial loans, including mortgage loans and project finance loans. The principal drivers for fee and commission income are the credit card and consumer banking products. Fee and commission income increased by 9.1% in 2014 compared to 2013, as compared to a 24.8% increase in 2013. Reduced growth was primarily due to a significant reduction in credit card fees, a slowdown in mortgage loans and project finance loans, which earn higher fees, and limits on fees, on consumer loans and credit cards imposed by regulations.

Although such fees are expected by Akbank management to grow in parallel to the growth in consumer banking, changes in regulation have imposed limits or prohibition on fees and commissions that a bank may charge for banking services and such regulations have had and may in the future have an adverse impact on fee and commission income.

Total non-interest income increased by 20.7% in 2013 to TL3.1 billion from TL2.6 billion in 2012. Fee and commission income increased by 24.8% in 2013 compared to 2012, primarily due to increase in money transfer fees and bancassurance commissions in parallel to growth in consumer loans.

Total Non-interest Expense

The following table shows the components of Akbank's non-interest expense for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December							
	2014	*% of Total non-interest expense*	*% change y-o-y*	*2013*	*% of Total non-interest expense*	*% change y-o-y*	*2012*	*% of Total non-interest expense*
	(TL thousands, except percentages)							
Personnel expenses	1,486,084	39.0%	4.4%	1,423,264	40.3%	16.5%	1,221,580	41.2%
Depreciation expenses	201,876	5.3%	18.0%	171,012	4.8%	8.8%	157,116	5.3%
Operational leasing expenses	164,220	4.3%	12.2%	146,380	4.1%	14.6%	127,776	4.3%
Maintenance expenses	24,289	0.6%	(4.6)%	25,464	0.7%	0.9%	25,231	0.8%
Advertisement expenses	108,291	2.8%	(10.5)%	120,936	3.4%	18.6%	101,962	3.4%
Other expenses	1,821,675	47.9%	11.0%	1,641,668	46.5%	23.0%	1,334,799	45.0%
Total non-interest expense	**3,806,435**	**100.0%**	**7.9%**	**3,528,724**	**100%**	**18.9%**	**2,968,464**	**100%**

Total non-interest expense increased by 7.9% in 2014 to TL3.8 billion from TL3.5 billion in 2013 principally driven by “Consumer Arbitration Board” penalties.

Total non-interest expense increased by 18.9% in 2013 to TL3.5 billion from TL3.0 billion in 2012, principally driven by the human resources investment completed in the second half of 2012 and a one-off Competition Board fine of TL129 million.

Akbank has taken a number of initiatives to increase operational efficiency and reduce the growth of non-interest expenses. These initiatives have included centralising back office operations. Akbank also made improvements in processes, for example reducing the time and the number of personnel needed to finalise processes, while increasing Akbank’s capacity to handle such processes.

Income Taxes

Income tax expense was TL954.8 million and Akbank's effective tax rate was 22.0% in the year ended 31 December 2014 as compared to TL986.8 million income tax expense and a 24.3% effective tax rate in the year ended 31 December 2013. The decrease in tax expense was primarily due to decreased total operating income, principally resulting from declined trading income.

Income tax expense was TL954.8 million and the effective tax rate was 22.0% in 2014. Income tax expense was TL986.8 million and the effective tax rate was 24.3% in 2013. Income tax expense was TL871.7 million in 2012 and the effective tax rate was 22.5% in 2012.

In addition to general provisions Akbank is required to take according to the BRSA requirements, Akbank may take additional prudential provisions for adverse circumstances that may arise from any changes in the economy or market conditions. Turkish tax laws do not recognize changes related to general provisions from its taxable income. Accordingly, Akbank’s effective tax rate may vary depending on the additional general provisions taken by Akbank.

Liquidity and Funding

Akbank's principal sources of funding are short-term deposits from retail and corporate customers, as well as other banks. Currently, Akbank's strategy is to utilize deposits from its extensive customer base as the main funding source, while opportunistically using repurchase transactions, borrowings from international banks and securities issuances particularly for the medium-term or long-term funding needs although this approach is subject to change depending on market opportunities and changes in prevailing rates for deposits and other funding sources. Although deposits are typically short-term in nature in the Turkish market, Akbank has historically benefited from a high degree of stickiness in its deposits, although competition can be fierce from time to time. In recent years, Akbank has typically deployed excess liquidity from growth in its deposit base and shareholders' equity to fund loans, given the attractive yields compared to marketable securities in the form of Turkish government bonds, with an emphasis on higher yielding consumer and SME loans.

Akbank's customer deposits constituted in aggregate approximately 49.7%, 51.7% and 48.9% of its total liabilities as at 31 December 2014, 2013 and 2012, respectively. As at 31 December 2014, Akbank's customer deposits amounted to TL108.7 billion, an increase of 7.6% from TL101.1 billion as at 31 December 2013, which was a 26.4% increase from TL79.9 billion as at 31 December 2012. For more information on Akbank's deposits, see "*Selected Statistical and Other Information—Deposits.*"

The remaining sources of funds are shareholder's equity, funds borrowed under repurchase transactions and borrowings. Such funds represented 50.3%, 48.3% and 51.1% of Akbank's total liabilities as at 31 December 2014, 2013 and 2012, respectively.

In March 2014, Akbank entered into a syndicated loan for U.S.$1.35 billion and in August 2014 Akbank entered into another syndicated loan for U.S.$1.50 billion, bringing the total funds raised by Akbank in the syndicated loan market in 2014 to U.S.$2.85 billion.

Akbank has also been active from time to time in the cross-border, future-flow securitisation market since 1999 with its ARTS Programme. The ARTS Programme is backed by trade and diversified payment rights, including workers' remittances, cash against goods, cash against documents, letters of credit, cheque remittances and other third party payment orders. The total issuance under this programme reached U.S.$6.5 billion as at 31 December 2014, and the principal amount outstanding under this programme was U.S.$1.97 billion as at 31 December 2014. In June and July 2014, Akbank issued an additional U.S.$1.3 billion under this programme.

On 23 December 2013, Akbank also established a GMTN Programme and as of 31 December 2014 the total outstanding amount raised under this programme was approximately U.S.$368 million. On 23 December 2014, Akbank established a €1 billion mortgage-covered bond programme and has since issued TL407.3 million of mortgage-covered bonds under that programme. In January 2015, Akbank raised an additional U.S.$500 million with a 5 year benchmark issuance under the GMTN programme.

As at the date of this Prospectus, Akbank's management believes that Akbank's liquidity is sufficient for its present requirements for at least the next 12 months from the date of this Prospectus.

Off-balance Sheet Arrangements

Akbank offers its customers products such as guarantees and letters of credit to meet its customers' needs for commercial banking services, frequently in connection with their customers' export and import activities. These products do not appear on Akbank's balance sheet.

The table below sets forth Akbank's total off-balance sheet arrangements for the periods presented.

	As at 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Letters of guarantee	22,362,816	19,185,463	12,203,921
Acceptance credits	1,130,533	1,705,986	199,864
Letter of credit	5,463,720	6,207,184	4,546,973
Other guarantees	3,286,394	3,179,275	1,718,929
Total	32,243,463	**30,277,908**	**18,669,687**

As at 31 December 2014, Akbank had forward, swap, futures, options purchases and sales contracts, amounting to TL368.6 million on a net basis. Akbank enters into forward and swap contracts to provide hedging services for itself and its clients.

The table below sets forth Akbank's total derivative transactions as at 31 December 2014, 2013 and 2012.

	As at 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Derivatives held for trading:			
Forward foreign currency buy/sell transactions	9,092,090	12,075,222	4,837,708
Swap transactions	94,813,653	84,973,515	42,906,661
Foreign currency, interest rate and securities options	53,952,676	61,084,365	20,132,660
Foreign currency futures		-	-
Other	6,427,357	2,218,712	1,842,164
Derivatives held for hedging:	**9,638,866**	**12,516,952**	**12,962,413**
Interest Rate Swaps	7,632,232	6,774,672	6,550,987
Currency Rate Swaps	2,006,634	5,742,280	6,411,426
Total derivative transactions[(1)]	**173,924,642**	**172,868,766**	**82,681,606**

Note:

(1) Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions.

Akbank has seen increasing levels of derivatives activity in the past three years. Most of Akbank's derivatives or off balance sheet transactions are option and swap arrangements with counterparts and customers the risks of which are managed on a portfolio basis or transferred to third parties. Akbank holds Turkish Lira and foreign currency interest swaps mainly for hedging its balance sheet and for interest rate risk management. Akbank also uses foreign currency secured swaps for liquidity management.

Guarantees represent irrevocable assurances that Akbank will make payments in the event that a customer cannot meet its performance-related or financial obligations to third parties and thus carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by Akbank on behalf of a corporate customer authorising a third party to draw drafts on Akbank up to a stipulated amount under specific terms and conditions, generally relate to trade and may be collateralised by the underlying shipments of goods to which they relate, by cash deposits or otherwise. The total outstanding contractual amount of letters of credit and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Property, Plant and Equipment

The table below sets forth the components of Akbank's property and equipment for each of the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Land and Buildings	715,424	710,824	688,559
Equipment and vehicles	985,242	884,370	828,574
Constructions in progress	2,495	203	2,578
Leasehold improvements	137,269	127,768	130,373
Total	1,840,430	1,723,166	1,650,084
Depreciation	(977,076)	(871,945)	(850,181)
Net book value	**863,354**	**851,220**	**799,903**

Akbank's property, plant and equipment comprise expenditures made on acquiring buildings, renovations to leasehold property, leasing of equipment (such as IT equipment), acquiring furniture, fixtures and office equipment and leasing intangible assets (such as IT software).

Selected Financial Information

The following tables set forth, for the periods indicated, Akbank's selected historical consolidated financial and other information. Akbank's selected historical consolidated financial information as at 31 December 2014, 2013 and 2012 has been derived from the audited Akbank BRSA Financial Statements. The following selected consolidated financial and other information should be read in conjunction with, and is qualified in its entirety by reference to, the Akbank BRSA Financial Statements. The Akbank BRSA Financial Statements are presented in Turkish Lira and have been prepared in accordance with BRSA and as described in more detail in the accounting principles included in the notes to the Akbank BRSA Financial Statements.

Prospective investors should read the following information in conjunction with "*Presentation of Financial and Other Information*" section of the Base Prospectus and the Akbank BRSA Financial Statements.

Balance Sheet Data

	As at 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
ASSETS			
Cash and Balances with Central Bank	20,440,057	18,223,119	16,662,852
Financial Assets at Fair Value Through Profit or (Loss) (Net)	1,465,703	1,891,610	570,652
Banks	5,212,117	5,839,099	3,190,672
Money Markets	700,215	—	—
Available-for-Sale Financial Assets (Net)	37,603,832	33,164,982	42,621,552
Loans and Receivables	136,131,400	118,009,505	92,360,249
Factoring Receivables	0	—	—
Held-to-Maturity Securities (Net)	10,800,111	12,153,453	3,637,468
Investments in Associates (Net)	3,923	3,923	3,923
Subsidiaries (Net)	0	—	—
Joint Ventures (Net)	0	—	—
Financial Lease Receivables (Net)	3,695,306	3,217,516	2,007,885
Hedging Derivative Financial Assets	284,541	630,177	—
Property and Equipment (Net)	863,354	851,220	799,903
Intangible Assets (Net)	229,004	162,215	113,757
Investment Property (Net)	0	—	—
Tax Asset	21,045	75,005	5,103
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	158,652	34,699	15,048
Other Assets		1,225,740	1,489,270
Total assets	**218,696,598**	**195,482,263**	**163,478,334**
LIABILITIES			
Deposits	122,294,076	112,472,683	90,688,288
Trading Derivative Financial Liabilities	1,207,213	1,178,748	553,939
Borrowings	21,269,361	19,898,600	15,598,071
Money Markets	28,851,360	23,230,751	20,121,429
Securities Issued (Net)	10,540,424	8,727,842	6,614,443
Funds	—	—	—
Miscellaneous Payables	3,498,812	3,724,991	2,967,843
Other Liabilities	1,528,730	1,478,729	1,562,614
Factoring Payables	—	—	—
Financial Lease Payables (Net)	—	—	—
Hedging Derivative Financial Liabilities	105,952	63,810	658,845
Provisions	2,653,626	2,267,575	1,531,382
Tax Liability	607,000	303,555	705,712
Liabilities for Property And Equipment Held for Sale	—	—	—
Subordinated Loans	—	—	—
Shareholders' Equity	26,140,044	22,134,979	22,475,768
Total liabilities and shareholders' equity	**218,696,598**	**195,482,263**	**163,478,334**

Income Statement Data

	For the year ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
INCOME AND EXPENSES ITEMS			
Interest Income	14,690,586	11,891,833	11,649,475
Interest Expense	7,470,308	5,510,286	6,291,675
Net Interest Income	**7,220,278**	**6,381,547**	**5,357,800**
Net Fees and Commissions Income	**2,436,707**	**2,233,319**	**1,788,881**
Dividend Income	1,381	4,970	730
Trading Income/(Loss) (Net)	(75,476)	491,008	403,189
Other Operating Income	**633,895**	**418,409**	**415,363**
Total Operating Income	10,216,785	9,529,253	7,965,963
Provision for Loan Losses and Other Receivables	2,076,858	(1,936,548)	1,120,889
Other Operating Expenses	3,806,435	(3,528,724)	2,968,464
Net Operating Income/(Loss)	**4,333,492**	**4,063,981**	**3,876,610**
Excess Amount Recorded as Income After Merger, Income/ (Loss) from Investments in Subsidiaries	—	—	—
Consolidated Based on Equity Method	—	—	—
Income/(Loss) on Net Monetary Position	—	—	—
Profit/Loss before Tax from Continued Operations	4,333,492	4,063,981	3,876,610
Tax Provision for Continued Operations	954,846	986,800	871,662
Current Year Profit/Loss from Continued Operations	3,378,646	3,077,181	3,004,948
Income from Discontinued Operations	—	—	—
Expenses for Discontinued Operations	—	—	—
Profit/Loss Before Tax from Discontinued Operations	—	—	—
Tax Provision for Discontinued Operations	—	—	—
Current Year Profit/Loss from Discontinued Operations	—	—	—
Net Income/(Loss)	**3,378,646**	**3,077,181**	**3,004,948**
Income/(Loss) from Akbank Group	**3,378,639**	**3,077,171**	**3,004,910**

Key Ratios

The following table sets out certain key ratios calculated with results derived from the Akbank BRSA Financial Statements as at and for the years ended 31 December 2014, 2013 and 2012, respectively. These ratios are not calculated on the basis of IFRS and are not IFRS measures of financial performance.

	As at and for the year ended 31 December		
	2014	*2013*	*2012*
		(%)	
Return on average shareholders' equity excluding minority interest	14.1	14.0	15.1
Net interest margin[(1)]	3.6	3.7	3.7
Capital adequacy ratio[(2)]	14.9	14.7	17.9
Cost to income[(3)]	43.8	41.7	40.6
Free capital ratio[(4)]	11.4	10.8	13.2
Non-performing loans to total cash loans	1.7	1.4	1.2
Cost to average total assets	1.8	2.0	2.0
Cost of Risk	0.9	0.8	0.5
Fees to Cost	64.0	63.3	60.3
Tier I Ratio	13.8	14.5	16.3
Loan-to-deposit ratio	111.3	104.9	101.8
NPL coverage ratio	93.5	94.5	91.7

Notes:

(1) Net interest income divided by average interest earning assets.

(2) Calculated in accordance with BRSA regulations.

(3) Represents non-interest expenses divided by total operating income before provisions and non-interest expense.

(4) Total shareholders' equity excluding intangible assets, tangible assets, assets held for resale, investments in equity participations and divided by total assets.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical information and ratios for Akbank as at and for the periods indicated. The selected statistical information should be read in conjunction with the Akbank BRSA Financial Statements, and the information included in "*Management's Discussion and Analysis of Results of Operations and Financial Condition*". All Turkish Lira amounts in this section, unless otherwise indicated, are stated in thousand Turkish Lira.

Average Balances and Interest Rates

The tables below (derived from Akbank's management accounts) show Akbank's consolidated average balances and interest rates for the years ended 31 December 2014, 2013 and 2012. In such tables average balances for interest earning assets are calculated from daily balances and average balances for all other assets are calculated from period-end balances. Average balances exclude interest accruals.

AVERAGE BALANCES AND INTEREST RATES

	For the year ended 31 December 2014			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
		(TL thousands)		
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[(1)]				
TL	1,454,156	0.71	65,798	4.52
Foreign currency	23,539,984	11.41	34,625	0.15
Total	**24,994,140**	**12.12**	**100,423**	**0.40**
Marketable securities:[(2)]				
TL	28,635,590	13.89	2,897,955	10.43
Foreign currency	18,460,537	8.95	730,656	3.96
Total	**47,096,127**	**22.84**	**3,718,611**	**7.90**
Loans:				
TL	78,496,542	38.06	8,586,350	10.94
Foreign currency	44,744,518	21.70	2,009,598	4.49
Total	**123,241,060**	**59.76**	**10,595,948**	**8.60**
Leasing receivables:				
TL	739,884	0.36	84,991	11.49
Foreign currency	2,716,528	1.32	150,847	5.55
Total	**3,456,412**	**1.68**	**235,838**	**6.82**
Total interest-earning assets:				
TL	109,326,172	53.02	11,725,094	10.72
Foreign currency	89,461,567	43.38	2,925,726	3.27
Total	**198,787,739**	**96.40**	**14,650,820**	**7.37**
Investments in affiliated companies:				
TL	3,923	0.00	-	-
Foreign currency	-	0.00	-	-
Total	3,923	0.00	-	-
Total earnings assets:				
TL	109,330,095	53.02	11.725,094	10.72
Foreign currency	89,461,567	43.38	2,925,726	3.27
Total	**198,791,662**	**96.40**	**14,650,820**	**7.37**
Cash and due from banks:				
TL	880,393	0.43	-	-
Foreign currency	652,740	0.32	-	-
Total	**1,533,133**	**0.75**	**-**	**-**
Allowance for possible loan losses:				
TL	1,881,331	0.91	-	-
Foreign currency	-	-	-	-
Total	1,881,331	0.91	-	-
Premises and equipment (TL):	**1,149,572**	**0.56**	**-**	**-**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	1,156,256	0.56	-	-
Foreign currency	889,908	0.43	-	-
Total	**2,406,164**	**0.99**	**-**	**-**
Deferred taxes (TL)	48,025	0.02	-	-
Other assets and prepayments				
TL	734,280	0.37	-	-
Foreign currency	39,427	0.02	-	-
Total	**773,527**	**0.39**	**-**	**-**
Other interest income:	-		39,766	-
Total average assets:				
TL	115,179,952	55.87	11,764,860	10.21
Foreign currency	91,043,462	44.15	2,925,726	3.21
Total	**206,223,414**	**100.02**	**14,690,586**	**7.12**

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.

(2) None of the Akbank's marketable securities are tax-exempt.

	For the year ended 31 December 2013			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
	(TL thousands)			
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market[(1)]				
TL	1,888,525	1.10	37,074	1.96
Foreign currency	17,013,344	9.94	21,159	0.12
Total	**18,901,869**	**11.04**	**58,233**	**0.31**
Marketable securities:[(2)]				
TL	29,758,372	17.39	2,793,550	9.39
Foreign currency	13,068,254	7.64	518,250	3.97
Total	**42,826,626**	**25.03**	**3,311,800**	**7.73**
Loans:				
TL	65,415,667	38.23	6,603,365	10.09
Foreign currency	35,231,566	20.59	1,714,068	4.87
Total	**100,647,233**	**58.82**	**8,317,433**	**8.26**
Leasing receivables:				
TL	465,252	0.27	56,262	12.09
Foreign currency	2,147,449	1.25	129,924	6.05
Total	**2,612,701**	**1.52**	**186,186**	**7.13**
Total interest-earning assets:				
TL	97,527,816	56.99	9,490,251	9.73
Foreign currency	67,460,613	39.42	2,383,401	3.53
Total	**164,988,429**	**96.41**	**11,873,652**	**7.20**
Investments in affiliated companies:				
TL	3,923	0.00	-	-
Foreign currency	-	0.00	-	-
Total	3,923	0.00	-	-
Total earnings assets:				
TL	97,531,739	56.99	9,490,251	9.73
Foreign currency	67,460,613	39.42	2,383,401	3.53
Total	**164,992,352**	**96.41**	**11,873,652**	**7.20**
Cash and due from banks:				
TL	818,783	0.48	-	-
Foreign currency	667,268	0.39	-	-
Total	**1,486,051**	**0.87**	**-**	**-**
Allowance for possible loan losses:				
TL	1,303,162	0.76	-	-
Foreign currency	58	0.00	-	-
Total	1,303,220	0.76	-	-
Premises and equipment (TL):	**988,421**	**0.58**	**-**	**-**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	825,887	0.48	-	-
Foreign currency	641,474	0.37	-	-
Total	**1,467,361**	**0.85**	**-**	**-**
Deferred taxes (TL)	40,054	0.02	-	-
Other assets and prepayments				
TL	800,377	0.48	-	-
Foreign currency	40,462	0.02	-	-
Total	**840,839**	**0.50**	**-**	**-**
Other interest income:	-		18,181	-
Total average assets:				
TL	102,308,423	59.79	9,508,432	9.29
Foreign currency	68,809,875	40.20	2,383,401	3.46
Total	**171,118,298**	**99.99**	**11,891,833**	**6.95**

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.

(2) None of the Akbank's marketable securities are tax-exempt.

	For the year ended 31 December 2012			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
		(TL thousands)		
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[(1)]				
TL	2,229,162	1.54	51,769	2.32
Foreign currency	12,829,112	8.87	16,672	0.13
Total	**15,058,274**	**10.41**	**68,441**	**0.45**
Marketable securities:[(2)]				
TL	34,337,727	23.75	3,702,259	10.78
Foreign currency	8,509,333	5.89	392,184	4.61
Total	**42,847,060**	**29.64**	**4,094,443**	**9.56**
Loans:				
TL	48,922,918	33.84	5,748,170	11.75
Foreign currency	31,397,673	21.72	1,597,429	5.09
Total	**80,320,591**	**55.56**	**7,345,599**	**9.15**
Leasing receivables:				
TL	301,603	0.21	42,215	14.00
Foreign currency	1,409,743	0.98	89,223	6.33
Total	**1,711,346**	**1.19**	**131,438**	**7.68**
Total interest-earning assets:				
TL	85,791,410	59.34	9,544,413	11.13
Foreign currency	54,145,861	37.46	2,095,508	3.87
Total	**139,937,271**	**96.80**	**11,639,921**	**8.32**
Investments in affiliated companies:				
TL	3,923	0.00	-	-
Foreign currency	-	0.00	-	-
Total	**3,923**	**0.00**	**-**	**-**
Total earnings assets:				
TL	85,795,333	59.34	9,544,413	11.12
Foreign currency	54,145,861	37.46	2,095,508	3.87
Total	**139,941,194**	**96.80**	**11,639,921**	**8.32**
Cash and due from banks:				
TL	710,225	0.49	-	-
Foreign currency	526,572	0.36	-	-
Total	**1,236,797**	**0.85**	**-**	**-**
Allowance for possible loan losses:				
TL	1,096,090	0.76	-	-
Foreign currency	118	0.00	-	-
Total	**1,096,208**	**0.76**	**-**	**-**
Premises and equipment (TL):	**912,635**	**0.63**	**-**	
Other non-interest-earning assets:				
Derivative financial instruments				
TL	312,544	0.22	-	-
Foreign currency	369,649	0.26	-	-
Total	**682,193**	**0.48**	**-**	**-**
Deferred taxes (TL)	**60,856**	**0.04**	**-**	**-**
Other assets and prepayments				
TL	597,136	0.41	-	-
Foreign currency	56,733	0.04	-	-
Total	**653,869**	**0.45**	**-**	**-**
Other interest income:	**-**		**9,554**	**-**
Total average assets:				
TL	89,484,819	61.89	9,553,967	10.68
Foreign currency	55,098,933	38.12	2,095,508	3.80
Total	**144,583,752**	**100.01**	**11,649,475**	**8.06**

Notes:
(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.
(2) None of the Akbank's marketable securities are tax-exempt.

The tables below (derived from Akbank's management accounts) show Akbank's consolidated liabilities and stockholders' equity for the years ended 31 December 2014, 2013 and 2012. In such tables average balances for interest bearing liabilities are calculated from daily balances and average balances for all other liabilities are calculated from period-end balances.

LIABILITIES AND STOCKHOLDERS' EQUITY

	For the year ended 31 December 2014			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
		(TL thousands)		
TL saving deposits:				
Time	32,293,215	15.79	2,892,226	8.96
Demand	4,826,869	2.36	-	-
Total	**37,120,084**	**18.15**	**2,892,226**	**7.79**
TL other deposits:				
Time	13,994,581	6.84	1,398,252	9.99
Demand	4,111,608	2.01	7	-
Total	**18,106,189**	**8.85**	**1,398,259**	**7.72**
TL deposits:				
Time	46,287,796	22.63	4,290,478	9.27
Demand	8,938,477	4.37	7	-
Total	**55,226,273**	**27.00**	**4,290,485**	**7.77**
Foreign currency saving deposits:				
Time	19,590,884	9.58	380,132	1.94
Demand	4,167,037	2.04	-	-
Total	**23,757,921**	**11.62**	**380,132**	**1.60**
Other foreign currency deposits:				
Time	20,043,726	9.80	436,373	2.18
Demand	3,071,726	1.50	10,555	0.34
Total	**23,115,452**	**11.30**	**446,928**	**1.93**
Foreign currency deposits:				
Time	39,634,610	19.38	816,505	2.06
Demand	7,238,763	3.54	10,555	0.15
Total	**46,873,373**	**22.92**	**827,060**	**1.76**
Bank deposits:				
TL	2,187,312	1.07	209,583	9.58
Foreign currency	8,910,902	4.36	130,411	1.46
Total	**11,098**	**5.43**	**339,994**	**3.06**
Funds provided under repurchase agreements:				
TL	7,187,809	3.51	664,062	9.24
Foreign currency	19,686,803	9.63	259,706	1.32
Total	**26,874,612**	**13.14**	**923,768**	**3.44**
Borrowings:				
TL	925,347	0.45	82,737	8.94
Foreign currency	20,106,654	9.83	370,729	1.84
Total	**21,032,001**	10,28	453,466	**2.16**
Securities Issued:				
TL	3,307,055	1.62	324,620	9.82
Foreign currency	6,892,059	3.37	287,922	4.18
Total	10,199	4.99	612,542	**6.01**
Total interest-bearing liabilities:				
TL	68,833,796	33.65	5,571,487	8.09
Foreign currency	102,469,791	50.11	1,875,828	1.83
Total	**171,303,587**	83.76	**7,447,315**	**4.35**
Other liabilities:				
Derivative financial instruments:				
TL	231,187	0.11	-	-
Foreign currency	1,046,678	0.51	-	-
Total	1,277,862	0.62	-	-
Income taxes payable (TL)	48,408	0.02	-	-
Deferred tax liabilities (TL)	406,870	0.20	-	-
Other liabilities:				
TL	5,983,605	2.93	-	-
Foreign currency	1,212,686	0.59	-	-
Total	7,196,291	3.52	-	-
Reserve for emp. termination benefits (TL)	119,398	0.06	-	-
Shareholders' equity	24,137,419	11.80	-	-
Profit	3,378,646	1.65	-	-
Other interest income:	-		22,993	-
Total average liabilities and shareholders:				
TL	99,760,680	48.77	5,594,480	5.61
Foreign currency	104,729,155	51.21	1,875,828	1.79
Total	204,489,835	**99.98**	7,470,308	3.65

	For the year ended 31 December 2013			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
		(TL thousands)		
TL saving deposits:				
Time	25,510,208	14.82	2,068,208	8.11
Demand	3,240,619	1.88	52	0.00
Total	**28,750,827**	**16.70**	**2,068,260**	**7.19**
TL other deposits:				
Time	14,993,877	8.71	900,387	6.01
Demand	4,333,401	2.52	392	0.01
Total	**19,327,278**	**11.23**	**900,779**	**4.66**
TL deposits:				
Time	40,504,085	23.53	2,968,595	7.33
Demand	7,574,020	4.40	444	0.01
Total	**48,078,105**	**27.93**	**2,969,039**	**6.18**
Foreign currency saving deposits:				
Time	13,306,211	7.73	370,158	2.78
Demand	3,529,571	2.05	7	0.00
Total	**16,835,782**	**9.78**	**370,165**	**2.20**
Other foreign currency deposits:				
Time	17,581,904	10.21	366,878	2.09
Demand	1,720,712	1.00	12,470	0.73
Total	**19,302,616**	**11.21**	**379,348**	**1.97**
Foreign currency deposits:				
Time	30,888,115	17.94	736,036	2.39
Demand	5,250,283	3.05	12,477	0.24
Total	**36,138,398**	**20.99**	**749,513**	**2.07**
Bank deposits:				
TL	3,260,813	1.89	211,843	6.50
Foreign currency	8,134,100	4.73	132,178	1.62
Total	**11,394,913**	**6.62**	**344,021**	**3.02**
Funds provided under repurchase agreements:				
TL	6,201,551	3.60	365,447	5.89
Foreign currency	15,117,735	8.78	204,798	1.35
Total	**21,319,286**	**12.38**	**570,245**	**2.67**
Borrowings:				
TL	914,818	0.53	64,185	7.02
Foreign currency	15,910,566	9.24	324,425	2.04
Total	**16,825,384**	**9.77**	**388,610**	**2.31**
Securities Issued				
TL	3,074,273	1.79	240,935	7.84
Foreign currency	4,562,778	2.65	228,982	5.02
Total	**7,637,051**	**4.44**	**469,917**	**6.15**
Total interest-bearing liabilities:				
TL	61,529,560	35.74	3,851,449	6.26
Foreign currency	79,863,577	46.39	1,639,896	2.05
Total	**141,393,137**	**82.13**	**5,491,345**	**3.88**
Other liabilities:				
Derivative financial instruments:				
TL	475,052	0.28	-	-
Foreign currency	752,620	0.44	-	-
Total	**1,227,672**	**0.72**	**-**	**-**
Income taxes payable (TL)	72,157	0.04	-	-
Deferred tax liabilities (TL)	432,477	0.25	-	-
Other liabilities:				
TL	5,374,621	3.12	-	-
Foreign currency	1,211,219	0.70	-	-
Total	**6,585,840**	**3.82**	**-**	**-**
Reserve for emp. termination benefits (TL)	106,450	0.06	-	-
Shareholders' equity	22,305,295	12.96	-	-
Profit	3,077,181	1.79	-	-
Other interest income:	-		18,941	-
Total average liabilities and shareholders:				
TL	90,295,612	52.45	3,870,390	4.29
Foreign currency	81,827,416	47.53	1,639,896	2.00
Total	**172,123,028**	**99.98**	**5,510,286**	**3.20**

	For the year ended 31 December 2012			
	Average Balance	*Share of Total %*	*Interest*	*Average Rate %*
		(TL thousands)		
TL saving deposits:				
Time	23,061,786	15.63	2,398,664	10.40
Demand	2,486,083	1.68	862	0.03
Total	**25,547,869**	**17.31**	**2,399,526**	**9.39**
TL other deposits:				
Time	13,649,666	9.25	1,073,929	7.87
Demand	3,183,618	2.16	2,281	0.07
Total	**16,833,284**	**11.41**	**1,076,210**	**6.39**
TL deposits:				
Time	36,711,452	24.88	3,472,593	9.46
Demand	5,669,701	3.84	3,143	0.06
Total	**42,381,153**	**28.72**	**3,475,736**	**8.20**
Foreign currency saving deposits:				
Time	12,950,975	8.78	461,582	3.56
Demand	1,956,798	1.33	107	0.01
Total	**14,907,773**	**10.11**	**461,689**	**3.10**
Other foreign currency deposits:				
Time	14,295,673	9.69	403,027	2.82
Demand	1,647,227	1.12	16,518	1.00
Total	**15,942,900**	**10.81**	**419,545**	**2.63**
Foreign currency deposits:				
Time	27,246,648	18.47	864,609	3.17
Demand	3,604,025	2.45	16,625	0.46
Total	**30,850,673**	**20.92**	**881,234**	**2.86**
Bank deposits:				
TL	3,097,537	2.10	267,104	8.62
Foreign currency	7,726,001	5.24	180,128	2.33
Total	**10,823,538**	**7.34**	**447,232**	**4.13**
Funds provided under repurchase agreements:				
TL	6,085,896	4.12	475,916	7.82
Foreign currency	9,172,920	6.22	166,226	1.81
Total	**15,258,816**	**10.34**	**642,142**	**4.21**
Borrowings:				
TL	652,862	0.44	47,119	7.22
Foreign currency	15,270,348	10.35	359,635	2.36
Total	**15,923,210**	**10.79**	**406,754**	**2.55**
Securities Issues				
TL	2,554,142	1.73	247,340	9.68
Foreign currency	2,840,911	1.93	166,226	5.85
Total	**5,395,053**	**3.66**	**413,566**	**7.67**
Total interest-bearing liabilities:				
TL	54,771,590	37.11	4,513,214	8.24
Foreign currency	65,860,853	44.46	1,753,449	2.66
Total	**120,632,443**	**81.57**	**6,266,664**	**5.19**
Other liabilities:				
Derivative financial instruments:				
TL	510,780	0.35	-	-
Foreign currency	542,055	0.37	-	-
Total	**1,052,835**	**0.72**	**-**	**-**
Income taxes payable (TL)	62,919	0.04	-	-
Deferred tax liabilities (TL)	435,165	0.29	-	-
Other liabilities:				
TL	4,163,096	2.83	-	-
Foreign currency	834,219	0.58	-	-
Total	**4,997,315**	**3.41**	**-**	**-**
Reserve for emp. termination benefits (TL)	89,676	0.06	-	-
Shareholders' equity	20,298,656	13.76	-	-
Profit	3,004,948	2.04	-	-
Other interest income:	-		25,012	-
Total average liabilities and shareholders:				
TL	80,331,882	54.44	4,538,226	5.65
Foreign currency	67,237,127	45.41	1,753,449	2.61
Total	**147,569,009**	**99.85**	**6,291,675**	**4.26**

Interest Earning Assets: Yield, Margin and Spread

The following table (derived from Akbank's management accounts) shows Akbank's net interest income, yield, margin and spread for the years ended 31 December 2014, 2013 and 2012.

	For the years ended 31 December		
	2014	*2013*	*2012*
	(TL thousands, except percentages)		
Net Interest Income:			
TL	6,153,607	5,638,802	5,031,198
Foreign currency	1,049,898	743,505	342,060
Total	**7,203,505**	**6,382,307**	**5,373,258**
Yield on interest-earning assets(1):			
TL	10.7%	9.7%	11.1%
Foreign currency	3.3%	3.5%	3.9%
Total	7.4%	**7.2%**	**8.3%**
Yield on interest-bearing liabilities(1):			
TL	8.1%	6.3%	8.2%
Foreign currency	1.8%	2.0%	2.7%
Total	4.3%	**3.9%**	**5.2%**
Margin(2):			
TL	5.6%	5.8%	5.9%
Foreign currency	1.2%	1.1%	0.6%
Total	3.6%	**3.9%**	**3.8%**
Spread(3):			
TL	2.6%	3.5%	2.9%
Foreign currency	1.4%	1.5%	1.2%
Total	3.0%	**3.3%**	**3.1%**

Notes:

(1) Yield represents interest income/expense as a percentage of average interest earning assets/interest bearing liabilities.

(2) Margin represents net interest income as a percentage of average interest earning assets.

(3) Spread represents the difference between the average rate of interest earned on interest earning assets and the average rate of interest accrued on interest bearing liabilities.

Analysis of Changes in Net Interest Income and Interest Expense

The following table (derived from Akbank's management accounts) provides a comparative analysis of changes in net interest income and interest expense by reference to changes in average volume and rates for the three years ended 31 December 2014, 2013 and 2012. Net changes in net interest income are attributed to either changes in average balances (volume changes) or changes in average rates (rate changes) for interest-earning assets and sources of funds on which interest is received or paid. Volume change is calculated as the change in volume multiplied by the previous rate, while rate change is the change in rate multiplied by the previous volume. The rate volume change (change in rate multiplied by change in volume) is allocated between volume change and rate change at the ratio each component bears to the absolute value of their total. Average balances represent the average of the daily balances for the respective year. Akbank does not separately track short-term and long-term interest expense for purposes of calculating net interest income and interest expense.

ANALYSIS OF CHANGES IN NET INTEREST INCOME AND INTEREST EXPENSE

	2014/2013 Increase/(decrease) due to changes in				*2013/2012 Increase/(decrease) due to changes in*			
	Volume	*Rate*	*Net Change*	*Change %*	*Volume*	*Rate*	*Net Change*	*Change %*
	(TL thousands, except percentages)							
Interest Income								
Interest-earning deposits in banks & reserve requirements & interbank money market:								
TL	(8,527)	37,251	28,724	77.5	(7,911)	(6,784)	(14,695)	(28.4)
Foreign currency	8,117	5,349	13,466	63.6	5,438	(951)	4,487	26.9
Total	**18,769**	**23,421**	**42,190**	**72.5**	**17,469**	**(27,677)**	**(10,208)**	**(14.9)**
Marketable securities:								
TL	(105,401)	299,806	194,405	7.0	(493,741)	(414,968)	(908,709)	(24.5)
Foreign currency	213,843	(1,437)	212,406	41.0	210,115	(84,049)	126,066	32.1
Total	**330,162**	**76,649**	**406,811**	**12.3**	**(1,953)**	**(780,690)**	**(782,643)**	**(19.1)**
Loans:								
TL	1,320,445	662,540	1,982,985	30.0	1,937,806	(1,082,611)	855,195	14.9
Foreign currency	462,819	(167,289)	295,530	17.2	195,058	(78,419)	116,639	7.3
Total	**1,867,142**	**411,373**	**2,278,515**	**27.4**	**1,858,942**	**(887,108)**	**971,834**	**13.2**
Leasing receivables:								
TL	33,211	(4,482)	(28,729)	51.1	22,906	(8,859)	14,047	33.3
Foreign currency	34,430	(13,507)	20,923	16.1	46,690	(5,989)	40,701	45.6
Total	**60,124**	**(10,472)**	**49,652**	**26.7**	**69,228**	**(14,480)**	**54,748**	**41.7**
Total interest-earning assets:								
TL	1,148,076	1,086,767	2,234,843	23.6	1,305,691	(1,359,853)	(54,162)	(0.6)
Foreign currency	777,299	(234,974)	542,325	22.8	515,296	(227,403)	287,893	13.7
Total	**2,432,421**	**344,747**	**2,777,168**	**23.4**	**2,083,744**	**(1,850,013)**	**233,731**	**2.0**
Interest Expense								
TL deposits:								
Time	423,895	897,988	1,321,883	44.5	358,751	(862,749)	(503,998)	(14.5)
Demand	50	(517)	(437)	(98.4)	1,056	(3,755)	(2,699)	(85.9)
Total	**441,432**	**880,014**	**1,321,446**	**44.5**	**467,215**	**(973,912)**	**(506,697)**	**(14.6)**
Foreign currency deposits:								
Time	208,704	(129,235)	79,469	10.8	115,554	(243,127)	(127,573)	(14.8)
Demand	2,224	(4,146)	(1,922)	(15.4)	11,715	(15,863)	(4,148)	(25.0)
Total	**199,193**	**(121,646)**	**(77,547)**	**10.4**	**176,558**	**(308,279)**	**(131,721)**	**(15.0)**
Bank deposits:								
TL	(69,741)	67,481	(2,260)	(1.1)	14,079	(69,340)	(55,261)	(20.7)
Foreign currency	12,623	(14,390)	(1,767)	(1.3)	9,515	(57,465)	(47,950)	(26.6)
Total	**(8,958)**	**4,931**	**(4,027)**	**(1.2)**	**23,609**	**(126,820)**	**(103,211)**	**(23.1)**
Funds provided under repurchase agreements:								
TL	58,119	240,496	298,615	81.7	9,043	(119,512)	(110,469)	(23.2)
Foreign currency	61,897	(6,989)	54,908	26,.8	107,728	(69,155)	38,573	23.2
Total	**148,593**	**204,929**	**353,522**	**62.0**	**255,044**	**(326,940)**	**(71,896)**	**(11.2)**
Borrowings:								
TL	739	17,814	18,553	28.9	18,907	(1,841)	17,066	36.2
Foreign currency	85,560	(39,256)	46,304	143	15,078	(50,288)	(35,210)	(9.8)
Total	**97,159**	**(32,302)**	**64,857**	**16.7**	**23,046**	**(41,190)**	**(18,144)**	**(4.5)**
Total interest-bearing liabilities:								
TL	457,209	1,262,829	1,720,038	44.7	556,861	(1,218,627)	(661,766)	(14.7)
Foreign currency	440,915	(204,983)	235,932	14.4	396,585	(510,137)	(113,552)	(6.5)
Total	**1,119,876**	**836,094**	**1,955,970**	**35.6**	**1,124,891**	**(1,900,209)**	**(775,318)**	**(12.4)**

Return on Assets and Equity

The following table (derived from the Akbank BRSA Financial Statements) presents certain selected financial ratios of Akbank for the years ended 31 December 2014, 2013, and 2012.

	For the years ended 31 December		
	2014	*2013*	*2012*
	(TL thousands, except percentages)		
Net profit (attributable to Equity Holders of the Akbank)	3,378,646	3,077,181	3,004,948
Average total assets	207,631,825	178,247,236	149,782,947
Average shareholders' equity (attributable to equity holders of the Akbank)	24,028,957	21,984,441	19,891,938
Net income as a percentage of:			
Average total assets	1.6%	1.7%	2.0%
Average shareholders' equity	14.1%	14.0%	15.1%
Average shareholders' equity as a percentage of average total assets	11.6%	12.3%	13.3%
Dividend pay-out ratio	N/A	15.9%	19.3%

Securities

Investment Securities

Akbank's portfolio of marketable securities consists primarily of Turkish government securities (including bonds and treasury bills) denominated in Turkish Lira, U.S. Dollars and Euro.

Available-for-sale securities

The following table (derived from the Akbank BRSA Financial Statements) shows a breakdown of Akbank's available-for-sale securities as at the dates indicated.

The percentage of fixed compared to floating available for sale securities (excluding equity securities) held by Akbank was 54.2% fixed and 45.8% floating for the year ended 31 December 2014, 46.4% fixed and 53.6% floating for the year ended 31 December 2013 and 51.4% fixed and 48.4% floating for the year ended 31 December 2012.

	For the years ended 31 December					
	2014		*2013*		*2012*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(TL percentages, except percentages)					
Debt Securities[(1)]						
Government bonds	21,283,380	56.6%	23,173,174	69.9%	30,254,483	71.0%
Treasury bills	-	0.0%	-	0.0%	-	0.0%
Eurobonds	11,154,528	29.7%	6,902,969	20.8%	10,017,219	23.5%
Mutual funds	289,909	0.8%	248,690	0.7%	239,122	0.6%
Other bonds	4,863,528	12,9%	2,828,829	8.5%	2,102,811	4.9%
Equity securities						
Listed	-	0,0%	-	0.0%	-	0.0%
Unlisted	12,487	0,0%	11,320	0,0%	7,917	0,0%
Total	37,603,832	100%	33,164,982	100%	42,621,552	100%

Note:

(1) All of Akbank's available-for-sale government bonds, treasury bills and most of its Eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds and Turkish corporate bonds.

The following tables derived from (derived from the Akbank BRSA Financial Statements) set forth Akbank's available-for-sale securities and their effective average interest rates on a currency basis, excluding equity securities and mutual funds, by maturity as at 31 December 2014 and 31 December 2013.

	As at 31 December 2014				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
Debt Securities					
Government bonds..	2,867,977	3,739,132	2,472,614	12,203,657	**21,283,380**
Treasury bills..	-	-	-	-	-
Eurobonds..	-	1,632	5,170,397	5,982,499	**11,154,528**
Other bonds	-	99,772	2,461,752	2,302,004	**4,863,528**
Total..	**2,867,977**	**3,840,536**	**10,104,763**	**20,488,160**	**37,301,436**

	As at 31 December 2014 Average Interest Rates		
	TL	*U.S.$*	*EUR*
Government bonds..	10.2	-	-
Treasury bills..	-	-	-
Eurobonds...	-	3.74	3.54
Other bonds	10.6	3.55	3.78

	As at 31 December 2013				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
Debt Securities					
Government bonds..	2,329,138	10,013,562	4,334,613	6,495,861	**23,173,174**
Treasury bills..	-	-	-	-	-
Eurobonds..	14,454	-	1,098,754	5,789,761	**6,902,969**
Other bonds	59,064	462,914	1,828,283	478,568	**2,828,829**
Total..	**2,402,656**	**10,476,476**	**7,261,650**	**12,764,190**	**32,904,972**

	As at 31 December 2013 Average Interest Rates		
	TL	*U.S.$*	*EUR*
Government bonds..	9.44	0	0
Treasury bills..	0	0	0
Eurobonds...	0	3.46	3.4
Other bonds	10.41	3.59	4.43

Held-to-maturity securities

The following table (derived from the Akbank BRSA Financial Statements) shows a breakdown of Akbank's held-to-maturity securities for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December					
	2014		*2013*		*2012*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(TL thousands, except percentages)					
Debt Securities[(1)]						
Government bonds..	5,790,655	53.6%	7,219,023	59.4%	3,637,468	100.0%
Treasury bills...	-	0.0%	-	0.0%	-	0.0%
Eurobonds...	5,009,456	46.4%	4,934,430	40.6%	-	0.0%
Other bonds	-	0.0%	-	0.0%	-	0.0%
Total..	**10,800,111**	100%	12,153,453	100.0%	**3,637,468**	100.0%

Note:

(1) All of Akbank's available-for-sale government bonds, treasury bills and most of its Eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds and Turkish corporate bonds.

The following tables (derived from the Akbank BRSA Financial Statements) set forth Akbank's held-to-maturity securities and their effective average interest rates on a currency basis, by maturity as at 31 December 2014 and 31 December 2013.

	As at 31 December 2014				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
Debt Securities					
Government bonds...	472,092	427,441	1,458,890	3,432,232	5,790,655
Eurobonds..	-	-	4,156,219	853,237	5,009,456
Other bonds	-	-	-	-	-
Total...	**472,092**	**427,441**	**5,615, 109**	**4,285,469**	**10,800,111**

	As at 31 December 2013				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
Debt Securities					
Government bonds...	1,776,714	-	2,293,526	3,148,783	**7,219,023**
Eurobonds..	-	-	1,623,358	3,311,072	**4,934,430**
Other bonds	-	-	-	-	-
Total...	**1,776,714**	-	**3,916,884**	**6,459,855**	**12,153,453**

	As at 31 December 2014 Average Interest Rates		
	TL	*U.S.$*	*EUR*
Government bonds[(1)]	11.22	-	-
Eurobonds...	-	3.83	3.69
Other bonds	-	-	-

Note:

(1) All of Akbank's held-to-maturity government bonds, treasury bills and Eurobonds are Turkish government securities.

	As at 31 December 2013 Average Interest Rates		
	TL	*U.S.$*	*EUR*
Government bonds[1]	9.96	-	-
Eurobonds	-	3.42	3
Other bonds	-	-	-

Note:

(1) All of Akbank's held-to-maturity government bonds, treasury bills and Eurobonds are Turkish government securities.

As at 31 December 2014, the size of Akbank's investment portfolio increased by 6.8% to TL48.4 billion from TL45.4 billion as at 31 December 2013. As at 31 December 2013, the size of Akbank's investment portfolio decreased by 1.9% to TL45.4 billion from TL46.3 billion as at 31 December 2012.

Trading Securities

Akbank also maintains a trading portfolio of marketable securities. The following table (derived from the Akbank BRSA Financial Statements) shows a breakdown of Akbank's trading securities as at the dates indicated.

	For the years ended 31 December					
	2014		*2013*		*2012*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(TL thousands, except percentages)					
Government bonds	8,525	15.5%	8,701	7.0%	7,495	22.7%
Eurobonds	2,491	4.5%	2,167	1.7%	2,969	9.0%
Treasury bills	-	0.0%	-	0.0%	-	0.0%
Listed equities	68	0.1%	58,377	46.8%	18,825	57.1%
Other	43,880	79.8%	55,495	44.5%	3,689	11.2%
Total	**54,964**	100.0%	**124,740**	100.0%	**32,978**	100.0%

The following tables (derived from the Akbank BRSA Financial Statements) sets forth Akbank's trading securities and their effective average interest rates on a currency basis, excluding equity securities, by maturity as at 31 December 2014 and 31 December 2013.

	As at 31 December 2014				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
Government bonds	45	5,833	1,544	1,103	8,525
Eurobonds	135	-	633	1,723	2,491
Treasury bills	-	-	-	-	-
Total	180	5,833	2,177	2,826	11,016

	As at 31 December 2013				
	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
Government bonds	492	1,294	5,941	974	**8,701**
Eurobonds	18	-	628	1,521	**2,167**
Treasury bills	-	-	-	-	**-**
Total	**510**	**1,294**	**6,569**	**2,495**	**10,868**

	As at 31 December 2014 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	7.29	-	-
Treasury bills	-	-	-
Eurobonds	-	4.13	3.55

	As at 31 December 2013 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	6.9	-	-
Treasury bills	-	-	-
Eurobonds	-	3.92	2.89

Loan and Guarantee Portfolio

As at 31 December 2014, Akbank's total loans net of allowance for loan losses equalled TL134.0 billion, or 61.3% of total assets. In addition to loans, Akbank had outstanding as at 31 December 2014 guarantees amounting to TL22.4 billion, acceptances amounting to TL1.1 million and letters of credit amounting to TL5.5 billion.

The table below (derived from the Akbank BRSA Financial Statements) sets forth the composition of Akbank's cash and non-cash credit exposure for the years ended 31 December 2014, 2013 and 2012 respectively.

	For the years ended 31 December		
	2014	*2013*	*2012*
	(TL thousands)		
Cash loans[1]	134,027,136	116,313,387	91,152,065
Non-cash loans	-	-	-
Letters of guarantee[2]	22,362,816	19,185,463	12,203,921
Acceptance credits[2]	1,130,533	1,705,986	199,864
Letters of credit	5,463,720	6,207,184	4,546,973
Other guarantees	3,286,394	3,179,275	1,718,929
Total	166,270,599	146,591,295	109,821,752

Notes:

(1) Includes overdue loans, net of allowance for loan issues.

(2) Includes TL2.0 billion of guarantee and acceptance credits issued to related parties as at 31 December 2014, TL2.4 billion 31 December 2013, and TL326.9 million as at 31 December 2012.

Foreign Currency Exposure

The table below (derived from the Akbank BRSA Financial Statements) shows a breakdown of Akbank's loan and guarantee portfolios by currency exposure for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Loans			
TL	85,861,033	75,531,639	58,890,183
Foreign Currency	50,270,367	42,477,866	33,470,066
U.S.$	33,116,081	27,582,863	22,490,299
EUR	17,096,104	14,832,038	10,908,051
Other	58,182	62,965	71,716
Total	**136,131,400**	**118,009,505**	**92,360,249**
Non-cash loans			
Letters of guarantee			
TL	13,277,182	11,716,391	6,403,011
FC	9,085,634	7,469,072	5,800,910
Acceptance credits			
TL	-	-	15
FC	1,130,533	1,705,986	199,849
Letters of credit			
TL	-	1,355	18,620
FC	5,463,720	6,205,829	4,528,353
Other guarantees			
TL	1,560,987	1,331,434	168,066
FC	1,725,407	1,847,841	1,550,863
Total	**32,243,463**	**30,277,908**	**18,669,687**

Distribution of Loans by Type of Borrower

The following table (derived from the Akbank BRSA Financial Statements) sets forth Akbank's cash loans, including accrued interest and excluding allowance for loan losses, by type of loan and the percentage contribution to the total loan portfolio, for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
			(TL thousands, except percentages)			
Public Sector Loans	2,256,645	1.7%	1,801,756	1.53%	1,882,550	2.04%
Private Sector Loans	133,723,429	98.3%	116,114,899	98.47%	90,384,849	97.96%
Total Loans	**135,980,074**	100.0%	**117,916,655**	100.0%	92,267,399	100.0%

As at 31 December 2014, Akbank's loan portfolio comprised 32.5% corporate, 35.2% SME, 22.8% consumer and 9.5% credit card loans.

Loans to the public sector comprise mainly project finance loans representing long-term loans extended in relation to infrastructure construction under the management and guarantee of the Undersecretariat of the Turkish Treasury.

Akbank's strategy in lending is balanced loan growth with keeping its strong presence in the corporate, SME and consumer banking market, maintaining its customer focused approach and improving its customer service by continuing to increase its operational efficiency. See "*Business of Akbank – Strategy*" in the Base Prospectus, which is incorporated herein by reference.

Akbank is as of the date of this Prospectus within the limits imposed by Turkish banking regulations with respect to its exposure to any one borrower or group of borrowers, including to Sabancı Group companies, see "*Business of Akbank—Business Transactions with Sabancı Group Companies.*" in the Base Prospectus, which is incorporated herein by reference. According to Banking Law No. 5411, published in the Reiterated Official Gazette No 25983 dated 1 November 2005, the single exposure limit is set at 20% in the case of a related party group and 25% in the case of a non-related party group.

Distribution of Loans by Sector

The following table (derived from the Akbank BRSA Financial Statements) shows the breakdown of the loan portfolio by sector for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
	(TL thousands, except percentages)					
Consumer loans and credit cards	42,583,163	31.3%	41,336,258	35.1%	33,828,592	36.7%
Mortgage	13,056,473	9.6%	12,604,184	10.7%	9,753,833	10.6%
Automobile	810,024	0.6%	993,735	0.8%	998,906	1.1%
General Purpose	17,132,542	12.6%	14,145,674	12.0%	10,191,358	11.0%
Retail Credit Cards	11,584,124	8.5%	13,592,665	11.5%	12,884,495	14.0%
Financial institutions	9,584,714	7.0%	3,498,547	3.0%	3,573,545	3.9%
Wholesaling	12,575,747	9.2%	9,073,552	7.7%	4,103,341	4.4%
Retailers	11,607,826	8.5%	10,020,552	8.5%	7,262,736	7.9%
Other manufacturing	8,819,469	6.5%	6,031,637	5.1%	3,920,649	4.2%
Automotive	1,384,038	1.0%	1,943,721	1.6%	1,101,917	1.2%
Steel and mining	2,838,978	2.1%	2,785,315	2.4%	3,613,826	3.9%
Food and beverage	2,210,412	1.6%	1,963,602	1.7%	2,559,534	2.8%
Chemicals	2,140,363	1.6%	2,146,332	1.8%	2,938,673	3.2%
Textile	3,288,644	2.4%	2,079,970	1.8%	1,583,831	1.7%
Telecommunication	3,607,809	2.7%	3,167,176	2.7%	1,527,280	1.7%
Construction	11,786,229	8.7%	5,199,952	4.4%	6,372,271	6.9%
Agriculture and forestry	977,627	0.7%	649,093	0.6%	545,259	0.6%
Electronics	445,003	0.3%	334,895	0.3%	447,923	0.5%
Tourism	1,975,210	1.5%	1,546,061	1.3%	1,187,446	1.3%
Health care and social services	1,266,825	0.9%	6,839,242	5.8%	694,031	0.8%
Other	188,888,017	13.9%	19,300,750	16.4%	17,006,545	18.4%
Performing loans	**135,980,074**	100%	**117,916,655**	**100.0%**	**92,267,399**	**100.0%**
Non-performing loans	2,330,155		1,676,682		1,115,456	
Total loans and advances to customers	**138,310,229**		**119,593,337**		**93,382,855**	
Allowance for loan losses	(4,283,093)		(3,279,950)		(2,230,790)	
Net loans and advances to customers	**134,027,136**		**116,313,387**		**91,152,065**	

The aggregate share of consumer and credit card loans in total loans decreased in 2012 and 2013 from 37.4% to 36.0%, and decreased in 2013 and 2014 from 36.0% to 32.2% in line with Akbank's lending strategy. Growth in consumer lending and credit card loans was 35.5% in 2012, 22.8% in 2013 and 3.5% in 2014. Corporate and small business loans increased by 23.4% and 39.1%, respectively, in 2013 and 2014, corporate loans increased by 17.3% and small business loans increased by 26.6% as a result of Akbank's continued strategy to grow on loans with a focus on more profitable SME segment respectively.

For 2014, 2013 and 2012, the share in total loans of domestic Turkish loans was between 98.3% and 98.1%. Of the remaining loans made to borrowers outside Turkey, borrowers were located predominantly in EU member countries with no material concentration in any one country over time.

Maturity Profile of the Loan and Guarantee Portfolios

The tables below (derived from the Akbank BRSA Financial Statements) set forth a breakdown of the maturity profile of Akbank's loan and guarantee portfolios as at 31 December 2014, 2013 and 2012.

Loans	*Up to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*No Maturity*	*Total*	*Fixed Rate Loans %*	*Floating Rate Loans %*
				(TL thousands, except percentages)				
31 December 2014	39,291,020	30,085,077	47,514,119	19,089,858	151,326	136,131,400	64,0%	36,0%
31 December 2013	38,228,195	21,179,797	40,894,024	17,614,639	92,850	118,009,505	57.0%	43.0%
31 December 2012	33,630,663	18,406,887	28,428,485	11,801,364	92,850	92,360,249	57.0%	43.0%

Guarantees[1]	**Up to 1 year**	**Over 1 year**	**Total**
31 December 2014	8,919,338	23,324,125	32,243,463
31 December 2013	10,088,906	20,189,002	30,277,908
31 December 2012	4,949,003	13,720,684	18,669,687

Note:

(1) Includes acceptance credits and export commitments.

Distribution of Loans by Size

The following table (derived from the management accounts) presents the distribution of Akbank's loan portfolio by size as at 31 December 2014, 2013 and 2012, respectively.

	As at 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
			(TL thousands, except percentages)			
Over TL1,000,000	82,547,623	60.7%	67,165,362	57%	54,933,919	60%
TL500,000 – 1,000,000	3,982,578	2.9%	3,362,627	3%	2,713,446	3%
TL100,000 – 500,000	11,639,020	8.6%	10,538,238	9%	7,949,723	9%
TL50,000 – 100,000	9,092,052	6.7%	8,461,863	7%	5,632,319	6%
Less than TL50,000	28,718,801	21.1%	28,388,565	24%	21,037,992	23%
Performing loans...	**135,980,074**	**100%**	**117,916,655**	**100%**	**92,267,399**	**100%**
Non-performing loans......................................	2,330,155		1,676,682		1,115,456	
Allowance for loan losses	4,283,093		(3,279,950)		(2,230,790)	
Net loans and advances to customers	**134.027.136**		116,313,387		91,152,065	

Distribution of Loans by Type

The following table shows a breakdown of Akbank's Corporate, SME, Consumer and Credit Card Loans by type, derived from the Akbank BRSA Financial Statements as at 31 December 2014, 2013 and 2012, respectively.

	As at 31 December				
	2014	*y-o-y*	*2013*	*y-o-y*	*2012*
	(TL millions, except percentages)				
TL Corporate	7,808	18.6%	6,582	9.8%	5,992
FX Corporate (USD)	15,633	7.2%	14,590	5.7%	13,799
TL SME	30,164	31.2%	22,988	39.8%	16,441
FX SME (USD)	7,620	9.5%	6,961	15.2%	6,040
Consumer	30,999	11.7%	27,744	32.5%	20,944
Credit Cards	12,904	(12.2)%	14,692	7.8%	13,624

Geographic Distribution of Loans

The following table (derived from the management accounts) shows the geographic distribution of Akbank's loan portfolio (by location of the branch) as at 31 December 2014, 2013 and 2012, respectively. As noted above, only approximately 2-3% of Akbank's total loans for the periods shown were made to borrowers outside Turkey. Accordingly, loans shown below as booked by Akbank's foreign branches and subsidiaries are not necessarily made to borrowers in the jurisdictions where those foreign branches and subsidiaries are located.

	As at 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
	(TL thousands, except percentages)					
Istanbul Region	58,430,682	43.0%	53,342,759	45.2%	39,988,696	43.3%
Trakya Region	629,678	0.5%	1,618,202	1.4%	1,275,950	1.4%
Ankara Region	22,339,721	16.4%	13,900,225	11.8%	11,609,342	12.6%
Bursa Region	4,938,717	3.6%	4,026,406	3.4%	3,031,709	3.3%
Çukurova Region	11,340,156	8.3%	8,723,570	7.4%	6,905,385	7.5%
Eastern Black Sea Region	2,761,647	2.0%	2,989,468	2.5%	2,324,726	2.5%
Aegean Region	11,420,917	8,4%	9,910,488	8.4%	7,372,400	8.0%
Eskişehir Region	915,904	0,7%	802,821	0.7%	573,282	0.6%
South-eastern Anatolia Region	5,412,339	4,0%	4,596,632	3.9%	3,262,526	3.5%
Samsun Region	4,610,508	3,4%	3,522,049	3.0%	2,650,945	2.9%
Denizli Region	1,373,064	1,0%	1,031,842	0.9%	640,724	0.7%
Foreign Branch and Subsidiaries	11,806,741	8,7%	13,452,193	11.4%	12,631,714	13.7%
Total Performing Loans	**135,980,074**	100%	117,916,655	100.0%	92,267,399	100.0%
Non-Performing Loans	2,330,155		1,676,682		1,115,456	
Total Loans	**138,310,229**		**119,593,337**		**93,382,855**	
Allowance for Loan Losses	(4,283,093)		(3,279,950)		(2,230,790)	
Total Net Loans	134,027,136		116,313,387		91,152,065	

Non-performing Loans; Provisioning; Loan Losses

If the collectability of any loan or receivable is identified as limited or doubtful by Akbank management, Akbank provides specific provisions in accordance with the applicable law. Banks are also required to set aside general reserves for cash and non-cash loans depending on the categories they are classified in. The currently applicable general provision requirements are (i) 1% of cash loans and 0.2% of non-cash loans if they are classified as standard loans and (ii) 2% of cash loans and 0.4% of non-cash if they are classified as closely monitored loans. The amount of the specific provision required for non-performing loans depends in part on the type of collateral, but at a minimum 20% of the principal amount of a loan is required to be reserved for loans between three and six months overdue, 50% for loans between six and 12 months overdue, and 100% after one year.

Akbank has adopted a more conservative policy regarding provisions for NPLs than required by BRSA. Akbank has set aside 93.5% specific and general provisioning for its non-performing loans. The provision made during the year is charged against the profit for the year. Loans that cannot be recovered are written-off and charged the allowance for loan losses. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year.

The following table (derived from the management accounts) shows the geographic distribution of the non-performing loan loss portfolio (by location) as at 31 December 2014, 2013 and 2012, respectively.

	As at 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
	(TL thousands, except percentages)					
Istanbul Region	826,134	35.5%	484,316	28.9%	348,909	31.3%
Trakya Region	44,024	1.9%	33,818	2.0%	21,805	2.0%
Ankara Region	306,456	13.2%	213,750	12.7%	135,414	12.1%
Bursa Region	95,112	4.1%	66,243	4.0%	35,122	3.1%
Çukurova Region	369,462	15.9%	411,579	24.5%	288,689	25.9%
Eastern Black Sea Region	81,747	3.5%	49,608	3.0%	38,283	3.4%
Aegean Region	269,757	11.6%	194,594	11.6%	111,815	10.0%
Eskişehir Region	27,802	1.2%	13,510	0.8%	7,864	0.7%
South-eastern Anatolia Region	167,847	7.2%	104,710	6.2%	55,624	5.0%
Samsun Region	119,973	5.1%	88,723	5.3%	61,245	5.5%
Denizli Region	21,329	0.9%	15,831	0.9%	10,571	0.9%
Other	512	0.0%	-	0.0%	115	0.0%
Total	**2,330,155**	**100.0%**	**1,676,682**	**100.0%**	**1,115,456**	**100.0%**

For a discussion of Akbank's non-performing loans, see “Risk Management – Identification and Remediation of Problem Loans” and “Provision for Loan Losses”.

Non-Performing Loan Ratios

Akbank's non-performing loan ratios as at 31 December 2014, 2013 and 2012 were 1.7%, 1.4% and 1.2%, respectively, as compared to the Turkish banking sector's non-performing loans ratios of 2.8%, 2.6% and 2.8%, respectively, as at the same dates.

Breakdown of Non-Performing Loan Performance

The following table shows a breakdown of new non-performing loans, collections and NPL sale revenue, derived from the Akbank BRSA Financial Statements for the years ended 31 December 2014, 2013 and 2012:

	For the years ended 31 December		
	2014	*2013*	*2012*
		(TL millions)	
New NPLs	1,855,391	1,278.2	770.7
Collections	(613,995)	(383.6)	(277.5)
NPL Sale Revenue	(85)	(58.3)	(95.1)

On 1 October 2012, Akbank sold TL 500.1 million NPLs to Girişim Varlık Yönetim A.Ş. for TL 95.1 million**.** On May 20, 2013, TL 250.5 million of Akbank's non-performing loan portfolio has been sold to Efes Varlık Yönetimi A.Ş. for TL58.3 million. TL252.2 million of Akbank's non-performing loan portfolio was sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 44 million on 10 April 2014. On 29 December 2014, TL250.2 million of Akbank's non-performing loan portfolio was sold to Efes Varlık Yönetimi A.Ş. at a price of TL41 million.

Allowance for Loan Losses

The following table (derived from the Akbank BRSA Financial Statements) shows movements in Akbank's allowance for loan losses including both specific and general loan losses for years ended at 31 December 2014, 2013 and 2012, respectively. Akbank does not hold other interest-earning assets that would have fallen into the non-performing category other than assets that are classified as loans.

	For the years ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Balance at beginning of year	1,676,682	1,115,456	1,262,659
Additions	1,855,391	1,278,232	770,684
Collections	613,995	383,619	277,549
Write-offs	587,923	333,387	640,333
Exchange differences	-	-	(5)
Balance at end of quarter year	**2,330,155**	**1,676,682**	**1,115,456**

Sources of Funds

Historically, short-term customer deposits have been Akbank's principal source of funding, which has provided Akbank with a competitive advantage in cost of funds and has contributed to the liquidity in Akbank's balance sheet. Akbank's ability to obtain and retain customer deposits is supported by its extensive branch network. With expansion of its deposit base and growth of the share of its demand deposits among Akbank's top priorities, saving deposits constitute 57.4% of Akbank's total customer deposits as at 31 December 2014.

Between 31 December 2013 and 31 December 2014, Akbank's deposits increased by 8.7%, and reached TL122.3 billion as at 31 December 2014. Over the same period, TL deposits increased by 16.0%.

The following table (derived from the Akbank BRSA Financial Statements) sets forth the principal sources of funds for Akbank's operations for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December					
	2014	*%*	*2013*	*%*	*2012*	*%*
	(TL thousands, except percentages)					
Customer Deposits	108,710,675	59.4%	101,051,130	61.49%	79,937,835	60.09%
Savings Deposits	40,008,671	21.9%	34,077,726	20.74%	29,689,773	22.32%
Foreign Currency Deposits	45,552,888	24.9%	46,030,260	28.01%	30,254,801	22.74%
Public Sector Deposits	997,181	0.5%	900,483	0.55%	947,494	0.71%
Commercial Deposits	17,507,626	9.6%	16,272,305	9.90%	15,258,999	11.47%
Other Institutions Deposits	3,418,956	1.9%	2,003,830	1.22%	2,325,696	1.75%
Gold Vault	1,225,353	0.7%	1,766,526	1.07%	1,461,072	1.10%
Bank Deposits	13,583,401	7.4%	11,421,553	6.95%	10,750,453	8.08%
Money Markets	28,851,360	15.8%	23,230,751	14.14%	20,121,429	15.13%
Funds Borrowed	21,269,361	11.6%	19,898,600	12.11%	15,598,071	11.73%
Securities Issued (Net)	10,540,424	5.8%	8,727,842	5.31%	6,614,443	4.97%
Total	**182,955,221**	**100.0%**	**164,329,876**	**100.00%**	**133,022,231**	**100.00%**

Deposits

As at 31 December 2014, total deposits were TL122.3 billion, compared to TL112.5 billion as at 31 December 2013 and TL90.7 billion as at 31 December 2012.

The table below (derived from the Akbank BRSA Financial Statements) gives the breakdown of the total deposit base by type as at the dates indicated.

	For the year ended 31 December 2014				*For the year ended 31 December 2013*			
	Demand	*Time*	*Total*	*%*	*Demand*	*Time*	*Total*	*%*
	(TL thousands except percentages)							
Saving deposits	**4,764,506**	**35,244,165**	**40,008,671**	**32.7**	**3,898,691**	**30,179,035**	**34,077,726**	**30.3**
Located in Turkey	4,764,506	35,243,949	40,008,455	—	3,898,691	30,179,035	34,077,726	—
Located in foreign countries and foreign countries	0	216	216	—	0	0	0	—
Foreign Currency Deposits	**7,282,224**	**38,270,664**	**45,552,888**	**37.2**	**6,147,478**	**39,882,782**	**46,030,260**	**40.9**
Located in Turkey	6,372,895	24,338,852	30,711,747	—	4,995,126	24,046,160	29,041,286	—
Located in foreign countries and foreign countries	909,329	13,931,812	14,841,141	—	1,152,352	15,836,622	16,988,974	—
Public Sector Deposits	**828,740**	**168,441**	**997,181**	**0.8**	**761,362**	**139,121**	**900,483**	**0.8**
Located in Turkey	828,740	168,441	997,181	—	761,362	139,121	900,483	—
Located in foreign countries and foreign countries	0	0	0	—	0	0	0	—
Commercial Deposits	**4,865,220**	**12,642,406**	**17,507,626**	**14.3**	**4,787,640**	**11,484,665**	**16,272,305**	**14.5**
Located in Turkey	4,865,220	11,553,990	16,419,210	—	4,787,573	10,268,680	15,056,253	—
Located in foreign countries and foreign countries	0	1,108,416	1,108,416	—	67	1,215,985	1,216,052	—
Other Institutions Deposits	**169,932**	**3,249,024**	**3,418,956**	**2.8**	**140,922**	**1,862,908**	**2,003,830**	**1.8**
Located in Turkey	169,932	3,115,643	3,285,575	—	140,922	1,795,377	1,936,299	—
Located in foreign countries and foreign countries	0	133,381	133,381	—	0	67,531	67,531	—
Gold Vault	**1,179,639**	**45,714**	**1,225,353**	**1.0**	**1,722,852**	**43,674**	**1,766,526**	**1.6**
Located in Turkey	1,179,639	45,714	1,225,353	—	1,722,852	43,674	1,766,526	—
Located in foreign countries and foreign countries	0	0	0	—	0	0	0	—
Bank Deposits	**501,286**	**13,082,115**	**13,583,401**	**11.1**	**687,555**	**10,733,998**	**11,421,553**	**10.2**
Located in Turkey	495,731	4,085,885	4,581,616	—	682,593	3,428,375	4,110,968	—
Located in foreign countries	5,555	8,996,230	9,001,785	—	4,962	7,305,623	7,310,585	—
Total	**19,591,547**	**102,702,529**	**122,294,076**	**99,9**	**18,146,500**	**94,326,183**	**112,472,683**	**100.0**

	For the year ended 31 December 2012			
	Demand	*Time*	*Total*	*%*
	(TL thousands, except percentages)			
Saving deposits	**2,979,328**	**26,710,445**	**29,689,773**	**32.7**
Located in Turkey	2,979,328	26,710,445	29,689,773	—
Located in foreign countries and foreign countries	0	0	0	—
Foreign Currency Deposits	**4,356,065**	**25,898,736**	**30,254,801**	**33.4**
Located in Turkey	3,817,706	18,466,895	22,284,601	—
Located in foreign countries and foreign countries	538,359	7,431,841	7,970,200	—
Public Sector Deposits	**706,007**	**241,487**	**947,494**	**1.0**
Located in Turkey	706,007	241,487	947,494	—
Located in foreign countries and foreign countries	0	0	0	—
Commercial Deposits	**3,639,650**	**11,619,349**	**15,258,999**	**16.8**
Located in Turkey	3,639,650	7,671,386	11,311,036	—
Located in foreign countries and foreign countries	0	3,947,963	3,947,963	—
Other Institutions Deposits	**124,273**	**2,201,423**	**2,325,696**	**2.6**
Located in Turkey	124,273	2,102,022	2,226,295	—
Located in foreign countries and foreign countries	0	99,401	99,401	—
Gold Vault	**1,461,072**	**0**	**1,461,072**	**1.6**
Located in Turkey	1,461,072	0	1,461,072	—
Located in foreign countries and foreign countries	0	0	0	—
Bank Deposits	**323,569**	**10,426,884**	**10,750,453**	**11.9**
Located in Turkey	318,810	2,142,332	2,461,142	—
Located in foreign countries and foreign countries	4,759	8,284,552	8,289,311	—
Total	**13,589,964**	**77,098,324**	**90,688,288**	**100**

As at 31 December 2014, Akbank's customers in Turkey held more deposits with Akbank in Turkish Lira than in foreign currency.

As at 31 December 2014, 2013 and 2012 respectively, 27.0%, 26.1% and 24.0% of Akbank's total deposits were denominated in US Dollars (57.9%, 52.2% and 54.8% of total foreign currency deposits) and 16.8%, 20.5% and 16.5% of total deposits were denominated in Euro (36.1%, 40.9% and 37.6% of total foreign currency deposits).

The following table (derived from the Akbank BRSA Financial Statements) shows the maturities of deposits as at 31 December 2014, 2013 and 2012, respectively.

	Up to 3 months	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Total*
			(TL thousands)		
31 December 2014	108,302,639	9,602,101	4,129,092	260,244	122,294,076
31 December 2013	99,642,158	8,497,753	4,097,715	235,057	112,472,683
31 December 2012	83,780,055	5,857,896	1,029,441	20,896	90,688,288

Business Transactions with Related Parties

Shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associated companies, and other companies within the Sabancı Group are considered and referred to as related parties.

The following table shows the breakdown of the business transactions with related parties for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the years ended 31 December					
	2014	*% of Related Item*	*2013*	*% of Related Item*	*2012*	*% of Related Item*
	(TL thousands, except percentages)					
Cash loans	2,464,548	1.8%	2,368,097	2.0%	2,090,849	2.3%
Non-cash loans	1,986,344	6.2%	2,413,639	8.0%	326,871	1.8%
Cash and due from banks						
Finance lease receivables	5,890	0.2%	3,244	0.1%	4,055	0.2%
Deposits	3,452,685	2.8%	3,804,621	3.4%	4,118,645	4.5%
Derivatives[(1)]	2,364,278	1.4%	2,626,534	1.5%	2,177,864	2.6%

Note:

(1) The balance shows the total of sale and purchase amounts of the related transactions.

Capital Adequacy

Akbank currently satisfies the capital requirements of the BRSA, which correspond to the guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements (the "**Basel Guidelines**"). The Basel Guidelines require a bank to have a ratio of capital to assets and certain off balance sheet items, determined on a risk-weighted basis, of at least 8%. As at 31 December 2014, 2013 and 2012, Akbank's total risk-based capital ratio (consisting principally of Tier 1 capital) on consolidated basis was 14.89%, 14.71% and 17.88%, respectively. As at 31 December 2014 the sector's average capital adequacy ratio on an unconsolidated basis was 16.28% (Akbank's unconsolidated capital adequacy ratio as at that date was 15.16%) and average Tier I ratio was 13.90% (Akbank's unconsolidated Tier I ratio as at that date was 14.04%). Akbank reports its capital adequacy ratio according to the Standard Method under the Basel II and Basel III Guidelines. Akbank intends to maintain capital ratios in excess of those required by Turkish law and the Basel Guidelines.

In 2013, the Basel Committee adopted further revisions to Basel III, which is expected to continue to be implemented in Turkey in phases through 2019. Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements. The BRSA has issued regulations for the implementation of new Basel III capital standards and leverage ratios, which came into force on 1 January 2014. Likewise, regulations for the implementation of a liquidity coverage ratio came into force as of 1 January 2015 (except net stable funding ratio and counterparty credit risk requirements), in line with the Basel III road map. Akbank does not expect to experience any difficulty in meeting the new capital requirements due to the nature of its existing capital base, mostly composed of common equity and retained earnings.

The following tables show the risk-weighted assets and qualifying capital of Akbank for the years ended 31 December 2014, 2013 and 2012, respectively.

	For the year ended 31 December
	2014
	(TL thousands)
Tier 1	
Share capital	7,105,892
Legal reserves	1,295,468
Extraordinary reserves	14,750,379
Other reserves	47,206
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	3,895
Retained earnings	3,639,523
Deductions	(679,901)
Total Tier 1 capital	**26,162,462**
Tier 2	
General loans loss reserves	2,104,264
Subordinated loans	0
Other reserves	0
Deductions	(30,349)
Total qualifying capital	**28,236,377**
Risk-weighted assets	
With 20% risk	2,175,787
With 50% risk	22,942,114
With 75% risk	24,598,835
With 100% risk	92,462,571
With 150% risk	4,144,772
With 200% risk	27,558,630
With 250% risk	1,151,010
Total risk-weighted assets	**175,033,719**
Market risk	1,983,038
Operational risk	12,675,550
Total risk-weighted assets and market risk	**189,692,307**
Risk-adjusted capital ratio	**14.89%**

	For the years ended 31 December	
	2013	*2012*
	(TL thousands)	
Tier 1		
Share capital	7,105,892	7,105,892
Legal reserves	1,259,069	1,213,707
Extraordinary reserves	12,175,813	9,274,880
Other reserves	47,191	47,179
Retained earnings	3,286,398	3,349,174
Deductions	(222,786)	(169,803)
Total Tier 1 capital	**23,651,577**	**20,821,029**
Tier 2		
General loans loss reserves	1,696,118	1,208,184
Subordinated loans	-	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	2,729	236
Other reserves	(1,368,346)	753,200
Deductions	(22,151)	(3,606)
Total qualifying capital	**23,959,927**	**22,779,043**
Risk-weighted assets		
With 20% risk	1,862,429	1,441,552
With 50% risk	22,609,087	13,899,585
With 75% risk	20,104,556	22,163,798
With 100% risk	74,651,368	61,287,851
With 150% risk	3,281,069	4,002,483
With 200% risk	24,785,478	12,883,190
With 250% risk	2,448,133	-
Total risk-weighted assets	**149,742,120**	**115,678,459**
Market risk	2,289,775	1,067,175
Operational risk	10,853,088	10,646,563
Total risk-weighted assets and market risk	**162,884,983**	**127,392,197**
Risk-adjusted capital ratio	**14.71%**	**17.88%**

Akbank's excess capital, which is calculated as Tier 1 plus Tier 2 capital, less economic capital (which is the sum of regulatory capital and additional capital to cover other risks) was TL5.47 billion as at 31 December 2014.

INFORMATION ABOUT AKBANK

The information in the Base Prospectus under the section "*Information about Akbank*" is hereby deleted in its entirety and replaced with the following:

Selected Financial Information

The following tables set forth, for the periods indicated, Akbank's selected historical consolidated financial and other information. Akbank's selected historical consolidated financial information as at 31 December 2014, 2013, and 2012 and for the years then ended has been derived from the audited Akbank BRSA Financial Statements. The following selected consolidated financial and other information should be read in conjunction with, and is qualified in its entirety by reference to, the Akbank BRSA Financial Statements. The Akbank BRSA Financial Statements are presented in Turkish Lira and have been prepared in accordance with BRSA and as described in more detail in the accounting principles included in the notes to the Akbank BRSA Financial Statements.

Prospective investors should read the following information in conjunction with "*Presentation of Financial and Other Information*", the Akbank BRSA Financial Statements.

Balance Sheet Data

	As at 31 December		
	2014	*2013*	*2012*
	(TL thousands)		
ASSETS			
Cash and Balances with Central Bank	20,440,057	18,223,119	16,662,852
Financial Assets at Fair Value Through Profit or (Loss) (Net)	1,465,703	1,891,610	570,652
Banks	5,212,117	5,839,099	3,190,672
Money Markets	700,215	—	—
Available-for-Sale Financial Assets (Net)	37,603,832	33,164,982	42,621,552
Loans and Receivables	136,131,400	118,009,505	92,360,249
Factoring Receivables	—	—	—
Held-to-Maturity Securities (Net)	10,800,111	12,153,453	3,637,468
Investments in Associates (Net)	3,923	3,923	3,923
Subsidiaries (Net)	—	—	—
Joint Ventures (Net)	—	—	—
Financial Lease Receivables (Net)	3,695,306	3,217,516	2,007,885
Hedging Derivative Financial Assets	284,541	630,177	—
Property and Equipment (Net)	863,354	851,220	799,903
Intangible Assets (Net)	229,004	162,215	113,757
Investment Property (Net)	—	—	—
Tax Asset	21,045	75,005	5,103
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	158,652	34,699	15,048
Other Assets	1,087,338	1,225,740	1,489,270
Total assets	**218,696,598**	**195,482,263**	**163,478,334**
LIABILITIES			
Deposits	122,294,076	112,472,683	90,688,288
Trading Derivative Financial Liabilities	1,207,213	1,178,748	553,939
Borrowings	21,269,361	19,898,600	15,598,071
Money Markets	28,851,360	23,230,751	20,121,429
Securities Issued (Net)	10,540,360	8,727,842	6,614,443
Funds	—	—	—
Miscellaneous Payables	3,498,812	3,724,991	2,967,843
Other Liabilities	1,528,730	1,478,729	1,562,614
Factoring Payables	—	—	—
Financial Lease Payables (Net)	—	—	—
Hedging Derivative Financial Liabilities	105,952	63,810	658,845

	As at 31 December		
	2014	2013	2012
	(TL thousands)		
Provisions	2,653,626	2,267,575	1,531,382
Tax Liability	607,000	303,555	705,712
Liabilities for Property And Equipment Held for Sale	—	—	—
Subordinated Loans	—	—	—
Shareholders' Equity	26,140,044	22,134,979	22,475,768
Total liabilities and shareholders' equity	**218,696,598**	**195,482,263**	**163,478,334**

Income Statement Data

	For the year ended 31 December		
	2014	2013	2012
INCOME AND EXPENSES ITEMS	(TL thousands)		
Interest Income	14,690,586	11,891,833	11,649,475
Interest Expense	7,470,308	5,510,286	6,291,675
Net Interest Income	**7,220,278**	**6,381,547**	**5,357,800**
Net Fees and Commissions Income	**2,436,707**	**2,233,319**	**1,788,881**
Dividend Income	1,381	4,970	730
Trading Income/(Loss) (Net)	(75,476)	491,008	403,189
Other Operating Income	633,895	**418,409**	**415,363**
Total Operating Income	10,216,785	9,529,253	7,965,963
Provision for Loan Losses and Other Receivables	2,076,858	(1,936,548)	1,120,889
Other Operating Expenses	3,806,435	(3,528,724)	2,968,464
Net Operating Income/(Loss)	**4,333,492**	**4,063,981**	**3,876,610**
Excess Amount Recorded as Income After Merger,			
Income/(Loss) from Investments in Subsidiaries	—	—	—
Consolidated Based on Equity Method	—	—	—
Income/(Loss) on Net Monetary Position	—	—	—
Profit/Loss before Tax from Continued Operations	4,333,492	4,063,981	3,876,610
Tax Provision for Continued Operations	954,846	986,800	871,662
Current Year Profit/Loss from Continued Operations	3,378,646	3,077,181	3,004,948
Income from Discontinued Operations	—	—	—
Expenses for Discontinued Operations	—	—	—
Profit/Loss Before Tax from Discontinued Operations	**—**	**—**	—
Tax Provision for Discontinued Operations	**—**	**—**	—
Current Year Profit/Loss from Discontinued Operations	**—**	**—**	—
Net Income/(Loss)	**3,378,646**	**3,077,181**	**3,004,948**
Income/(Loss) from Akbank Group	**3,378,639**	**3,077,171**	**3,004,910**

Key Ratios

The following table sets out certain key ratios calculated with results derived from the Akbank BRSA Interim Financial Statements and the Akbank BRSA Financial Statements as at and for the year ended 31 December 2014, 2013, and 2012, respectively. These ratios are not calculated on the basis of IFRS and are not IFRS measures of financial performance.

	As at and for the year ended 31 December		
	2014	*2013*	*2012*
		(%)	
Return on average shareholders' equity excluding minority interest	14.1	14.0	15.1
Net interest margin[(1)]	3.6	3.7	3.7
Capital adequacy ratio[(2)]	14.9	14.7	17.9
Cost to income[(3)]	43.8	41.7	40.6
Free capital ratio[(4)]	11.4	10.8	13.2
Non-performing loans to total cash loans	1.7	1.4	1.2
Cost to average total assets	1.8	2.0	2.0
Cost of Risk	0.9	0.8	0.5
Fees to Cost	64.0	63.3	60.3
Tier I Ratio	13.8	14.5	16.3
Loan-to-deposit ratio	111.3	104.9	101.8
NPL coverage ratio	93.5	94.5	91.7

Notes:

(1) Net interest income divided by average interest earning assets.

(2) Calculated in accordance with BRSA regulations.

(3) Represents non-interest expenses divided by total operating income before provisions and non-interest expense.

(4) Total shareholders' equity excluding intangible assets, tangible assets, assets held for resale, investments in equity participations and divided by total assets.

Capitalisation

The following table which is extracted from the Akbank BRSA Financial Statements, prepared in accordance with BRSA, sets forth the consolidated capitalisation of Akbank as at 31 December 2014, 2013, and 2012, respectively. This table should be read in conjunction with Akbank BRSA Financial Statements and the notes thereto incorporated by reference in this Base Prospectus. All Turkish Lira amounts in this section, unless otherwise indicated, are presented in thousands of Turkish Lira.

	As at and for the year ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Long-term debt[(1)(2)]	16,135,889	13,686,823	10,917,129
Capital stock; legal reserves, retained earnings and other equity accounts	22,761,305	19,057,717	19,470,785
Current period net income attributable to Akbank's Equity Holders	3,378,639	3,077,177	3,004,910
Total shareholders' equity	26,139,944	22,134,894	22,475,695
Total capitalisation	**42,275,833**	**35,821,717**	**33,392,824**

Notes:

(1) See Notes (c) and (d) of Part II of Section Five to the Akbank BRSA Financial Statements.

(2) Long-term debt includes the funds borrowed and debt securities in issue with an original maturity over one year.

Business

Overview

Akbank T.A.Ş. is a Turkish banking institution organised as a joint stock company with registration number 90418. Founded as a local bank in Adana on 30 January 1948, it was originally established with the core objective of providing funding for local cotton producers. Its first branch was opened in the Sirkeci district of Istanbul on 14 July 1950. Akbank operates under the Turkish Commercial Code. Akbank's head office is currently located at Sabancı Center 4, Levent 34330, Istanbul, Turkey. Akbank's telephone number is +90 212 385 55 55.

Akbank carries out its activities from its head office and 23 regional offices throughout Turkey. Its network of 990 domestic branches as at 31 December 2014 provides Akbank with the ability to reach a nationwide base of customers.

Akbank operates in five main business segments: (i) Consumer Banking; (ii) Corporate, Commercial and SME Banking; (iii) Treasury; (iv) Private Banking; and (v) International Banking. It offers a wide range of consumer, commercial and SME, corporate and private banking services as well as international trade financing. Non-banking financial services along with capital markets, brokerage and investment services are provided by Akbank's subsidiaries including Ak Investment, Ak Asset Management and AKLease. Akbank does not have any subsidiaries that are not involved in financial services.

Akbank has an international presence through its subsidiaries in Germany (Akbank AG) and Dubai (Akbank (Dubai) Limited), and through a branch in Malta.

In addition to Akbank's traditional delivery channels such as its branches, Akbank also serves its customers through its Consumer and Corporate Internet Branches, its Telephone Banking Center, approximately 4,260 ATMs, more than 362,000 POS terminals, and the Akbank Banking Center, which commenced its services in 2010 and as of 31 December 2014 was one of the highest transaction capacity operations centres in Turkey as well as other high-tech channels.

Since its establishment, a majority of the shares in Akbank have been owned or controlled by the Sabancı family and the Sabancı Group which is one of the two largest financial and industrial corporate groups in Turkey, currently holding a 48.9% stake in Akbank's issued share capital. Floated to the public in 1990, Akbank's shares began trading on international markets and as ADRs after its secondary public offering in 1998.

In January 2007, Citigroup acquired a 20% equity stake in Akbank. In May 2012, Citigroup sold 10.1% of its stake in Akbank reportedly due to its capital planning preparations for the application of Basel III requirements. Although Citigroup had committed to hold the remaining 9.9% of Akbank's shares for a three-year lock-up period following such sale, Citigroup and the Sabancı Group reached an agrement to facilitate Citigroup’s early exit from its lock-up, and Citigroup sold its remaining holding of 9.9% through an accelerated equity offering on 4 March 2015. After the sale, Sabancı Holding, together with its affiliates, held 48.9% of the Akbank shares and the free float is 51.1%.

As at the date of this Prospectus, 51.1% of Akbank's shares were publicly traded on the Borsa Istanbul and Akbank's Level 1 ADRs are traded in the over-the-counter ("**OTC**") market in the United States.

For the year ended 31 December 2014, Akbank's net profits were TL3.4 billion, a 9.8% increase compared to the year ended 31 December 2014. For the year ended 31 December 2013, Akbank's net profits were TL3.1 billion, an increase of 2.4% from TL3.0 billion for the year ended 31 December 2012.

As at 31 December 2014, Akbank's total assets stood at TL218.7 billion, an increase of 11.9% from TL195.5 billion as at 31 December 2013. As at 31 December 2013, Akbank's total assets stood at TL 195.5 billion, an increase of 19.6% and 16.8% from TL163.5 billion and TL139.9 billion as at 31 December 2012.

As at 31 December 2014, Akbank's total shareholders' equity (excluding non-controlling interests) stood at TL26.1 billion, an increase of 18.1% from TL22.1 billion as at 31 December 2013. As at 31 December 2013, Akbank's total shareholders' equity (excluding non-controlling interests) stood at TL22.1 billion, a decrease of 1.5% from TL22.5 billion as at 31 December 2012.

Business Segments – Overview

Akbank operates in five main business segments: (i) Retail Banking; (ii) Corporate, Commercial and SME Banking; (iii) Treasury; (iv) Private Banking; and (v) International Banking. See "*—Business—Akbank's Business Segments*".

Retail Banking: includes retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. Akbank's line of retail banking products and services also includes bankcards, mutual funds, bonds and T-bills brokerage, equity brokerage, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, ATM, telephone and internet banking. Gross profit from retail banking was TL709.5 million for the year ended 31 December 2014. Gross profit from retail banking was TL718.9 million for the year ended 31 December 2013, which represented an increase of 16.1% from TL619.4 million for the year ended 31 December 2012.

Corporate, Commercial and SME Banking: provides financial solutions and banking services to large-scale and medium-sized corporate and commercial customers, including Turkish Lira and foreign currency denominated working capital loans, small business loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, Akbank provides working capital management solutions for corporate customers, delivering tailored cash management services based on customers' requirements which include collection and payment services and liquidity and information management. Project finance loans are provided as part of Akbank's corporate and commercial banking activities. Gross profit for Corporate, Commercial and SME Banking was TL2.3 billion for the year ended 31 December 2014. Gross profit for Corporate, Commercial and SME Banking was TL1.8 billion for the year ended in 31 December 2013, which, when compared to the same period in 2012 was an increase of 40.0% from TL1.3 billion.

Treasury: primarily manages Akbank's securities investment portfolio, asset-liability management activities and overall liquidity and provides treasury services to Akbank's retail and corporate customers. Gross profit from Treasury was TL1.1 million for the year ended 31 December 2014. Gross profit from Treasury was TL1.7 billion for the year ended in 31 December 2013, which, when compared to the same period in 2012 was a decrease of 3.1% from TL1.7 billion.

Private Banking: includes products and services for individuals with assets under management with Akbank exceeding TL500,000 such as investment, pension and insurance services. Gross profit from private banking was TL137.3 million for the year ended 31 December 2014. Gross profit from private banking was TL190.8 million for the year ended in 31 December 2013, which, when compared to the same period in 2012 was a decrease of 4.2% from TL199.2 million.

International Banking: manages Akbank's international fund raising activities as well as correspondent banking relationships and sets credit limits and risk management policies for counterparty financial institutions and through its international business development activities offers a complementary service to its clients to support their business activities within its responsibility area and to originate proprietary deals for the benefit of Akbank.

Gross profit from International Banking was TL161.2 million for the year ended 31 December 2014. Gross profit from International Banking was TL121.5 million for the year ended in 31 December 2013, which when compared to the same period in 2012 was an increase of 66.3% from TL73.1 million.

Competitive Strengths

Akbank believes that it has the following competitive strengths:

Strong and Well Known Turkish Franchise, Trusted Brand, Diversified Portfolio of Banking Assets. Akbank believes that it has established itself as one of the most widely-recognised and trusted private banks in Turkey as a result of its more than 65-year operating history through often turbulent Turkish financial markets, its long-standing focus on prudent risk management and its record of financial stability. Akbank has focused virtually all of its business in Turkey, with approximately 95% of its assets in Turkey on the basis that this is the market it knows best and where it enjoys a strong competitive position. Akbank is Turkey's third largest private bank in terms of asset size as at 31 December 2014 (*Source: The Banks Association of Turkey*). It offers a broad portfolio of consumer and commercial products and has well-established relationships with its client base. Akbank has a wide distribution network with 990 domestic branches and over 13 million customers, as well as a large network of increasing alternative delivery channels, which include the Akbank Banking Center, over 362,000 point-of-sale terminals and approximately 4,260 ATMs, as at 31 December 2014. Akbank believes that its strong franchise and position in consumer, corporate, commercial and SME banking enables it to benefit from economies of scale and provide a strong platform for sustained profitability in the Turkish banking market. Akbank also has a stable controlling shareholder, which allows for fast decision making in case of critical decisions, continued stability in a difficult global environment and gives it the ability to implement Akbank's vision.

Robust Capital Structure; Conservative Liquidity and Funding Policy. As at 31 December 2014, Akbank's robust capital structure was demonstrated by its capital adequacy ratio of 14.9 (under BRSA), Tier 1 ratio of 13.8%, leverage ratio (calculated as total assets divided by total equity) of 8.4x and shareholders' equity of TL26.1 billion. Supporting its capital structure, Akbank maintains strong liquidity, with a liquid asset ratio (being the total amount of cash, deposits with the Central Bank, overnight interbank deposits, the balances of Akbank's nostro accounts and statutory reserves divided by Akbank's total liabilities) of 3.4% at 31 December 2014. Akbank's funding strategy includes maintaining a substantial percentage of its liabilities in the form of customer deposits. Although customer deposits in Turkey are typically short-term (with durations of less than 90 days), a majority of Akbank's deposits have been reinvested. Akbank's deposits grew at a rate of 8.7% from TL112.5 billion as of 31 December 2013 to TL122.3 billion as at 31 December 2014.

Akbank has been a market leader among Turkish financial institutions in domestic and international capital markets, with the first direct issuance of a Eurobond in 2010, the first TL-denominated Eurobond in 2013 and the first mortgage-covered bond out of Turkey in 2015. Its total outstanding domestic bonds amounted to TL2.53 billion and its outstanding U.S.$ denominated senior unsecured issuance is approximately U.S.$3 billion as at 31 December 2014.

In an environment where banks' financial strength is becoming an indicator of growth prospects, Akbank's robust capital ratio, low loans to deposits ratio, low leverage and effective risk management policy are indicative of its financial strength and support Akbank's profitable growth.

Prudent and Effective Risk Management; High Asset Quality. Akbank's management believes that it has instilled a prudent and effective risk management culture at all levels of Akbank, beginning with careful customer selection to support a quality asset base and continuing through establishing conservative provisioning policies. Under the Sabancı family and group ownership, Akbank successfully weathered the 2000-2001 banking crisis in Turkey with a low NPL ratio and was able to strengthen its position in the market, making strong market share gains after the crisis. Akbank was similarly able to weather the effects of the 2008 global crisis. This has largely been due to the prudent approach of Akbank's Board prior to the crises and decisive action taken in controlling risk. In anticipation of the upcoming risks in credit quality due to the global economic downturn, Akbank has implemented and enhanced its risk management systems to ensure a consistently high level of asset quality. Akbank has always believed that banking involves balancing risk and matching assets to liabilities. The Board has continuously stressed the importance of a solid balance sheet and a strong financial position. Akbank's 13.8% Tier 1 capital ratio and its 8.4x leverage ratio are the legacy of this approach. Through effective risk management practices, Akbank's NPL ratio was 1.7 as at 31 December 2014. Akbank has also established a separate risk division below Board level so that all risks are monitored by its Executive Risk Committee reviews all aspects of Akbank's business, including Akbank's risks. In addition to the Audit Committee, which assists the Board in reviewing Akbank, Akbank also has a Corporate Governance Committee overlooking such risks.

Record of Innovation. Akbank has a strong track record of developing an innovative range of products and services, including innovative lending products, such as the ability to obtain a consumer loan by telephone (since 2005), on the internet (since 2006), via SMS or through a dedicated credit machine (since 2007) or via a standard ATM (since 2008). Akbank has also enhanced its distribution capabilities through developing a full-service call centre (the "**Call Center**") and embracing new technologies including developing mobile web and mobile branch applications. In 2013 Akbank improved its digital banking applications across all mobile platforms, including updating its direct mobile application with new transaction options and functionality. Akbank also uses the Integro application, which allows its branches and head office units to carry out banking transactions under an integrated environment, which improves Akbank's efficiency. It has also expanded its investment product portfolio, including introducing Turkey's first mass market structured deposits and structured funds in 2007, BRIC Fund in 2009 as well as Akbank T.A.Ş. Franklin Templeton Umbrella Funds to enable Turkish investors to invest in four continents (Asia, Europe, North America and South America) in 2011. In 2013, Akbank launched one-to-one variable fund, Akbank lease certificates fund, Akbank BIST dividend 25 flexible fund and Akbank diploma variable funds as investment alternatives for its customers.

In line with its focus on providing top quality products and services to its customers, some of the innovative services Akbank launched during 2012, 2013 and 2014 were as follows:

- "SMS Loan for Business Owner" – an application which allows small business owners to apply for commercial loans via SMS without the need to visit a branch;
- "Send Money" – a new mobile banking application which allows customers to make money transfers at any time and location in 20 seconds via their mobile phones;
- "Akbank Pay from Pocket" – a service which was developed in conjunction with Visa Europe to allow customers to make payments from their mobile phones, turning mobile phones into mobile wallets;
- the launch of bundled products to increase customer cross sell ratios;
- initiating its "Savings Campaign" to enhance saving habits of the public through its pension funds, gold and accumulating savings accounts;
- "Akbank Direct" – a service which allows anyone to become a client of Akbank without going to a branch and take advantage of all mobile banking capabilities;
- "Akbank Direct" expands banking into Smart watches;
- "Akbank China Desk" – service which provides banking solutions to Chinese firms/investors that plan to invest and/or expand their business in Turkey in their own language. It also serves to Turkish corporates/investors that plan to invest in China;
- Akbank signed the first cooperation agreement in Turkey with the Export-Import Bank of Korea;
- Akbank launched the Western Union money transfer service; and
- A communication campaign titled "Heroes of the Economy" to encourage people to save money.

- Akbank launched the “iBeacon Technology” enabling cash withdrawals from ATMs with only the touch of a button, one of the first of its kind in the world
- “Akbank Direct” enabled clients to approve money transfers with their fingerprints, instead of password entry.

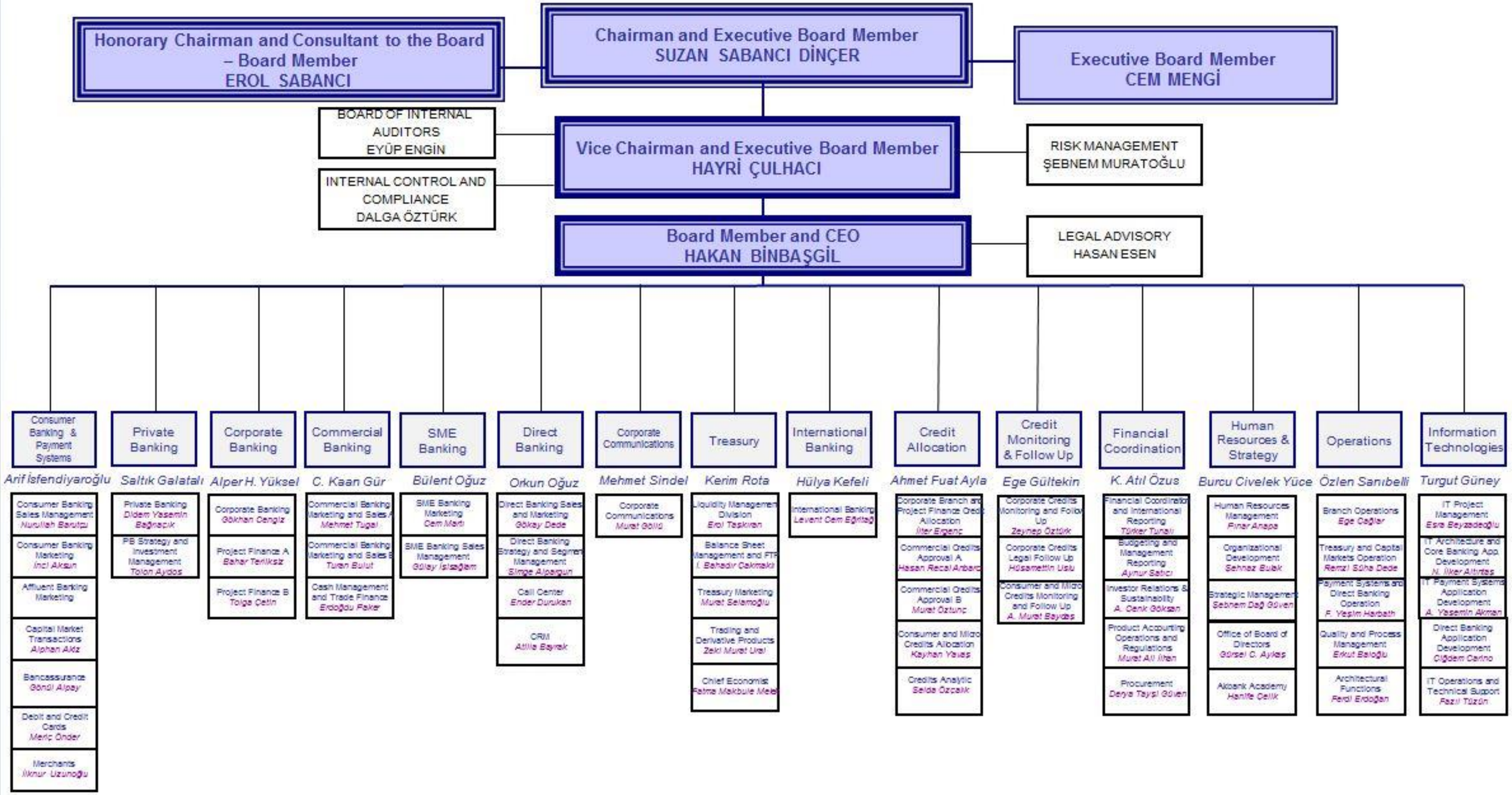
Strategy

Akbank's corporate goals and strategy are closely aligned with its commitment to the development of the Turkish economy and the Turkish financial system by providing high-quality specialised banking products and services that are both innovative and comprehensive. Akbank's objective is to become the leading multi-specialist bank in Turkey while sustaining its profitability. To achieve this objective, Akbank has identified the following strategic priorities for 2014 and beyond.

- *Focusing on Prudent and Sustainable Growth in Turkey***.** Akbank plans to continue to focus on the Turkish market where it has substantial local knowledge, enhancing its product and service offerings in the following ways:
  - Increase customer driven profitability;
  - Improve Bank's output and cost efficiency;
  - Pursue a balanced loan growth strategy;
  - Diversify funding mix along with expanding the deposit base;
  - Continue to focus on fee and commission generating businesses;
  - Increase cross-sell ratio through successful Customer Relationship Management ("**CRM**");
  - Concentrate on superior customer service and excellence in distribution (physical and digital);
  - Control risk through focus on risk management; and
- *Continue to Focus on Human Capital Recruitment and Development*.

Organisational Structure

The following chart shows Akbank's organisational structure as at the date of this Prospectus**.** Akbank's organisational structure consists of 15 Business Units. Each Business Unit is managed by an Executive Vice President.


Honorary Chairman and Consultant to the Board – Board Member
EROL SABANCI
Chairman and Executive Board Member
SUZAN SABANCI DİNÇER
Executive Board Member
CEM MENGİ
BOARD OF INTERNAL AUDITORS
EYÜP ENGİN
INTERNAL CONTROL AND COMPLIANCE
DALGA ÖZTÜRK
Vice Chairman and Executive Board Member
HAYRİ ÇULHACI
RISK MANAGEMENT
ŞEBNEM MURATOĞLU
Board Member and CEO
HAKAN BİNBAŞGİL
LEGAL ADVISORY
HASAN ESEN
Consumer Banking & Payment Systems
Arif İsfendiyaroğlu
Consumer Banking Sales Management
Nurullah Barutçu
Consumer Banking Marketing
İnci Aksun
Affluent Banking Marketing
Capital Market Transactions
Alphan Akız
Bancassurance
Gönül Alpay
Debit and Credit Cards
Meriç Önder
Merchants
İlknur Uzunoğlu
Private Banking
Saltık Galatalı
Private Banking
Didem Yasemin Bağnaçık
PB Strategy and Investment Management
Tolon Aydos
Corporate Banking
Alper H. Yüksel
Corporate Banking
Gökhan Cengiz
Project Finance A
Bahar Terliksiz
Project Finance B
Tolga Çetin
Commercial Banking
C. Kaan Gür
Commercial Banking Marketing and Sales A
Mehmet Tugal
Commercial Banking Marketing and Sales B
Turan Bulut
Cash Management and Trade Finance
Erdoğdu Faker
SME Banking
Bülent Oğuz
SME Banking Marketing
Cem Martı
SME Banking Sales Management
Gülay İstsağlam
Direct Banking
Orkun Oğuz
Direct Banking Sales and Marketing
Gökay Dede
Direct Banking Strategy and Segment Management
Simge Alpargun
Call Center
Ender Durukan
CRM
Atilla Bayrak
Corporate Communications
Mehmet Sindel
Corporate Communications
Murat Gölİç
Treasury
Kerim Rota
Liquidity Management Division
Erol Taşkıran
Balance Sheet Management and FTP
İ. Bahadır Çakmaklı
Treasury Marketing
Murat Selamoğlu
Trading and Derivative Products
Zeki Murat Ural
Chief Economist
Fatma Makbule Melek
International Banking
Hülya Kefeli
International Banking
Levent Cem Eğritağ
Credit Allocation
Ahmet Fuat Ayla
Corporate Branch and Project Finance Credit Allocation
İlter Ergenç
Commercial Credits Approval A
Hasan Recai Anbarcı
Commercial Credits Approval B
Murat Öztunç
Consumer and Micro Credits Allocation
Kayhan Yavaş
Credits Analytic
Selda Özçalık
Credit Monitoring & Follow Up
Ege Gültekin
Corporate Credits Monitoring and Follow Up
Zeynep Öztürk
Corporate Credits Legal Follow Up
Hüsamettin Uslu
Consumer and Micro Credits Monitoring and Follow Up
A. Murat Baydaş
Financial Coordination
K. Atıl Özus
Financial Coordination and International Reporting
Türker Tunalı
Budgeting and Management Reporting
Aynur Satıcı
Investor Relations & Sustainability
A. Cenk Göksan
Product Accounting Operations and Regulations
Murat Ali İlhan
Procurement
Derya Tayşi Güven
Human Resources & Strategy
Burcu Civelek Yüce
Human Resources Management
Pınar Anapa
Organizational Development
Sehnaz Bulak
Strategic Management
Şebnem Dağ Güven
Office of Board of Directors
Gürsel C. Aykaş
Akbank Academy
Hanife Çelik
Operations
Özlen Sanıbelli
Branch Operations
Ege Çağlar
Treasury and Capital Markets Operation
Remzi Şüha Dede
Payment Systems and Direct Banking Operation
F. Yeşim Harbatlı
Quality and Process Management
Erkut Baloğlu
Architectural Functions
Ferdi Erdoğan
Information Technologies
Turgut Güney
IT Project Management
Esra Beyzadeoğlu
IT Architecture and Core Banking App. Development
N. İlker Altıntaş
IT Payment Systems Application Development
A. Yasemin Akman
Direct Banking Application Development
Çiğdem Carino
IT Operations and Technical Support
Fazıl Tüzün

Distribution Network

Akbank has an extensive distribution network, consisting of traditional banking outlets, including branches, representative offices, ATMs, automated cash deposit machines, and point-of-sale credit and debit card terminals, and non-traditional distribution outlets such as home and office banking (through the use of the Internet, personal computers and screen-based telephones).

Other projects undertaken by Akbank to attract more customers to its branches include a branch renovation project. In line with this strategy, Akbank has also implemented a customer service representation system in each branch to further improve quality of service. The following table sets out Akbank's principal distribution outlets as at 31 December 2014:

	Total Number
Branches	990
Regional Offices	23
Foreign Representative and Branches	1
ATMs	4,260
POS Terminals	362,069

Akbank's Business Segments

Retail Banking

As of 31 December 2014, there were three main units in the retail banking business: the Consumer Banking Unit, Direct Banking Unit and Payment Systems Unit. In February 2015, the Consumer Banking Unit and Payment Systems Unit were reorganized as a single unit managed by an executive vice president.

Consumer Banking and Payment Systems Unit

Consumer Banking Business

Akbank's retail banking strategy primarily comprises the following elements (i) strong growth in its high-value customer base, (ii) strong growth in retail market share, (iii) improving customer loyalty, and (iv) increasing efficiency through the use of innovative technology. Akbank continuously invests in building core capabilities in these perspectives, and drive improvements in the customer base and market share.

Consumer banking's share of Akbank's overall business activity has remained steady over the last years. In 2014 in line with the macroprudential policies introduced in order to curb consumer lending, credit cards had negative growth while the growth rate of general purpose loans declined. As at 31 December 2014, outstanding consumer loans (including credit cards) represented 33.8 % of Akbank's total loan portfolio (compared to 37.3% and 38.6% as at 31 December 2013 and 2012, respectively). On the deposit side, Akbank's consumer client base provides a significant portion of Akbank's activity, accounting for 55.4% of overall deposits, and TL deposits accounting for 64.2% of Akbank's total TL deposits as at 31 December 2014.

As of 31 December 2014, Akbank had approximately 12 million individual customers Akbank delivers its consumer banking products and services through its network of 951 retail branches and 1,831 retail relationship managers. Akbank has centralised its operations so that back office functions can be moved out of the branches, enabling Akbank's retail branches to focus on providing services and marketing products to retail customers.

Affluent Banking. Akbank places particular emphasis on its affluent customers. (customers whose assets under management with Akbank exceed TL100,000 or who have a mortgage greater than TL175,000)

Akbank Affluent Banking, named One-to-One Banking, provides value propositions to cover the financial and non-financial needs and expectations of affluent customers. One-to-One Banking, launched in 2004, serves more than 300,000 affluent customers with 350 relationship managers in 280 branches and 90 remote relationship managers across the country. In this segment, specially-trained dedicated relationship managers provide financial support to customers seeking professional and qualified investment service for their assets on a priority and privileged platform.

Youth Banking. The youth segment is an important focus of the retail banking, the "exi26" brand, designed for the 18 - 26 age group, offers financial and non-financial solutions to Turkey's younger population. The "exi26" offers services and products, such as youth portals, tailored for young people. The Axess exi26, Neo26, general-purpose loans and auto loans are products geared uniquely toward the young customer market. The "exi26" offers differentiated services for young people. Branch designs, products, alternative delivery, even the employee profiles in this segment are different to ensure that Akbank's offering is in line with expectations of the youth market. Akbank offers "Free banking" advantages to its young customers via free banking transactions

Consumer Deposits. Akbank has traditionally been one of the preferred savings banks for clients, and it has continued to implement its deposit growth strategy in 2014. Akbank's total market share in TL savings time deposits increased up to 10.8% in 2014. Akbank also maintained its strong position in FX deposits particularly in the retail market. Akbank's current share in the retail FX deposit market is estimated to be between 11% and 12%. In 2014, Akbank aimed to maintain its strong market share and low cost retail base in the FX deposits market. With a view to growing its retail deposit base at relatively low cost, Akbank thoroughly analyses its customer database and potential competition in its regions of operation. Akbank then introduces deposit rate promotions aimed at low cost customer segments in the regions with lower competition levels. Akbank currently uses what it calls a Deposit Pricing Optimisation Tool, which is based on customer penetration, local competition, growth pattern, customer and RM behaviour and market developments. Akbank also reinforces such promotions through extensive low cost local marketing.

Akbank also aims to lower its operational costs by migrating its time deposit customers to alternative delivery channels. For example, the amount of online time deposits placed with Akbank increased 46% in 2014. Akbank plans to continue applying special pricing and actively market its online deposits in 2015.

Akbank also offers accumulative saving accounts based on time deposits and mutual funds to encourage its mass market customers to use Akbank for savings in small amounts.

Following Akbank's deposit strategy, a new savings account, known as Akbank Direkt Account, was launched in January 2015, targeting small-ticket size deposit customers. The aim is to grow Akbank's deposit base with new customers in high numbers. Akbank Direkt Account is designed for internet and mobile channels, with very limited branch access. Interest will be paid daily and customers can deposit and/or withdraw money without limitation. In 2015, Akbank aims to increase its market share for demand deposits by 1.3%, through enlarging its customer base and promoting the products that generate demand deposits. Akbank plans to achieve such increases through salary accounts, cash management products, payment services and cheque transactions.

In 2014 Akbank targeted to increase its market share for demand deposits by 1.4% through enlarging its customer base and promoting the products that generate demand deposits. Akbank plans to achieve such increase through salary accounts, cash management products, payment services and cheque transactions.

Akbank primarily focuses on the consumer banking product lines listed below:

Lending. Akbank's retail lending business includes mortgages, auto loans and unsecured lending, which comprises personal loans and credit cards, and between 2006 and 2014 it grew by a CAGR of 21.0%. As of 31 December 2014, personal loans accounted for 42%, mortgages accounted for 31% and credit cards accounted for 27% of Akbank's lending.

Personal loans. General purpose loans with overdraft constitute 40% of retail lending as of 31 December 2014 and represent an 11.6% market share. Akbank experienced strong growth from 2011 to 2014 in high yield general purpose loans and overdraft, with CAGRs of 34% and 26% respectively. With the use of its technologically-advanced lending system, Akbank offers its customers pre-approved loan limits and loans through direct channels with the ability to respond to requests on virtually a real-time basis, which strengthens the sales alongside the branch channel. Akbank was the first bank in Turkey to introduce "mobile loans" in 2005, and also pioneered "self-service loan machines", which have been recognised in banking awards.

At the beginning of 2014, BRSA introduced a 36 months maximum term cap for general purpose loans as part of macroprudential measures. The growth of general purpose loans dropped to 20% in 2014 compared to 40% in 2013. General purpose loans have an average maturity of 31 months and amounted to TL17.1 billion with overdraft balance as of 31 December 2014.

Retail Mortgages. The residential mortgage lending market is developing in Turkey and Akbank's market share was 11.3% of the Turkish residential mortgage market as at the end of 31 December 2014 (*Source: BRSA*). Akbank aims to increase its market share by being present at the point where customers buy their houses. Akbank was the first Turkish bank to start a strategic partnership with real estate agents and is extending mortgage loans to numerous residential construction projects Akbank's mortgage products and services are marketed under the "Big Red House" (*Büyük Kırmızı Ev*) brand. A mortgage dedicated website (www.buyukkirmiziev.com) and mortgage call centre serve as both information and application channels for Akbank's customers. As at 31 December 2014, Akbank had an aggregate amount of TL13.0 billion in outstanding mortgage loans, with an average term of 76 months (compared to TL12.6 billion and TL9.8 billion as at 31 December 2013 and 2012, respectively).

Car loans. Akbank has established key relationships with car manufacturers and distributors, which now cover over 40 brands and over 600 dealers. Akbank's share of this market, measured by the volume of outstanding loans, was estimated by management at 12.9% as at 31 December 2014 and constitutes 2% of the bank's retail lending.

Car loans have an average maturity of 42 months and amounted to TL810.0 million as at 31 December 2014, compared to TL993.7 million and TL998.9 million as at 31 December 2013 and 2012, respectively.

Payment Systems. Akbank's payment systems business is covered by the Debit and Credit Cards Division and the Merchant Relations Division. The Debit and Credit Cards Division is in charge of managing the current card portfolio, improving existing products and creating new products and/or product features. The Merchant Relations Division is responsible for the acquisition and relationship management of both key accounts and merchants.

Credit Cards. Akbank considers credit cards to be an important consumer banking product and therefore a strategically-important business. Credit card products in Turkey have a "revolving" feature by which a customer does not have to repay its credit card balance in full at the end of the credit card statement period, but can pay only a minimum amount while the outstanding portion of the credit card balance is rolled over into the next credit card statement period. With the advantage of a low cost of funding and a cash advance feature, which generates both commission and interest rate payments, credit cards generate profit faster than other loan instruments, provided the portfolio is properly managed in terms of cost of credit, NPLs and other costs.

Akbank's Axess card offers a loyalty scheme through which Akbank cardholders accrue points that are redeemable for products and services from participating vendors. As at 31 December 2014, Akbank had issued 11.9 million cards (5.7million credit cards and 6.2 million debit cards). Akbank's share of the domestic credit card issuing business, based on the number of cards issued, has been steady, decreasing slightly from approximately 10.2% in 2013 to 10.0% in 2014. The volume of outstanding retail credit card loans was TL11.6 billion as at 31 December 2014 (compared to TL13.6 billion and TL12.9 billion as at 31 December 2013 and 2012, respectively). Akbank believes it is one of the leading banks in terms of outstanding retail credit card loans in the market with a share of 15.9% at 31 December 2014 (*Source: BRSA).*

Capital Markets Transactions. One of the main objectives of the Consumer Banking Unit is to establish and develop appropriate service models to increase Akbank's market share of equity and futures products for retail clients. This is done through the "Akbank Investor Center" which acts and an intermediary in equity and futures markets on behalf of retail and private banking as well as corporate customers.

Bancassurance. Akbank sells products by AK Sigorta and AvivaSA Pensions and Life Insurance, both of which are among the leading companies in their respective sectors. Akbank's growth in Bancassurance in recent years continued in 2014 mainly as a result of diversifying products offered to clients and efficient use of distribution channels, including branches, the Call Center, internet banking and ATMs. More than 2.2 million active customers chose Akbank for nearly 5 million active insurance products and Private Pension System (BES) products as at 31 December 2014.

Direct Banking Unit

Direct Banking Unit was formed in December 2012 when the Alternative Delivery Channels Division of the Retail Banking Unit was reorganised as a separate unit and renamed "Akbank Direkt Banking".

In addition to traditional branches, Akbank provides services to consumers through various alternative distribution channels and markets under the "Akbank Direkt" label. Direct channels are currently an important focus for Akbank. Under its new organization structure, all alternative delivery channels and the CRM Division are managed by the Direct Banking Unit. Akbank's direct channels include internet and mobile services, contact centre, ATM, in-branch kiosks and social media. Akbank launched "Akbank Direkt" in June 2012 as an online direct banking initiative. In June 2012, Akbank branded its internet and mobile banking services as Akbank Direkt. The purpose of this initiative is to increase the efficiency of branches as well as to generate revenue through new and current delivery channels. Akbank is enhancing the range of available delivery channels and alternative products in order to move more banking transactions away from traditional branches. The total number of active Akbank Direkt internet customers was 2 million with approximately 70 million transactions per quarter. Akbank had more than 1 million customers using Mobile Banking.

The Call Center has become one of the key support channels in Akbank; within its structure, it contains departments such as "Customer Complaint Management", "POS Support" and "Branch Support". In addition to using product-centric units like the Equity Team and The Mortgage Line, Akbank also continues its development by utilising more complicated service structures like The Affluent Remote Center and The SME Support Line.

As at 31 December 2014, Akbank had 4,260 ATMs. Akbank had a 9.3% market share of the cash-in/cash-out machine network in Turkey (*Source: The Banks Association of Turkey*). The total number of monthly active telephone banking customers was 1.3 million as at 31 December 2014, with 43.2million calls received between 1 January 2014 and 31 December 2014. Akbank's internet site received an average of 3.2 million visitors per month in the year ended 31 December 2014, with 8 million visits per month overall.

Customer Relationship Management Division. Since 1 October 2013, the CRM Division is a part of the Direct Banking Unit, while previously it was a part of a separate Strategy Unit. With a view to design a strategy aimed at creating competitive advantage in the market, the CRM team comprises seven groups in charge of setting up a comprehensive structure towards designing, planning, executing and monitoring customer relationship management systems.

Corporate, Commercial and SME Banking Business

The Corporate and SME Banking business encompasses three units: the Corporate Banking Unit, the Commercial Banking Unit and the SME Banking Unit. The Corporate Banking Unit is responsible for customers with annual revenue in excess of TL300 million, the Commercial Banking Unit covers customers with annual revenues between TL15 million and TL300 million, and the SME Banking Unit covers customers with annual revenue of up to TL15 million.

Corporate Banking Unit

Akbank has more than 2,000 active corporate customers to which it offers a full range of products and services. Active customers are defined by Akbank as customers who currently use at least one product or service of Akbank.

Akbank has eight corporate banking branches (dedicated branches for corporate customers): six in Istanbul and one in each of Ankara and İzmir. The Corporate Banking Unit at Akbank's head office monitors the activities of the corporate banking branches. A full range of products and services of the Akbank Group is offered to corporate clients, in addition to conventional banking products and services, such as project finance, trade finance, cash management, treasury and hedging services. Akbank Corporate Banking also has the advantage of being part of a full-service group and offers leasing, portfolio management, investment banking services, capital markets services and insurance services through synergies created with Akbank's subsidiaries. Within this framework, Akbank Corporate Banking manages its relationships through its branch coverage, while its centrally-located teams in the head office offer specialised services. Due to an increase in foreign investment in Turkey, Akbank launched the "Multinational Desk" within the Corporate Banking Unit in 2013 to provide custom-made solutions and superior quality services to multinational clients in various fields through eight Corporate Branches and dedicated relationship managers. In addition, thanks to its presence in Frankfurt, Dubai, and Malta, Akbank Corporate Banking has developed international commercial relationships with globally recognised, large multinational companies over the last few years, in order to diversify its portfolio and take the first steps into new markets.

Project Finance and Syndicated Loans. As part of a long-term strategy, Akbank has been increasing its focus on the project, acquisition, infrastructure, and real estate finance markets in Turkey. Increases in domestic and foreign investment through privatisation and acquisition deals has fuelled the growth in these specialised loan markets and syndicated loan market. Akbank plans to increase its volume of project, acquisition, infrastructure, and real estate finance loans and syndicated loans (collectively, "**Project Finance and Syndicated Loans**") as these products are typically “high value-added” products and offer cross-selling opportunities. Akbank extends these loans to a variety of sectors, including construction, transportation, telecommunications, energy and tourism. In addition, Corporate Banking monitors privatisation programmes closely and provides financing for large scale projects such as direct asset sales, transfers of companies' land use and development rights, share transfers, transfer of operating rights and hydroelectric power generation projects.

Akbank Corporate Banking believes that Akbank's risk exposure arising from this loan portfolio is reduced as the risks are being carefully measured, managed and backed up by strong collateral and control structures. As at 31 December 2014, Akbank's Project Finance and Syndicated Loans exposure under this category was TL21.1billion (compared to TL18.6 billion and TL13.3 billion as at 31 December 2013 and 2012, respectively).

In addition to commercially oriented Project Finance and Syndicated Loans, Akbank has the ability to extend long-term loans that are insured by international export credit agencies.

Export/Import Finance. Akbank provides export/import companies with a variety of specialised loans, including foreign currency loans from its own sources as well as ECA covered loans. It also allocates the proceeds from syndicated loans raised in international markets to be used for financing exports. Other kinds of financial support, such as the Instalment-Based Export Credit, offer flexible reimbursements according to the specific needs of the companies. Akbank's export factoring and forfeiting services are widely used by its corporate customers to facilitate their export operations.

Treasury. Treasury services to corporate clients are offered in collaboration with the Treasury Marketing Division of the Treasury. Treasury products offered include repos, mutual funds, bills, bonds and Eurobonds for customers' investment purposes.

Hedging. Hedging services to corporate customers are offered in collaboration with the Derivatives Division of the Treasury. Akbank offers services in over-the-counter derivatives, organised derivatives and precious metal markets. Various products are developed to meet the needs of corporate customers by analysing their balance sheet risk and services are provided to help corporate customers manage their interest, term and currency risk.

Akbank's corporate loan balance, excluding Project Finance and Syndicated Loans was as at 31 December 2014 TL22.3 billion (compared to TL21.2 billion and TL20.6 billion as at 31 December 2013 and 2012, respectively). Akbank's Corporate Banking's total cash risk exposure, including the Project Finance and Syndicated Loans portfolio was TL43.6 billion as at 31 December 2014 (compared to TL36.9 billion and TL33.9 billion as at 31 December 2013 and 2012, respectively). The 20 largest corporate customers accounted for approximately 20.6% of Akbank's total loan portfolio as at both 31 December 2014 and as at 31 December 2013, respectively.

As at 31 December 2014, Akbank had approximately 2,900 corporate banking customers with at least TL300 million in gross sales per year.

Loans to corporate customers accounted for 32.1% of Akbank's total loan portfolio as at 31 December 2014 (compared to 31.3% and 32.6% as at 31 December 2013 and 2012, respectively).

Commercial Banking Unit

The Commercial Banking branch organisation is administered by Akbank's head office and 23 regional head offices. Today, Akbank has 18 fully dedicated commercial banking branches which provide services to businesses with a minimum turnover of TL15 million. These branches are generally located in the developed regions of Turkey where there is high commercial activity and they report to Akbank's head office directly. There are further 205 branches with both commercial and SME customer relationship managers. These branches are located in 56 cities and report to Akbank's head office via regional head offices.

Commercial Banking offers financial solutions and banking services to medium-sized corporate customers, including hedging products such as interest rate swaps and cross-currency derivatives, export financing as well as working capital loans (which are based on length of relationship and financial capability). When pricing loans, Commercial Banking uses the "Risk Adjusted Pricing" infrastructure (a system adopted across various business segments of Akbank in 2009) which uses Akbank's internal rating system and the indemnity structure of the relevant loan. Akbank believes that this approach provides improved pricing on a client-by-client basis as it takes into account the credibility of the customer and the collateral provided.

Commercial Customer Relationship Managers working in the commercial banking branches are assigned each a portfolio of approximately 67 commercial customers. Commercial Customer Relationship Managers have detailed specialised knowledge of commercial products and services and offer additional expertise, particularly in the areas of export/import financing and trade finance. Akbank's aim is to capture a greater share of the amount spent by each of its commercial customers on commercial banking through the further development of its product offerings to commercial customers and to increase its market share and number of customers in the long-term.

Akbank's management believes that the diversity of its commercial products is a competitive advantage. Akbank offers a wide range of loan options to its commercial customers to meet their investment financing needs and to increase their competitiveness in local and foreign markets. Akbank provides its commercial customers with the same or similar products and services as provided to its larger corporate customers. These products include specialised export-related loans, such as instalment-based export loans, loans for cash-against goods transactions, discounting of export receivables, export loans against letters of credit, factoring and forfeiting services, export LC discounts, Turkish Eximbank loans, short term export loan insurance (KVIKS), Akbank also offers tailored solutions for commercial customers, including machinery and equipment financing, raw material procurement loans, truck fleet loans and tourism loans. The common characteristics of these loans are fixed interest rates, repayment in equal instalments, and relatively long-term financing periods (up to 36 months). Additionally, Akbank offers various commercial financing models to accommodate its customers' unique financial structures. For example, instead of providing loans directly to a customer, Akbank may provide loans directly to a customer's potential buyers, thereby increasing both Akbank's customer base and the volume of its loans.

Akbank's management aims to retain its existing customers and maintain a loyal customer base through the effective use of customer relationship management programmes, thorough monitoring of business generated, and devoting sufficient resources such as through a steady increase in the number of account managers. As at 31 December 2014 Akbank had 394 Commercial Banking account managers, compared to 384 and 355 as at 31 December 2013 and 2012, respectively.

Cash Management and Trade Finance. Although organized as a division under Commercial Banking Unit, Cash Management and Trade Finance offers solutions for collection and payment transactions of corporate, commercial and SME clients with a broad array of products and services. Cash management products include basic collection and payment products, such as tax and social insurance premium collections, cheque clearing, utility payments, all cash transactions, and collections from dealers and distributors with direct debit systems and innovative products such as Collective Foreign Currency Payments, Supplier Finance Systems and Stock Finance Systems. Akbank Cash Management provides innovative, tailored solutions with its advanced solutions in cash, liquidity, payment, information and working capital management to Corporate, Commercial and SME clients by using extensive expertise with local service and delivery services. In addition to the export related loans listed above, trade finance products include other products such as import payments, country credits (ECA's), Import LCs, Import with Acceptance Credit and Avalised Transactions, promissory note discount and postfinancing.

The aims of the Commercial Banking Unit in respect of cash management and trade finance are:

- to manage all payments and collections in the cash flow of Akbank's target customers;

- to develop new products and services in order to facilitate Akbank's customers' payments and collections and offer easy and tailor made solutions according to their needs; and

- to create synergy between different business divisions in Akbank by connecting cash flows of different segment customers in most of the projects.

For these purposes, target customers of Akbank are:

- corporate and commercial firms whose payment and collection network is wide and technologically capable;

- retail and micro firms which are distributor, supplier, retailer, or vendor of corporate and commercial firms; and

- utility firms and their individual subscribers

SME Banking Unit

The SME Banking Unit provides services to businesses with a turnover of up to TL15 million. There are two sub-segments within the SME Banking Unit:

- *Micro-Customers.* Micro-customers are classified as those with an annual revenue of up to TL1 million.

- *Small Business Customers.* Small business customers are classified as those with an annual revenue of greater than TL1 million and less than or equal to TL15 million.

As of 31 December 2014, Akbank had approximately 847,000 customers and a total of approximately 1,317 relationship managers in 782 branches for SME Banking.

As the Akbank SME Banking works with a wide spectrum of customers with different financial needs, Akbank developed a wide range of tailor-made products and services focusing on specific needs of its customers.

Akbank provides customised products to its small business customers and these are tailored to their particular industry sector. SME Bank offers customer banking packages consisting of banking transactions for customers from different segments, sectors and regions, such as tourism, pharmacy, food wholesale, construction contracting, franchise, stationery and transport sector support packages. These packages contain various products and services including, but not limited to, cash and non-cash loans, cheque books, POS devices for credit card transactions, salary payments, tax and social insurance payments, bill payments automatic payment/collection systems, company credit cards, treasury bills, mutual funds and foreign trade transactions. For example, Akbank offers a tourism-linked product which links repayments to season cash flows, as well as, among other products, special rates for credit card transactions (due to the large volume of tourism related to payments by credit card).

Akbank participated in different international and domestic credit programmes, the goal of which was to increase availability of funding to micro, small and medium sized enterprises. Akbank SME Banking Unit has been offering enhanced funding activities and credit programmes to SMEs through co-operation with domestic and multilateral institutions, such as KOSGEB (Small and Medium-Sized Industry Development Organisation), KGF (Credit Guarantee Fund) EIB, IFC and EBRD.

Treasury

Akbank's Treasury is based at Akbank's head office and provides Treasury Management services to domestic and foreign branches of Akbank. The Treasury consists of the Balance Sheet Management and Fund Transfer Pricing Division, Treasury Marketing Division, Liquidity Management Division, Trading & Derivative Product Division and the Office of Chief Economist. Akbank's Treasury function engages in proprietary trading according to comprehensive value at risk ("**VaR**") limits on the product types set by the Board.

Balance Sheet Management and Fund Transfer Pricing Division. This division manages the balance sheet and off balance sheet interest rate exposure of Akbank in line with the medium-term market view of Akbank determined by ALCO and the Senior Risk Management Committee risks and other limits by the Board.

In addition, this division models and calculates Funds Transfer Prices for other business units in Akbank. The department seeks to optimise profitability and risk management principles and directs Akbank's balance sheet and income statement.

Treasury Marketing Division. The Treasury Marketing Division prices and markets treasury products and financial solutions to corporate, commercial, private and retail customers by direct contact and through alternative delivery channels. These products include spot and forward foreign currency transactions, fixed-income products, derivatives, Turkish Lira and foreign currency deposits, and repos.

The customer-related derivatives business includes foreign currency forwards, foreign currency options-based products (such as plain vanilla options, collars, and binary options), interest rate swaps, and currency swaps. The Treasury Marketing Division analyses corporate/commercial customers' needs and creates products for corporate risk management. The Division also offers return enhancing products, such as dual currency deposits for all of its clients.

The Treasury Marketing Division plays a key role in the pricing of both domestic and foreign currency deposits. In addition to providing regular updates on markets, the Treasury Marketing Division's sales section regularly visits existing and potential customers to introduce new products and services.

Liquidity Management Division. The Liquidity Management Division manages the foreign currency and Turkish Lira liquidity of Akbank. The Division engages in foreign currency and Turkish Lira borrowings and placements through domestic and international money markets. Foreign currency swaps are another product which the Division actively uses for liquidity purposes. The Division also provides quotations in the interbank market and engages in foreign currency and Turkish Lira OTC money market trading. Akbank also actively participates in the open market operations of the Central Bank.

The Liquidity Management Division is responsible for management of Akbank's reserve requirement obligations. In this respect, Akbank's foreign currency/Turkish Lira reserve requirement obligations are met flexibly in accordance with the liquidity policy. The Liquidity Management Division also operates Akbank's banknote business, including the import and export of cash if needed.

Trading and Derivative Products Division. The Trading and Derivative Products Division consists of five sections; the Foreign Exchange Trading, Fixed Income Trading, Fixed Income Investment, Derivatives Trading and Trade Modelling and Research sections.

The Foreign Exchange Trading section is responsible for providing competitive prices to all customers for Turkish Lira and G7 currencies.

The Fixed Income Trading section focuses on managing the fixed income portfolio of Akbank according to limits set by the Board. The section engages in high volume transactions executed via the ISE, OTC markets, brokers and electronic trading channels. Akbank is officially a primary dealer for domestic fixed income securities.

The Derivative Trading section runs Akbank's option book and takes proprietary positions on foreign exchange options. It manages the option book taking account of the various price sensitivity measures. The section develops various structured products to meet the needs of corporate and commercial clients for tailor-made financial solutions. Similarly, it also designs plain vanilla products for retail and private banking customers. The section provides liquidity by taking positions in foreign exchange contracts at Turkdex, Turkish Derivatives Exchange, in the name of Akbank. Akbank is one of the Primary Dealers at Turkdex Foreign Exchange Market.

The Trade Modelling and Research section is responsible for providing the Trading and Derivative Products Division with up to date macroeconomic research and for the development of quantitative models aimed at improving the Division's overall competitiveness in the pricing and trading of financial instruments.

Office of Chief Economist. The Office of Chief Economist is responsible for macroeconomic research, as well as global and domestic financial analysis. Moreover, the office makes projections to be used in Akbank's short- and long-term plans.

Private Banking

Akbank's Private Banking Unit was established in March 2001 to provide exclusive and customised banking and investment services for high net worth individuals. The minimum account-opening limit is TL500,000 of assets under management with Akbank for private banking customers. Akbank provides its private banking services through its 10 dedicated branches (in the Etiler, Nişantaşı, Bağdat Caddesi, Yeşilköy, Kozyatağı and Kapalıçarşı districts of Istanbul as well as in Ankara, Izmir, Bursa and Adana) and a Private Corner in Zorlu Center Branch. The Unit is separated into a Marketing Group and an Investment Group. The Investment Group produces investment ideas, delivers new products designed in partnership with Akbank Treasury or Ak Asset Management and provides trade execution solutions to the Marketing Group. It also provides its clients with various financial and investment products and services both in local and international markets through customer relationship managers. Each customer relationship manager has a portfolio of up to 70 customers and, consequently, has the ability to provide high quality and effective service to each customer.

As at 31 December 2014, the total value of assets under the management of the Private Banking Unit amounted to approximately TL26.0 billion, compared to TL24.7 billion and TL27.3 billion as at 31 December 2013 and 2012, respectively.

International Banking

Akbank's International Banking Unit manages the international fund raising activities of Akbank, as well as Akbank's correspondent banking relationships and sets credit limits and risk management policies for financial institutions. Through its international business development activities, the unit offers a complementary service to clients to support their business activities internationally and to originate proprietary deals for Akbank. Akbank's international fund raising activities are focused around obtaining long-term and short-term funding at competitive rates by using various borrowing instruments and diversifying sources of funding by reaching new investors.

The International Banking Unit manages Akbank's correspondent banking relations, which are essential to support Akbank's customers in their cross-border payments and foreign trade transactions in the form of letters of credit and letters of guarantee with a comprehensive network of international correspondent banks spanning around 151 countries.

The Unit establishes and monitors credit lines and risks for financial institutions relating to their customers' trade finance business and their daily treasury activities for the entire Akbank Group (Akbank AG, AKLease, Ak Investment and Ak Asset Management).

The unit aims to expand the relationship between Akbank and the financial institutions and corporates in target countries, to strengthen the market share of Akbank in foreign trade business, to identify potential clients in target countries and refer potential deals to the related business lines.

As part of Akbank's international business development strategy, Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank T.A.Ş., was established in 2009 at the United Arab Emirates Dubai International Financial Centre ("**DIFC**").

Capital Markets and Non-Banking Financial Activities

Akbank conducts its non-banking financial activities through its subsidiaries, namely Ak Investment, Ak Asset Management and AKLease. Product and service offerings of these subsidiaries are also marketed through Akbank branches.

Ak Investment. Founded in 1996 to provide brokerage services for capital markets, Ak Investment is a 100% owned subsidiary of Akbank. Domestic retail customers perform their transactions through Akbank's Private Banking branches, Akbank Capital Markets Unit and at 990 Akbank branches. In addition, customers have remote access for capital markets transactions on the internet 24 hours a day (www.akbank.com). Through its International Institutional Sales Division, Ak Investment offers foreign institutional customers' brokerage services for Turkish capital markets products. With its team of experts, the Corporate Finance Department provides advisory services to domestic and foreign companies for public offerings, mergers and acquisitions and financial partnerships, as well as active advisory services on the buy-side or the sell-side in privatisation deals.

Ak Asset Management. Established in 2000 to provide asset management services for capital markets to institutional and individual investors, Ak Asset Management is a 100% owned subsidiary of Akbank.

As at 31 December 2014, Ak Asset Management handled the assets of 70 portfolios for 6 issuers, 25 mutual funds for Akbank, 11 mutual funds for Ak Investment, 20 funds for AvivaSA Pension, 12 pension funds for Groupama Pension, 1 fund for Allianz Life and 2 funds for Akbank SICAV. Ak Asset Management also provides discretionary asset management services for large individual investors as well as large institutional investors, tailored to their financial expectations and risk profiles. Total assets under management ("AUM") increased to TL 13.2 billion as at 31 December 2014 from TL 10.5 billion as at 31 December 2013 which had in turn increased from TL9.9 billion as at 31 December 2012.

As of 31 December 2014, Ak Asset Management was Turkey's fourth largest mutual fund management company in terms of AUM according to the CMB. Total AUM of mutual fund portfolios managed by Ak Asset Management amounted to TL2.9 billion as at 31 December 2014 (compared to TL2.8 billion and TL3.0 billion as at 31 December 2013 and 2012, respectively), representing a market share of 8.3%.

Ak Asset Management is the leader in terms of AUM in the Turkish pension investment fund management sector according to the CMB. Total AUM of the pension investment fund portfolios managed by Ak Asset Management amounted to TL8.0 billion as at 31 December 2014 (compared to TL5.7 billion and TL4.7 billion as at 31 December 2013 and 2012, respectively), representing a market share of 21.3%.

Total AUM in the discretionary portfolio management business line amounted to about TL2.0 billion as at 31 December 2014 (compared to TL1.8 billion and TL1.9 billion as at 31 December 2013 and 2012, respectively), representing a segment market share of 25.3% (Source: CMB).

AKLease. A 99.99% owned Akbank subsidiary, AKLease has been providing creative and quick leasing solutions to SME, commercial and corporate segment customers since 1988. See "Information about AKLease—Business" for more details about AKLease.

Other Business Units

Akbank's other business units are Information Technologies, the HR Unit, the Operations Unit, the Financial Coordination Unit, the Payment Systems Unit and the Strategic Management Division.

Information Technologies

Akbank's Information Technologies Unit is divided into five divisions which deal with (i) Project Management and CIO Office, (ii) Application Development (three divisions) and (iii) Operations and Technical Support. Overall expenditure on IT, including infrastructure as well as software projects and new distribution channels, amounted to 174 million for the year ended 31 December 2014. Overall expenditure on IT, including infrastructure as well as software projects and new distribution channels, amounted to TL205 million for the year ended 31 December 2013 (compared to TL143 million for the same period in 2012).

Akbank's information technology ("**IT**") production environment, which is located in Istanbul, is supported by a disaster recovery system in the disaster recovery centre managed by IBM, located in Izmir, approximately 400 km from İstanbul. In a disaster recovery situation, the disaster recovery system would serve as Akbank's production system, using the latest available data through digital lines. System and banking application tests at the disaster recovery centre are carried out at least twice a year. There have been no reported attacks to the main system (including identity theft) in the last four years.

Akbank's IT projects are designed to improve customer service and deliver products by integrating the branch network with the central IT processes and to make Akbank's services and products conveniently available to its customers through means such as ATMs, internet banking (web), the Call Centre, interactive voice-response system, WAP and mobile banking and kiosks.

HR and Strategy Unit

The HR and Strategy Unit consists of Human Resources Management, Organizational Development, Strategic Management, Office of Board of Directors, and Akbank Academy.

Operations Unit

The Operations Unit consists of five separate divisions: the Branch Operations Division, the Treasury and Capital Markets Operation Division, the Credit Card Operations Division, the Quality and Process Management Division and the Architectural Functions Division. Akbank has centralised its major operations functions since 2002. Many operational processes such as Money Transfers, Check and Bill Operations, Trade Finance Operations, Loan Operations, Archiving, Alternative Delivery Channel Services, Insurance Transactions and Account Openings are now being handled at an operations centre (Akbank Banking Center) located in Şekerpınar, İzmit. The rationale behind this process is to allow branches to run more efficiently and at lower cost and to focus on providing relationship management services by moving routine operations away from the branches.

Financial Coordination Unit

The Financial Coordination Unit is divided into the Financial Coordination and International Reporting Division, the Budgeting and Management Reporting Division, the Investor Relations and Sustainability Division, the Product Accounting Operations and Regulations Division and the Procurement Division. The Financial Coordination Unit is mainly responsible for the preparation of statutory financial statements as well as reports to regulatory authorities, coordination of Akbank's financial accounting process, budget preparation, various management reports and coordination of relations with investors, analysts and rating agencies.

Credit Monitoring and Follow Up Unit

With an organization change in January 2015, Credit Unit was divided into Credit Allocation Unit and Credit Monitoring and Follow Up Unit. The Credit Monitoring and Follow Up Unit is comprised of three divisions, namely the Corporate Clients Monitoring and Follow Up Division, Corporate Credits Legal Follow Up Division and Consumer and Micro Credits Follow Up Division.

Human Resources

As at 31 December 2014, Akbank had 16,305 employees, 11,404 of whom were based in regional directorates and branches. The following table sets out the number of domestic branch employees (excluding security officers) as at 31 December 2014, 2013 and 2012, respectively.

	Number of Employees
31 December 2014	9,428
31 December 2013	9,459
31 December 2012	9,603

Akbank places emphasis on ensuring that employees have the level of education suitable for operational effectiveness and a career at Akbank. Akbank Academy serves numerous training programmes designed for all levels of Akbank's staff. Akbank's employees receive comprehensive orientation and training regarding Akbank's strategy in an effort to enable them to gain an understanding, sense of ownership, and proficiency in the business of Akbank. In 2003, Akbank began "career training" programmes, designed to equip all branch staff with the knowledge and skills required by their positions. Akbank Academy has been supporting certification programmes since 2011 for expert positions in areas such as credit and investment. It also sponsors the leadership training which started in 2013.

Subsidiaries and Affiliated Companies

The following table sets out Akbank's ownership interest in its subsidiaries and affiliates and the carrying value of those interests as at 31 December 2014:

	% of share	*Carrying value in TL thousands*	*Business*
Ak Portföy Yönetimi A.Ş. (Ak Asset Management)	100	4,593	Portfolio Management
Ak Finansal Kiralama A.Ş. (AKLease)	99.99	221,074	Leasing
Ak Yatırım Menkul Değerler A.Ş. (Ak Investment)	100	61,658	Brokerage
Akbank (Dubai) Limited	100	2,243	Banking
Akbank AG	100	617,662	Banking

Akbank conducts overseas operations through its subsidiaries in Germany (Akbank AG) and Dubai (Akbank (Dubai) Limited) along with a branch in Malta.

Akbank AG is a wholly owned subsidiary of Akbank. Akbank AG was initially founded as Akbank T.A.Ş. Niederlassung Deutschland, the German branch of Akbank. The branch received its full banking licence in 1998 from Federal Financial Supervisory Authority (BaFin) and provided retail and corporate banking services. In 2005, the management of Akbank decided to terminate its retail banking activities in Germany and focus solely on corporate banking. In line with this decision, Akbank AG was transferred to Akbank N.V., a wholly-owned subsidiary of Akbank T.A.Ş. established in 2001 as a Dutch bank under the Banking Law and Regulations of the Netherlands, in May 2007. As part of a restructuring of Akbank's overseas subsidiaries, Akbank N.V. was merged into Akbank AG, with the discontinuation of Akbank N.V.'s activities effective from 15 June 2012. Akbank AG's core business lines include corporate lending and factoring.

As part of Akbank's international business development strategy, Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank T.A.Ş., was established in 2009 at the DIFC. For more information on Akbank (Dubai) Limited, see "*—Business—Akbank's Business Segments—International Banking*".

Akbank has also conducted overseas activities through its branch in Malta since 2001, concentrating on corporate banking services, consisting mainly of project financing, investment and working capital loans.

Competition

The banking industry in Turkey is highly competitive across each banking segment and sector, and international banks have been showing an increasing interest. Moreover, public banks, which typically focused on government and related projects are increasingly focused on the private sector, leading to increased competition and pressure on margins. HSBC Bank plc acquired, through its 2002 acquisition of Demirbank A.Ş., a broad network of branches in Turkey. UniCredito Italiano acquired 50% of the holding company of Koçbank in 2002 and, in February 2005, BNP Paribas acquired 50% of the shares of TEB Mali Yatırımlar A.Ş., which owns 84.3% of the shares of Türkiye Ekonomi Bankası A.Ş. In 2005, the Koçbank holding company (50% owned by UniCredito Italiano, as described above) acquired 57.4% of the shares of Yapı ve Kredi Bankası A.Ş. with the merger being completed in 2006. In the same year, Fortis Bank acquired 89.3% of the share capital of Türk Dış, Ticaret Bankası A.Ş. and General Electric Financial Services acquired 25.5% of the shares of Türkiye Garanti Bankası A.Ş. In 2006, the National Bank of Greece announced its acquisition of 46% of Finansbank from Finansbank's founding shareholder owners and Zorlu Holding sold its 75% stake in Denizbank to Dexia. Also in 2006, Şekerbank's owners, Şekerbank Social Security Fund and Şekerbank Personnel Fund, signed a share purchase agreement with Kazakh Turan Alem regarding the acquisition by Kazakh Turan Alem of a 34% stake of Şekerbank while Arap Bank Plc and Bank Med participated in the acquisition of 91% of MNG Bank. In 2007, Eurobank EFG Holding

(Luxembourg) S.A. acquired a 70% stake in Tekfenbank A.Ş. The sale of 100% of the shares of Oyakbank to ING Bank of The Netherlands was approved by BRSA at the end of 2007. In 2007, Citigroup acquired a 20% stake in Akbank, which was reduced to 9.9% in May 2012 and sold its remaining holding of 9.9% of Akbank's shares through an accelerated equity offering on 4 March 2015. On 2 November 2010, Banco Bilbao Vizcaya Argentaria entered into an agreement to acquire a 24.9% stake in Türkiye Garanti Bankası A.Ş comprising of 18.6% of the share capital of the bank held by General Electric Financial Services and 6.3% held by Doğuş Holding A.Ş., together with an option to acquire further shares from Doğuş Holding A.Ş. in five years' time. On 14 February 2011, Fortis Bank A.Ş., a fully owned subsidiary of Fortis Bank, merged into Türkiye Ekonomi Bankası A.Ş., a joint venture of BNP Paribas, with Türkiye Ekonomi Bankası A.Ş. becoming the surviving entity. On 9 April 2012, Burgan Bank and EFG signed a definitive agreement for the acquisition of 70% of Eurobank Tekfen A.Ş.'s issued share capital of Eurobank Tekfen A.Ş. On 8 June 2012, Sberbank and a shareholder of DenizBank (Dexia Participation Belgique) signed a definitive agreement for the acquisition of 99.85% of DenizBank's issued share capital by Sberbank. Thereafter, Bank Audi and Commercial Bank of Qatar have acquired interests in Turkish banks. On 20 December 2012 Bank of Tokyo Mitsubishi UFJ Türkiye A.Ş., and on 4 September 2014, Rabobank A.Ş. were granted operation licences by the BRSA to commence banking operations in Turkey. On 19 November 2014, Doğuş Holding sold 14.89% of its shares in Garanti Bank A.Ş. to BBVA, a transaction that remains subject to BRSA approval as of the date of this Prospectus. If the BRSA approves the transfer, BBVA total shares will increase to approximately 40%. In addition, Commercial Bank of China recently applied to BRSA to acquire Tekstilbank A.Ş., pending approval.

The Turkish banking sector has been restructured substantially and has been harmonising its legislation in line with EU standards. During the restructuring, the sector has undergone a substantial consolidation as the number of banks has declined from 84 in 1999 to 46 (including six branches of international banks) currently. Overall, the banking system capital base has been strengthened, fragmentation has been decreased and market risks have been reduced. Akbank's management believes that it is well positioned to compete in the market due to its strong brand, robust capital structure, strong liquidity and conservative funding policy, the diversity and size of its customer portfolio and its widespread branch network.

As of 30 September 2014 state banks represent approximately 29.3% of the sector's assets, the four largest private banks approximately 44.7%, and the remaining banks including the medium sized banks and the smallest banks have approximately 25.9% of the sectors assets (excluding participation banks).

As of 31 December 2014, Akbank had a 10.5% market share in total loans (10.4% in TL loans and 10.8% in foreign currency loans) while its market share in total deposits was 10.0% (9.8% in TL deposits and 10.3% in foreign currency deposits) (*Source: BRSA*).

Properties

As at 31 December 2014, the total book value of the properties of Akbank (comprising land and buildings) was TL863.4 million compared to TL851.2 million and TL799.9 million as at 31 December 2013 and 2012, respectively. 408 branches are located on sites owned by Akbank, and the remainder are leased by Akbank. In addition, Akbank owns its head office, with a TL354.0 million appraisal value as of 31 December 2014.

Legal Proceedings

Akbank is subject to various on-going legal proceedings, as described below, but Akbank's management does not believe that such proceedings, individually or taken together, are likely to have a significant effect on Akbank's financial position or profitability.

Competition Board Investigations

Competition in Turkey is mainly regulated by Law No. 4054 on the Protection of Competition (the "**Competition Law**"). The Competition Law is enforced by the Competition Board, which has the power to investigate possible breaches and impose fines.

In August 2009, the Competition Board released a report announcing that it had initiated an investigation of eight major banks, including Akbank, regarding allegations of collusion between such banks in relation to the provision of promotions to public and private corporate customers while providing payroll deposit services, in breach of the Competition Law. After its investigation, on 8 March 2011, the Turkish Competition Board announced that it imposed an administrative fine amounting to TL14,525,268 (approximately U.S.$8 million) on Akbank with the possibility of Akbank's appealing the decision to the Council of State. Akbank has appealed such fine following its receipt of the detailed decision of the Turkish Competition Board; however, according to the Law on Protection of Competition No. 4054, appealing a decision of the Turkish Competition Board will not stop the implementation of the Turkish Competition Board's decisions and the consequent collection of administrative fines. In September 2011, Akbank announced that TL10,893,951 of the fine (the amount calculated by benefitting from a 25% discount if paid within 30 days of the full written decision within the framework of the provision of Article 17 of the Misdemeanour Law No. 5326) was paid by Akbank on 20 September 2011; Akbank reserved its right to litigate against the related decision and to claim for refund. The appeal process is currently pending.

In a decision dated 2 November 2011, the Turkish Competition Board resolved to initiate an investigation against twelve banks and two subsidiaries of one of the banks that is under investigation, operating in Turkey to determine whether they have acted in concert and violated Turkish competition laws in respect of interest rates and fees applicable to banking products such as deposits, loans and credit cards that they offer. As part of this investigation, the Competition Board investigated Akbank. The Competition Board announced its fines on 8 March 2013, with Akbank being fined TL172,165,155 (approximately U.S.$96 million). In August 2013, Akbank announced that TL129,123,866 of the fine (the amount calculated by benefitting from 25% discount if paid within 30 days of the full written decision within the framework of the provision of Article 17 of the Misdemeanour Law No. 5326) had been paid by Akbank on 16 August 2013 and that Akbank reserved its right to litigate against the related decision. Akbank appealed the fine following its receipt of the detailed decision of the Turkish Competition Board, through an annulment action which was taken to the 2nd Administration Court of Ankara. Akbank has been informed by the National Judiciary Informatics System (UYAP) that such annulment action was rejected and Akbank intends to appeal such decision to the Council of State within the applicable limitation period following formal receipt of the notice from the court. While there is no precedent Turkish court decision approving the legal validity of any such claims by customers and there are not any resolved cases opened by any customers against Akbank in this respect, under articles 57 and 58 of the Law on the Protection of Competition customers may be able to bring claims (including in a class action) against Akbank seeking damages.

Internal Control

Internal control is carried out by the Internal Control and Compliance Division ("**ICCD**") which is independent of all business and management units and reports directly to the Audit Committee. The ICCD is intended to ensure that Akbank is able to achieve its goals and long-term profitability targets in a safe, prudent and controllable manner by ensuring that business operations are efficient and effective, recorded transactions are accurate, all financial and management reporting is reliable and complete and Akbank complies with applicable laws, regulations, internal policies, and procedures. The ICCD carries out its activities from its headquarters in İstanbul and Akbank's 23 regional offices throughout Turkey.

The ICCD consists of five teams, namely Branch Controls, Head Office and Process, Controls, Information Systems Controls, and Compliance Controls and Regulatory Affairs. ICCD personnel comprises one Chairman, five Vice Chairmen, twelve managers, and 89 controllers.

Branch Controls comprises two different control approaches/teams, which are on-site controls and remote (off-site) controls. On-site controls are the main controls, which are carried out in particularly active or centrally located branches, and control and evaluate all the core banking functions/processes of the branches (i.e. deposits, consumer and corporate loans, bank and credit cards, accounting, alternative distribution channels, treasury and derivative products and payment systems). On site-control team is composed of controllers located in 23 regional offices of the bank with a permanent controller in Malta Branch and covers all of Akbank's branches. Remote (off-site) controls are used for the relatively smaller and newly opened branches and cover the documents and customer forms used for deposits, payment systems, consumer loans and bank and credit cards, scanning them into Akbank's core systems. Aside from on-site and remote (off-site) controls, a specialised team in the Segment Branch Controls group also carries out centralised spot controls on the basis of the data taken from different operating areas within Akbank's database with the aim of mitigating operational, credit and legal risks throughout Akbank.

The retail and SME loans team carries out credit control via the Application/Implementation Control group. The aim for this group is to draw a reasonable level of operational risks related to credit transactions. For this exercise, Akbank's credit policies, principles, rules and regulations for credit processes are controlled centrally, whereas the customer loans are controlled at branch level.

Head office and process controls consist of the establishment and execution of an effective control environment for the processes of Akbank, risk recognition and assessment, control activities, monitoring and remediation. Head office and process controllers are located at head office divisions and control the following Bank processes: deposit process, consumer/corporate credit process, accounting process, alternative distribution channels process, bank and credit cards process, financial reporting process, centre operations, treasury/securities and fund management process. In addition to those processes, new work flows to be pronounced/announced in Akbank are also evaluated by ICCD controllers.

The Information Systems Control team carries out periodic controls on the information systems used by Akbank. These periodic controls are divided into three main categories: alternative distribution channels process controls, general IT controls and information security controls. Alternative distribution channels process controls include reviewing online banking, Akbank's websites and social media accounts, ATMs and telephone banking. General IT controls include examining critical changes on the mainframe environment and checking the security settings of Windows servers, Unix servers, databases, routers and switches, ATMs and kiosks. User access rights and application/database logs are also periodically reviewed. Information security controls consist of monitoring email and internet traffic as well as storage device usage for data leakage as well as scanning computers for unauthorised software. Detailed reviews of information systems or IT-related processes are performed in order to identify security weaknesses and assess compliance with laws and regulations.

Akbank's Regulatory Affairs team became a part of ICCD in May 2014 while it had previously been a separate division. The Regulatory Affairs team facilitates communication with regulators and provides information on regulatory issues.

Currently, the Compliance Controls team comprises a compliance officer in Akbank's subsidiary in Germany (Akbank AG) and a controller located in the Malta Branch. The Compliance Controls team focuses on monitoring compliance with relevant legislation and informing concerned units of any non-compliance and monitoring compliance process. In addition to these controls, the Compliance Controls team assesses internal circulars and new products and services.

The Board of Internal Audit

The Board of Internal Audit ("**BIA**") audits Akbank's head office units, domestic and foreign branches, the companies under its control and the business activities of all units with respect to compliance with Akbank's mission, strategies and policies, as well as relevant laws and regulations. The BIA's function is to support Akbank by providing internal audit and consulting services in compliance with international standards and to ensure that the Board of Directors' objectives and policies prevail throughout the organisation.

The BIA reports directly to the Board of Directors through the Board Member in Charge of Internal Audit and Audit Committee, but also shares the findings of its audits with the top management and, unless confidential, with the audited units. The BIA also provides copies of auditor reports to the public authorities such as the BRSA. The BIA personnel comprises one Chief Audit Executive, five deputy heads and 159 auditors.

The BIA evaluates risk management, internal control and governance processes in accordance with the BRSA directives and Audit Charter of Akbank. While auditing Akbank's branches in a risk-oriented manner, the Board of Internal Audit also examines systems, models and many of the activities of Akbank's head office and subsidiaries. Additionally, the Central Auditing Unit assesses the loan portfolio according to rating classes, industry sectors, categorization types among other criteria, manages R&D and examines processes products and applications. The financial statements and accounting system are also reviewed through financial statement auditing. Furthermore, IT practices are audited through the evaluation of information systems security and IT processes. The BIA is also responsible for conducting fraud investigations and inquiries. Additionally, physical inventory counts and reconciliations are undertaken in order to review the safeguarding of assets.

Evaluating the Loan Approval Processes

The audit procedures of the loan approval processes are as follows:

- Department/Process Audit: departments who are in charge of granting loans and the loans approval processes for corporate and SME loans, consumer loans and credit cards are evaluated and audited in terms of, among other things, efficiency of workflows, policies and procedures and governance of human resources and organisation.

- Branch Audit: branches in charge of providing loans which are approved by branch directors, regional directorates, head office or board of directors are evaluated and audited in terms of, among other things, governance, risk management, internal controls and the creditworthiness of the portfolio.

- Model Audit: scoring/rating models are evaluated and audited in terms of, among other things, managerial processes, strategy, policies, data collection, design, analysis, modelling, validation, calibration and reporting.

- Portfolio Audit: credit portfolio as a whole and/or sub-portfolios which have been broken down according to markets, regions, scores/ratings are evaluated and audited in terms of, among other things, credit worthiness, capability to be repaid and profitability.

- Product and Campaign Audit: products and campaigns which have been designed to promote the growth of loan portfolios are evaluated and audited based on the corresponding loan repayment schedules and compliance with existing criteria.

Allegations of Illegal Conduct

A separate team in the BIA deals with customer and/or employee complaints and whistleblowing, which may also be reported via a special dedicated hotline. Complaints are processed according to their seriousness and importance. Independent of these, fraudulent activities and other forms of breaches of applicable rules and legislation are evaluated by internal auditors, following which further investigations and enquiries may be made.

Significant Outstanding Matters

Significant outstanding matters are categorised in terms of importance and risk level. Findings from Head Office and subsidiary audits are categorised as low, moderate or high risk. Findings from branch audits are rated on a scale from one to five, from very low risk to very high risk.

Outstanding matters categorised as "high" or "5" are processed as follows: (i) results of subsidiaries audits are reported via internal memorandum and executive summary to the Board of Directors; (ii) results of branch audits are reported, considering the control deficiencies and the importance of the findings, to the executive management via an executive summary; and (iii) results of important investigations and enquires are reported to the Board of Directors via an internal memorandum.

These matters are also uploaded to an internal network (intranet), and the action dates given and uploaded to this intranet system by the relevant business lines and their progress is closely monitored. If necessary measures have not been taken, the reasons for not taking such measures are questioned and additional information is requested.

Following the meeting of the Audit Committee which takes place each quarter, the Board of Directors is informed of any outstanding high-risk findings.

Risk Management

General

Akbank's management philosophy is to integrate a risk management culture into its strategic decision processes as well as its daily operational activities. Akbank believes that assessment and control of risk is an essential component of the performance of Akbank. Akbank seeks to closely identify, measure, monitor and manage the risks arising from its operations. The principal risks inherent to its business are credit risk, liquidity risk, interest rate risk, market risk and operational risk. The objective of Akbank's asset and liability management and use of financial instruments is to limit Akbank's exposure to its inherent risks, whilst ensuring that Akbank has sufficient capital adequacy and is using its capital to maximise net interest income. In order to achieve this objective, Akbank monitors and manages the mismatch of maturities, the size and degree of its interest rate and exchange rate exposure and its counterparty credit quality. Akbank's system of risk control and risk management is designed to be fully integrated into its internal systems for planning, management and control.

The Board of Directors is responsible for Akbank's fundamental approach to risk, risk principles, and the determination of risk capacity. The Board of Directors manages risk through two committees, the Assets and Liabilities Committee (the "**ALCO**") and the Executive Risk Committee (the "**ERC**") supported by the Risk Management Division. Akbank's risk management function acts independently of the commercial business lines, but at the same time is integrated into Akbank's business processes.

Risk Management Organisation

The Board of Directors and senior management are responsible for developing risk management policies and strategies. The Board of Directors approves Akbank's general principles of risk control and risk management, its limits for all relevant risks and the procedures that Akbank applies in controlling and managing its risks. These policies are closely monitored and discussed during ALCO meetings, and are also reviewed periodically by the Board. The Chief Executive Officer ("**CEO**") of Akbank is responsible for ensuring that each Executive Vice President ("**EVP**") operates in line with policies and strategies determined by the Board of Directors. Enforcement of these management strategies and policies is the responsibility of each EVP. Additionally, Akbank has frequent internal control and periodic internal audit reviews to monitor compliance with risk management policies and procedures.

Executive Risk Committee

The ERC has ultimate responsibility for Risk Management and reports to the Board of Directors. The ERC meets periodically to review Akbank's position and other developments in the economy. The ERC is comprised of the three Executive Board Members and the CEO. The ERC establishes the policies, procedures, and rules for risk management of Akbank, and develops risk management strategies which are incorporated into Akbank's long-term strategy. Subject to the Board of Directors' approval, the ERC also sets risk limits for liquidity risk, credit risk, interest rate risk and currency risk in line with Akbank's risk appetite. Through close monitoring of the markets and overall economy, the ERC changes such limits as necessary. Risk limits and the implementation of risk management policies are broken down to various levels of authority within relevant business units in order to enhance effectiveness. Akbank's risk positions are reported to the members of the ERC on a regular basis. Additionally, the ERC reviews the latest figures and projections for Akbank's profit and loss account and balance sheet, liquidity position, interest and foreign exchange exposures, as well as the latest analysis of yield and the macroeconomic environment.

Risk Management Division

The Risk Management Division, which directly reports to the Board of Directors, is responsible for identifying, measuring and managing credit risk, liquidity risk, interest rate risk, market risk operational risk and other material risks for Akbank. Within the Division there are separate teams for credit scoring and rating model development and validation, and a middle office team responsible for controlling treasury transactions and positions. The Division is also responsible for developing risk management systems and infrastructure, analysing results, and reporting on the management and integration of the risks. Additionally, the Division has responsibility for on-going work within the framework of compliance with the Basel Guidelines, as implemented in Turkey and for handling Akbank's relationships with the Turkish regulatory authorities, principally the BRSA and the Central Bank.

Assets and Liabilities Committee

The primary objective of Akbank's asset and liability management is to satisfy the dual requirements of controlling exposure to liquidity and market risks whilst maximising profitability by the appropriate holding of assets and liabilities. Akbank aims to maintain a structure of assets and liabilities that optimises both long-term and short-term profitability while minimising income volatility within the constraints of general market conditions. Akbank monitors and manages the mismatch of maturities in order to minimise the effect of these risks on profitability, while maintaining sufficient liquidity and capital adequacy. Through Akbank's asset and liability management, it structures its balance sheet taking into account interest rate, liquidity and foreign exchange risks as well as demands for credit, existing asset-liability positions, and general market conditions.

In order to achieve the primary objective of Akbank's asset and liability management, the ALCO manages the adherence to risk limits by the various business units of Akbank. The ALCO's responsibilities include developing investment, pricing and funding strategies and making decisions on day-to-day liquidity management. The ALCO consists of the CEO, the EVP in charge of Treasury, the CFO and each of the EVPs in charge of Retail Banking, SME Banking and Corporate Banking and the senior vice president of the Risk Management Division. The ALCO meets twice a week to review the latest data on its liquidity position, interest rate risk exposures, credit exposures and to discuss developments in the macroeconomic environment.

Credit Committee

The Credit Committee is comprised of three members of the Board of Directors including the CEO and is responsible for lending processes at Akbank. The Credit Committee has ultimate authority to ratify lending decisions and to assess the compliance of approved loan applications with the legislation, banking principles and objectives and Akbank's internal lending policies. The Credit Committee is supported by an Appraisal Committee which conducts an initial assessment of loan applications submitted by the branches.

Enterprise Risk Management (ERM)

In September 2011, Akbank started adapting an Enterprise Risk Management (ERM) Framework project to implement a new ERM platform using software developed by Algorithmics, which is currently owned by IBM. The ERM framework is designed to help Akbank to derive business value while meeting regulatory compliance requirements. The project includes implementation of credit risk, market risk, asset and liability management, liquidity risk, operational risk, economic capital and risk dashboard modules. The project was completed in 2014 with the current scope. The new ERM Framework has all components that help Akbank to manage risk and is intended both to add value to the business while at the same time meeting regulatory compliance requirements.

Credit Risk

Credit risk is the risk that counterparties may be unable to meet their obligations in accordance with the terms of their agreements with Akbank.

Akbank's exposure to credit risk is concentrated in Turkey, where the majority of Akbank's activities are carried out. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, economic group, industry or country. Credit risks are determined for each individual customer, enterprise and economic group separately. Credit risk is generally diversified due to the large number of entities comprising the customer base across the corporate, commercial and retail banking segments, and their diversification across different industries and geographic areas and by size.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed by obtaining collateral such as mortgages, corporate and personal guarantees and other security where appropriate. For example, approximately 50% of Akbank's corporate portfolio and approximately 95% of its commercial and small business portfolios are collateralised, according to Akbank's management estimates.

Various application and behavioural scorecards are in use at Akbank to improve its loan evaluation and underwriting processes. The models include corporate, commercial, and small business rating models, consumer loans and credit cards applications models, and behavioural models for retail and SME portfolios. The performances of the rating models are monitored periodically, and when found necessary models are redeveloped/realigned. Akbank believes that by using advanced models, it can better assess the creditworthiness of its loan customers.

Expected loss is used as a measurement of potential credit risk loss within an one-year period based on the historical loss experience. During the analysis stage of the credit risk model, all the components of the expected loss and unexpected loss are generated by detailed statistical measurements. These components are probability of default, loss given default, and exposure at default. When calculating the expected loss, risk characteristics are taken into account such as collateral types, maturities, and amounts of different credit exposures. Those risk components are also used in risk based credit pricing for corporate, commercial, small business and retail customers.

Credit risk statistics are based on long-term statistical averages (five years) of Akbank's own default experience and collateral history. The resulting average figures are measured against external benchmarks. The Credit Risk module of the ERM platform includes a Basel II Standard, A-IRB module for Pillar-1 purposes and an Economic Capital Module for Pillar-2 and beyond Basel activities. Implementation of the Standard and the E-cap Module have been completed successfully. See "—*Business—Akbank's Segmented Customer Structure*", "—*Business—Credits: Credit Analysis Group, Credit Monitoring Group and Non-Performing Credits Group*" and "*Risk Factors—I. Risks Related to Akbank—Credit risks have materially adversely affected and could continue to have a material adverse effect on Akbank's business, financial conditions, results of operations and prospects*".

Market Risk

Banks are exposed to market risk due to movements in foreign currency exchange rates, interest rates and market prices for stocks. Akbank believes that interest risk is the most important component of market risk that it faces.

Akbank measures market risk according to both the "Internal Model" and "Standard Model" (also known as the regulatory model).

Internal Model

The internal model calculates market risk on the basis of the VaR methodology. Akbank uses the VaR to measure the potential loss in value of a particular asset or portfolio from adverse market movements over a specified period for a given confidence interval. For example, when the VaR on an asset is U.S.$100 million at a one-week, 99% confidence level, it means that there is only a 1% chance that the value of the asset will decrease more than U.S.$100 million over any given week.

Akbank applies three different VaR methods including historical simulation and Monte Carlo simulation methods. Akbank uses software that can perform calculations with an advanced yield curve and volatility models. VaR model is based on the assumptions of a 99% confidence interval and a ten-day retention period. VaR is reported to senior management on a daily basis in order to assess the possible expected loss. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which can have a significant impact. Retrospective tests of model outputs are performed regularly.

VaR methodology may not provide satisfactory results under severe crisis conditions. In order to calculate the economic capital under extreme market conditions and to limit the maximum risk carried by Akbank, Akbank's management relies upon historical stress-testing analyses, although there is no assurance that such VaR methodology or stress-testing will be adequate to account for all risks and contingencies in extreme or unusual market conditions.

Standard Model

For regulatory capital adequacy calculations, Akbank relies on its standard model which is, similarly to the capital adequacy framework commonly known as Basel I, designed to measure market risks on a monthly basis taking into account interest rate risks, currency risks, equity risks and specific risk.

The Risk Management Division prepares market risk analysis reports according to the standard model in line with the requirements of the regulatory authority (BRSA).

Currency Risk

Foreign currency denominated assets and liabilities, together with forward purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities, and the remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. The Board of Directors, taking into account the recommendations from the ERC, sets limits for the size of foreign exchange exposure, which are closely monitored by the ALCO.

Foreign exchange risk exposure is measured in terms of both aggregate foreign currency open position and foreign currency open position for each currency. There are separate limits for both aggregate and individual exposures set in compliance with the legal standard ratio of net foreign currency position. According to the applicable regulatory limits, Akbank is required to maintain at all times a maximum limit of 20% net open position relative to its capital base. However, Akbank has traditionally maintained a nearly square open position.

The ERC sets the maximum foreign currency open position permissible (short or long). The ERC also determines under what circumstances the maximum amount can be utilised. This overall limit is generally broken down into two authority levels; the initial level is the open position limit assigned to the EVP in charge of Treasury under his/her discretion in order to respond to market developments and fluctuations. This limit is monitored on a real-time basis. The second level is the remaining portion of the overall limit, which is under the authority of the ALCO and it is monitored on a daily basis.

The tables below summarise Akbank's exposure to foreign currency exchange rate risk as at 31 December 2014, 2013, and 2012. Included in the table are Akbank's assets and liabilities and shareholders' equity shown at carrying amounts categorised by currency.

	As at 31 December 2014			
	Foreign currency			
	EUR	*U.S.$*	*Other(1)*	*Total*
ASSETS				
Cash Equivalents and Central Bank	3,185,913	10,368,000	3,367,544	16,921,457
Banks	1,052,048	3,459,530	89,166	4,600,744
Financial Assets at Fair Value through Profit or Loss (Net)	179	2,312	-	2,491
Interbank Money Market Placements	-	-	-	-
Available for sale Financial Assets (Net)	2,761,968	13,451,591	-	16,213,559
Loans	17,096,104	36,994,072	58,182	54,148,358
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held to maturity Investments (Net)	2,277,852	2,731,604	-	5,009,456
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	812	1,784	-	2,596
Intangible Assets (Net)	447	9	-	456
Other Assets	1,479,983	1,365,452	602	2,846,037
Total assets	27,855,306	**68,374,354**	**3,515,494**	**99,745,154**
LIABILITIES				
Bank Deposit	1,558,037	7,643,117	1,060,972	10,262,126
Foreign Currency Deposits	19,011,141	25,356,180	2,410,920	46,778,241
Funds from Interbank Money Market	1,963,206	22,015,693	-	23,978,899
Borrowings	7,816,166	12,996,174	2,060	20,814,400
Marketable Securities Issued (Net)	28,594	7,304,501	34,925	7,368,020
Miscellaneous Payables	176,761	253,488	40,857	471,106
Hedging Derivate Financial Liabilities	-	-	-	-
Other Liabilities	121,073	135,598	4,281	260,952
Total liabilities	30,674,978	**75,704,751**	**3,554,015**	**109,933,744**
Net balance sheet position	**(2,819,672)**	**(7,330,397)**	**(38,521),**	**(10,188,590)**
Net off-balance sheet position	**3,335,263**	**7,757,838**	**20,381**	**11,113,482**

Note:

(1) "Other" includes GBP, JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

	As at 31 December 2013			
	Foreign currency			
	EUR	*U.S.$*	*Other*[1]	*Total*
ASSETS				
Cash Equivalents and Central Bank	5,143,253	9,208,242	2,935,860	17,287,355
Banks	1,738,540	3,834,613	64,578	5,637,731
Financial Assets at Fair Value through Profit or Loss (Net)	196	1,971	—	2,167
Interbank Money Market Placements	—	—	—	—
Available for sale Financial Assets (Net)	2,359,222	7,544,200	—	9,903,422
Loans	14,832,038	31,088,769	62,965	45,983,772
Investments in Associates, Subsidiaries and Joint Ventures	—	—	—	—
Held to maturity Investments (Net)	2,397,109	2,537,321		4,934,430
Hedging Derivative Financial Assets	—	—	—	—
Tangible Assets (Net)	795	1,829	—	2,624
Intangible Assets (Net)	463	19	—	482
Other Assets	1,405,150	1,315,509	1,504	2,722,163
Total assets	**27,876,766**	**55,532,473**	**3,064,907**	**86,474,146**
LIABILITIES				
Bank Deposit	2,201,898	5,159,248	1,052,658	8,413,804
Foreign Currency Deposits	20,804,135	24,183,551	2,809,100	47,796,786
Funds from Interbank Money Market	888,583	18,833,151	—	19,721,734
Borrowings	6,910,489	12,346,941	2,684	19,260,114
Marketable Securities Issued (Net)	—	5,588,792	—	5,588,792
Miscellaneous Payables	448,448	287,878	1,067	737,393
Hedging Derivate Financial Liabilities	—	—	—	—
Other Liabilities	173,560	146,846	6,194	326,600
Total liabilities	**31,427,113**	**66,546,407**	**3,871,703**	**101,845,223**
Net balance sheet position	**(3,550,347)**	**(11,013,934)**	**(806,796)**	**(15,371,077)**
Net off-balance sheet position	**4,538,484**	**10,813,621**	**791,652**	**16,143,757**

Note:

(1) "Other" includes GBP, JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

ASSETS	As at 31 December 2012			
	Foreign currency			
	EUR	*U.S.$*	*Other*[(1)]	*Total*
Cash Equivalents and Central Bank	4,140,688	6,859,883	2,303,878	13,304,449
Banks	858,641	1,856,824	48,107	2,763,572
Financial Assets at Fair Value through Profit or Loss (Net)	164	2,805	-	2,969
Interbank Money Market Placements	-	-	-	-
Available for sale Financial Assets (Net)	3,749,310	8,522,118	-	12,271,428
Loans	10,908,051	24,363,621	71,716	35,343,388
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held to maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	851	1,854	-	2,705
Intangible Assets (Net)	321	74	-	395
Other Assets	885,802	828,468	135	1,714,405
Total assets `	**20,543,828**	**42,435,647**	**2,423,836**	**65,403,311**
LIABILITIES				
Bank Deposit	2,579,912	4,669,778	725,696	7,975,386
Foreign Currency Deposits	12,341,746	17,078,874	2,295,253	31,715,873
Funds from Interbank Money Market	307,527	10,952,449	-	11,259,976
Borrowings	5,857,076	9,253,215	22,167	15,132,458
Marketable Securities Issued (Net)	-	4,083,764	-	4,083,764
Miscellaneous Payables	44,356	332,967	6,657	383,980
Hedging Derivate Financial Liabilities	-	-	-	-
Other Liabilities	131,482	91,238	1,841	224,561
Total liabilities and equity	**21,262,099**	**46,462,285**	**3,051,614**	**70,775,998**
Net balance sheet position	**(718,271)**	**(4,026,638)**	**(627,778)**	**(5,372,687)**
Net off-balance sheet position	**1,069,473**	**4,865,958**	**597,650**	**6,533,081**

Note:

(1) "Other" includes GBP, JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.

Interest Rate Risk

Akbank is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest-sensitive assets and liabilities. Interest rate risk is the key component of Akbank's asset and liability management. Interest rate risk is managed on a portfolio basis by applying different strategies such as using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, or building hedge relationships in order to minimize the effects of changes in interest rates. Special emphasis is given to providing a balance between the duration of assets and liabilities. Repricing/duration, gap, sensitivity and scenario analysis are the main methods used to manage the risks.

The tables below summarise Akbank's exposure to interest rate risks as at as at 31 December 2014, 2013 and 2012, respectively. Included in the table are Akbank's assets and liabilities shown at carrying amounts classified in terms of periods remaining to contractual repricing dates.

ASSETS	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	5 years and Over	Non-interest bearing	Total
	As at 31 December 2014						
				(TL thousands)			
Cash Equivalents and Central Bank	2,580,424	-	-	-	-	17,859,633	20,440,057
Banks	1,941,201	13,114	14,667	-	-	3,243,135	5,212,117
Financial Assets at Fair Value through Profit or Loss (Net)................	337,319	407,438	346,688	205,480	168,710	68	1,465,703
Interbank Money Market Placements........	700,215	-	-	-	-	-	700,215
Available for sale Financial Assets (Net)...	6,259,041	3,764,713	9,905,492	9,508,929	7,863,261	302,396	37,603,832
Loans	32,660,125	29,519,434	33,094,770	35,090,339	5,615,406	151,326	136,131,400
Held to maturity Investments (Net)..........	2,409,039	501,192	1,421,534	5,615,108	853,238	-	10,800,111
Other Assets.................	1,153,009	668,659	537,832	1,533,449	198,488	2,251,726	6,343,163
Total assets	48,040,373	**34,874,550**	**45,320,983**	**51,953,305**	**14,699,103**	**23,808,284**	**218,696,598**
LIABILITIES							
Bank Deposits..............	8,541,972	3,801,412	738,731	-	-	501,286	13,583,401
Other Deposits	65,247,015	12,017,068	8,863,370	4,129,092	260,244	18,193,886	108,710,675
Funds from Interbank Money Market	9,823,044	6,843,282	4,399,211	4,445,487	3,338,218	2,118	28,851,360
Miscellaneous Payables.......................	26,519	-	-	-	-	3,472,293	3,498,812
Marketable Securities Issued (Net)..................	711,396	1,646,185	3,183,244	3,793,497	1,206,102	-	10,540,424
Borrowings	1,931,385	13,139,831	4,143,807	849,993	1,204,345	-	21,269,361
Other Liabilities...........	201,653	333,572	585,146	314,508	163,571	30,644,115	32,242,565
Total liabilities............	**86,482,984**	**37,781,350**	**21,913,509**	**13,532,577**	**6,172,480**	**52,813,698**	**218,696,598**
Balance Sheet Long Position	-	-	23,407,474	38,420,728	8,526,623	-	70,354,825
Balance Sheet Short Position	(38,442,611)	(2,906,800)	-	-	-	(29,005,414)	(70,354,825)
Off-balance Sheet Long Position...............	900,638	739,907	830,021	-	178,603	-	2,649,169
Off-balance Sheet Short Position	-	-	-	(2,280,619)	-	-	(2,280,619)
Total Position	**(37,541,973)**	**(2,166,893)**	**24,237,495**	**36,140,109**	**8,705,226**	**(29,005,414)**	**368,550**

ASSETS	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	5 years and Over	Non-interest bearing	Total
	As at 31 December 2013						
	(TL thousands)						
Cash Equivalents and Central Bank	—	—	—	—	—	18,223,119	18,223,119
Banks	1,810,355	303,086	—	—	—	3,725,658	5,839,099
Financial Assets at Fair Value through Profit or Loss (Net)	384,177	516,155	682,213	69,796	180,892	58,377	1,891,610
Interbank Money Market Placements......	—	—	—	—	—	—	—
Available for sale Financial Assets (Net)............................	5,220,043	5,654,176	11,205,832	3,811,421	7,013,500	260,010	33,164,982
Loans	33,928,299	27,286,063	22,217,461	30,086,403	4,398,429	92,850	118,009,505
Held to maturity Investments (Net)........	1,820,058	2,679,219	1,265,436	3,077,666	3,311,074	—	12,153,453
Other Assets................	1,414,722	641,704	487,548	1,297,440	198,123	2,160,958	6,200,495
Total assets	**44,577,654**	**37,080,403**	**35,858,490**	**38,342,726**	**15,102,018**	**24,520,972**	**195,482,263**
LIABILITIES							
Bank Deposits............	7,312,938	2,935,599	485,461	—	—	687,555	11,421,553
Other Deposits	53,029,384	19,292,836	8,012,292	4,097,715	235,057	16,383,846	102,051,130
Funds from Interbank Money Market........................	7,703,947	3,630,120	4,911,257	2,634,366	4,351,061	—	22,230,751
Miscellaneous Payables......................	106,379	—	—	—	—	3,618,612	3,724,991
Marketable Securities Issued (Net)............................	254,519	1,203,349	625,456	5,564,222	1,080,296	—	8,727,842
Borrowings	1,932,832	11,410,559	5,940,489	558,172	56,548	—	19,898,600
Other Liabilities..........	171,841	377,049	608,587	211,060	221,129	25,837,730	27,427,396
Total liabilities...........	**70,511,840**	**38,849,512**	**20,583,542**	**13,065,535**	**5,944,091**	**46,527,743**	**195,482,263**
Balance Sheet Long Position	—	—	15,274,948	25,277,191	9,157,927	—	49,710,066
Balance Sheet Short Position	(25,934,186)	(1,769,109)	—	—	—	(22,006,771)	(49,710,066)
Off-balance Sheet Long Position.............	2,374,046	4,915,509	—	—	—	—	7,289,555
Off-balance Sheet Short Position	—	—	(129,765)	(2,919,864)	(3,356,016)	—	(6,405,645)
Total Position	**(23,560,140)**	**3,146,400**	**15,145,183**	**22,357,327**	**5,801,911**	**(22,006,771)**	**883,910**

	As at 31 December 2012						
ASSETS	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*5 Years and over*	*Non-interest bearing*	*Total*
				(TL thousands)			
Cash Equivalents and Central Bank	-	-	-	-	-	16,662,852	16,662,852
Banks	867,476	456,685	62,243	-	-	1,804,268	3,190,672
Financial Assets at Fair Value through Profit or Loss (Net)	72,670	80,475	338,892	44,691	15,099	18,825	570,652
Interbank Money Market Placements......	-	-	-	-	-	-	-
Available for sale Financial Assets (Net)............................	8,269,448	3,434,270	13,079,863	7,834,974	9,755,956	247,041	42,621,552
Loans	29,245,093	20,175,850	21,382,959	18,527,456	2,936,041	92,850	92,360,249
Held to maturity Investments (Net)........	-	3,433,339	204,129	-	-	-	3,637,468
Other Assets................	918,249	151,015	302.203	834,255	140,655	2,088,512	4,434,889
Total assets	**39,372,936**	**27,731,634**	**35,370,289**	**27,241,376**	**12,847,751**	**20,914,348**	**163,478,334**
LIABILITIES							
Bank Deposits............	6,677,812	3,208,843	540,229	-	-	323,569	10,750,453
Other Deposits	54,415,526	6,426,270	5,317,667	1,029,438	20,898	12,728,036	79,937,835
Funds from Interbank Money Market........................	10,475,336	1,046,676	4,399,611	1,279,666	2,918,140	2,000	20,121,429
Miscellaneous Payables.....................	52,022	-	-	-	-	2,915,821	2,967,843
Marketable Securities Issued (Net)...........................	437,976	686,593	1,078,446	2,811,149	1,600,279	-	6,614,443
Borrowings	1,281,539	10,039,627	3,729,466	492,946	54,493	-	15,598,071
Other Liabilities..........	349,168	476,230	512,818	176,156	49,965	25,923,923	27,488,260
Total liabilities..........	**73,689,379**	**21,884,239**	**15,578,237**	**5,789,355**	**4,643,775**	**41,893,349**	**163,478,334**
Balance Sheet Long Position	-	5,847,395	19,792,052	21,452,021	8,203,976	-	55,295,444
Balance Sheet Short Position	(34,316,443)	-	-	-	-	(20,979,001)	(55,295,444)
Off-balance Sheet Long Position.............	1,913,312	3,822,541	1,294,523	-	-	-	7,030,376
Off-balance Sheet Short Position	-	-	-	(3,593,644)	(3,623,479)	-	(7,217,123)
Total Position	**(32,403,131)**	**9,669,936**	**21,086,575**	**17,858,377**	**4,580,497**	**(20,979,001)**	**(186,747)**

The tables below summarise the range for effective average interest rates by major currencies for monetary financial instruments as at 31 December 2014, 2013 and 2012, respectively:

	As at 31 December 2014			
	EUR(%)	*U.S.$(%)*	*YEN(%)*	*TL(%)*
Assets				
Cash Equivalents and Central Bank	-	-	-	1.51
Banks	0.09	0.44	-	10.46
Financial Assets at Fair Value Through Profit or Loss (Net)	3.55	4.13	-	11.60
Interbank Money Market Placements	-	-	-	11.24
Available for sale Financial Assets (Net)	3.68	3.67	-	10.02
Loans	4.11	4.34	3.69	12.01
Held to maturity Investments (Net)	3.69	3.83	-	11.22
Liabilities				
Bank Deposits	0.77	1.19	-	9.89
Other Deposits	1.26	1.72	0.22	7.90
Funds from Interbank Money Market	0.75	1.18	-	8.32
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4.00	4.66	-	8.28
Borrowings	1.17	1.68	-	8.05

	As at 31December 2013			
	EUR(%)	*U.S.$(%)*	*YEN(%)*	*TL(%)*
Assets				
Cash Equivalents and Central Bank	—	—	—	—
Banks	0.12	0.21	—	9.37
Financial Assets at Fair Value Through Profit or Loss (Net)	2.89	3.92	—	11.38
Interbank Money Market Placements	—	—	—	—
Available for sale Financial Assets (Net)	3.75	3.52	—	9.44
Loans	4.31	4.67	4.23	11.23
Held to maturity Investments (Net)	3.00	3.42	—	9.96
Liabilities				
Bank Deposits	1.28	1.53	—	6.55
Other Deposits	1.97	2.28	0.19	6.67
Funds from Interbank Money Market	1.65	1.20	—	6.38
Miscellaneous Payables	—	—	—	—
Marketable Securities Issued (Net)	—	5.12	—	8.20
Borrowings	1.19	1.58	—	7.70

	As at 31 December 2012			
	EUR(%)	*U.S.$(%)*	*YEN(%)*	*TL(%)*
Assets				
Cash Equivalents and Central Bank	-	-	-	-
Banks	0.38	0.41	-	11.6
Financial Assets at Fair Value Through Profit or Loss (Net)	2.89	3.93	-	9.78
Interbank Money Market Placements	-	-	-	-
Available for sale Financial Assets (Net)	4.42	3.68	-	9.97
Loans	4.44	4.91	4.15	12.77
Held to maturity Investments (Net)	-	-	-	9.56
Liabilities				
Bank Deposits	1.47	1.72	-	6.81
Other Deposits	2.05	2.42	0.26	6.53
Funds from Interbank Money Market	-	1.58	-	5.53
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	5.22	-	7.53
Borrowings	1.44	1.97	1.99	7.63

Liquidity Risk

Akbank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees as well as Akbank's own maturity exposures. A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available at all times to meet the commitments to customers and to satisfy our own liquidity needs. Akbank maintains cash and near cash resources to meet all of these needs.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of liquidity risk. The ability to fund Akbank's existing and prospective debt requirements is managed by seeking to maintain sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and a broad deposit base, and the ability to close out market positions. Akbank maintains additional resources to provide liquidity when necessary through allocated limits including TL2,239 million and U.S.$2,317 million at the Central Bank, TL15,000 million at the Borsa Istanbul Money Market, TL250 million at the Borsa Istanbul Settlement and Custody Bank Money Market and other banks, and through a liquid marketable securities portfolio. Short-term funding needs are provided using customer deposits. Long-term funding is provided through deposits and long-term foreign funds. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of Akbank and its exposure to changes in interest rates and exchange rates.

Akbank has developed a policy that seeks to ensure strong liquidity levels and funds-management practices. In particular, the ERC sets limits for key risk indicators for liquidity risk management on the maturity mismatch of assets and liabilities. Akbank also seeks to maintain a diversified deposit base.

The tables below analyse assets and liabilities of Akbank into relevant maturity groupings based on the remaining period at the relevant balance sheet date to the contractual maturity dates.

	As at 31 December 2014							
Assets	*Demand*	*Up to 1 month*	*1 month to 3 months*	*3 months to 12 months*	*1 year to 5 years*	*5 Years and over*	*Un-allocated*	*Total*
				(TL thousands)				
Cash Equivalents and Central Bank	17,770,375	2,669,682	-	-	-	-	-	20,440,057
Banks	3,243,135	1,941,201	13,114	14,667	-	-	-	5,212,117
Financial Assets at Fair Value Through Profit or Less (Net)	68	292,260	151,472	222,884	323,163	475,856	-	1,465,703
Interbank Money Market Placements	-	700,215	-	-	-	-	-	700,215
Available for sale Financial Assets (Net)	302,396	141,046	2,789,707	3,777,760	10,104,763	20,488,160	-	37,603,832
Loans	-	18,381,120	20,909,900	30,085,077	47,514,119	19,089,858	151,326	136,131,400
Held to maturity Investments (Net)	-	206	471,886	427,441	5,615,109	4,285,469	-	10,800,111
Other Assets	272,456	668,602	155,847	762,983	2,244,059	742,303	1,496,913	6,343,163
Total assets	21,588,430	24,794,332	24,491,926	35,290,812	65,801,213	45,081,646	1,648,239	218,696,598
Liabilities								
Bank Deposits	501,286	8,541,972	3,801,412	738,731	-	-	-	13,583,401
Other Deposits	19,090,261	64,350,640	12,017,068	8,863,370	4,129,092	260,244	-	108,710,675
Borrowings	-	658,153	4,613,552	9,713,186	4,388,608	1,895,862	-	21,269,361
Funds from Interbank Money Market	2,118	9,823,044	6,843,282	4,399,211	4,445,487	3,338,218	-	28,851,360
Marketable Securities Issued (Net)	-	304,720	1,914,637	3,340,505	3,774,458	1,206,104	-	10,540,424
Miscellaneous Payables	175,497	2,047,663	1,275,652	-	-	-	-	3,498,812
Other Liabilities	137,161	1,470,809	371,282	798,243	2,804,697	520,329	26,140,044	32,242,565
Total liabilities	**19,906,323**	**87,197,001**	**30,836,885**	**27,853,246**	**19,542,342**	**7,220,757**	**26,140,044**	**218,696,598**
Net liquidity gap	**1,682,107**	**(62,402,669)**	**(6,344,959)**	**7,437,566**	**46,258,871**	**37,860,889**	**(24,491,805)**	**-**

	As at 31 December 2013							
Assets	*Demand*	*Up to 1 month*	*1 month to 3 months*	*3 months to 12 months*	*1 year to 5 years*	*5 Years and over*	*Un-allocated*	*Total*
				(TL thousands)				
Cash Equivalents and Central Bank	18,223,119	-	-	-	-	-	-	18,223,119
Banks	3,725,658	1,810,355	303,086	-	-	-	-	5,839,099
Financial Assets at Fair Value Through Profit or Less (Net)	58,377	321,599	225,865	524,771	259,396	501,602	-	1,891,610
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available for sale Financial Assets (Net)	260,010	1,727,745	674,911	10,476,476	7,261,650	12,764,190	-	33,164,982
Loans	-	20,122,574	18,105,621	21,179,797	40,894,024	17,614,639	-	118,009,505
Held to maturity Investments (Net)	-	-	1,776,714	-	3,916,884	6,459,855	92,850	12,153,453
Other Assets	366,529	645,131	124,868	990,116	2,127,482	613,535	1,332,834	6,200,495
Total assets	22,633,693	24,627,404	21,211,065	33,171,160	54,459,436	37,953,821	1,425,684	195,482,263
Liabilities								
Bank Deposits	687,555	7,312,938	2,935,599	485,461	-	-	-	11,421,553
Other Deposits	17,458,945	51,954,285	19,292,836	8,012,292	4,097,715	235,057	-	101,051,130
Borrowings	-	1,159,615	3,751,639	10,620,536	4,102,051	264,759	-	19,898,600
Funds from Interbank Money Market	-	7,703,947	3,630,120	4,911,257	2,634,366	4,351,061	-	23,230,751
Marketable Securities Issued (Net)	-	132,110	933,802	625,456	5,956,178	1,080,296	-	8,727,842
Miscellaneous Payables	213,053	2,132,297	1,379,641	-	-	-	-	3,724,991
Other Liabilities	154,518	1,257,446	352,768	532,589	2,457,658	537,438	22,134,979	27,427,396
Total liabilities	18,514,071	71,652,638	32,276,405	25,187,591	19,247,968	6,468,611	22,134,979	195,482,263
Net liquidity gap	4,119,622	(47,025,234)	(11,065,340)	7,983,569	35,211,468	31,485,210	(20,709,295)	

Assets	Demand	Up to 1 month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Over 5 years	Un-allocated	Total
	As at 31 December 2012							
	(TL thousands)							
Cash Equivalents and Central Bank	16,662,862	-	-	-	-	-	-	16,662,852
Banks	1,804,268	867,476	456,685	62,243	-	-	-	3,190,672
Financial Assets at Fair Value Through Profit or Less (Net)	18,825	25,375	20,649	91,581	182,517	231,705	-	570,652
Interbank Money Market Placements	-	-	-	-	-	-		-
Available for sale Financial Assets (Net)	247,041	1,414,064	301,665	3,537,215	21,033,231	16,088,336	-	42,621,552
Loans	-	19,238,788	14,391,875	18,406,887	28,428,485	11,801,364	92,850	92,360,249
Held to maturity Investments (Net)	-	.	-	1,846,994	1,790,263	211	-	3,637,468
Other Assets	340.969	959,219	87,764	330,924	1,001,428	542,957	1,171,628	4,434,889
Total assets	**19,073,955**	**22,504,922**	**15,258,638**	**24,275,844**	**52,435,924**	**28,664,573**	**1,264,478**	**163,478,334**
Liabilities								
Bank Deposits	323,569	6,677,812	3,208,843	540,229	-	-	-	10,750,453
Other Deposits	13,266,395	53.877,167	6,426,269	5,317,667	1,029,441	20,896	-	79,937,835
Borrowings	-	1,076,655	3,961,704	6,623,818	3,563,471	372,423	-	15,598,071
Funds from Interbank Money Market	2,000	10,475,335	1,046,677	4,399,611	1,279,666	2,918,140	-	20,121,429
Marketable Securities Issued (Net)	-	-	269,572	1,495 467	3,249,125	1,600,279	-	6,614,443
Miscellaneous Payables	188,544	1,599,662	1,179,637	-	-	-	-	2,967,843
Other Liabilities	107,013	1,401,209	274,915	683,496	2,068,199	477,660	22,475,768	27,488,260
Total liabilities	13,887,521	75,107,840	16,367,617	19,060,288	11,189,902	5,389,398	22,475,768	163,478,334
Net liquidity gap	**5,186,434**	**(52,602,918)**	**(1,108,979)**	**5,215,556**	**41,246,022**	**23,275,175**	**(21,211,290)**	

Management believes that 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, support management's view that these deposits will provide a long-term and stable source of funding for Akbank. The major part of mandatory cash balances with the Central Bank is included within the "up to three months" column, as the majority of liabilities to which these balances relate are also included in this category.

Operational Risk

The Basel Committee defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Risk Management Division, Internal Audit, Internal Control, Compliance Unit and Operations Business Unit are responsible for Akbank's operational risk management framework. Akbank has implemented policies and procedures, control/check points in practice that have been developed by business units, internal audit department and internal control department.

Akbank uses Basel II definitions in identifying business lines and event types. Akbank's online internal data collection system was put into practice in September 2009. In addition, under the ERM project, in order to quantify operational risk internal models will be developed and an integrated risk panel for all types of risks will be implemented.

For regulatory reporting, capital charge is calculated by the basic indicator approach based on the past three years' gross income. The table below sets out total risk weighted assets according to risk types as at 31 December 2014, 31 December 2013 and 31 December 2012.

	31 December 2014		31 December 2013		31 December 2012	
	(TL thousands)	*%*	*(TL thousands)*	*%*	*(TL thousands)*	*%*
Credit Risk	14,002,698	92.3	11,979,369	91.9	9,254,277	90.8
Market Risk	158,643	1.0	183,182	1.4	85,374	0.8
Operational Risk	1,014,044	6.7	868,247	6.7	851,725	8.4
Total	**15,175,385**	**100.00**	**13,030,798**	**100.00**	**10,191,376**	**100.0**

Loan approval process

The credits approval group by which the credit approval process for a particular loan is managed depends largely on which segment the applicant falls under and the type of branch that prepares and submits the loan application to Akbank's headquarters.

Retail Banking

Loans to Individuals

The Consumer Credits Approval Group, a sub-division of the Consumer Credits and Credit Cards Approval Division, is responsible for approval of loans to individuals. Loans to individuals comprise consumer loans, car loans and mortgage loans. For more information, see "*—Business—Retail Banking—Consumer Banking*".

Most of the applications are reviewed in the first instance by the branch receiving the relevant application. Each applicant must provide information on his or her income and employment status and the purpose of the loan and must submit various documents evidencing creditworthiness. The loan application is reviewed and verified by branch personnel. In December 2014, the "Direct Credit" channel was activated. With this channel, customers can apply for a loan online and a loan of up to TL15,000 can be approved.

The branch Relationship Manager enters information relating to the applicant into the loan application system. Applications are automatically assessed by the Power Curve decision support model. The system calculates the applicant's credit score using an application scorecard model and collects Central Bank and Central Credit Recording Bureau information. Finally, applications pass through a decision tree model. The decision tree model returns approve, decline or review (grey area) suggestions in line with Bank's policies. Consumer loans up to TL30,000, car loans up to TL75,000 and mortgages up to TL350,000 are automatically approved without manual evaluation if the suggestion of the decision model is "approve".

All review applications and the ones that are over the branch authority limits are manually evaluated by the Consumer Credit Approval Group.

As a legal regulation, Akbank imposes a credit limit of 75% of the value of the asset for mortgages. The average LTV for mortgages was, 66%, 67% and 66% for loans granted in 2012, 2013 and 2014, respectively. Akbank imposes no limit on credit value, but the average size of Akbank's mortgages as at 31 December was TL126,000. Maturity is generally between five to 10 years. The average maturity in the year ended 31 December 2014 was 95 months.

As a legal regulation, if the value of a vehicle is up to TL50,000 Akbank imposes a credit limit of 70% of the value of the vehicle for car loans. If the value of the vehicle is more than TL50,000, Akbank imposes a credit limit of 70% of the value of the vehicle on the first TL50,000 and 50% on the amounts in excess of TL50,000. The average LTV for car loans was 65%, 70% and 57% for car loans granted in 2012, 2013 and 2014, respectively. There is no limit to the credit value but the average size of Akbank's car loans in 2014 was TL37,000. The maximum maturity is four years, with an average of 38 months. For both mortgages and new car loans, Akbank requests full security over the relevant asset being financed. For second-hand cars Akbank can grant an unsecured loan. Consumer loans (excluding mortgages and car loans) have a maximum maturity of 36 months, with an average maturity of 30 months. For consumer credits granted year end 31 December 2014, the average limit was approximately TL 14,600.

The collateral valuation processes for consumer loans depend on the nature of the loan.

For mortgages, branches request appraisal of collateral for loans from the Appraisal Department. The Appraisal Department outsources real estate valuation to one of its contracted independent appraisal firms. It uses 47 appraisal firms, all of which have a valuation license from the CMB. The Appraisal Department employs 10 engineers who review all appraisal reports prepared by the contracted firms. These 10 engineers are also licensed by the CMB. All valuation reports are managed in Akbank's "EKON" digital system. All mortgage collateral values are fed from EKON into the control loan approval system.

For car loans, the value of the vehicle pledged as collateral is taken from the published "insurance value list" and sales value (for new cars, this is the "invoice value"; for second-hand cars the "notary public dealing value"). Whichever value is lower is taken as the collateral value.

All mortgages are fixed rate and all loans to individuals are denominated in Turkish Lira, since Turkish law prohibits the use of floating rate mortgages and foreign currency loans to individuals.

Akbank uses "behavioural" and "application" scorecard models for both credit cards and loans to individuals. The application scorecard model estimates the future performance of the applicant, based on the information obtained during the application and from other sources, such as the Central Credit Recording Bureau. The score by itself is not the sole deciding factor in the evaluation process. Akbank also uses a statistical behavioural scorecard model to provide early identification of borrowers considered to present a risk and to assess the ability of customers to maintain additional debt.

To maximise the efficiency of credit application decisions and to manage customer risk efficiently, Akbank uses internationally recognised decision making systems, such as "PowerCurve Strategy Management" and "Triad", designed by Experian and Fair Isaac Corporation.

Credit Cards

The Credit Cards Approval Group, a sub-division of the Consumer Credits, and Credit Cards Approval Division are responsible for assessment of MasterCard and Visa card credit card applications by individuals. Credit card applications are made either through the branch or alternative channels, such as the internet.

When applying at a branch, an applicant must sign a personal banking services agreement, fill out the credit card application form and provide identification. Verification of the information is carried out by the Credit Card Operations Group at Akbank's centralised operation centre and the relevant data is then entered into an automated evaluation system.

Applications are subject to automatic evaluation by the decision support system (PowerCurve). If the applicant is an existing Akbank customer, the delinquency statuses of his or her credit products (such as credit cards, overdraft, loans) are checked. For all eligible applicants, a Credit Bureau inquiry is made to check applicants' credit card, individual loan products usage and payment performance with other banks. An application score is then calculated using the credit card scoring model. Applications go through a decision tree based on application score, Credit Bureau information and other application information. Current regulations in Turkey limit the customers' total credit card limit in all banks to a certain multiplier of their monthly income. Monthly income is declared by an applicant for each credit card application and is compared with results of Akbank's income estimation model. In some cases the applicant's occupation, length of employment and monthly net income are verified by the Credit Card Operations Group. The decision process returns automatic approval or decline decisions and sends the remaining applications for final manual evaluation by the Credit Card Approval Group.

Applications can also be made through alternative delivery channels such as the internet. The approval evaluation process is the same as that carried out at branch level.

Akbank also uses the Triad decision support tool for credit card limit management. Akbank reviews all cardholders' past behaviours (by using the credit card behaviour score model) on a monthly basis to decide whether to increase or decrease their current credit limits.

Loans to Micro Business Customers

The Micro Credits Approval Group, a sub-division of the Consumer Credits and Credit Cards Approval Division, is responsible for assessing credit applications submitted by branches.

For limits up to TL150,000, the Micro Credits Approval Group, a sub-division of the Consumer Credits and Credit Cards Approval Division is responsible for assessing credit applications submitted by branches, and for limits over TL150,000, the relevant region is responsible for assessing credit applications submitted by branches.

Regions have been responsible for assessing loan applications submitted by branches since February 2012. Akbank uses scorecard and decision models to evaluate micro loan applications. Application scorecards are developed in conjunction with Experian Decision Analytics. The application scorecard evaluates application information using Akbank's data and relevant information from external sources in order to grade customers at the point of application. The scoring system takes into account both financial and non-financial factors, as well as the customer's relationship history with Akbank.

In addition to application scorecards, behavioural scorecards are used to manage existing customers. Behavioural scorecards are developed in conjunction with Oliver Wyman, an international management consulting firm.

Credit limits and collateral levels are set according to the outcome of these scoring models.

Corporate and Project Finance and SME Banking

Applications by corporate customers are mostly processed by the corporate branches and are therefore assessed by the Corporate and Project Finance Credits Approval Group. Applications by commercial and SME customers are processed by the SME and commercial branches and are therefore assessed by the SME Credits Approval Groups. Project finance activities within Commercial Banking have been transferred to the Project Finance Division in Corporate Banking and this division will be responsible for all Project Finance loans that meet necessary criteria.

Every group is managed by a vice-president. The groups evaluate prospective customers in terms of their financial standing and credit history as well as their market position. Depending on the type of application (the term of the loan and the borrower's profile), the Corporate and Project Finance Credits Approval Group requests additional reports from its support groups, for instance a financial analysis report from the Credit Analysis Group or an intelligence report from the Intelligence Group. The teams within the Corporate and Project Finance Credits Approval Group are also responsible for monitoring the performance of borrowers in their portfolio based on the various reports, including notes, cheque performance reports and overdue repayment reports by the Credit Monitoring Group. After their assessment, the teams present the credit applications to Akbank's approval authorities or credit committees for final approval with their recommendations and views. After the transfer of Project Finance activities to Project Finance Division, according to the principle of separation of powers, allocation of project finance loans and operational and credit monitoring responsibilities of project finance loans will be carried out under two separate Divisions (Corporate and Project Finance Credits Division and Corporate and Commercial Credits Monitoring Division)

In corporate and commercial branches, depending on the type of collateral and the amount of the loan, in general, applications for loans of more than TL300,000 without any tangible security and loans of more than TL2,500,000 with tangible security must be submitted for review by the relevant Credit Approval Group in the Head Office.

Corporate and Project Finance Credits Approval Process

In order to segregate the credit analysis and approval processes from credit marketing activities and to provide more objective credit risk evaluation, the credit function for corporate customers is managed by the Corporate and Project Finance Credits Approval Group.

All applications for commercial and corporate credits are initially submitted to a local Akbank branch. The relevant branch's customer relation managers undertake a detailed loan analysis, including feasibility studies, analysis of financial standing, reputation and experience of the potential borrower. A credit file based upon the results of the analysis is then prepared for each applicant. The credit analyst at the commercial and corporate branches controls and fulfils all the processes needed for the applications. The credit file is then typically reviewed by the manager of the relevant branch who adds his/her opinion on each application in terms of overall risks including borrower, industry and the project itself in case of project credits. The application is then sent to the relevant approval group to be evaluated.

The Corporate and Project Finance Credits Approval Group is responsible for assessing the applications sent by eight corporate branches. The team evaluates the application of the customers in terms of their financial standing and credit history as well as their market position. After their assessment, the teams present the credit applications to Akbank's approval authorities for final approval with their recommendations and views.

Commercial and Corporate Credits Approval Process

There are two separate approval groups for SME Credits. Commercial Credits Approval Group A is responsible for assessing the applications sent by commercial branches. Commercial Credits Approval Group B is responsible for evaluating the credit applications sent by SME (mixed) branches.

Commercial Credits Approval Division at HQ and Regional Directorates for Credit Approvals fulfil the credit allocation and monitoring functions for small and medium sized companies, having regard to their authorisation limits.

The credit application process begins at branch level, similar to the corporate and project finance credits approval process. However, after the branch review, credit applications are transmitted to the relevant Regional Directorate or to the Head Office depending on the authorisation limits and the proposed collateral.

Commercial Credits Approval Group A includes the Sector Analysis Division and Commercial Credits Approval Group B includes the Intelligence Division. The Sector Analysis Division prepares reports on the Turkish economy, foreign markets and different sectors. The Financial Analysis Group prepares reports on customers upon the request of a relevant credit group or department and the Intelligence Group collects information from the press and other sources about a particular client or segment.

In principle, the LTV ratio may be up to 100% if Akbank takes a land pledge as collateral for working capital credits, and 75% for investment loans. However, this principle can be varied according to the customer base under the authority of any level up to the maximum approval limits.

If collateral is a land pledge, Akbank's internal policy requires that an outside firm make an independent assessment of the collateral being offered, including valuation, legality and enforceability. Akbank also engages independent legal advisers, from time to time, to review the loan agreements and other legal documentation involved in the lending process, although typically a review of the legal documentation is undertaken by Akbank's in-house legal department.

Akbank undertakes extensive credit analysis and uses conservative provisioning standards and credit scoring systems in order to maintain a high quality loan portfolio, and obtains collateral for a significant proportion of its cash loan portfolio in order to minimise the amount of non-performing loans.

Authorisation limits for Branch Managers are summarised in the tables below.

Authorisation limits for Retail and Mixed (Retail and SME) Branches

Micro	*Welcome Limit*			
	Overdraft	*Credit Cards*	*Chequebook*	*Total Limits*
	(TL thousands)			
Application or Behavioural Rating Scale				
1-13	20	20	50	50
14-17	10	10	50	50
18-24	There are no authorisation limits.			

Authorisation limits for Retail Branches

	Collateral[(1)]			
	Group I	*Group II*	*Group III*	*Group IV*
	(TL thousands)			
SME	400	225	175	150

Authorisation limits for Mixed (Retail and SME) Branches

	Collateral[(1)]			
	Group I	*Group II*	*Group III*	*Group IV*
	(TL thousands)			
SME	400	225	175	150
Commercial[(1)]	500	275	200	150
Commercial[(2)]	900	500	275	225
Commercial[(3)]	1,250	750	325	275

Authorisation limits for Corporate and Commercial Branches

	Collateral[(1)]			
All Branches	*Group I*	*Group II*	*Group III*	*Group IV*
	(TL thousands)			
Authorisation Amount	3,250	1,750	1000	500

Notes:

(1) Collaterals for each of the groups:
Group I: Cash Collateral, Treasury Bonds, L/G (Risk rating note would be at least an equivalent of A of S&P)
Group II: L/G (Risk rating note would be at least an equivalent of BBB of S&P), L/C, land pledges, stock (IMKB30), Private Sector bonds and notes (limited by policy), maritime lien, car pledges
Group III: Machine pledges, other stock
Group IV: Leases, Letter of Comfort, Letter of Support

Authorisation limits for Regional Managers are summarised in the table below.

	Collateral[(1)]		
	Group I	*Group II*	*Groups III and IV*
	(TL thousands)		
Regional Credit Manager and Regional Manager for Marketing	15,000	12,000	6,000/5,000
Regional Credit Manager	10,000	8,000	5,000/3,500

These are the maximum authorisation limits and can differ for each Regional Manager.

Note:

(1) Collaterals for each of the groups:
Group I: Cash Collateral, Treasury Bonds, L/G (Risk rating note would be at least an equivalent of A of S&P)
Group II: L/G (Risk rating note would be at least an equivalent of BBB of S&P), L/C, land pledges, stock (IMKB30), Private Sector bonds and notes (limited by policy), maritime lien, car pledges
Group III: Machine pledges, other stock
Group IV: Leases, Letter of Comfort, Letter of Support

Rating Models for Corporate, Project Finance and SME Banking

For Corporate and Commercial loan applications, Akbank has different rating models according to sector and/or turnover. One of them is the Commercial Model which is a full statistical based model, developed by logistic regression. If a customer has turnover of less than TL100 million (independently of assets), this model is used. If a customer has turnover of TL100 million and assets of TL50 million or more, the Corporate Rating model, which relies on expert based rank ordering, is used. If a customer's sector is construction, turnover is not considered but rather the Construction Rating Model is used which also relies on expert based rank ordering. For Project Finance Credits, a project (not customer) specific expert based model is used according to the sector (energy, tourism, infrastructure, other). Akbank's rating models have been developed by Oliver Wyman and Akbank itself. The corporate, commercial and construction rating models include financial and non-financial criteria, with the financial criteria being the most important part of the model. All rating models rank customers from one to 24 with 1 being the best and 24 the worst rating. If a customer's rating is below 14 (the cut off rating), proposals cannot be evaluated in the branches and can only can be evaluated in the regional or Head Office.

For the SME segment there are two types of scorecards used, which are an application model and a behavioural model.

The behavioural model is used for existing customers (where the length of relationship with Akbank is at least three months). Criteria such as limit usage, interest charged, deposited amount, number of bounced cheques, negative information and delinquency status are used.

Credit Bureau information of main shareholder and Central Bank information forms the most important part of the application score card and takes account of KKB Delinquency status, KKB credit card limit usage ratio, KKB overdraft limit usage ratio, the number of bounced cheques and unpaid bills in the Central Bank, and the length of time with Akbank.

The behavioural rating is automatically calculated and implemented on the system at the end of every month. If there is behavioural rating in the system, it is taken into consideration in the credit approval process.

An application rating is calculated for every credit proposal as commercial, corporate and construction credit rating models.

For the SME segment, rating-based credit terms can be allocated by the regional directorates for customers with a 1-14 rating class. A rating class of 15-24 is outside the target customer base.

Classification of Loans and Provisioning

Classification of Loans and Other Receivables

Akbank monitors loans and other receivables according to the categories set out below which reflect respective recovery capabilities and debtors' creditworthiness levels, having regard to the procedures and principles established by Turkish law:

- Group One – Loans of a Standard Nature and Other Receivables ("**Group One Loans**"): this group includes loans and other receivables showing no signs of weakness or deterioration.

- Group Two – Loans and Other Receivables Under Close Monitoring (Watchlist) ("**Group Two Loans**"): this group includes loans and other receivables which do not presently show any problems in terms of principal and/or interest payments but which require close monitoring due to reasons such as observation of negative trends in the debtor's payment capability or cash flow positions or where repayment is highly likely but capital and/or interest payments are delayed for more than 30 days.

- Group Three – Loans and Other Receivables with Limited Recovery ("**Group Three Loans**"): this group includes loans and other receivables with limited potential for total recovery of payments due thereunder either because the debtor's equity or guarantee is considered inadequate to cover payment or because payment is likely to be delayed by more than 90 days due to various reasons, such as problems encountered by the debtor over its operating capital, financing or ability to create additional liquidity.

- Group Four – Loans and Other Receivables with Suspicious Recovery ("**Group Four Loans**"): this group includes loans and other receivables for which repayment is considered unlikely or for which the delay of recovery of principal and/or interest exceeds 180 days but does not exceed one year.

- Group Five – Loans and Other Receivables Having the Nature of Loss ("**Group Five Loans**"): this group includes loans and other receivables for which repayment is considered impossible or for which the delay of recovery of principal and/or interest exceeds one year.

Provisioning

See below "—*Turkish Regulatory Environment for Banks—Loan Loss Reserves*".

Identification and Remediation of Problem Loans

The following section reflects the organisational structure of the Credit Monitoring Follow-Up Division under the Credits Unit before the organisational change in January 2015. The functions of the division remain the same.

General

Identification and remediation of problem loans throughout Akbank's business units is organised and divided into either the non–retail segement or the retail segment.

Non-Retail Segment

The non-retail segment is organised according to the loan classification criteria noted below:

- Group Two – Loans and Other Receivables Under Close Monitoring (Watchlist) – is executed by two separate credit monitoring groups covering corporate/commercial loans and SME loans including project finance loans.

- Group Three, Four and Five are executed by the Non-Performing Loans Follow-Up Division covering all segments.

Credit Monitoring Groups

In addition, there are three subsections within the Corporate and Commercial Monitoring Division:

- The Corporate/Commercial/Credits Monitoring Group, which monitors corporate and commercial clients;

- The SME Credits Monitoring Group, which monitors SME clients; and

- Project Finance Loans Monitoring Group which monitors the credit facilities involved in the project finance line allocations.

Each division and group is responsible for the identification and remediation of loans of the relevant segments that have shown indications of potential problems and are classified under Group Two.

There are also regional monitoring teams who are principally responsible for monitoring small SME credit clients with an exposure below TL3 million. Regional Monitoring Teams work in coordination with the SME Credits Monitoring Group.

Collecting and examining up-to-date financial and non-financial data of projects periodically comparing the projected cash flows and the real performance of the projects, testing the covenants in the loan documentation and paying on-site visits are the main responsibilities of the Project Financial Loans Monitoring Group.

A common monitoring system is used by both Corporate/Commercial and Retail Credits Monitoring Divisions with parametric monitoring triggers in the system designed to take into account the peculiarities of each segment. Problem loans are identified automatically by Akbank's Monitoring computer system which monitors using internal or external data resources on a daily basis. Akbank's Credit Monitoring software monitors all overdue interest, commission and principal repayments, unpaid cheques, fraud records and sequestration records on a daily basis.

If a problem is identified, the input is classified by the system as pre-monitoring, blocked pre-monitoring or close monitoring for each segment peculiarity. Pre-monitoring is considered to be an early indication of a potential problem and does not have any effect on the existing credit lines. Blocked pre-monitoring is evaluated as a more serious early indication and credit lines are blocked from additional limit utilisation. Close monitoring – Group Two – indicates that the customer has internal or external weakness that carries potential risk of default. These customers are also blocked by the system from utilising any additional limits. In addition to the automatic identification of problem loans, indicators that cannot be identified by the monitoring system, such as audit reports and market intelligence, are also reviewed daily by members of the Credit Monitoring Group, and are manually put on credit watch if necessary.

A repayment plan is negotiated with the customer and set up if necessary. If this process is not successful in clearing the arrear, legal action is taken and the matter is referred to the Non-Performing Loans Follow-Up Group.

Non-Performing Loans Follow-Up Division- Corporate and Commercial

The Non-Performing Loans Follow-Up Division deals with non-performing loans of the Corporate and Commercial sgements, excluding mico customers, and calculates the specific provisions which need to be distributed monthly over non-performing loans.

The Non-Performing Loans Follow-Up Division negotiates with the customer regarding repayment of the loan including possible restructuring of the debt, or if necessary, liaises with the in house or contracted lawyers to have the collateral liquidated or to take other legal action.

Retail Segment (including Micro Segment Customers).

Identification and remediation of problem loans including non-performing loans are managed by the Retail Monitoring and Legal Follow Up Group.

The Retail Credit Monitoring Division is composed of two units:

- Monitoring and Restructuring Group, which monitors and restructures retails clients;

- Credit Decision Support System Group, which performs strategic analysis (i.e. Portfolio PD trends, vintage analysis, collection strategies etc.) and builds models for collection and pre-delinquency.

There is one common monitoring system which is used by the Retail Monitoring Group as noted above.

All clients, regardless of the segment, are subject to the same risk controls. Because of the number of clients in the retail segment, the process is carried out at Akbank's head office by the Retail Credits Monitoring and Collection Team. A repayment plan is negotiated with the customer and set up if necessary. If this process is not successful in clearing the arrear, legal action is taken and the matter is referred to the Retail Non-Performing Loans Follow-Up division.

Retail Non-Performing Loans Follow-Up Division deals with non-performing loans and calculates the specific provisions which need to be distributed monthly over non-performing loans. This division , deals with Group Three to Five Loans ("**non-performing loans**"**),** negotiates with the customer regarding repayment of the loan including possible restructuring of the debt, or if necessary, liaises with the in house or contracted lawyers to have the collateral liquidated or to take other legal action.

Anti-Money Laundering Policies

Overview

Turkey has adopted anti-money laundering laws and regulations in compliance with the 40 Recommendations of the FATF. Formed by the G7 Economic Summit in 1989, the FATF comprises 34 countries, including the United States and Turkey, as well as two regional organisations, namely the European Commission and the Gulf Cooperation Council. The FATF is dedicated to promoting the development of effective anti-money laundering controls and enhanced co-operation in counter-money laundering efforts among its membership and around the world. Its 40 recommendations issued in 1990 are designed to provide countries with a blueprint for the establishment and implementation of anti-money laundering laws and programmes.

Turkish anti-money laundering legislation requires financial institutions in Turkey to identify their customers when (i) establishing permanent business relationships (regardless of the monetary amount involved), (ii) the amount of a single transaction or the total amount of multiple linked transactions is equal to or more than TL 20,000, (iii) the amount of a single transaction or the total amount of multiple linked transactions is equal to or more than TL2,000 in wire transfers, (iv) in cases requiring suspicious transaction reporting (regardless of the monetary amount), and (v) in cases where there is suspicion about the adequacy and the accuracy of previously acquired identification information (regardless of the monetary amounts). Financial institutions in Turkey are required to maintain and record certain official identification documents, to provide all relevant information and documents requested by the officers of the Turkish Financial Crimes Investigation Council (the "**FCIC**") for a period of eight years, and to gather available information on, and report to the FCIC, all transactions suspected of involving funds stemming from illegal activities. In addition to money transfers of TL20,000 and above, Akbank's policies on customer identification are applied to safe deposit box rentals, insurance and leasing transactions, and account openings. The principal requirements, obligations and penalties are contained in Law No. 5549 on Prevention of Laundering Proceeds of Crime and the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

Law No. 6415 on the Prevention of the Financing of Terrorism came into force on 16 February 2013. With this law, offences constituting "financing of terrorism" have been redefined, an administrative mechanism has been established in order to execute the United Nations Security Council's Resolutions, and formal procedure relating to gaining access to frozen funds for necessary expenses, has been introduced. In all cases, the Council of Ministers will have the authority to decide whether to freeze assets based on the information provided by the Financial Intelligence Unit of Turkey ("**MASAK**") and other related institutions. Decision on asset freezing will gain legal validity upon its publication on the Official Gazette. All the necessary procedures before and after the asset freezing decision of the Council of Ministers will be implemented by MASAK. Akbank has established internal anti-money laundering programmes, policies and procedures pursuant to both domestic legislation and international anti-money laundering standards. All Akbank's branches and subsidiaries, regardless of their geographic location, must comply with such programmes, policies and procedures. Akbank has instituted KYC procedures, to record the identity of Akbank's customers when conducting transactions, to maintain copies or records of official identification documents for a period of eight years, to identify and report to the relevant Turkish authorities suspicious transactions, to co-operate with law enforcement agencies and to establish internal training programmes for Akbank's employees. Akbank's policies require account officers to take into account the customer's background, country of origin, business activities, and other risk indicators. Akbank's anti-money laundering policies and procedures also include procedures to identify and verify the source of requests to make outgoing international funds transfers.

Akbank continues to seek new methods of improving its anti-money laundering standards. Akbank uses the "Actimize" and "Fineksus Inspector" software system. Actimize software is composed of two modules: the Suspicious Activity Monitoring Module ("**SAM Module**") and the Watch List Filtering Module ("**WLF Module**"). The WLF Module is used for all kinds of cross-border wire transfers. This software screens Akbank's customers and transactions according to watch lists of individuals, companies, or geographic locations issued by authorities such as OFAC, the UN, the EU or the HMT. If any party in a transaction falls within any of the watch lists, the system creates an alert and automatically forwards this transaction to Akbank's Compliance Department. The SAM Module monitors transactional and customer data on a scenario basis and provides coverage to identify and report suspicious transactions related to money laundering and terrorist financing. In implementing this approach, Akbank drew on the experience provided by other available analytical models used by other banks in supporting European, US and Turkish anti-money laundering policies. Akbank uses Fineksus Inspector software at customer on boarding process to detect any sanctioned or target person. Akbank has a partnership with Dow Jones as a data provider.

Scope of Akbank's Policies and Procedures

Akbank's AML and KYC standards policy is based on (i) compliance with AML and CFT laws and regulations, including local laws (Turkish AML Act, Criminal Act and CFT Act) and regulatory guidance, UN Security Council Resolutions, EU Directives and the USA Patriot Act; (ii) FATF recommendations for standards on AML and CFT as well as application methodology criteria; and (iii) evaluation of KYC principles and customer identification regulations, such as the Basel Principles (customer due diligence for banks), the Wolfsberg Principles and The Banks Association of Turkey's Local Industry Guidance and Best Practices.

The objectives of the policy are to ensure that Akbank complies with obligations regarding the prevention of laundering proceeds of crime and financing of terrorism and to establish strategies to mitigate potential risks, as well as setting internal controls, measures and operating rules. Akbank aims to discharge its responsibilities through a risk-based approach to its customers, transactions, products and services. It also develops and raises awareness among its existing and new employees on matters relating to its AML and KYC standards policy.

AML/CFT Programme and Applications

Akbank has put in place procedures designed to control activities to comply with applicable laws and regulations in Turkey as well as international standards and has put in place systems and controls to mitigate the risk of Akbank being used to facilitate financial crime. Akbank's AML/CFT programme includes (i) having a designated AML compliance officer; (ii) written policies, procedures and guidelines; (iii) risk based controls, including an AML software programme that monitors on-going transactions and customer account activities and screens existing and prospective customers for AML and CFT purposes; (iv) procedures for reporting suspicious activity internally and to the relevant law enforcement authority; (v) record keeping obligations in accordance with local laws; (vi) on-going training in order to improve existing and new employees' awareness of how Akbank's products and services may be used to facilitate money laundering or terrorist financing and to enhance existing and to raise new employees' awareness of their legal obligations; and (vii) internal audit and independent audit testing.

Customer Due Diligence Policy

Akbank's customer due diligence policy contains KYC procedures meeting national and international regulations for compliance with the prevention of money laundering and CFT. Akbank undertakes customer due diligence and proceeds with the evaluation of the customer according to the results of monitoring progresses. Despite the termination of active monitoring with the end of the customer relationship, Akbank retains acquired information inside internal intelligence systems. Akbank is also required to establish the ultimate beneficiary of an account and has defined record making and record keeping duties as well as internal security measures. It also has specific account opening requirements. In the case of an individual, Akbank will require an official identity document, as well as the individual's ID number. In the case of a corporation and other legal entities, Akbank will require the customer's name, details of its legal form, address, list of directors and shareholders, as well as the corporate bylaws, powers of attorney, any other reliable identifying information and their tax number.

Due to Akbank's "Customer Due Diligence Policy", (i) individuals who refuse to provide the required information and documentation; (ii) individuals with businesses that make it impossible to verify the legitimacy of their activities or the source of funds; (iii) shell banks; (iv) anonymous accounts or accounts using fictitious names; (v) individuals who are included in lists prepared by international institutions and organisations showing money launderers and supporters of terrorism financing, such as OFAC, the EU, the UN or the HMT; and (vi) individuals who have a negative record in Akbank's internal intelligence system for money laundering, financing of terrorism and financial crimes, such as fraud, counterfeiting, organised crime and similar activities are not accepted as a customer.

Within the framework of Akbank's risk-based approach, risk is divided into three main categories as High Risk Products and Services; High Risk Customers; and High-Risk Geographical Locations. High Risk Products and Services include (i) funds transfers, electronic fund transfers, money transfer orders and international transfers; (ii) cash transactions, such as cash deposits and withdrawals; and (iii) "non-face-to-face banking services", such as transactions conducted via internet banking, ATM or telephone banking and credit allocation transactions. Enhanced due diligence procedures are applied to High Risk Customers at account opening. High Risk Customers include (i) associations, foundations, charities and other non-governmental organisations; (ii) off-shore banks; (iii) companies established in high risk regions and countries; (iv) citizens of high risk countries; (v) cash intensive businesses; (vi) private banking customers; (vii) correspondent banks; (viii) politically exposed persons; and (ix) persons or entities listed under Article 2 of Law No. 5549 on Prevention of Laundering Proceeds of Crime. Finally, High-Risk Geographical locations include (i) tax havens (according to FATF criteria); (ii) countries subject to partial or complete embargo by the EU; (iii) countries subject to embargo by OFAC; (iv) countries and regions included in the list of countries and regions refusing cooperation with FATF; and (v) countries specified in the FINCEN list.

Basel II

The BRSA has published regulations regarding the implementation of Basel II in Turkey. These regulations took full effect in July 2012. All Turkish banks are reporting their risk-weighted assets calculated under the standard approach of Basel II as contained in the "Turkish National Discretions". As well as implementing more stringent capital ratios, the main benefits of Basel II is to have more structured approach to capital management and stress testing, as embedded in the second pillar of the accord. Parallel to Pillar I regulations, the BRSA also announced the draft regulations about Pillar II regarding ICAAP in order to enhance the link between an institution's risk profile, risk management systems and its capital. The BRSA required major Turkish banks to prepare ICAAP report in accordance with the Pillar II principles by June 2013. The BRSA published the new Regulation regarding the Internal Systems and Internal Capital Adequacy Assessment Process of Banks on 11 July 2014 (the "**New Internal Systems Regulation**"). The New Internal Systems Regulation requires banks to internally calculate the amount of capital to cover the risks to which they are or may be exposed on a consolidated basis and with a forward-looking perspective taking into account banks' near- and medium-term business and strategic plans. This process named "Internal Capital Adequacy Assessment Process - ICAAP" should be designed according to the bank's needs and risk attitude and should constitute an integral part of the decision-making process and corporate culture of the bank. In this context, each bank is required to prepare an ICAAP Report representing the bank's own assessment of its capital requirements. The first ICAAP Report covering the bank's activities in 2013 was required to be submitted to the BRSA by the end of September 2014. Subsequent filings of the ICAAP Report are required to be made by the end of March each year.

Basel III

In 2013, the Basel Committee adopted further revisions to Basel III, which is expected to continue to be implemented in Turkey in phases through 2019. The Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements. The BRSA has issued regulations for the implementation of new Basel III capital standards and leverage ratios, which came into force on 1 January 2014. Likewise, regulations for the implementation of a liquidity coverage ratio came into force as of 1 January 2015 (except net stable funding ratio and counterparty credit risk requirements), in line with the Basel III road map. Akbank does not expect to experience any difficulty in meeting the new capital requirements due to the nature of its existing capital base, mostly composed of common equity and retained earnings.

Management

For an overview of Akbank's organisational structure, please see "—*Business—Organisational Structure*" above.

The Board of Directors

Akbank is managed by its Board of Directors. The Board of Directors makes all major decisions affecting Akbank and acts as a supervisory body for Akbank's activities. It meets at least monthly according to Akbank's Articles of Association. The minimum number of directors required by Turkish Banking Law is five. The maximum number of directors is ten according to Akbank's Articles of Association. A meeting of the Board of Directors has a quorum if at least six of its members are present. Akbank's Board of Directors is also responsible for Akbank's vision, mission and short- and long-term strategic targets.

The following individuals are currently members of the Board of Directors:

Name	*Position*	*Year first appointed to the Board of Directors*	*Term expires*
Suzan Sabancı Dinçer	Chairman and Executive Member of Board of Directors	1997	2015
Erol Sabancı	Honorary Chairman and Consultant to the Board of Directors - Board Member	1967	2015
Hayri Çulhacı	Vice Chairman and Executive Member of Board of Directors	2009	2015
Cem Mengi	Executive Member of Board of Directors	2014	2015
Aydın Günter	Member of Board of Directors	2014	2015
Şakir Yaman Törüner	Member of Board of Directors	1998	2015
Aziz Aykut Demiray	Member of Board of Directors	2012	2015
Kaan Terzioğlu	Member of Board of Directors	2012	2015
James C. Cowles	Member of Board of	2013	2015

Name	*Position*	*Year first appointed to the Board of Directors*	*Term expires*
	Directors		
Hakan Binbaşgil	Member of Board of Directors and CEO	2012	According to Turkish law, CEO is the Member of the Board of Directors

The address of the Board of Directors is Akbank T.A.Ş., Sabancı Center 4, Levent 34330, İstanbul, Turkey.

The following individuals have been members of the Board of Directors for the last three years: Suzan Sabancı Dinçer, Erol Sabancı, Hayri Çulhacı, and Şakir Yaman Törüner.

The following individuals are former members of the Board of Directors who left the office within the last three years: Bülent Adanır, Ziya Akkurt, Hamid Biglari Özen Göksel, Hikmet Bayar and William J. Mills.

Set forth below is brief biographical information on the members of Akbank's Board of Directors.

Suzan Sabancı Dinçer CBE (age 50)

Ms. Suzan Sabancı Dinçer is the Chairman and Executive Board Member of Akbank. Ms. Sabancı Dinçer began her career in banking in 1986 and joined Akbank in 1989. Ms. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council Harvard Business School's Global Leaders Circle, and the Harvard Business School Istanbul Advisory Board. Ms. Sabancı Dinçer founded Akbank's International Advisory Board, a platform to discuss and evaluate global and local economic developments and their strategic implications for Turkey. She also sits on the Chatham House Panel of Senior Advisers. She is the Chairperson of the Turkish-British Business Council of Foreign Economic Relations Board of Turkey (DEİK). Ms. Sabancı Dinçer is on the Board of Directors of the Global Relations Forum and a TÜSİAD (Turkish Industry and Business Association) member. She is also the Luxembourg Honorary Consul in İstanbul. From 2010 to 2014, Ms. Sabancı Dinçer served as the chairman of the Turkish-British Business Council for two terms. In 2012, Her Majesty Queen Elizabeth II awarded Ms. Suzan Sabancı Dinçer the title of "Commander of the Most Excellent Order of the British Empire (CBE)" in recognition of her proactive and influential contributions to the development of Turkey-UK relations. In 2014, Ms. Sabancı Dinçer was given the Order of Civil Merit (Orden del Mérito Civil) of the Kingdom of Spain by King Felipe VI of Spain for her contributions to the relations between the two countries and for her support to the cultural convergence. Suzan Sabancı Dinçer is strongly committed to social responsibility activities and assumes various positions in the fields of culture, education, the promotion of entrepreneurship and environmental protection: she is a member of the Board of Trustees of Sabancı University, as well as a founding member and board member of Endeavor Turkey and of the Advisory Board of Akbank Sanat. Under her stewardship, Akbank became the first deposit bank in Turkey to issue a GRI (Global Reporting Initiative) rated Sustainability Report. It also pioneered the Carbon Disclosure Project in Turkey. Suzan Sabancı Dinçer holds a BA in Finance from Richmond College in the UK and an MBA from Boston University in the USA.

Erol Sabancı (age 77)

Having served as a member of Akbank's Board of Directors since 1967, for a decade beginning from March 1998 Erol Sabancı served as the Chairman of the Board of Directors. Elected Honorary Chairman and Consultant to the Board on 28 March 2008, Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

Hayri Çulhacı (age 59)

Hayri Çulhacı was elected as Vice Chairman on 18 July 2010 and was appointed Chairman of the Audit Committee and Executive Risk Committee on 17 January 2011. Having joined Akbank as an Executive Vice President in 1990, Hayri Çulhacı was consecutively appointed as Executive Vice President in charge of Corporate Communications, Investor Relations and Strategy; as Advisor to the Chairman; and as Executive Board Member. Prior to joining Akbank, Hayri Çulhacı worked as Financial Analyst and Department Head in the Ministry of Finance. Çulhacı holds a BA degree in Economics from Ankara University, Faculty of

Political Sciences and an MBA degree from North-eastern University in the USA. Hayri Çulhacı is a member of the Board of Trustees of Sabancı Foundation, a Board Member of Aksigorta A.Ş., and AvivaSA A.Ş.

Cem Mengi (age 50)

Cem Mengi was elected as Executive Board Member in charge of credits as of 10 February 2014. Prior to this appointment, during his career Cem Mengi has successfully served in different private banks as Executive Vice President and Assistant CEO. He joined Akbank in 2001 as Senior Vice President in charge of Corporate Banking and Project Finance. Between 2008-2011 he served Akbank as Executive Vice President in charge of Corporate Banking and Project Finance. Cem Mengi achieved his 'A levels' in Mathematics and Physics in the UK and graduated from International University with a bachelor's degree in Management Information Systems, Faculty of Management and Administration.

Aydın Günter (age 72)

Aydın Günter became a member of the Board of Directors in 2014. Aydın Günter served at Sabancı Holding and held various positions including Executive Vice President in charge of Financial Control and Finance from 1974 to 1994. In 1994, he founded his own consulting firm and served as a Member of the Board of Directors in various companies beginning from 1998. Prior to joining the Sabancı Group, Aydın Günter worked at the Ministry of Finance as a Tax Inspector. Aydın Günter is a graduate of the Faculty of Political Sciences at Ankara University.

Şakir Yaman Törüner (age 66)

Şakir Yaman Törüner became a member of the Board of Directors in March 1998. Having served as a Member of Parliament between 1995 and 1999, Şakir Yaman Törüner also served as a Minister of State in 1996. Between 1990 and 1994, Şakir Yaman Törüner served as the President of the Istanbul Stock Exchange and from 1972 until 1990 he worked in various administrative positions within the Central Bank of Turkey, also serving as the Governor of the Central Bank of Turkey between February 1994 and January 1996. Şakir Yaman Törüner is an op-ed columnist in the Milliyet daily as well as a Member of the Board of Trustees of Istanbul Aydın University.

Aykut Demiray (age 60)

Aykut Demiray joined Akbank as a Member of the Board of Directors on March 1 2012. Aykut Demiray began his career in 1979 at T. Isbank as an Assistant Internal Auditor and undertook various duties in several units and branches, finally serving as Deputy Chief Executive between 1998 and 2011. A graduate of the Business Administration Department of the Faculty of Administrative Sciences from Middle East Technical University, Aykut Demiray is a Member of the Board of Trustees at Istanbul Culture University.

Kaan Terzioğlu (age 46)

Kaan Terzioglu joined Akbank as a Member of the Board of Directors on April 3 2012. Kaan Terzioğlu began his career at Arthur Andersen and Company in Istanbul as an auditor and financial consultant and moved into management consulting in Chicago and Brussels focusing on information technologies, information security and knowledge management from 1990 to 2000. Kaan Terzioğlu has worked for Cisco Systems for the last 12 years, holding various executive responsibilities and serving in numerous international positions. A member of TÜSİAD, Kaan Terzioğlu is a certified public accountant at the Istanbul Chamber of Certified Public Accountants and Sworn Financial Advisors. In addition, he is a member of the Board of directors at Aksigorta A.Ş., Teknosa İç ve Dış Ticaret A.Ş. and Neostratus. Kaan Terzioğlu is a graduate of Bosporus University, Faculty of Business Administration, Department of Business Administration.

James C. Cowles (age 57)

James C. Cowles, is Citi's Chief Executive Officer for Europe, Middle East & Africa ("**EMEA**"). Prior to assuming his current position, James C. Cowles was Chief Operating Officer for EMEA and Head of Western Europe at Citi. He has also held the position of Head of Markets (EMEA), Global Head of Equities and Global Head of Equity Capital Markets (new issue products). James C. Cowles joined Smith Barney in 1979, His previous roles have included: Head of Equities (EMEA), Deputy Head of Investment Banking, Head of Real Estate Investment Banking and Commercial Mortgage Trading, Head of Debt Capital Markets and Head of Direct Investments. James C. Cowles has also served from 2010 on the Board of Directors, Executive Committee and as Treasurer of AFME (Association for Financial Markets in Europe). James C. Cowles graduated Phi Beta Kappa from Denison University in 1977 with a BA in Economics. He graduated with an MBA from the Wharton School, University of Pennsylvania in 1979.

Hakan Binbaşgil (age 55)

Hakan Binbaşgil joined Akbank as the Executive Vice President in charge of Change Management in October 2002. He initiated Akbank's "Restructuring Programme" which has transformed Akbank into one of Turkey's most customer-focused, modern and innovative financial institutions. Hakan Binbaşgil was appointed Executive Vice President in charge of Retail Banking in November 2003, Deputy CEO in May 2008 and since January 2012 as Board Member and Chief Executive Officer of Akbank. Prior to joining Akbank, Hakan Binbaşgil worked as a Management Consultant in the London and Istanbul offices of Accenture, and as Executive Vice President in a different private sector bank. Hakan Binbaşgil also served on the boards of directors of numerous companies domestically and abroad. Currently, in addition to his position as CEO at Akbank, Hakan Binbaşgil is also the Chairman of Ak Asset Management, Ak Investment, AkLease, Akbank AG and Akbank (Dubai) Limited. After graduating from Robert College, Hakan Binbaşgil graduated from Bosporus University, Faculty of Mechanical Engineering. Hakan Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University-Baton Rouge, USA.

Senior Management

Each Corporate Management Unit and each Business Unit is managed by an Executive Vice President that reports to the CEO. Set forth below is brief biographical information regarding Akbank's Executive Vice Presidents:

Ahmet Fuat Ayla – Executive Vice President – Credit Allocation (age 48)

Ahmet Fuat Ayla joined Akbank as Corporate Branch Manager in 2002, became the Senior Vice President in charge of Corporate and Commercial Credits Approval Unit in 2005 and was appointed as Executive Vice President in charge of Corporate and Commercial Credits Approval in 2007. Ahmet Fuat Ayla currently serves as Executive Vice President in charge of the Credit Allocation of Consumer, Corporate, Commercial and SME Loans. Before joining Akbank, Ahmet Fuat Ayla held various managerial positions at different private sector banks. Ahmet Fuat Ayla is a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration.

Hülya Kefeli – Executive Vice President – International Banking (age 54)

Hülya Kefeli has held various positions in the Foreign Relations and International Banking Unit of Akbank since 1983 before being appointed as Executive Vice President in charge of International Banking in 2007. Hülya Kefeli is also a Member of the Board of Directors of Akbank (Dubai) Limited and AKLease. After attending Robert College, Hülya Kefeli graduated from Istanbul Technical University, Faculty of Business Administration and Engineering.

K. Atıl Özus – Executive Vice President – CFO (age 44)

Atıl Özus joined Akbank in November 2000 as Vice President of Financial Control and Risk Management and later became Senior Vice President. In December 2007, he was appointed as Executive Vice President (CFO) in charge of Financial Coordination. Before joining Akbank, Atıl Özus served as an Audit Manager at Ernst & Young. A graduate of Boğaziçi University, Department of Business Administration, Atıl Özus is a Board Member on AKAsset Management, AKLease and Akbank AG..

Arif İsfendiyaroğlu - Executive Vice President – Consumer Banking and Payment Systems (age 46)

Arif İsfendiyaroğlu joined Akbank in March 2015 as Executive Vice President in charge of Consumer Banking and Payment Systems. Prior to joining Akbank, he held various senior management positions at different private sector banks. A graduate of Istanbul Technical University, Mechanical Engineering Faculty, Department of Textile Engineering, Arif İsfendiyaroğlu also holds a Master's degree in Business Administration from Bilgi University.

Ege Gültekin - Executive Vice President - Credit Monitoring and Follow Up (age 45)

Ege Gültekin joined Akbank in February 2015 as Executive Vice President in charge of Credit Monitoring and Follow Up of Consumer, Corporate, Commercial and SME Loans. Before joining Akbank, Ege Gültekin held various senior management positions at different banks and asset management companies. Ege Gültekin is a graduate of Middle East Technical University, Department of Faculty of Economics and Administrative Sciences and holds a Master's degree from John Hopkins University, Faculty of Engineering, Department of Information and Telecommunication Systems.

Burcu Civelek Yüce - Executive Vice President - Human Resources and Strategy (age 36)
Burcu Civelek Yüce joined Akbank in 2006 and previously served as Senior Vice President of Strategic Management. She was appointed as Executive Vice President in charge of Human Resources and Strategy in May 2014. Her areas of responsibility cover human resources, strategic management and branch channel development. Prior to joining Akbank, she worked in international consulting and technology companies. Burcu Civelek Yüce has a B.Sc. degree in Industrial Engineering and an MBA degree from Boğaziçi University both first in rank. She also participated in courses in Harvard Business School and Koç University.

Mehmet Sindel – Executive Vice President – Corporate Communication (age 44)

Mehmet Sindel joined Akbank in November 2010 as Executive Vice President in charge of Payment Systems. Prior to joining Akbank, he held various managerial positions at different private sector banks. Mehmet Sindel is a graduate of Boğaziçi University, Faculty of Business Administration.

Kerim Rota – Executive Vice President - Treasury (age 49)

Kerim Rota joined Akbank in November 2010 as Executive Vice President in charge of Treasury. Before joining Akbank, Kerim Rota served as Executive Vice President at various different private sector banks. Kerim Rota is a graduate of Gazi University, Faculty of Engineering. Kerim Rota also received a master's degree in operational management from Bilgi University.

Kaan Gür – Executive Vice President – Commercial Banking (age 50)

Kaan Gür joined Akbank as Executive Vice President of Commercial and SME Banking on 14 January 2011. Prior to joining Akbank, he held various managerial positions at different private sector banks. A graduate of Gazi University, Department of Banking and Insurance, Kaan Gür is also a member of the Foreign Economic Relations Board (DEİK) and the Turkish Industrialists and Businessmen Association (TÜSİAD).

Alper Hakan Yüksel – Executive Vice President – Corporate Banking (age 46)

Alper Hakan Yüksel joined Akbank in March 2011 as Executive Vice President in charge of Corporate Banking. Prior to joining Akbank, Alper Hakan Yüksel held various managerial positions at different financial institutions locally and abroad. Alper Hakan Yüksel holds a B.S. in Industrial Engineering from Middle East Technical University.

Saltık Galatalı – Executive Vice President – Private Banking (age 45)

Saltık Galatalı joined Akbank in November 2009 as Senior Vice President in charge of Private Banking Investment and Strategy and was appointed as Executive Vice President in charge of Private Banking in July 2011. Saltık Galatalı began his career at the Istanbul Stock Exchange and before joining Akbank he held various managerial positions at different financial institutions. A graduate of Istanbul University, Department of Economics, Saltık Galatalı holds an MBA degree in Investment Management and Banking from Adelphi University in the US.

Turgut Güney – Executive Vice President – Information Technology (age 46)

Turgut Güney joined Akbank in October 2011 as Executive Vice President in charge of Information Technology. Prior to joining Akbank, Turgut Güney served as a senior advisor at Computer Task Group and Oracle Consulting in the US and held various managerial positions at different banks, locally. Turgut Güney is a graduate of Hacettepe University, Department of Computer Engineering and holds a master's degree from Southern Illinois University, Faculty of Engineering, Department of Computer Engineering.

Orkun Oğuz - Executive Vice President - Direct Banking (age 42)

Orkun Oğuz joined Akbank as Executive Vice President in charge of Direct Banking in January 2013. Oğuz began his career working as a Marketing Analyst at FedEx in the United States and later served as a Managing Partner at Peppers & Rogers Group for a few years. He was promoted to Chief Executive Officer of the EMEA region and later of the U.S. office and provided consultancy on Banking and Financial Services. Oğuz is a graduate of Boğaziçi University, Department of Mechanical Engineering and holds an MBA degree in Management from the University of Georgia, USA.

Bülent Oğuz – Executive Vice President – SME Banking (age 40)

Bülent Oğuz joined Akbank as a Manager in March 2003. He served as Vice President and Senior Vice President of SME and Consumer Banking. In July 2013, Oğuz was appointed as Executive Vice President in charge of SME Banking. Before joining Akbank, Oğuz held various managerial positions at Corporate Banking and Loans divisions at different private sector banks. Oğuz is a graduate of Middle East Technical University, Political Science and Public Administration and holds an Executive MBA degree from Sabancı University.

Özlen Sanıbelli – Executive Vice President – Operations (age 47)

Özlen Sanıbelli joined Akbank in January 2003 as Senior Vice President in charge of Branch Network Restructuring as part of Akbank's Restructuring Programme and later established the Quality Management department where she served as Senior Vice President. Between 2007 and 2008, Özlen Sanıbelli was in charge of the project management processes of the Akbank Banking Center in Gebze. In addition to Quality Management responsibility, Özlen Sanıbelli executed process management and contributed to the improvement of operational efficiency at Akbank prior to her appointment as Executive Vice President in charge of Operations in October 2013 from 2009. Özlen Sanıbelli graduated from Istanbul Technical University, Industrial Engineering department. She also holds an MBA in Engineering Management from the same university.

The address of the Senior Management is Akbank T.A.Ş., Sabancı Center 4, Levent 34330, Istanbul, Turkey.

Conflict of Interests

There is no actual or potential conflict of interests between the duties of any of the members of the Board of Directors and the Senior Management team and their respective private interests or other duties.

Remuneration and Related Party Transactions

The members of the Board of Directors receive a fee for attending Board meetings. In addition, a maximum of 2% of the distributable profits remaining after taxes, legal reserves and a first dividend to shareholders may be distributed to members of the Board. The average percentage of such distributions in the last five years was 0.9%.

The aggregate amount of the remuneration paid and benefits in hand granted to the Directors and senior management for the year ended 31 December 2014 was approximately TL33,326,000.

None of the Directors or executive officers has or has had any interest in any transaction effected by Akbank and which are or were unusual in their nature or conditions or significant to the business of Akbank and which were effected during the current or immediately preceding financial year or were effected during an earlier financial year and remain in any respect outstanding or unperformed.

Corporate Governance

Akbank recognises the importance of maintaining sound corporate governance practices. The relationship between Akbank's management, shareholders, employees and third parties including customers, legal authorities, suppliers and various other individuals and institutions with whom Akbank does business are based on fundamental governance principles including integrity, credibility, non-discrimination, compliance, confidentiality, transparency and sustainability.

Akbank complies with the Capital Markets Legislation and the regulations of the CMB and the Borsa Istanbul in the matter of public disclosure and expends maximum effort to implement the principles stipulated in the CMB Corporate Governance Principles. The Corporate Governance Principles stipulated by the CMB and consisting of four major sections are implemented by Akbank in general. The Board has established an Audit Committee, a Corporate Governance Committee, a Credit Committee and an Executive Risk Committee.

Audit Committee

Responsible for assisting the Board of Directors in its auditing and supervision activities, the Audit Committee is charged with overseeing the functioning and adequacy of the internal systems as well as the accounting and reporting systems.

The members of the Audit Committee include:

- Hayri Çulhacı, Chairman (Vice Chairman and Executive Board Member)
- Şakir Yaman Törüner, Member (Board Member)

Corporate Governance Committee

The Corporate Governance Committee is responsible for attaining, overseeing and communicating Akbank's compliance with the Corporate Governance Principles; overseeing the activities of the Investor Relations and Sustainability Department: creating a transparent system in the areas of identification, evaluation and training of suitable candidates for the Board of Directors and devising policies and strategies in this matter. The members of the Remuneration Committee are responsible for overseeing, supervising and reporting the remuneration practices on behalf of the Board of Directors. The Committee meets twice a year.

The members of the Corporate Governance Committee include:

- Hayri Çulhacı, Chairman (Vice Chairman and Executive Board Member)
- Suzan Sabancı Dinçer, Member (Chairman and Executive Board Member)
- Şakir Yaman Törüner, Member (Board Member)
- Aykut Demiray, Member (Board Member)
- Atıl Özus, Member (Executive Vice President - CFO)

Hayri Çulhacı and Şakir Yaman Törüner are members of the Remuneration Committee.

Credit Committee

The Credit Committee is the ultimate decision-making body for loan allocation and reviews loan applications over certain amounts to ensure that it conforms to legislation and regulations, banking principles and Akbank's goals and loan policies.

The members of the Credit Committee include:

- Suzan Sabancı Dinçer, Member (Chairman and Executive Board Member)
- Cem Mengi, Member (Executive Board Member)
- Hakan Binbaşgil, Member (Board Member and CEO)

Executive Risk Committee

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of risk, setting commensurate risk limits and monitoring their performance. All risk policies formulated are documented in writing and incorporated in the overall long-term strategy of Akbank. Unless excused, all Committee Members attend the meetings.

The members of the Executive Risk Committee include:

- Hayri Çulhacı, Member (Vice Chairman and Executive Board Member)
- Suzan Sabancı Dinçer, Member (Chairman and Executive Board Member)
- Cem Mengi, Member (Executive Board member)
- Hakan Binbaşgil, Member (Board Member and CEO)

Ownership and the Sabancı Group

Share Capital of Akbank

As at 31 December 2014, the issued and paid-in share capital of Akbank was TL4,000,000,000 consisting of 400,000,000,000 shares each with a nominal value of TL 0.01. Consolidated total shareholders' equity as at 31 December 2014 amounted to TL26,140,044,000. At the Annual General Assembly of Akbank held on 30 March 2012, the registered capital ceiling of Akbank was increased to TL8,000,000,000 from TL5,000,000,000, consisting of 800,000,000,000 shares, each with a nominal value of TL0.01. The registered capital ceiling permit granted by the CMB in respect of this new ceiling will be valid for five years. The Board of Directors are entitled to increase the capital within the registered capital ceiling limit and issue new shares without requiring any affirmative resolution of the general assembly of Akbank. However, in order to increase the capital after 2016, even if the registered capital ceiling has not been reached by that time, the Board of Directors must obtain a new permit from the CMB either for the current permitted ceiling (if not reached by then) or for a new capital ceiling.

Pursuant to the Banking Law, shares are issued in registered form.

In April 1998, 4.03% of the outstanding share capital of Akbank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and ADRs. As at 31 December 2014, approximately 41.2% of the shares are publicly traded, including the ADRs. As at 31 December 2014, Akbank's market capitalisation was U.S.$14.8 billion.

Principal Shareholders

Registered ordinary shareholdings in Akbank as at 31 December 2014 are set forth below.

	Number of Ordinary Shares	*Percentage of Outstanding Shares*
Hacı Ömer Sabancı Holding A.Ş. (including affiliated companies) and the Sabancı family	1,955,000,001.65	48.9
Citibank Overseas Investment Corp[1]	395,999,979.99	9.9
Other	1,649,000,018.36	41.2
Total	4,000,000,000.00	100.00

Note:

(1) Citigroup Inc. sold its remaining holding of 9.9% of Akbank T.A.Ş. shares, through an accelerated equity offering on 4 March 2015. After the sale, Sabancı holding, affiliated institutions and individuals hold 48.9% of the Akbank shares and the free float is 51.1%.

Controlling Shareholders

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 48.9% of the outstanding share capital of Akbank as at 31 December 2014. The Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There are no other parties who exercise or could exercise control over Akbank.

The Sabancı Group

Sabancı Holding is the parent company of the Sabancı Group, one of the largest financial and industrial conglomerates in Turkey by market capitalisation.

Hacı Ömer Sabancı, the founder of many of the financial and industrial companies within the Sabancı Group, started business in the 1920s in the cotton trade. From this business, he expanded into various other sectors, including the food sector with the acquisition of Marsa in 1946, the financial services sector with the establishment of Akbank in 1948, and the textile sector with the establishment and expansion of Bossa in the 1950s. After the death of Hacı Ömer Sabancı in 1966, his six sons continued his legacy through the establishment of Sabancı Holding in 1967. Sabancı Holding has become the principal vehicle through which the Sabancı family has acquired and holds interests in many sectors of the Turkish economy. Sabancı Holding has always been controlled by the Sabancı family.

The Sabancı Group is composed of 70 companies many of which are recognised market leaders in their respective sectors and 12 of which are listed on the Istanbul Stock Exchange. Sabancı Holding's main business ventures are widely diversified, encompassing financial services, which include banking and insurance, as well as energy, retail, cement, automotive, tyre and tyre reinforcement materials, information technology, and tourism.

The companies of the Sabancı Group currently operate in 16 foreign countries and market their products in various parts of Europe, the Middle East, Asia, North Africa and North and South America. Capitalising on its strong reputation and name recognition, in addition to its positive local relationships and knowledge of and experience in the Turkish market, the Sabancı Group has grown through the expansion of existing core businesses and the formation of joint ventures. Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Heidelberg Cement, Carrefour, Marubeni Corporation Mitsubishi Motor Co., Philip Morris and E.ON.

In addition to coordinating finance, planning and human resources functions, Sabancı Holding determines the Sabancı Group's vision and strategies, thus creating shareholder value through synergies across the Sabancı Group companies. In 2014, the consolidated revenues of Sabancı Holding were U.S.$12.5 billion and net income was U.S.$1.0 billion. The Sabancı family is collectively Sabancı Holding's major shareholder with 57.7% of the share capital. Sabancı Holding shares are traded on the Borsa Istanbul with a free float of 40.1% and depository receipts are quoted on SEAQ International and PORTAL.

In addition to its interest in Akbank, Sabancı Holding's principal investments are listed below.

Financial Services

Ak Sigorta. Established in 1960, Ak Sigorta is the fourth largest non-life insurance company in the Turkish market according to the Insurance Association of Turkey. As of 31 December 2014 , each of Sabancı Holding and Ageas held 36% of shares in Ak Sigorta, while 28% of shares were traded on the market.

Avivasa. After completion of legal procedures following the merger of Ak Emeklilik and Aviva Hayat ve Emeklilik, announced to the public on 8 June 2007, Avivasa Emeklilik ve Hayat began operating as one of Turkey's leading individual pension and life insurance companies. According to the Pension Monitoring Center's January 2015 data, Avivasa Emeklilik ve Hayat is the second largest company in the sector in terms of individual pension fund size and market share of 19%. The Company listed in November 2014 on the ISE with a market capitalization of TL 1.7 billion.

Other Financial Services Companies. The Sabancı Group's other financial services interests are held by Akbank and are described above under "—*Business—Subsidiaries and Affiliated Companies*".

Industrials

Brisa. Established in 1974, Brisa (formerly known as Lassa) began to produce tyres under licence from B.F. Goodrich of the USA. In 1988, Brisa was established as a 50-50 joint venture between the Sabancı Group and Bridgestone Corporation of Japan, a prominent tyre and rubber goods manufacturing company.

Kordsa. Kordsa Global is the leading supplier of high denier Nylon 6.6 and polyester (HMLS and Technical) yarns, industrial yarn, cord fabric, single end cord and industrial fabric products and the company's main customers are the manufacturers of tires and mechanical rubber goods. With its 9 business units located in seven countries across five continents and approximately 4,000-strong workforce, the company has maintained its position as a global leader.

Temsa. Temsa, established in 1968, began its automotive sector business operations in 1984 by signing technical licence and distributorship agreements with Mitsubishi Motors Corporation of Japan. In February 2013 Temsa Global's business was divided into three units: bus manufacturing; automotive distribution; and construction equipment distribution. The individual units were set up as separate and independently managed companies. In April 2014, Marubeni Corporation acquired a 49% share in Temsa Construction Equipment Distribution.

Sasa. Sasa is Europe's leading integrated polyester manufacturer of polyester staple fibre and yarn with a shifting focus on specialty polymers and chemicals at its facilities in Turkey (*Source: Sasa website*). The 51% share of Sasa has been sold to Erdemoğlu Holding B.V. in February 2015, subject to regulatory approval. The remainder of the shares are publicly traded.

Textiles

Yünsa. Established in 1973, Yünsa is Turkey's largest worsted wool fabric producer/exporter and ranks among the world's top ten producers of worsted fabric.

Retail

Carrefoursa. Carrefour, a global player in modern retailing, opened its first store in Turkey in 1993 in Içerenköy-Istanbul. Sabancı Holding combined forces with Carrefour through a joint venture in 1996, and Carrefoursa was established. In 2013 Sabancı Holding acquired 12% of Carrefoursa's share capital from Carrefour to increase its stake to 51% and take over control of and responsibility for the operations. Carrefoursa has distinguished itself from the local retailers thanks to its broad range of high quality products and lower prices.

Teknosa. Teknosa started its operations in 2000 to serve Turkish consumers in information technology, electrical appliances, home electronics, and optical products. In 2014, the company owned 291 stores, with operations in 81 provinces

Energy

Enerjisa Power Generation (Genco). Enerjisa GenCo was founded in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and competent supplier of energy to its customers. Enerjisa GenCo has a combined operating capacity of 2,814 MW of which 53% consists of renewable power plants. As of 31 December, 2014 597 MW natural gas, 450 MW lignite and 121 MW hydroelectric power plants are under construction.

Enerjisa Electricity Distribution (Disco). Enerjisa DisCo has been managing Başkent Electricity Distribution Company and providing electricity to the retail market in the region since 2009. In 2013 the company acquired distribution rights in two additional regions Toroslar and Ayedaş by way of privatisation for U.S.$1.7 billion and U.S.$1.2 billion, respectively. Enerjisa Disco has been operating in the Ayedaş region since July 2013 and Toroslar since September 2013. The company has distribution rights of the previously owner over Başkent region until 2036 and Toroslar and Ayedaş regions until 2042. The electricity retail sales in the acquired regions are provided by three separate entities: Başkent Retail, Toroslar Retail and Ayedaş Retail, together comprising over 9 million customers.

Enerjisa Electricity Trading (TradeCo). Enerjisa TradeCo was founded in 2004 to operate in the electricity wholesale market. Enerjisa TradeCo trades in electricity and/or capacity in accordance with the limits set by market regulation.

Cement

Akçansa. Akçansa's history dates back to the founding of two companies, Akçimento and Çanakkale Çimento, in 1967 and 1974, respectively. Akçansa is currently a Sabancı Holding and Heidelberg Cement joint venture with a clinker capacity of 6.5 million.

Çimsa. Çimsa was established in Mersin in 1972, with production beginning three years later. Çimsa is one of the three major brands in white cement production worldwide (*Source: Çimsa website*). The company acquired Afyon Çimento in May 2013 and Sançim Bilecik Çimento in July 2014.

Related Party Transactions

During the period from 1 January 2010 to the date of this Base Prospectus, Akbank primarily had four types of exposure to related parties: (i) loans that Akbank makes to Sabancı Group companies; (ii) guarantees that Akbank has assumed on behalf of Sabancı Group companies; (iii) deposits that Akbank receives from Sabancı Group companies; and (iv) derivative transactions made by Sabancı Group companies.

Turkish banking regulations limit exposure to related parties, and Akbank's exposure to Sabancı Group companies was within the limit permitted by the regulations as at 31 December 2014. See "*—Turkish Regulatory Environment for Banks—Lending Limits*". As at 31 December 2014, Akbank has not entered into any material transactions with any other member of the Sabancı Group except for certain cash and non-cash credits that Akbank has provided to members of the Sabancı Group as set out below. Akbank enters into credit transactions with other members of the Sabancı Group in the ordinary course of business and on an arms-length basis and expects to continue to do so in the future. Akbank's loans and receivables to related parties were TL2,464,548,000 TL2,368,097,000 and TL2,090,849,000 as at 31 December 2014, 31 December 2013 and 31 December 2012, respectively. These amounts account for 1.8%, 2.0% and 2.3% for 31 December 2014, 31 December 2013 and 31 December 2012, respectively. Loans provided to employees were TL105,144,000 TL101,100,000 and TL92,280,000 as at 31 December 2014, 31 December 2013 and 31 December 2012, respectively.

The following table indicates the level of Akbank's relationships (on a consolidated basis) with other members of the Sabancı Group as at and for the year ended 31 December 2014, 2013 and 2012, respectively.

	As at and for the year ended 31 December		
	2014	*2013*	*2012*
	(TL thousands, except percentages)		
Cash loans	2,464,548	2,368,097	2,090,849
As a % of assets	1.13%	1.21%	1.28%
As a % of total cash loans	1.81%	2.01%	2.26%
As a % of shareholders' equity	9.43%	10.70%	9.30%
Non-cash credits(1)	1,986,344	2,413,639	326,871
As a % of assets	0.91%	1.23%	0.20%
As a % of non-cash loans	6.16%	7.97%	1.75%
As a % of shareholders' equity	7.60%	10.90%	1.45%
Total group exposure	**4,450,892**	**4,781,736**	**2,417,720**

Note:

(1) Non-cash credits consist primarily of letters of credit issued or confirmed and exposures under guarantees and performance bonds.

Akbank (on a consolidated basis) had deposits from members of the Sabancı Group as follows as at 31 December 2014, 2013 and 2012, respectively.

	As at and for the year ended 31 December		
	2014	*2013*	*2012*
		(TL thousands)	
Deposits (including cash collateral)	3,452,685	3,804,621	4,118,645

Turkish Banking System

The Turkish financial sector has gone through major structural changes as a result of the financial liberalisation programme that started in the early 1980s. The abolition of directed credit policies, liberalisation of deposit and credit interest rates and liberal exchange rate policies as well as the adoption of international best standard banking regulations have accelerated the structural transformation of the Turkish banking sector. Since the 1980s, the Turkish banking sector has experienced a significant expansion and development in the number of banks, employment in the sector, diversification of services and technological infrastructure. The significant volatility in the Turkish currency and foreign exchange markets experienced in 1994, 1998 and 2001, combined with the short foreign exchange positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several institutions. The banking sector also experienced a sharp reduction in shareholders' equity in 2001, with the capital for 22 private sector banks declining to U.S.$7,727 million at the end of 2001 from U.S.$8,551 million for 28 banks at the end of 2000, according to the Central Bank.

The Turkish money markets and foreign exchange markets have stabilised since 2001. In order to enhance disclosure and require management to maintain adequate capital, the BRSA required banks to undergo a three-part audit during the end of 2001 and the first half of 2002. Following the audit, all private commercial banks were either found to be in compliance with the 8% minimum capital requirement (which was the case for Akbank, as declared by the BRSA in mid-2002), transferred to the SDIF or asked to increase their capital level.

According to SDIF's official data, since 1994, a total of 25 private banks have been transferred to the SDIF due to, among other things, weakened financial stability and liquidity. The transparency of the system has improved along with the establishment of an independent supervisory and regulatory framework and new disclosure requirements. Structural changes undertaken have strengthened the private banking sector and resulted in a level playing field among banks. Unfair competition from state banks was diminished while the efficiency of the system increased in general as a result of consolidation. Efforts are continuing on the resolution of the SDIF banks while restructuring and privatisation of the state banks is progressing.

This restructuring in the Turkish financial sector has been significantly aided through the three-stage audit process referred to above. According to Provisional Article 11 of the Banking Law, Provisional Article 4 added to the Banks Act (Law No. 4389) (the "**Banks Act**"), though Act No. 4743 will remain applicable until the collection of receivables and finalisation of procedures against the banks taken over by the SDIF. Pursuant to Provisional Article 4 mentioned above, privately-owned deposit banks (including Akbank) under the scope of the programme went through the above-mentioned three-stage audit process. Banks appointed their own independent audit companies of each bank to conduct the first audit. To ensure that the first audit was undertaken according to agreed-upon principles, a different independent audit company appointed by the BRSA carried out the second audit. The Sworn Bank Auditors of the BRSA conducted the third and final audit. This multi-phase auditing procedure was applied so as to minimise conflicts and increase reliability in the Turkish banking system. The "audit and assessment" phase of the programme was successfully completed through close cooperation with banks and independent audit institutions. The audit and assessment phase carried out within the framework of the programme not only increased the chances of success of the programme, but also brought about positive long-term effects on the Turkish banking system. Firstly, the transparency of the banking sector increased. Announcements made by the BRSA regarding aggregate figures and the bank-specific information to be provided by banks after their general assemblies provided a platform for the sharing of reliable information, including group risks, open positions and in-kind credit risks. As a result, the true financial health of Turkish banks has become more transparent. Secondly, with the success of the audit and assessment phase, the ability of the Turkish public authorities to design and apply sound policies towards the establishment of a healthy and efficient banking sector was strengthened.

In August 2004, in an attempt to reduce the regulatory costs inherent in the Turkish banking system, the government reduced the rate of the Resource Utilisation Support Fund ("**RUSF**") applicable on short-term foreign currency commercial loans lent by banks domiciled in Turkey to zero. However, with Council of Ministers Decision No.: 2012/4116 dated 24 December 2012, published in the Official Gazette No.: 28515 of 1 January 2013, the RUSF rates changed for cross-border F/X borrowings by Turkish non-financial institution borrowers. According to the new regime, which applies to loan utilisations from 2 January 2013 onwards, are set out below:

Average Maturity	*RUSF (old)*	*RUSF (new)*
Up to one year	3%	3%
One (1) year (including) up to two (2) years	0%	1%
Two (2) years (including) up to three (3) years	0%	0.5%
Three (3) years and longer	0%	0%

The government also increased the RUSF charged on interest of foreign currency-denominated retail loans from 10% to 15% in order to curb domestic demand fuelled by credit, which was in turn perceived to be adversely affecting Turkey's current account balance. The Council of Ministers determined RUSF charged on consumer credits to be utilised by individuals (for non-commercial utilisation) at 15% with its decision numbered 2010/974 which was published in the Official Gazette dated 28 October 2010 and numbered 27743.

In accordance with the regulations of the BRSA made in 2003 (decision of BRSA dated 3 July 2003 and numbered 1084), the practice of a full insurance guarantee over savings deposits was removed on 5 July 2004. Under the new limited deposit guarantee scheme that replaced the full insurance guarantee, Turkish Lira and foreign exchange-denominated savings deposits up to TL100,000 (since 5 February 2013) opened by any natural person customer in each bank are under the insurance guarantee of SDIF. Transition from full deposit insurance guarantee to limited deposit insurance guarantee in July 2004 was the result of the positive developments realised in the economy and the financial sector and is considered a new stage in the improvement of the Turkish banking sector.

Turkish Regulatory Environment for Banks

Turkish banking legislation has changed substantially in the last decade and the Banking Law abolishing and replacing Banks Act No. 4389 (as amended by Laws No. 4491, 4672, 4684, 4743, 4842, 5020, 5189 and 5228) came into force upon publication thereof in the Official Gazette dated 1 November 2005. The purpose of enacting a new Banking Law is to establish confidence and stability in financial markets, to ensure efficient operation of the credit system and to protect the rights and interests of the depositors. The Banking Law should be regarded as a positive progress due to its provisions regarding capital adequacy, efficiency of the control and audit to be carried out by public authority, creation of a market discipline by prevention of the possible lack of control, and enforcement of the obligation of the liability insurance.

Turkish banks and also branches in Turkey of foreign banks established abroad are governed by two primary regulatory authorities in Turkey, the BRSA and the Central Bank.

The Role of BRSA

In June 1999, the Banks Act established the BRSA which ensures that banks observe banking legislation, supervises the application of banking legislation and monitors the banking system. The BRSA has administrative and financial autonomy, and its head office is in Ankara.

Articles 82 and 93 of the Banking Law state that the BRSA, having the status of a public legal entity with administrative and financial autonomy, was established in order to ensure application of the Banking Law and other relevant acts, to ensure that savings are protected and to carry out other activities as necessary by issuing regulations within the limits of authority granted to it by the Banking Law. The BRSA is obliged and authorised to take and implement any decisions and measures in order to prevent any transaction or action which could jeopardise the rights of depositors and the regular and secure operation of banks and lead to substantial damages to the national economy, and to ensure efficient functioning of the credit system.

By law, the BRSA has responsibility for all banks operating in Turkey, including foreign banks and participation banks. The BRSA sets various mandatory ratios such as capital adequacy and liquidity ratios. In addition, all banks must provide the BRSA, on a regular and timely basis, with information adequate to permit off-site analysis by the BRSA of such bank's financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditors' reports. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and annual basis, depending on the nature of the information to be reported.

The BRSA conducts both on-site and off-site audit and supervises implementation of the provisions of the Banking Law and other legislation, examination of all banking operations and analysis of the relationship and balance between assets, receivables, equity capital, liabilities, profit and loss accounts and all other factors affecting a bank's financial structure.

Pursuant to the Regulation regarding the Internal Systems and Assessment Process for the Adequacy of the Internal Capital of Banks, as issued by the BRSA and published in the Official Gazette dated 11 June 2014 and numbered 29057, the banks are obliged to establish, manage and develop (for themselves, all their branches and units and all of their consolidated affiliates) internal audit and risk management systems in line with the scope and structure of their organisations, in compliance with the provisions of such regulation. Pursuant to such regulation, the internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such departments report to the bank's board of directors. To achieve this, according to the regulation, the internal audit personnel cannot also be appointed to work in a role conflicting with their internal audit duties.

The Role of the Central Bank

The Central Bank was founded in 1930 and performs the traditional functions of a Central Bank, including the issuance of bank notes, provision of price stability and its continuity, regulation of the money supply, management of official gold and foreign exchange reserves, monitoring of the financial system and advising the government on financial matters. The Central Bank exercises its powers independently. The Central Bank is empowered to determine the inflation target together with the government, and to adopt a monetary policy in compliance with such target. The Central Bank is the only authorised and responsible institution for the implementation of such monetary policy.

The Central Bank has responsibility for all banks operating in Turkey, including foreign banks. The Central Bank sets mandatory reserve levels and liquidity ratios. In addition, as per the Turkish Central Bank Law, all banks which are operating in Turkey must provide the Central Bank with their balance sheets and profit and loss accounts together with their auditor's report within one month of their general assembly meeting, and audit reports to be prepared by independent audit companies within one month of their preparation. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and semi-annual basis, depending on the nature of the information to be reported.

Finally, The Banks Association of Turkey acts as an organisation with limited supervision and coordination. All banks in Turkey are obliged to become members of this association. As the representative body of the banking sector, the association aims to examine, protect and promote its members' professional interests. However, despite its regulatory and disciplinary functions, it does not possess any of the powers to regulate banking as the BRSA does.

Shareholding

The direct or indirect acquisition of shares, which represent 10% or more of the share capital of any bank, or the direct or indirect acquisition or transfer of shares resulting in the total number of shares held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the above thresholds, an assignment and transfer of privileged shares with the right to nominate a member to the board of directors or audit committee or issuance of new shares with such privileges is also subject to the authorisation of the BRSA. In the absence of such authorisation for the share transfers, a holder of such thresholds of shares cannot be registered in the share register, which effectively deprives such shareholder of the ability to participate in shareholder meetings or to exercise voting or other shareholders' rights with respect to the shares, but not of the right to collect dividends declared on such shares. Additionally, the direct and indirect acquisition or the transfer of the shares of a legal entity owning more than 10% of a bank is also subject to BRSA approval if such transfer directly or indirectly results in the total number of the shares held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of such legal entity. If such approval is not sought, then the relevant shares would merely entitle its owner to the dividend rights. In such case, the voting and other shareholding rights are exercised by the SDIF.

The board of directors of a bank is responsible for ensuring that shareholders attending general assemblies have obtained the applicable authorisations from the BRSA. If the BRSA determines that a shareholder has exercised voting or other shareholders' rights (other than the right to collect dividends) without due authorisation as described in the preceding paragraph, then it is authorised to direct the board of directors of the applicable bank to cancel any applicable general assembly resolutions. If the shares are obtained on the stock exchange, then the BRSA may also impose administrative fines on shareholders who exercise their rights or acquire or transfer shares as described in the preceding paragraph without BRSA authorisation. Unless and until a shareholder obtains the necessary share transfer approvals from the BRSA, the SDIF has the authority to exercise such voting and other shareholders' rights (other than the right to collect dividends and priority rights) attributable to such shareholder.

Lending Limits

In the context of the implementation of Article 48 of the Banking Law, cash credits and non-cash credits such as letters of guarantee, counter-guarantees, sureties, avals, endorsements and acceptances extended by a bank and undertakings having this qualification, bonds and similar capital market instruments purchased by it, loans it will lend by depositing or otherwise, receivables arising from the future sales of assets, overdue cash credits, interests accrued but not collected, amounts of non-cash credits converted into cash and futures and options contracts and other similar contracts, partnership interests and shareholding interests are considered as a credit irrespective of the account through which they are traced. The cash loans and non-cash loans such as letters of guarantee, counter-guarantees, suretyships, avals, endorsements, acceptance loans and commitments bearing such characteristics, bonds and similar capital market instruments that have been purchased, funds lent through making a deposit or other ways, receivables arising from the instalment sales of assets; overdue cash loans, accrued but non-collected interests, values of non-cash loans that have been converted to cash, receivables incurred from reverse repurchasing transactions, risks undertaken within the scope of futures and option contracts and other similar contracts, partnership shares and transactions recognised as loans by the Agency shall be considered as loans in the implementation of the Banking Law, irrespective of the accounts they have been booked in.

Among the credits directly or indirectly extended to, and third-party guarantee and sureties accepted from, a real person or legal entity, those equal to 10% or more of Akbank's equity capital shall be considered major credits and the total of such major credits, except for the avals and sureties, cannot exceed eight times its equity capital.

The Banking Law restricts the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group directly or indirectly to 25% of its equity capital. In calculating such limit, a credit extended to a partnership is deemed to be extended to the partners in proportion to their liabilities.

A natural person, his or her spouse and children and a partnership (i) in which he or she together with his or her spouse and children is a member of the board of directors or the general manager and (ii) that are, directly or indirectly, controlled by any one of such persons or a legal entity, either individually or jointly with third parties or in which any one of such persons participate with unlimited liability, constitutes a risk group. Furthermore, a bank, its shareholders holding 10% or more voting rights or the right to nominate board members, its board members, general manager and partnerships directly or indirectly, individually or jointly, controlled by any of these persons constitute a risk group, for which the lending limits are reduced to 20% of a bank's equity capital.

The total of the loans made available to a bank's controlling shareholders or registered shareholders holding 1% or more than 1% of the share capital of the bank and to their risk group may not exceed 50% of its capital equity.

Non-cash loans, futures and option contracts and other similar contracts, avals, guarantees and suretyships, transactions carried out with credit institutions and financial institutions, transactions carried out with the central governments, central banks and banks of countries to be accepted by the BRSA, as well as bills, bonds and similar capital market instruments issued and guaranteed to be paid by them, and transactions carried out pursuant to other guarantees to be given are taken into account by the framework for calculating loan limits set by the BRSA.

The following credits are exempt from the above-mentioned lending limits:

(a) transactions backed by cash, cash-like instruments and precious metals;

(b) transactions made with the Treasury, the Central Bank, the Privatisation Administration and the Housing Development Administration of Turkey or against bonds and bills or other securities issued by or payment of which is guaranteed by these institutions;

(c) transactions carried out in markets established by the Central Bank or other money markets created pursuant to special laws;

(d) any increase in a credit resulting from an increase in the value of the respective currency and interests accrued and other charges on overdue credits provided that subsequently allocated credits in a foreign currency shall be taken into consideration at the exchange rate applied on the date of utilisation thereof for calculation of lines of credit in the event a new credit is allocated to the same person;

(e) equity participations acquired at no cost and any increase in the value of equity participations not requiring any payment;

(f) transactions carried out amongst banks on the basis set out by the BRSA;

(g) equity participations acquired through underwriting commitments in public offerings provided that such participations are disposed of in a manner and at a time determined by the BRSA;

(h) transactions which are taken into account as deductibles in calculation of own funds; and

(i) other transactions to be determined by the BRSA.

Loan Loss Reserves

Procedures relating to loan loss reserves for non-performing loans are set out in regulations issued by the BRSA. Pursuant to the Regulation on the Principles and Procedures Related to the Determination of Qualifications of the Loans and other Receivables by Banks and the Provisions to be Set Aside in relation thereto published in the Official Gazette No. 26333 dated 1 November 2006 and most recently amended on 14 February 2015 (the "**Regulation**"), banks are required to classify their loans and receivables in one of the following groups:

I. Loans of a Standard Nature and Other Receivables – This group involves loans and other receivables:

(1) which have been disbursed to natural persons and legal entities with financial creditworthiness;

(2) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor;

(3) the reimbursement of which has been made within specified periods, for which no reimbursement problems are expected in the future and which can be fully collected; or

(4) for which no weakening of the creditworthiness of the debtor concerned has been found.

The terms of a bank's loans and receivables monitored in this group may be modified if such loans and receivables continue to have the conditions envisaged for this group; however, in the event that such modification is related to the extension of the initial payment plan under the loan or receivable, a general loan provision, not being less than five times the sum of 1% of the cash loan portfolio plus 0.2% of the non-cash loan portfolio (letters of guarantee, acceptance credits, letters of credit undertakings and endorsements) or 0% for cash and non-cash loans utilised for transit trade, sales and deliveries considered as exports and foreign exchange earning services and activities monitored under Group I and 0.5% and 0.1%, respectively, for cash and non-cash loans provided to SMEs is required to be set aside and such modifications are required to be disclosed under the financial reports to be disclosed to the public. This ratio is required to be at least 2.5 times the consumer loans provisions for amended consumer loan agreements (other than vehicle and mortgage loans). The modified loan or receivable may not be subject to this additional general loan provision if such loan or receivable has low risk, is extended with a short term and the interest payments thereof are made in a timely manner; provided that the principal amount of such loan or receivable must be repaid within a year, at the latest, if the term of the loan or receivable is renewed without causing any additional cost to a bank.

Pursuant to the amendment made to the Regulation dated 8 October 2013, the definition of consumer loans has been extended to include credit card loans for individuals and overdraft loans for individuals, banks whose total consumer loans excluding mortgage loans exceed 25% of total cash loans, shall allocate general provisions for the consumer loan portfolio excluding mortgage loans under Group I and under Group II at a rate of 4% and 8% respectively. By the end of 2013, banks were required to set aside at least 25% of the necessary provisioning due to above increase and to set aside at least by 50% by the end of 2014 and will be required to set aside 100% by the end of 2015.

II. Loans and Other Receivables Under Close Monitoring – *This group involves loans and other receivables:*

(1) which have been disbursed to natural persons and legal entities with financial creditworthiness and for the principal and interest payments of which there is no problem at present, but which need to be monitored closely due to reasons such as negative changes in the solvency or cash flow of the debtor, or anticipation of probable materialisation of the latter or, significant financial risk carried by the person utilising the loan;

(2) whose principal and interest payments according to the conditions of the loan agreement are not likely to be repaid according to the terms of the loan agreement and where the persistence of such problems might result in partial or full non-reimbursement risk;

(3) which are very likely to be repaid, but the due dates are delayed for more than 30 days in the collection of the principal and interest payments due to justifiable reasons, however, which cannot be considered as loans or other receivables with limited recovery; or

(4) although the standing of the debtor has not weakened, there is a high likelihood of weakening due to the debtor's irregular cash flow which is difficult to control.

If a bank has made several loans to a customer and any of these loans is included in this group, then all of the bank's loans to such customer will be classified in this group even though some of the bank's loans to such customer would otherwise have been included in group I above. The terms of a bank's loans and receivables monitored in this group may be modified if such loans and receivables continue to have the conditions envisaged for this group; however, in the event that such modification is related to the extension of the initial payment plan under the loan or receivable, a general loan provision, not being less than 2.5 times the sum of 2% of the cash loan portfolio plus 0.4% of the non-cash loan portfolio for closely-monitored loans are required to be set aside and such modifications are required to be disclosed under the financial reports to be disclosed to the public. This ratio is required to be at least 1.25 times the consumer loans provisions for amended consumer loan agreements (agreements other than vehicle and mortgage loans). The modified loan or receivable may not be subject to this additional general loan provision if such loan or receivable has low risk, is extended with a short term and the interest payments thereof are made in a timely manner; provided that the principal amount of such loan or receivable must be repaid within a year, at the latest, if the term of the loan or receivable is renewed without causing any additional cost to a bank.

III. Loans and Other Receivables with Limited Recovery – *This group involves loans and other receivables:*

(1) with limited collectability due to the resources of, or the securities furnished by, the debtor being found insufficient to meet the debt on the due date, and where the problems observed are not eliminated, they are likely to cause loss;

(2) the credibility of whose debtor has weakened and where the loan is deemed to have weakened;

(3) collection of whose principal or interest or both, has been delayed for more than 90 days but not more than 180 days from the due date; or

(4) in connection with which, the bank is of the opinion that collection by the bank of the principal or interest of the loan or both will be delayed for more than 90 days from the due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity.

IV. Loans and Other Receivables with Suspicious Recovery – *This group involves loans and other receivables:*

(1) which seem unlikely to be repaid or liquidated under existing conditions;

(2) in connection with which there is a strong likelihood that the bank will not be able to collect the full loan amount that has become due or payable, under the terms stated in the loan agreement;

(3) whose debtor's creditworthiness is deemed to have significantly weakened but which are not yet completely considered as an actual loss due to the expected contribution of such other factors as a merger, the possibility of finding new financing or a capital increase and improvement in the debtor's creditworthiness and collectability of loans; or

(4) there is a delay of more than 180 days but not more than one year from the due date in the collection of the principal or interest or both.

V. Loans and Other Receivables Considered as Losses – *This group involves loans and other receivables:*

(1) which are deemed to be uncollectible;

(2) collection of whose principal or interest or both has been delayed by one year or more from the due date; or

(3) for which, although sharing the characteristics stated in the third and fourth categories, the bank is of the opinion that they have become weakened and that the debtor has completely lost his creditworthiness, due to the strong possibility that it will not be possible to fully collect the amounts that have become due and payable within a period of over one year.

Pursuant to Article 53 of the Banking Law, banks must formulate, implement and regularly review policies regarding: compensation for losses that have arisen or are likely to arise in connection with loans and other receivables and to reserve an adequate level of provisions against impairment in the value of other assets and receipt of guarantees and measurement of their value and reliability. In addition, such policies must address issues such as monitoring the loans, follow-up procedures and the repayment of overdue loans. Banks are under an obligation to establish and operate systems performing all of the foregoing.

All provisions set aside for loans and other receivables in accordance with this Article 53 are considered expenditures deductible from the corporate tax base in the year they are set aside. Pursuant to the amendment dated 21 September 2012 to the Regulation, banks are required to reserve adequate provisions for loans and other receivables until the end of the month during which the payment of such loans and receivables has been delayed.

The Regulation requires Turkish banks to provide general provisions calculated at:

a. 1% of the loan cash portfolio plus 0.2% of the non-cash loan portfolio (letters of guarantee, aval, sureties and other non-cash loans classified in Group I above); and

b. 2% of the closely monitored loan portfolio plus 0.4% of the non-cash loan portfolio (letters of guarantee, aval, sureties and other non-cash loans classified in Group II above).

The amendments to the Regulation on 16 February 2015 allow banks to provide a general reserve calculated at 0% for cash and non-cash loans utilised for transit trade, sales and deliveries considered as exports and foreign exchange earning services and activities monitored under Group I and a general reserve calculated at 0.5% and 0.1%, respectively, for cash and non-cash loans provided to SMEs.

In addition to the general provision, special provisions must be set aside for non-performing loans and receivables in Groups III, IV and V described above, in the amounts of 20%, 50% and 100%, respectively, of the relevant loan or receivable.

Pursuant to the same regulation, all loans and receivables in groups III, IV and V above, irrespective of whether any interest or other similar obligations of the debtor are applicable on the principal or whether the receivables have been refinanced, are defined as NPLs. If several loans have been extended to a loan customer by the same bank and if any of these loans is considered as a NPL, then all outstanding risks of such loan customer are classified in the same group as the NPLs even if such loans would not otherwise fall under the same group as such NPLs. If a NPL is repaid in full, the other loans of the loan customer may be re-classified into the applicable group as if there were not related to NPLs.

Pursuant to the amendment dated 21 September 2012 made on the Regulation, the BRSA is entitled to increase the provision rates taking into account the sector and country risk status of the borrowers.

Banks must also monitor the following types of security based on their classification:

I. Category I Collateral –

a. cash, deposit, profit sharing fund and gold deposit accounts provided that they are secured with pledge or assignment agreements, promissory notes, debenture bonds and similar securities issued directly or guaranteed by the Central Bank, the Treasury, the Housing Development Administration of Turkey or the Privatisation Administration and funds gained from repurchase transactions over similar securities and B-type investment profit sharing funds, member firm receivables arising out of credit cards and gold reserved within Akbank;

b. transactions executed with the Treasury, Central Bank, the Privatisation Administration and the Housing Development Administration and the transactions made against promissory notes, debenture bonds and lease certificates under the Law numbered 4744, the Law regarding the Regulation of Public Finance and Debt Management published in the Official Gazette dated 9 April 2002 and numbered 24721 and similar securities issued directly or guaranteed by such institutions;

c. securities issued directly by, or under the surety of, the central governments or central banks of countries that are members of OECD or guarantees and sureties given by them;

d. guarantees and sureties given by the banks operating in OECD member states;

e. securities issued directly or guarantees and sureties given by the European Central Bank;

f. sureties and letters of guarantee, aval, acceptance and endorsements issued by banks operating in Turkey in compliance with their maximum lending limits; and

g. bills and bonds issued by banks operating in Turkey the lease certificates the fund users of which are banks and the mortgage-backed securities and asset-backed securities issued by the banks.

II. Category II Collateral –

a. precious metals other than gold;

b. shares quoted on a stock exchange and A-type investment profit sharing funds;

c. asset-backed securities and private sector bonds except the ones issued by the borrower;

d. credit derivatives providing protection against credit risk;

e. the assignment or pledge of accrued entitlements of real and legal persons with public agencies;

f. liquid securities, negotiable instruments representing commodities, other types of commodities and movables pledged at market value;

g. mortgages on real property registered with the land registry and mortgages on real property built on allocated real estate provided that their appraised value is sufficient; and

h. export documents appurtenant to a bill of lading or carrier's receipt or insured within the scope of export credit insurance policy;

i. negotiable instruments obtained from real and legal persons based on actual commercial relationships;

j. commercial receivable insurance policies; and

k. Credit Guarantee Fund sureties which do not have Treasury Undersecretaries' support.

III. Category III Collateral –

a. commercial enterprise pledges;

b. other export documents;

c. vehicle pledges, including pledges of commercial vehicle lines and licence plates;

d. mortgages on aircraft or ships;

e. sureties from real or legal persons, creditworthiness of which is higher than the debtor; and

f. promissory notes of real and legal persons.

IV. Category IV Collateral – Any other security not otherwise included in Category I, II or III.

Assets owned by banks and leased to third parties under financial leasing agreements must also be classified in accordance with the above mentioned categories.

When calculating the special reserve requirements for NPLs, the value of collateral received from the borrower is deducted from the borrower's loans and receivables in Categories III, IV and V above in the following proportions in order to determine the amount of the required reserves:

	Discount Ratio %
Category I Collateral	100
Category II Collateral	75
Category III Collateral	50
Category IV Collateral	25

If the value of the collateral exceeds the amount of the NPLs, the above mentioned rates of consideration are applied only to the portion of the collateral which is equal to the amount of the NPLs.

According to Article 11 of the Regulation, in the event of the borrower's failure to repay the loans or any other receivables, including deferred interests, due to a temporary lack of liquidity that the borrower is facing, the bank is allowed to refinance the borrower with additional funding in order to strengthen its liquidity position or to structure a new repayment plan. Such loans and other receivables are required to remain in their current loan Categories III, IV or V for at least the next six-month period and, within such period, provisions continue to be set aside at the special provisions rate applicable to the relevant group. Following this six month period, if total collections reach at least 15% of the total receivables for restructured loans, the remaining receivables are reclassified to the "Refinanced/Restructured Loans and Receivables" account. The bank may refinance the borrower for a second time if the borrower fails to repay the refinanced loan, provided that 20% of the principal is collected on a yearly basis.

In addition to the general provisioning rules, the BRSA has from time to time enacted provisional rules relating to exposures to debtors in certain industries (such as the maritime industry) or countries (such as current rules that are in place for real persons or legal entities residing in or engaged in activities relating to Libya and Syria).

According to Provisional Article 6 of the Regulation, which is effective until 31 December 2015, debt classified as group II receivables granted by the banks to be used in the maritime sector can be restructured twice. Furthermore, such restructured debt may be classified as group I receivables; *provided* that at least 10% of the total debt has been repaid. Any such debt classified under group I that is reclassified as group II debt or that is restructured or is continued to be monitored under group II as the agreed conditions for reclassification were not adhered to and are restructured once again may be reclassified as group I debt; *provided* that at least 15% of the total debt has been repaid. If such debt becomes subject to a redemption plan for a second time as a result of new loans having been utilized, then such debt shall be classified as group III debt until 5% of the total debt has been repaid. As long as such percentage of payments foreseen in the redemption plan are made within the payment periods envisaged for group III, it is in the bank's discretion to set aside special provisions for such loans and receivables.

In addition, pursuant to Provisional Article 6 described above, if there are loans or any other receivables classified under groups III, IV and V (excluding loans granted to be used for maritime sector as well as other receivables), then such debt shall be reclassified in the same group as the debt relating to maritime sector as described in the preceding paragraph; *however*, setting aside special provisions in the ratio foreseen by the related group for these loans is in the discretion of banks. So long as the classification methods as set out in the regulation are complied with, if a borrower fails to repay such debt due to a temporary lack of liquidity, then a bank is allowed to refinance the borrower with additional funding in order to strengthen its liquidity position or to structure a new repayment plan up to three times.

Any debt restructured pursuant to the paragraph above may be reclassified to the "Refinanced/Restructured Loans and Receivables Account" if:

- at least 5% of the total debt in the first restructuring has been repaid and the restructured loans have been monitored under their respective group(s) for a period of at least three months,
- at least 10% of the total debt in the second restructuring has been repaid and the restructured loans have been monitored under their respective group(s) for a period of six months,

- at least 15% of the total debt in the third restructuring has been repaid and the restructured loans have been monitored under their respective group(s) for a period of one year, and
- the payments foreseen in the payment plan are not delayed.

Banks must provide information in their year-end and interim financial reports to be disclosed to the public for the loans and receivables involving the maritime sector, as defined above, that are subject to the terms of a new contract or restructured.

Capital Adequacy

Basel II was first implemented into Turkish law by the BRSA, by a regulation on measurement and assessment of capital adequacy of banks which entered into force on 1 July 2012. Article 45 of the Banking Law defines "Capital Adequacy" as having adequate equity against losses that could arise from the risks encountered. Pursuant to the same article, banks must calculate, achieve, perpetuate and report their capital adequacy ratio, which, within the framework of the BRSA's regulations, cannot be less than 8%.

The BRSA is authorized to increase the minimum capital adequacy ratio and the minimum consolidated capital adequacy ratio, to set different ratios for each bank and to revise the calculation and notification periods, but must consider each bank's internal systems as well as its asset and financial structures.

Under the Regulation on Equities of Banks published in the Official Gazette No. 28756 dated 5 September 2013 (the "**BRSA Equities Regulation**"), the bank's own funds consist of main capital (consisting of common capital and additional main capital) (i.e., Tier 1 capital) and supplementary capital (i.e., Tier II capital) minus capital deductions. Subordinated debts of a bank are grouped as "primary subordinated debts" (including utilizations in loan and bond format) and "secondary subordinated debts" (including utilizations in loan and bond format) and are listed as one of the items that constitute "Tier I" and "Tier II" capital, respectively.

Basel III

In December 2009, the Basel Committee published a draft proposal of a new regulatory regime for capital and liquidity standards for banks. A comprehensive quantitative impact study was conducted by banks during the spring 2010 based on the draft proposal, and the Basel Committee issued a final comprehensive framework in December 2010 ("**Basel III**"). Revisions to the Basel III regulations were subsequently issued in 2011 and 2013. The Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements.

More specifically, the Basel III framework includes several key initiatives, which change the Basel II framework. The key changes are, among others:

- The quality, consistency and transparency of the capital base are increased. In the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base. Further, to be eligible as Tier 1 and Tier 2 capital, instruments will need to meet more stringent requirements.

- The risk coverage is further strengthened, which impacts the calculations of risk-weighted assets. These changes concern increased capital requirements for trading book and securitisation activities, and were implemented in December 2011 throughout Europe. Further changes, being implemented from 2013, are proposed for counterparty credit risk in OTC market instruments and exposures to banks and other financial intermediaries. In particular, a new capital requirement is proposed for risk of changes in the credit value adjustment ("**CVA**").

- Increased minimum requirements and new capital buffer requirements introduced. The Basel Committee has defined increased minimum thresholds that banks should at all times exceed, that is, minimum 4.5% common equity Tier 1 ratio, 6% Tier 1 ratio and 8% capital ratio. In addition, the Basel III framework introduces a capital conservation buffer of 2.5% on top of these minimum thresholds. If banks do not meet this buffer, constraints will be imposed on the bank's capital distribution, such as the payment of dividends. Also, in periods of excess growth, banks will be required to hold an additional countercyclical buffer of up to 2.5% in order not to face restrictions.

Given the nature of Akbank's existing capital base, mostly composed of common equity and retained earnings, Akbank expects that the impact of the Basel III framework on its capital base will be limited and believes that it is already in compliance with the capital requirements set forth within the Basel III framework.

The Basel Committee has also proposed that the risk sensitive capital framework should be supplemented with a non-risk based measure, the leverage ratio. The leverage ratio will be calculated as the Tier 1 capital divided by the exposure (on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). A minimum leverage ratio of 3% will be evaluated during a parallel run period.

Another new key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. The Basel Committee has developed two new quantitative liquidity standards as part of the Basel III framework, which are the liquidity coverage ratio and the net stable funding ratio. The liquidity coverage ratio aims to ensure that a bank maintains an adequate level of unencumbered, high quality assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. The net stable funding ratio, on the other hand, establishes a minimum acceptable amount of stable funding, based on the liquidity characteristics of an institution's assets and activities over a one-year horizon. These standards aim to set the minimum levels of liquidity for internationally active banks.

In 2013, the BRSA announced its intention to adopt the Basel III requirements and, as published in the Official Gazette dated 5 September 2013 and numbered 28756, adopted the BRSA Equities Regulation and amendments to the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks, both of which entered into effect on 1 January 2014. The BRSA Equities Regulation introduces core Tier I capital and additional Tier I capital as components of Tier I capital, while the amendments to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks: (a) introduced a minimum core capital adequacy standard ratio (4.5%) and a minimum Tier I capital adequacy standard ratio (6.0%) to be calculated on a consolidated and non-consolidated basis (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%) and (b) change the risk weights of certain items that are categorized under "other assets." The BRSA Equities Regulation has also introduced new Tier II rules and determined new criteria for debt instruments to be included in the Tier II capital.

In addition to these new regulations: (a) the Regulation on the Capital Maintenance and Cyclical Capital Buffer, which regulates the procedures and principles regarding the calculation of additional core capital amount, and (b) the Regulation on the Measurement and Evaluation of Leverage Levels of Banks, through which regulation the BRSA seeks to constrain leverage in the banking system and ensure maintenance of adequate equity on a consolidated and non-consolidated basis against leverage risks, were published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014 with the exception of certain provisions of the Regulation on the Measurement and Evaluation of Leverage Levels of Banks that have entered into effect as of 1 January 2015 (except net stable funding ratio and counterparty credit risk requirements).

Lastly, the Regulation on the Calculation of Banks' Liquidity Coverage Ratios (defined below), through which the BRSA seeks to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period both on a consolidated and unconsolidated basis, was published in the Official Gazette, dated 21 March 2014 and numbered 28948, and entered into effect immediately with the provisions thereof becoming applicable as of 1 January 2014 (with the exception of certain provisions relating to minimum coverage ratio levels and the consequences of failing to maintain compliance, which entered into effect on 1 January 2015). If the Bank is unable to maintain its capital adequacy or leverage ratios above the minimum levels required by the BRSA or other regulators (whether due to the inability to obtain additional capital on acceptable economic terms, if at all, sell assets (including subsidiaries) at commercially reasonable prices, or at all, or for any other reason), then this could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Liquidity and Reserve Requirements

Article 46 of the Banking Law requires banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures set out by the BRSA. Within this framework, a comprehensive liquidity arrangement has been put into force by the BRSA, following the consent of the Central Bank.

The Regulation on the Calculation of Banks' Liquidity Coverage Ratios, through which BRSA seeks to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period, both on a consolidated and unconsolidated basis, was published in the Official Gazette, dated 21 March 2014 and numbered 28948 (the "**Regulation on Liquidity Coverage Ratios**") and entered into effect immediately with the provisions thereof becoming applicable as of 1 January 2014 (with the exception of certain provisions relating to minimum coverage ratio levels, which entered into effect on 1 January 2015). The Regulation on Liquidity Coverage Ratios provides that the ratio of the high quality asset stock to the net cash outflows, both of which are calculated in line with the regulation, cannot be lower than 100% in respect of total consolidated and non-consolidated liquidity and 80% in respect of total consolidated and non-consolidated foreign exchange liquidity. Unconsolidated total and foreign currency liquidity coverage ratios cannot be non-compliant more than six times within a calendar year, which includes non-compliances that have already been remedied. With respect to consolidated total and foreign currency liquidity coverage, these cannot be non-compliant consecutively within a calendar year and such ratios cannot be non-compliant for more than two times within a calendar year, including the non-compliances that have already been remedied.

Pursuant to Communique Reserve Requirements numbered 2013/15 and published in the Official Gazette dated 25 December 2013 and numbered 28862 ("Communique Regarding Reserve Requirements", as of the date of this Prospectus, the reserve requirements regarding foreign currency liabilities vary by category, as set forth below:

Category of Foreign Currency Liabilities Required	*Reserve Ratio*
Demand deposits, notice deposits, private current accounts and the deposit/participation accounts	
With up to (and including) 1-month, 3-month, 6-month and up to 1-year maturities	13%
Deposit/participation accounts up to 1-year and longer maturities	9%
Other liabilities up to 1-year maturity (including 1-year)	20%
Other liabilities up to 2-year maturity (including 2-year)	14%
Other liabilities up to 3-year maturity (including 3-year)	8%
Other liabilities up to 5-year maturity (including 5-year)	7
Other liabilities longer than 5 year maturity	6%
Special fund pools	Ratios for corresponding maturities above

The reserve requirements regarding Turkish Lira liabilities vary by category, as set forth below:

Category of Turkish Lira Liabilities Required	*Reserve Ratio*
Demand deposits, notice deposits, private current accounts and the deposits/accounts with up to 1-month maturity (including 1-month) up to 3-month maturity (including 3-month)	11.5%
Deposits/participation accounts up to 1-month maturity (including 1-month)	11.5%
Deposits/participation accounts up to 3-month maturity (including 3-month)	11.5%
Deposits/participation accounts up to 6-month maturity (including 6-month)	8.5%
Deposits/participation accounts up to 1-year maturity	6.5%
Deposits/participation accounts up to 1-year and longer maturities	5%
Other Turkish Lira liabilities up to 1-year maturity (including 1-year)	11.5%
Other Turkish Lira liabilities up to 3-years maturity (including 3-years)	8%
Other Turkish Lira liabilities longer than 3-year maturity	5%
Special fund pools	Ratios for corresponding maturities above

The reserve requirements will also apply to gold deposit accounts. Furthermore, pursuant to the Communiqué Regarding Reserve Requirements issued by the Central Bank, banks are permitted to maintain: (a) up to a maximum of 60% of the Turkish Lira reserve requirements in U.S. Dollars (first 30% at 1.0 times, second 5% at 1.5 times, third 5% at 1.9 times, fourth 5% at 2.3 times, fifth 5% at 2.7 times, sixth 5% at 3.1 times, seventh 5% at 3.9 times, eighth 5% at 4.1, ninth 5% at 4,3, tenth 5% 4,5 and eleventh 5% at 4,7 times) and up to a maximum of 30% of the Turkish lira reserve requirements in standard gold (first 15% at 1.4 times, second 5% at 1.5 times, third 5% at 2.0 times and fourth 5% at 2.5 times the reserve requirement) and (b) up to the entire amount of reserve requirements that should be maintained for precious metal deposit accounts should be maintained in the form of standard gold in blocked accounts. In addition, pursuant to the Communiqué Regarding Reserve Requirements banks are required to maintain their required reserves against their US Dollar denominated liabilities in U.S. Dollars only.

Furthermore, pursuant to an amendment to the Communiqué Regarding Reserve Requirements entered into force on 17 January 2014, a bank must establish additional mandatory reserves if its financial leverage ratio falls within certain intervals. The financial leverage ratio is calculated according to the division of a bank's capital into the sum of the following items:

(a) its total liabilities,

(b) its total non-cash loans and obligations,

(c) its revocable commitments multiplied by 0.1,

(d) the total sum of each of its derivatives commitments multiplied by its respective loan conversion rate, and

(e) its irrevocable commitments.

This additional mandatory reserve amount is calculated quarterly according to the arithmetic mean of the monthly leverage ratio.

A bank also must maintain mandatory reserves for six mandatory reserve periods beginning with the fourth calendar month following an accounting period and additional mandatory reserves for liabilities in Turkish Lira and foreign currency, as set forth below:

Calculation Period for the Leverage Ratio	**Leverage Ratio**	**Additional Reserve Requirement**
From the 4th quarter of 2014 through the 3rd quarter of 2014…	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.25%	1.5%
	From 3.25% (inclusive) to 3.5%	1.0%
From the 4th quarter of 2014 through the 3rd quarter of 2015…	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.50%	1.5%
	From 3.50% (inclusive) to 4.0%	1.0%
Following the 4th quarter of 2015 (inclusive) …………………	Below 3.0%	2.0%
	From 3.0% (inclusive) to 4.0%	1.5%
	From 4.0% (inclusive) to 5.0%	1.0%

Banks have been required to notify the Central Bank of their leverage ratios starting from 31 December 2012, and the above described additional reserve requirements were first implemented in 2014 starting with 2013 year end financials.

Starting in September 2010, reserve accounts kept in Turkish Lira became non-interest bearing (reserve accounts in foreign currencies have not been interest bearing since 2008).

The regulations state that the liquidity adequacy ratio of a bank is the ratio of high quality liquid asset reserves to net cash outflows of the bank. A bank must maintain an arithmetic average of 100% liquidity adequacy (both consolidated and unconsolidated) (to be calculated based on a weekly average of the ratios of business days for the unconsolidated ratio as defined by the regulation and (to be calculated based on a monthly average of the ratios of the business days for the consolidated ratio) and 80% liquidity adequacy (both consolidated and unconsolidated) for its foreign currency liabilities.

Foreign Exchange Requirements

Pursuant to a regulation on foreign exchange net position/capital base issued by the BRSA and published in the Official Gazette dated 1 November 2006 and numbered 26333, the ratio of a bank's foreign exchange net position to its capital base should not exceed 20%, which calculation is required to be made on a weekly basis. The net foreign exchange position is the difference between the Turkish Lira equivalent of a bank's foreign exchange assets and its foreign exchange liabilities. For the purpose of computing the net foreign exchange position, foreign exchange assets include all active foreign exchange accounts held by a bank (including its foreign branches), its foreign exchangeindexed assets and its subscribed forward foreign exchange purchases; for purposes of computing the net foreign exchange position, foreign exchange liabilities include all passive foreign exchange accounts held by a bank (including its foreign branches), its subscribed foreign exchange-indexed liabilities and its subscribed forward foreign exchange sales. If the ratio of a bank's net foreign exchange position to its capital base exceeds 20%, then the bank is required to take steps to move back into compliance within two weeks following the bank's calculation period. Banks are permitted to exceed the legal net foreign exchange position to capital base ratio up to six times per calendar year.

Audit of Banks

Pursuant to Article 24 of the Banking Law, a bank's board of directors shall establish an audit committee for the execution of the audit and monitoring functions of the board of directors. Audit committees shall consist of a minimum of two members who must be appointed from among the members of the board of directors who do not have executive duties. The duties and responsibilities of the audit committee include the supervision of the efficiency and adequacy of the banks' internal control, risk management and internal audit systems, functioning of these systems and accounting and reporting systems within the framework of the Banking Law and the relevant legislation, and integrity of the information produced; conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors; regularly monitoring the activities of independent audit firms selected by the board of directors; and, in the case of parent undertakings covered by the Banking Law, ensuring that the internal audit functions of the relevant institutions are carried out in a consolidated and coordinated manner, on behalf of the board of directors.

The BRSA, as the principal regulatory authority, has the right to monitor banks' compliance with the relevant legislation.

As part of exercising this right, the BRSA reviews audit reports prepared for banks by their independent auditing firms. Banks are required to select an independent audit firm in accordance with the Regulation Regarding the Authorisation and Activities of Incorporations that Will Perform Independent Audit at Banks, published in the Official Gazette on 1 November 2006, numbered 26333 (as amended by the Regulation published in the Official Gazette dated 24 July 2007 and numbered 26592). Independent auditors are held liable for certain liabilities defined in the regulation. Professional liability insurance is required for independent auditors, evaluators, rating agencies and certain other support services. Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited, whereas other quarters' consolidated interim financial statements are subject only to a limited review by independent audit firms.

The reports prepared by independent audit firms are also filed with the Capital Markets Board ("**CMB**") if the banks' shares are quoted on the Borsa Istanbul. The CMB has the right to inspect the accounts and transaction records of any publicly traded company. In addition, quarterly reports that are subject to limited review must also be filed with the CMB.

All banks (public and private) also undergo annual and interim audits by the BRSA. Prior to the enactment of the Banks Act, the supervision used to be carried out by the Treasury and the Central Bank. Annual audits encompass all aspects of a bank's operations, its financial statements and other matters affecting the bank's financial position, including its domestic banking activities, foreign exchange transactions and tax liabilities.

Additionally, such audits seek to ensure compliance with applicable laws and constitutional documents of the bank. The Central Bank has the right to monitor compliance by banks with the Central Bank's regulations through off-site examinations.

Pursuant to the Regulation regarding the Internal Systems and Assessment Process for the Adequacy of the Internal Capital of Banks, as issued by the BRSA and published in the Official Gazette dated 11 June 2014 and numbered 29057, banks are required to establish, manage and develop (for themselves and all of their consolidated affiliates) internal audit and risk management systems commensurate with the scope and structure of their activities, in compliance with the provisions of the regulation. Pursuant to such regulation, the internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such department reports to the bank's board of directors. To achieve this, according to the regulation, the internal control personnel cannot also be appointed to work in a role conflicting with their internal control duties.

Savings Deposit Insurance Fund

Article 111 of the Banking Law relates to the SDIF and its principles. The SDIF has been established to develop trust and stability in the banking sector by strengthening the financial structures of Turkish banks, restructuring Turkish banks as needed, and insuring the savings deposits held by Turkish banks. The SDIF is a public legal entity set up to insure savings deposits held by banks. The SDIF is responsible for and authorised to take measures to restructure, transfer to third parties and strengthen the financial structures of banks, the shares of which and/or the management and control of which have been transferred to the SDIF in accordance with Article 71 of the Banking Law, to restructure such banks and to transfer them to third persons, as well as other duties imposed on it.

The main powers and duties of the SDIF pursuant to the SDIF regulation published in the Official Gazette dated 25 March 2006 and numbered 26119 are as follows:

(a) Ensuring the enforcement of the SDIF Board's decisions;

(b) Establishing the human resources policies of the SDIF;

(c) Becoming members of international financial, economic and professional organisations, in which domestic and foreign equivalent agencies participate, and signing memoranda of understanding with the authorised bodies of foreign countries regarding the matters that fall under the SDIF's span of duty;

(d) To insure the savings deposit and participation funds in the credit institutions;

(e) To determine the scope and amount of the savings deposit and participation funds which are subject to insurance with the opinion of the Central Bank, BRSA and Treasury Undersecretaries, to determine risk based insurance premiums timetable, collection time and form and other issues in cooperation with the opinion of BRSA;

(f) To pay the insured deposits and participation funds from its sources, in the credit institutions whose operating permission have been revoked, directly or through another bank;

(g) To fulfil the necessary operations regarding the transfer, sale and merger of the banks whose shareholder rights except dividends and management and supervision transferred to the SDIF by BRSA, with the condition that the losses of the partners are reduced from the capital;

(h) To take management and control of the banks whose operating permission has revoked and fulfil the necessary operations regarding the bankruptcy and liquidation of them;

(i) To request from the public institutions, agencies, real persons and legal entities to provide the all information, document and book, continuously, regularly and timely for the SDIF in the framework of the Article 123 of the Law with the charged personnel or official inscription;

(j) To make regulations and communiqué's for the enforcement of the Law with SDIF Board's decision; and

(k) To fulfil the other duties that the Law and other related legislation assign.

Premiums paid by a bank into the SDIF are to be treated as an expense in the calculation of that bank's corporate tax.

In the event of the bankruptcy of a bank, the SDIF is a privileged creditor and may liquidate the bank under the provisions of the Execution and Bankruptcy Law No. 2004, exercising the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration.

The owners of deposits and participation funds are treated as privileged creditors with respect to the part of their accounts not subject to insurance, pursuant to article 206, line three of the Execution and Bankruptcy Law no. 2004, and receive their receivables after the payment of the receivables of the SDIF and the claims of the state and social security organisations covered by the Law No. 6183 in the case of the bankruptcy of credit institutions.

The resources available to the SDIF pursuant to Article 130 of the Banking Law are: (a) insurance premiums paid by banks; (b) deposits, custody accounts, contributions/funds and claims that have been prescribed; (c) contributions deposited by the founders of a bank in an amount equal to 10% of the minimum capital deposited within one year following the commencement of their activities; (d) if permission is granted by the BRSA for the acquisition of shares beyond the limits set forth in the Banking Law, 1% of the nominal or market value of all allocated shares; (e) 50% of judicial and 90% of administrative fines imposed on account of violation of the provisions of the Banking Law; (f) revenue from the assets of the SDIF and other revenues; and (g) the funds to be transferred to the SDIF and not sought by their owners for ten years (whereas a certain notification procedure is followed by SDIF annually) following a voluntary liquidation of a bank in accordance with the Banking Law.

Under Article 131 of the Banking Law, the SDIF may, in extraordinary situations, borrow with the authorisation of the Treasury or borrow long-term government securities from the Treasury. Principles and procedures regarding government securities, including interest rates and terms and conditions of repayments to the Treasury, are determined jointly by the Treasury and the SDIF.

Cancellation of Banking License

According to Article 67 of Banking Law, if the results of consolidated and unconsolidated audits show that:

- the assets of a bank are likely to become insufficient to cover its obligations as they become due;
- the bank is not complying with liquidity requirements;
- the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between expenses and profit;
- the regulatory equity capital of such bank is not sufficient or is likely to become insufficient;
- the quality of assets of such bank have been impaired in a manner potentially weakening its financial structure;
- the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA;
- such bank fails to establish internal audit, supervision and risk management systems or to effectively and sufficiently conduct such systems, or any other factor impedes the audit; or
- imprudent acts of such bank's management materially increase the risks stipulated under the Banking Law and relevant legislation or potentially weaken the bank's financial structure,

then, depending on which events listed above are applicable, the BRSA may require the board of directors of such bank to take one or more of the following actions or any other actions that the BRSA deems necessary:

- to increase its equity capital;
- not to distribute dividends for a temporary period and to transfer its distributable dividend to the reserve fund;
- to increase its loan provisions;
- to stop extension of loans to its shareholders;
- to dispose of its assets in order to strengthen its liquidity;
- to limit or stop its new investments;

- to limit its salary and other payments;
- to cease its long-term investments;
- to comply with the relevant banking legislation;
- to cease its risky transactions by re-evaluating its credit policy; and/or
- to take all actions to decrease any maturity, foreign exchange and interest rate risks,

for a period determined by the BRSA and in accordance with a plan approved by the BRSA.

In the event the aforementioned actions are not taken by that bank or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking such actions will not lead to a result, then the BRSA may require such bank:

- to strengthen its financial structure, increase its liquidity and/or capital adequacy;
- to dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA;
- to decrease its operational and management costs;
- to postpone its payments under any name whatsoever, excluding the regular payments to be made to its members;
- to limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors;
- to convene an extraordinary general assembly in order to change the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for the failure to comply with the relevant legislation or the increase in risk as set out above; and/or
- to implement short-, medium- or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank, and the members of the board of directors and the shareholders with qualified shares must agree to the implementation of such plan in writing.

In the event that the aforementioned actions are not taken by that bank, or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking these actions will not lead to a result, then the BRSA may require such bank:

- to limit or cease its business or its whole organisation by its field of activity for a temporary period, including its relations with its local or foreign branches and correspondents;
- to apply various restrictions, including restrictions on rate ratio and maturity with respect to resource collection and utilisation;
- to remove from office (in whole or in part) its members of the board of directors, general manager and deputy general managers and department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace these;
- to make available long-term loans, provided that these will not exceed the amount of deposit or participation funds subject to insurance, and be served by the shares of other assets of the controlling shareholders;
- to limit or cease its non-performing operations and to dispose of its non-performing assets;
- to merge with one or several banks;
- to procure new shareholders in order to increase its equity capital; and/or
- to cover its losses with its equity capital.

In the event that: (a) the aforementioned actions are not (in whole or in part) taken by such bank within a period of time stipulated by the BRSA or in any case within twelve months; (b) the financial structure of such bank has not been strengthened despite the fact that such actions have been taken; (c) the BRSA determines that taking these actions will not strengthen the bank's financial structure; (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation fund owners and the security and stability of the financial system; (e) such bank cannot cover its liabilities as they become due; (f) the total amount of the liabilities of such bank exceeds the total amount of its assets; or (g) the controlling shareholders or managers of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the licence of such bank to engage in banking operations and/or accept deposits, and transfer the management, supervision and control of the shareholding rights (excluding dividends) of such bank to the SDIF for the purpose of the whole or partial transfer or sale of such bank to third persons or merger thereof, provided that the loss is deducted from the share capital of the current shareholders.

In the event that the licence of a bank to engage in banking operations and/or to accept deposits is revoked, then that bank's management and audit will be taken over by the SDIF. Any and all execution and bankruptcy proceedings (including preliminary injunction) against such bank would be discontinued as from the date on which the BRSA's decision to revoke such bank's licence is published in the Official Gazette. From the date of revocation of such bank's licence, the creditors of such bank may not assign their rights or take any action that could lead to the assignment of their rights. The SDIF must take measures to protect the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. In practice, the SDIF may designate another bank that is under its control. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking licence is revoked.

Annual Reporting

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (that are established in consultation with the Turkish Accounting Standards Board and international standards) when preparing their annual reports. In addition, they must ensure uniformity in their accounting systems, correctly record all their transactions and prepare timely and accurate financial reports in a format that is clear, reliable and comparable, as well as suitable for auditing, analysis and interpretation.

Furthermore, Turkish companies (including banks) are required to comply with the Regulation regarding Determination of the Minimum Content of the Companies' Annual Reports published by the Ministry of Customs and Trade, as well as the Corporate Governance Communiqué, when preparing their annual reports. These reports include the following information: management and organisation structures, human resources, activities, financial situations, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

Banks cannot settle their balance sheets without ensuring reconciliation with the legal and auxiliary books and records of its branches and domestic and foreign correspondents.

The BRSA is authorised to take necessary measures where it is determined that a bank's financial statements are misrepresented.

When presenting a bank's financial reports to the approval of the board of directors, the chairman of the board, audit committee, general manager, deputy general manager responsible for financial reporting and the relevant unit manager (or equivalent authorities) must sign the reports indicating their full names and titles and declare that the financial report complies with relevant legislation and accounting records. In addition, foreign banks must have the members of the board of managers of their Turkish branches sign the annual reports.

Independent auditors must approve all annual reports that banks present to their general assemblies.

Banks are required to submit their financial reports to related authorities and publish them in accordance with the BRSA's principles and procedures.

Further, banks are required to submit and publish activity reports that comply with the BRSA's established guidelines. These reports include the following information: management and organisation structures, human resources, activities, financial situations, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

The Regulation on Procedures and Principles of Preparation and Publication of Annual Activity Reports by the Banks, published in the Official Gazette No. 26333 dated 1 November 2006, regulates the procedures and principles regarding the annual activity reports of banks to be published at the end of each fiscal year. According to the regulation, among other things, a bank's financial performance and the risks that it faces need to be assessed in the annual activity report. The annual activity report is subject to the approval of the board of directors and must be submitted to shareholders at least 15 days before the annual general assembly of the bank. Each bank must keep a copy of such report in its headquarters and each branch and publish it on its website at the latest by the end of May following the end of relevant fiscal year.

Disclosure of Financial Statements

With the Communiqué on Financial Statements to be Disclosed to the Public published in the Official Gazette No. 28337 dated 28 June 2012, new principles of disclosure of annotated financial statements of banks were promulgated. The amendments to the calculation of risk-weighted assets and their implications for capital adequacy ratios are reflected in the requirements relating to information to be disclosed to the public and new standards of disclosure of operational, market, currency and credit risk. In addition, new principles were determined with respect to the disclosure of position risks relating from (inter alia) securitization transactions and investments in quoted stocks.

Financial Services Fee

Pursuant to Tariff 8 of the Law on Fees No. 492, as amended by the Law No. 5951, banks are required to pay a financial services fee for each of their branches each year. The amount of the fee is determined by reference to the population of the district in which the relevant branch is located.

Corporate Governance Principles

On 3 January 2014, the Corporate Governance Communiqué was published by the CMB and entered into force, providing certain compulsory and non-mandatory principles applicable to all companies incorporated in Turkey and listed on the Borsa İstanbul, including Akbank. There are certain other additional miscellaneous corporate governance requirements under other Turkish law and regulations which it will remain subject to (i.e., those that apply to non-listed companies and banks).

As of the date of this Base Prospectus, Akbank is subject to the Corporate Governance Principles stated in the banking regulations and the regulations for capital markets that are applicable to banks. Where Akbank does not comply with any of the non-mandatory principles applicable to it under the Corporate Governance Communiqué, it will explain any such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of Akbank's annual report.

The Corporate Governance Communiqué contains principles relating to: (a) companies' shareholders, (b) public disclosure and transparency, (c) the stakeholders of companies and (d) the board of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. The Corporate Governance Communiqué classifies listed companies into three categories according to their market capitalization and the market value of their free-float shares, subject to recalculation on an annual basis. Akbank is classified as a "Tier 1" company.

The mandatory principles under the Corporate Governance Communiqué include provisions relating to: (a) the composition of the board of directors, (b) appointment of independent board members, (c) board committees, (d) specific corporate approval requirements for related party transactions, transactions that may result in a conflict of interest and certain other transactions deemed material by the Corporate Governance Communiqué and (e) information rights in connection with general assembly meetings.

Listed companies are required to have independent board members, which should constitute one third of the board of directors and should not be fewer than two; *however*, publicly traded banks are required to appoint three independent board members to their board of directors, which directors may be selected from the members of the bank's audit committee; *provided* that at least one member should meet the mandatory qualification required for independent board members as set out in the applicable legislation. The Corporate Governance Communiqué further initiated a pre-assessment system to determine the "independency" of individuals nominated as independent board members in "Tier 1" companies (for banks, to the extent such independent board members are not members of that bank's audit committee). Those nominated for such positions must be evaluated by the "Corporate Governance Committee" or the "Nomination Committee," if any, of the board of directors for fulfilling the applicable criteria stated in the Corporate Governance Communiqué. The board of directors is required to prepare a list of nominees based upon this evaluation for final review by the CMB, which is authorized to issue a "negative view" on any nominee and prevent their appointment as independent members of the board of directors. The Corporate Governance Communiqué also requires listed companies to establish certain other board committees.

In addition to the mandatory principles regarding the composition of the board and the independent board members, the Corporate Governance Communiqué introduced specific corporate approval requirements for all material related party transactions, transactions concerning the establishment of security (excluding for financial institutions), pledge (excluding for financial institutions) and mortgage (excluding for financial institutions) for third parties and transactions which are deemed "material." "Material transactions" are described as the lease, transfer or establishment of rights in rem (other than establishment of rights in rem by financial institutions resulting from their general course of business) over the total or a substantial part of the listed company's assets, acquire or lease of a material asset, establishing privileges or changes in the scope of current privileges and delisting of the company. All those types of transactions shall be approved by the majority of the independent board members. If not, then they shall be brought to the general assembly meeting where related parties to those transactions are not allowed to vote. Meeting quorum shall not be sought for these resolutions and the resolution quorum is two thirds majority of the attendees who may vote; however, in the event of attendance of shareholders representing not less than one-half of the voting rights, a simple majority of the attendees would be sufficient (unless a larger majority is required pursuant to such company's articles of association).

The Capital Markets Law authorizes the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to ensure compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict with these principles.

Anti-Money Laundering

Turkey is a member country of the FATF and has enacted laws and regulations to combat money laundering, terrorist financing and other financial crimes. In Turkey, all banks are obligated to implement and fulfil certain requirements regarding the treatment of activities that may be referred to as money laundering set forth in Law No. 5549 on Prevention of Laundering Proceeds of Crime. See *"Risk Factors — Risks related to Turkey — The Financial Action Task Force may call upon its members to take measures against Turkey."*

Minimum standards and duties under such law and related legislation include customer identification, record keeping, suspicious transaction reporting, employee training, monitoring activities and the designation of a compliance officer. Suspicious transactions must be reported to the Financial Crimes Investigation Board.

New measures against the financing of terrorist activities in Turkey were introduced with the entry into force of the Law on Combating the Financing of Terrorism on 16 February 2013 ("**the CFT Law**"). The CFT Law expands the scope of the offence of financing of terrorism (as currently defined under Turkish anti-terrorism laws). The CFT Law also presents new principles and mechanisms for identifying and freezing terrorist assets and facilitates the implementation of United Nations Security Council decisions, in particular, those relating to entities and/or individuals place on sanction lists.

New Consumer Loan, Provisioning and Credit Card Regulations

On 8 October 2013, the BRSA introduced new regulations that aim to limit the expansion of individual loans, especially credit card instalments. The rules: (a) include overdrafts on deposit accounts and loans on credit cards in the category of consumer loans for purposes of provisioning requirements, (b) set a limit of TL1,000 for credit cards issued to consumers who apply for a credit card for the first time if their income cannot be determined by the bank and (c) require credit card issuers to monitor cardholders' income levels before each limit increase of the credit card. A bank should not increase the limit of the credit card if the aggregate card limit exceeds four times the consumer's monthly income. In addition, after 1 January 2014, minimum payment ratios for credit card limits up to TL20,000 will be incrementally increased to ratios between 30% and 40% until 1 January 2015. These new regulations might result in slowing the growth and/or reducing the profitability of Akbank's credit card business.

The New Consumer Protection Law, which entered into force in May 2014, imposes new rules applicable to Turkish banks, such as requiring banks to offer to its customers at least one credit card type for which no annual subscription fee (or other similar fee) is payable. Furthermore, while a bank is generally permitted to charge its customers fees for accounts held with it, no such fees may be payable on certain specific accounts (such as fixed term loan accounts and mortgage accounts). In addition, the consumers have the right of withdrawal from consumer credit agreements (except for mortgage loans) within 14 days without presenting any reason or penalty payment. For mortgage loans, if the payments are made before the relevant maturity dates, the prepayment fee cannot be more than 2% of the prepaid amount which is calculated upon the required interest discount, whereas for the loans of which the remaining maturity is less than 36 months the prepayment fee cannot be more than 1% of such amount.

The Regulation Amending the Regulation on Provisions and Classification of Loans and Receivables, which was published in the Official Gazette dated 8 October 2013 and numbered 28789, reduced the general reserve requirements for cash and non-cash loans utilised for transit trade, sales and deliveries considered as exports and foreign exchange earning services and activity: (a) for cash export loans and non-cash loans utilised for transit trade, sales and deliveries considered as exports and foreign exchange earning services and activity, from 1% and 0.2%, respectively to 0% and (b) for cash SME loans and non-cash SME loans, from 1% and 0.2% to 0.5% and 0.1%, respectively. In addition, this regulation altered the requirements for calculating consumer loan provisions by: (i) increasing the ratio of consumer loans to total loans beyond which additional consumer loan provisions are required from 20% to 25% and (ii) requiring the inclusion of auto loans and credit cards in the calculation of the ratio of non-performing consumer loans to total consumer loans ratio (if such ratio is beyond 8%, which ratio was not altered by these amendments, additional consumer loans provisions are required). Credit cards are included in the definition of consumer loans by this regulation and the consumer loan provision rate for credit cards in Group I (Loans of a Standard Nature and Other Receivables) and Group II (Loans and Other Receivables under Close Monitoring) increased from 1% and 2% to 4% and 8%, respectively.

The Regulation Amending the Regulation on Bank Cards and Credit Cards introduced some changes on the credit limits for credit cards and income verification so that: (a) the total credit card limit of a cardholder from all banks will not exceed four times his/her monthly income in the second and the following years (two times for the first year) and (b) banks will have to verify the monthly income of the cardholders in the limit increase procedures and will not be able to increase the limit if the total credit card limit of the cardholder from all banks exceeds four times his/her monthly income. The following additional changes regarding minimum payment amounts and credit card usage were included in the amended regulation: (i) minimum payment amounts differentiated for first time cardholders in the sector, new cardholders, existing cardholders and existing cardholders' second card by customer limits, (ii) if the cardholder does not pay at least three times the minimum payment amount on his/her credit card statement in a year, then his/her credit card cannot be used for cash advance and also will not allow limit upgrade until the total statement amount is paid, and (iii) if the cardholder does not pay the minimum payment amount for three consecutive times, then his/her credit card cannot be used for cash advances or shopping, and such card will not be available for a limit upgrade, until the total amount in the statements is paid.

The BRSA, by the Regulation Amending the Regulation on Bank Cards and Credit Cards published in the Official Gazette dated 31 December 2013 and numbered 28868 (which entered into force on 1 February 2014), has adopted limitations on instalments of credit cards. Pursuant to such limitations, the instalments for purchase of goods and services and cash withdrawals are not permitted to exceed nine months. In addition, in respect of telecommunication and jewellery expenditures and food, nutriment and fuel oil purchases, credit cards may not provide for instalment payments.

On 31 December 2013, the BRSA adopted new rules on loan to value and instalments of certain types of loans. Pursuant to these rules, the minimum loan-to-value requirement for housing loans extended to consumers, for loans (except auto loans) secured by houses and for financial lease transactions is 75%. In addition, for auto loans extended to consumers, for loans secured by autos and for financial lease transactions, the loan-to-value requirement is set at 70%; provided that in each case the sale price of the respective auto is not higher than TL50,000. On the other hand, if the sale price of the respective auto is above this TL50,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70% and the remainder is set at 50%. As for limitations regarding instalments, the maturity of consumer loans (other than loans extended for housing finance and other real estate finance loans) are not permitted to exceed 36 months, while auto loans and loans secured by autos may not have a maturity longer than 48 months. Provisions regarding the minimum loan-to-value requirement for auto loans entered into force on 1 February 2014 and the other provisions of this amendment entered into force on 31 December 2013.

FORM OF THE NOTES

Global Notes

The Notes offered and sold in reliance on Regulation S in offshore transactions to persons other than U.S. persons will initially be represented by a global note in registered form (the "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes, the Regulation S Notes or beneficial interests therein may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and such beneficial interests in the Regulation S Global Note may not be held otherwise than through Euroclear or Clearstream, Luxembourg and the Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Notes (or beneficial interests therein) offered and sold in the United States or to, or for the account or benefit of, U.S. persons may only be offered and sold in private transactions to QIBs in reliance upon Rule 144A. The Notes sold to QIBs in reliance upon Rule 144A will be represented by a global note in registered form (the "**Rule 144A Global Note"**).

The Regulation S Global Note will be deposited on or about the Issue Date with the Common Depositary, and will be registered in the name of a nominee for the Common Depositary. Except as described in this Prospectus, beneficial interests in the Regulation S Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect accountholders in Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be deposited on or about the Issue Date with the Custodian and will be registered in the name of Cede & Co. as nominee for DTC. Except as described in this Prospectus, beneficial interests in the Rule 144A Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Persons holding beneficial interests in the Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Global Notes on the relevant Record Date. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of the Rule 144A Global Note, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of the Regulation S Global Note, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in the relevant Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **The Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions; see "*Transfer Restrictions*" below.**

General

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 10 September 2014 and executed by the Issuer.

TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes shall consist of the terms and conditions set out in the Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out below in this section. References in the Base Conditions to "Final Terms" shall be deemed to refer to the terms of the Notes substantially in the form set out below.*

27 March 2015

Akbank T.A.Ş.

**Issue of U.S.$500,000,000 5.125 per cent. Notes due 2025 (the "Notes")
under the U.S.$3,500,000,000
Global Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 September 2014 and the supplement to it dated 27 November 2014 and the Prospectus dated 27 March 2015, which together in the manner described in such Prospectus constitute a prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). This document constitutes the terms of the Notes and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these terms and the Prospectus. On issuance, the Prospectus will be published on the website of the Irish Stock Exchange (www.ise.ie) and the website of the Central Bank of Ireland (www.centralbank.ie).

1.	Issuer:		Akbank T.A.Ş.
2.	(a)	Series Number:	GMTN-2015-B2
	(b)	Tranche Number:	1
	(c)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:		U.S. Dollars ("**U.S.$**")
4.	USD Payment Election:		Not Applicable
5.	Aggregate Nominal Amount:		
	(a)	Series:	U.S.$500,000,000
	(b)	Tranche:	U.S.$500,000,000
6.	Issue Price:		99.037 per cent. of the Aggregate Nominal Amount
7.	(a)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)	Calculation Amount:	U.S.$1,000
8.	(a)	Issue Date:	31 March 2015

	(b)	Interest Commencement Date:	Issue Date
9.		Maturity Date:	31 March 2025
10.		Interest Basis:	5.125 per cent. Fixed Rate (*see paragraph 15 below*)
11.		Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
12.		Change of Interest Basis:	Not Applicable
13.		Put/Call Options:	Not Applicable
14.	(a)	Status of the Notes:	Unsubordinated, unsecured
	(b)	Date Board approval for issuance of Notes obtained:	18 November 2014

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.		Fixed Rate Note Provisions	Applicable
	(a)	Rate(s) of Interest:	5.125 per cent. per annum payable in arrears on each Interest Payment Date
	(b)	Interest Payment Date(s):	31 March and 30 September in each year up to and including the Maturity Date.
	(c)	Fixed Coupon Amount(s):	U.S.$25.63 per Calculation Amount
	(d)	Broken Amount(s):	Not Applicable
	(e)	Day Count Fraction:	30/360
	(f)	Determination Date(s):	Not Applicable
16.		Floating Rate Note Provisions	Not Applicable
17.		Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 8.2:	Minimum period: 30 days Maximum period: 60 days
19.	Issuer Call:	Not Applicable
20.	Investor Put:	Not Applicable
21.	Final Redemption Amount:	U.S.$1,000 per Calculation Amount

22.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	U.S.$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of Notes:	Registered Notes: Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg exchangeable for Definitive Registered Notes upon an Exchange Event Rule 144A Global Note registered in the name of a nominee for DTC exchangeable for Definitive Registered Notes upon an Exchange Event
24.	Additional Financial Centre(s):	Not Applicable
25.	Talons for future Coupons to be attached to Definitive Notes:	Not Applicable

Signed on behalf of **Akbank T.A.Ş.**

By:	By: ....
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market of the Irish Stock Exchange with effect from 31 March 2015.
(b)	Estimate of total expenses related to admission to trading:	€3,000

2. RATINGS

Ratings:	The Notes to be issued are expected to be rated: BBB- by Fitch Ratings Ltd. ("**Fitch**") and Baa3 by Moody's Investors Service Limited ("**Moody's**"). Each of Fitch and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4. YIELD

Indication of yield:	5.25 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(a)	ISIN Code:	Regulation S Notes: XS1210422074 Rule 144A Notes: US00971YAF79
(b)	Common Code:	Regulation S Notes: 121042207 Rule 144A Notes: 121074133
(c)	CUSIP:	Rule 144A Notes: 00971YAF7

Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and	Not Applicable

the relevant identification number(s):	
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

6. DISTRIBUTION

(a)	Method of distribution:	Syndicated
(b)	If syndicated, names of Joint Lead Managers:	Commerzbank AG J.P. Morgan Securities plc Merrill Lynch, Pierce, Fenner & Smith Incorporated Morgan Stanley & Co. International plc National Bank of Abu Dhabi PJSC Société Générale
(c)	Date of Subscription Agreement:	27 March 2015
(d)	Stabilising Manager(s) (if any):	Merrill Lynch, Pierce, Fenner & Smith Incorporated
(e)	If non-syndicated, name of relevant Dealer:	Not Applicable
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 2 and Rule 144A

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Joint Lead Managers takes any responsibility for the accuracy thereof. As far as Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted that would render reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

*Further to the Communiqué on Debt Instruments, the Notes are required under Turkish law to be issued in an electronically registered form in the Central Registry Agency (Merkezi Kayıt Kuruluşu) (the "**CRA**") and the interests therein recorded in the CRA. However, upon the Issuer's request, the CMB may resolve to exempt the Notes from this requirement if the Notes are to be issued outside Turkey. The Issuer submitted an exemption request and such exemption was granted by the CMB in the CMB Approval. As a result, this requirement will not be applicable to the Notes. Notwithstanding such exemption, the Issuer is required to notify the CRA within three Istanbul business days from the date of issuance of the Notes of the amount, issue date, ISIN code, first payment date, maturity date, interest rate, name of the custodian and currency of the Notes and the country of issuance.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its direct participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of notes in registered form among Direct Participants on whose behalf it acts with respect to notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the SEC. Participants with which beneficial owners of DTC Notes ("**Beneficial Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners who hold interests in DTC Notes through Participants will not possess notes in registered form, the

Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the relevant Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of each transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner holds its interest in the DTC Notes. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to DTC or its nominee. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or its nominee is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for notes in definitive registered form, which it will distribute to its Direct Participants in accordance with their requests and proportionate entitlements and which will be legended as set forth under "*Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to effect such pledge through DTC and its Participants or if not possible to so effect it, to withdraw its notes from DTC as described below.

The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because

DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by the Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Clearstream, Luxembourg

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

The ability of an owner of a beneficial interest in a Note held through Clearstream, Luxembourg to pledge such interest to persons or entities that do not participate in the Clearstream, Luxembourg system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Clearstream, Luxembourg can act only on behalf of Clearstream, Luxembourg's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Clearstream, Luxembourg system will receive payments of principal, interest and any other amounts in respect of the Notes only through Clearstream, Luxembourg accountholders.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its accountholders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with direct participants in Euroclear.

The ability of an owner of a beneficial interest in a Note held through Euroclear to pledge such interest to persons or entities that do not participate in the Euroclear system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Euroclear can act only on behalf of Euroclear's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Euroclear system will receive payments of principal, interest and any other amounts in respect of the Notes only through Euroclear participants.

Book-entry Ownership of and Payments in respect of Global Notes

The Issuer has applied to each of Euroclear and Clearstream, Luxembourg to have the Notes represented by the Regulation S Global Note accepted in its book-entry settlement system. Upon the issue of the Regulation S Global Note, Euroclear and/or Clearstream, Luxembourg, as applicable, will credit, on its internal book-entry system, the respective nominal amounts of the interests represented by the Regulation S Global Note to the accounts of persons who have accounts with Euroclear and/or Clearstream, Luxembourg, as applicable. Such accounts initially will be designated by or on behalf of the Joint Lead Managers. Interests in the Regulation S Global Note through Euroclear and/or Clearstream, Luxembourg, as applicable, will be limited to accountholders of Euroclear and/or Clearstream, Luxembourg, as applicable. Interests in the Regulation S Global Note will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg or its nominee (with respect to the interests of Euroclear and/or Clearstream, Luxembourg accountholders).

Payments with respect to interests in the Notes held through Euroclear and Clearstream, Luxembourg will be credited to cash accounts of Euroclear and Clearstream, Luxembourg accountholders in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, respectively, to the extent received by each of them.

The Issuer has applied to DTC in order to have the Notes represented by the Rule 144A Global Note accepted in its book-entry settlement system. Upon the issue of the Rule 144A Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by the Rule 144A Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Joint Lead Managers.

Ownership of beneficial interests in the Global Notes will be limited to Direct Participants or Indirect Participants, including, in the case of the Regulation S Global Note, the Common Depositary for Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the Rule 144A Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of the Rule 144A Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Fiscal Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Notes

Transfers of any interests in Notes represented by a Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Subject to compliance with the transfer restrictions applicable to the Notes described under "*Transfer Restrictions*", cross market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("**Custodian**") with whom the relevant Global Notes have been deposited.

On or after the Issue Date, transfers of Notes between account holders in Clearstream, Luxembourg and Euroclear and transfers of Notes between participants in DTC will generally have a settlement date three business days after the trade date ("**T+3**"). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between account holders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery-versus-payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in the Global Notes among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Joint Lead Manager will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

U.S. TAXATION

Certain U.S. Federal Income Tax Consequences

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with U.S. Holders that are initial purchasers of Notes at the Issue Price in this offering and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as certain financial institutions, insurance companies, investors liable for the alternative minimum tax, investors liable for the Medicare tax on net investment income, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, or investors whose functional currency is not the U.S. Dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes and their partners should consult their tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States, including Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Turkey (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS, AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

No authority directly addresses the U.S. federal income tax characterisation of securities like the Notes and the Issuer has not and will not seek a ruling from the U.S. Internal Revenue Service ("**IRS**") as to their characterisation for such purposes. To the extent relevant for U.S. federal income tax purposes, the Issuer intends to treat the Notes as indebtedness for such purposes and this discussion assumes that treatment is correct. No assurance can be given that the IRS will not assert, or a court would not sustain, a position regarding the characterisation of the Notes that is contrary to this discussion. If the IRS were to successfully challenge the characterisation of the Notes as debt, the timing, amount and character of income inclusions on the Notes may be affected. Prospective investors should seek advice from their own tax advisors as to the consequences to them of alternative characterisations of the Notes for U.S. federal income tax purposes.

Payments of Interest

It is expected and this summary assumes that either the Issue Price of the Notes will equal their stated principal amount, or the Notes will be issued with less than a *de minimis* amount of "original issue discount". Generally the Notes will be treated as issued with less than a *de minimis* amount of original issue discount if the excess of the Notes' principal amount over their issue price is less than 0.25% of the principal amount multiplied by the number of complete years to maturity.

Therefore, interest on a Note (including additional amounts, if any) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. tax purposes. The amount of interest taxable as ordinary income will include amounts withheld in respect of Turkish taxes, if any. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States. Non-refundable Turkish taxes withheld from interest income on a Note at a rate not exceeding any applicable rate under the Treaty generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that may vary depending upon the U.S. Holder's circumstances. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a U.S. Holder may, at its election, deduct such Turkish taxes in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. U.S. Holders should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Sale and Retirement of the Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be its cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognised by a U.S. Holder on the sale or retirement of a Note generally will be capital gain or loss and will be considered long-term capital gain or loss if the Note is held by the U.S. Holder for more than one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Consequently, a U.S. Holder may not be able to claim a credit for any foreign tax imposed upon the sale or retirement of a Note unless such credit can be applied (subject to applicable limitations) against its U.S. federal income tax due on other income or gain treated as derived from sources outside the United States. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

Payments of principal, interest on, and the proceeds of sale or other disposition of Notes, by a paying agent within the United States, and by certain paying agents outside the United States, will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals (and, under proposed Treasury regulations, certain entities) may be required to report on IRS Form 8938 information relating to securities issued by a non-U.S. person (or foreign accounts through which the securities are held), subject to certain exceptions (including an exception for securities held in accounts maintained by U.S. financial institutions). The Notes are expected to constitute reportable "foreign financial assets" unless they are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to the Notes.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Notes may be acquired with assets of pension, profit-sharing or other employee benefit plans, as well as individual retirement accounts, Keogh plans and other plans and retirement arrangements, and any entity deemed to hold "plan assets" of the foregoing (each, a "**Plan**"). Section 406 of ERISA and Section 4975 of the Code prohibit a Plan subject to those provisions (each, a "**Benefit Plan Investor**") from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Employee benefit plans that are U.S. governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code; however, such plans may be subject to similar restrictions under applicable state, local, other federal or non-U.S. law ("**Similar Law**").

An investment in the Notes by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if Akbank is a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to an investment in the Notes by a Benefit Plan Investor depending upon the type and circumstances of the plan fiduciary making the decision to acquire such investment and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and non-fiduciary service providers to the Benefit Plan Investor; Prohibited Transaction Class Exemption (PTCE) 96-23, regarding transactions effected by "in-house asset managers"; PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers". Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts that might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective investors that are Benefit Plan Investors and other Plans should consult with their legal advisors regarding the applicability of any such exemption and other applicable legal requirements.

By acquiring a Note (or a beneficial interest therein), each purchaser (and if the purchaser is a Plan, its fiduciary) is deemed to represent and warrant that either: (a) it is not acquiring the Note (or a beneficial interest therein) with the assets of a Benefit Plan Investor, a U.S. governmental plan, church plan or non-U.S. plan that is subject to Similar Law, or (b) the acquisition, holding and disposition of the Note (or a beneficial interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

Prospective investors are advised to consult their advisers with respect to the consequences under ERISA and similar laws of the acquisition, ownership or disposition of the Notes (or a beneficial interests therein).

PLAN OF DISTRIBUTION

Akbank intends to offer the Notes through the Joint Lead Managers and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on 27 March 2015 among the Joint Lead Managers and Akbank (the "**Subscription Agreement**"), each of the Joint Lead Managers has severally (and not jointly nor jointly and severally) agreed to purchase, and Akbank has agreed to sell to each of the Joint Lead Managers, the principal amount of the Notes set forth opposite each Joint Lead Manager's name below.

Joint Lead Manager	*Principal Amount of Notes*
Commerzbank AG	U.S.$83,334,000
J.P. Morgan Securities plc	U.S.$83,333,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$83,334,000
Morgan Stanley & Co. International plc	U.S.$83,333,000
National Bank of Abu Dhabi PJSC	U.S.$83,333,000
Société Générale	U.S.$83,333,000
Total	**U.S.$500,000,000**

The Subscription Agreement provides that the obligations of the Joint Lead Managers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers' right to reject any order in whole or in part.

Akbank has been informed that the Joint Lead Managers propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-U.S. persons in offshore transactions in reliance upon Regulation S. See "*Subscription and Sale*" in the Base Prospectus and "*Transfer Restrictions*" below. The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Joint Lead Managers or their affiliates that are registered broker-dealers under the Exchange Act or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Subscription and Sale*" in the Base Prospectus and "*Transfer Restrictions*" below.

In addition, until 40 days after the closing date of the offering of the Notes, an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

While application has been made for the Notes to be admitted to trading on the Main Securities Market, the Notes constitute a new class of securities of Akbank with a limited trading market. Akbank cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market will not be lower than the initial offering price or that an active trading market for the Notes will develop. The Joint Lead Managers have advised Akbank that they currently intend to make a market in the Notes; however, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. No assurance can be given that the application to the Irish Stock Exchange to admit the Notes to listing on the Official List and trading on the Main Securities Market will be accepted.

In connection with the offering, one or more Joint Lead Manager(s) may purchase and sell Notes (or beneficial interests therein) in the secondary market. These transactions may include over-allotment, syndicate covering transactions and stabilising transactions. Over-allotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Joint Lead Managers in their initial offering, which creates a short position for the Joint Lead Managers. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Lead Managers may conduct these transactions in the over-the-counter market or otherwise. If the Joint Lead Managers commence any of these transactions, then they may discontinue them at any time.

Akbank expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date. Under Rule 15c6-l of the Exchange Act, trades in the secondary market through a broker or dealer in the United States generally are required to settle in three New York City business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days should consult their own adviser.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers or their respective affiliates may have performed investment banking and advisory services for Akbank and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Lead Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for Akbank and its affiliates in the ordinary course of their business. Certain of the Joint Lead Managers and/or their respective affiliates have acted and expect in the future to act as a lender to Akbank and/or other members of the Akbank Group and/or otherwise participate in transactions with the Akbank Group.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve Akbank's securities and instruments. In addition, certain of the Joint Lead Managers and/or their respective affiliates hedge their credit exposure to Akbank pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby.

The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

Akbank has agreed to indemnify each Joint Lead Manager against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint Lead Managers may be required to make because of those liabilities.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, investors in the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. References to Notes in this section should, as appropriate, be deemed to refer to the Notes themselves and/or beneficial interests therein.

Akbank has not registered the Notes under the Securities Act or the laws of any state securities commission and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only: (a) to persons reasonably believed to be QIBs in reliance upon Rule 144A under the Securities Act and (b) to non-U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act.

Each purchaser of Notes (other than a person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Global Note to another or from global to definitive form will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. Federal or State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in the Regulation S Global Note and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last issue date for the series of Notes and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. Federal and State securities laws;

(d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions, if then applicable;

(e) that Notes initially offered to QIBs will be represented by the Rule 144A Global Note and that Notes offered in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S Global Note;

(f) that the Rule 144A Global Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD PLEDGED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM ANY INTEREST IN THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN

PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(g) if it holds an interest in the Regulation S Global Note, that if it should resell or otherwise transfer such interest in the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) (A) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. federal and State securities laws; and it acknowledges that the Regulation S Global Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW."; and

(h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser and transferee of a Note (or a beneficial interest therein) will be deemed to represent and warrant that either: (i) it is not acquiring the Note (or a beneficial interest therein) with the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to the provisions of Title I of ERISA, any "plan" as defined in and subject to Section 4975 of the Code, any entity whose underlying assets include "plan assets" of any of the foregoing or a U.S. governmental plan, church plan or non-U.S. plan that is subject to any Similar Law, or (ii) the acquisition, holding and disposition of such Note will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law.

According to Article 15d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents in Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer funds for the purchase of such securities abroad through licensed banks or licensed brokerage institutions authorised pursuant to Banking Law and/or Capital Markets Law and their related legislation.

LEGAL MATTERS

Certain matters relating to the issuance of the Notes will be passed upon for Akbank by Norton Rose Fulbright LLP (or affiliates thereof) as to matters of United States law and by YükselKarkınKüçük Avukatlık Ortaklığı as to matters of Turkish law (which will also pass upon matters of Turkish law). Certain matters as to English and United States law will be passed upon for the Joint Lead Managers by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Joint Lead Managers by Gedik & Eraksoy Avukatlık Ortaklığı (which will also pass upon matters of Turkish tax law).

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme have been duly authorised by a resolution of the Board of Directors of the Issuer dated 22 October 2013 and 16 December 2013 and the issue of the Notes has been duly authorised by a resolution of the Board of Directors of the Issuer dated 18 November 2014.

Listing of Notes

An application has been made to the Irish Stock Exchange to admit the Notes to listing on the Official List and trading on the Main Securities Market; *however*, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and trading on the Main Securities Market will be granted on or around the Issue Date, subject only to the issue of the Notes.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for Akbank in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For as long as any of the Notes are outstanding, copies of the following documents will, when published, be available in physical form for inspection from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London:

(a) the articles of association (with a certified English translation thereof) of the Issuer;

(b) the convenience translation into English of the Akbank 2014 BRSA Annual Financial Statements (including EY's audit report dated 2 February 2015 issued in respect thereof);

(c) the convenience translation into English of the Akbank 2013 BRSA Annual Financial Statements (including EY's audit report dated 5 February 2014 issued in respect thereof);

(d) the convenience translation into English of the Akbank 2012 BRSA Annual Financial Statements (including EY's audit report dated 7 February 2013 issued in respect thereof);

(e) Akbank's most recently published audited annual financial statements and Akbank's most recently published unaudited interim financial statements, in each case in English and together with any audit or review reports prepared in connection therewith. Akbank currently prepares audited consolidated and unconsolidated financial statements in accordance with BRSA Principles on an annual basis and unaudited consolidated and unconsolidated interim financial statements in accordance with BRSA Principles on a quarterly basis;

(f) the Agency Agreement, the Deed of Covenant, the Deed Poll and the forms of the Global Notes and the Notes in definitive form; and

(g) a copy of this Prospectus and the Base Prospectus (including any supplements thereto).

A copy of the Base Prospectus is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Base%20Prospectus_4eb68b7b-e81a-4879-99e4-8b7fc07bdea1.PDF (such website is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus). On issuance of the Notes, a copy of this Prospectus would be published on the website of the Irish Stock Exchange (www.ise.ie) and the website of the Central Bank of Ireland (www.centralbank.ie) (each of such websites is not, and should not be deemed to, constitute a part of, or be incorporated into, this

Prospectus). In addition, the copies of the Akbank 2014 BRSA Annual Financial Statements, the Akbank 2013 BRSA Annual Financial Statements and the Akbank 2012 BRSA Annual Financial Statements are available on the Issuer's website at http://www.akbank.com/en-us/investor-relations/Pages/Financials.aspx (such website is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus).

Clearing Systems

The Rule 144A Global Note has been accepted into DTC's book-entry settlement system and the Regulation S Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg (CUSIP: 00971YAF7, ISIN: US00971YAF79 and Common Code: 121074133, with respect to the Rule 144A Global Note and ISIN: XS1210422074 and Common Code: 121042207, with respect to the Regulation S Notes).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Interest Payments

Akbank has been advised by DTC that through DTC's accounting and payment procedures DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based upon DTC participant holdings of the Notes on the close of business on the New York Business Day immediately preceding each such Interest Payment Date. A "**New York Business Day**" is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York City are authorised or required by law or executive order to close.

Significant or Material Change

There has been no significant change in the financial or trading position of either Akbank or the Akbank Group since 31 December 2014, and no material adverse change in the financial position or prospects of either Akbank or the Akbank Group since 31 December 2014.

Litigation

Neither Akbank nor any other member of the Akbank Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Akbank is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of Akbank or the Akbank Group.

Independent Auditors

Akbank's annual financial statements, convenience translations of which are incorporated by reference herein, have been audited in accordance with the Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks published in the Official Gazette No. 26333 dated 1 November 2006 by EY, independent certified public accountants in Turkey, located at Maslak Mahallesi Eski Büyükdere Caddesi No:27 Daire:54-57-59 Kat 2-3-4 Sariyer, Istanbul, Turkey as stated in the convenience translations of EY's audit reports incorporated by reference herein. EY is an institution authorised by BRSA, CMB, Turkish Treasury, Energy Market Regulatory Authority and Public Oversight Accounting and Auditing Standards Authority to conduct independent audits of companies, including banks, in Turkey. Akbank's accounts are prepared on a quarterly, semi-annual and annual basis in accordance with BRSA and on a semi-annual and annual basis in accordance with IFRS.

Foreign Text

The language of this Prospectus is English. Certain legislative references and technical terms may be cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

ISSUER

Akbank T.A.Ş.
Sabancı Center
4. Levent 34330
İstanbul
Turkey

JOINT LEAD MANAGERS

Commerzbank Aktiengesellschaft
Kaiserstraβe 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, New York 10036
United States of America

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

National Bank of Abu Dhabi PJSC
One NBAD Tower
Sheikh Khalifa Street
P.O. Box: 4
Abu Dhabi
United Arab Emirates

Société Générale
29, boulevard Haussmann
75009 Paris
France

FISCAL AGENT, EXCHANGE AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer as to English and United States law

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

To the Issuer as to Turkish law

YükselKarkınKüçük Avukatlık Ortaklığı
Büyükdere Caddesi No.127
Astoria A Kule Kat. 6-24-26-27
34394 Esentepe, İstanbul
Turkey

To the Joint Lead Managers as to English and United States law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Joint Lead Managers as to Turkish law

Gedik & Eraksoy Avukatlık Ortaklığı
River Plaza Kat:17 Büyükdere Cad.
Bahar Sok. No:13
34394 Levent, İstanbul
Turkey

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre, Earlsfort Terrace
Dublin 2
Ireland

INDEPENDENT AUDITORS OF THE ISSUER

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member firm of EY Global Limited)
Maslak Mahallesi Eski Büyükdere Caddesi No:27
Daire:54-57-59 Kat 2-3-4 Sariyer, Istanbul
Turkey