

ANNUAL REPORT 2010

AKBANK N.V.

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AKBANK N.V.
PRESERVES ITS
STRONG POSITION
AS A NICHE BANK IN
EUROPE FOCUSING ON
CORPORATE BANKING,
RETAIL BANKING AND
TRADE FINANCE.

FINANCIAL HIGHLIGHTS

Key Figures (€ 000)	2010	2009	2008	2007	2006
Net profit	26,546	10,053	30,305	17,502	3,561
Profit before tax	34,731	12,528	34,649	22,511	5,058
Total assets	3,140,923	3,396,864	3,591,682	2,489,771	873,626
Paid-in capital	150,000	150,000	150,000	125,000	75,000
Total shareholders' equity	423,359	396,819	386,800	331,398	78,877
Interest-bearing assets	3,087,005	3,311,693	3,520,706	2,393,045	820,972
Interest-bearing liabilities	2,643,587	2,919,758	3,110,702	2,082,021	780,05

Key Ratios	2010	2009	2008	2007	2006
Solvency (%)	16.10	13.22	13.87	12.08	12.45
Return on average own funds (%)	6.44	3.04	8.77	8.1	5.17
Total assets/Own funds (times)	7.42	8.56	10.02	7.51	11.08
Cost/Income ratio (%)	28.95	48.08	29.59	38.46	49.47
Commission income/Operating expenses	24.81	8.59	12.44	12.65	18.56
Number of staff members	67	72	80	68	37
Net profit per staff member	396	140	379	257	99
Non-performing loans	-	-	-	-	-
Loans/Deposits (%)	95.34	88.07	79.97	87.98	23.06

Sabancı Group companies are recognized as market leaders in many of their respective sectors.

SABANCI GROUP & AKBANK T.A.Ş.

SABANCI GROUP

Sabancı Holding is the parent company of the Sabancı Group, Turkey's leading industrial and financial conglomerate. The Group's vision is to create sustainable comparative advantages through differentiation.

The mission of the Sabancı Group is to manage a competitively strategic portfolio with sustainable potential for growth and be able to generate value for all.

Sabancı Group companies are recognized as market leaders in many of their respective sectors. The Group's main business units include financial services, automotive, tire and tire reinforcement materials, retail, cement and energy. The Holding is listed on the Istanbul Stock Exchange (ISE) and maintains controlling interests in 11 companies listed on the ISE.

The Sabancı Group markets its products in various regions including Europe, the Middle East, Asia, North Africa and North and South America. With its extensive knowledge and experience in Turkey, Sabancı Holding has demonstrated enormous growth in its core businesses due to its well-respected trademark image and strong joint ventures while further extending its operations into the global market. Sabancı Holding's multinational business partners include prominent companies such as Agesa, Aviva, Bridgestone, Carrefour, Citigroup, Dia, Heidelberg Cement, Hilton International, International Paper, Mitsubishi Motor Co., Philip Morris and Verbund.

In addition to coordinating finance, strategy and business development and human resources functions, Sabancı Holding determines the Group's vision and strategies, thus creating shareholder value through synergies across the Group companies.

As of 31 December 2010, the consolidated revenue of Sabancı Holding from continuing operations was US\$ 12.6 billion, with a net profit of US\$ 1.1 billion for the period. As of 31 December 2010, Sabancı Holding had a consolidated asset size of US\$ 83.98 billion.

Sabancı Holding's major shareholder is the Sabancı Family with 60.6% of the share capital. The Holding's shares are traded on the ISE with a free float of 39.4%. (This includes 15.89% of shares registered to ISE by Sabancı Family members) Depository receipts are quoted on the SEAQ International and Portal.

Sustainable

The mission of the Sabancı Group is to manage a competitively strategic portfolio with sustainable potential for growth and be able to generate value for all.



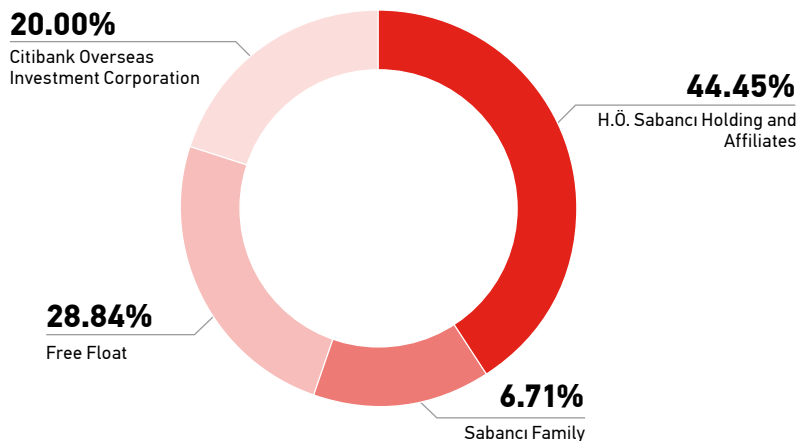
Akbank has maintained its leading position in the Turkish banking sector through a strong balance sheet, transparent corporate governance practices and successful international relationships.

AKBANK T.A.Ş

Akbank was established in Adana in January 1948 to provide financing for regional cotton producers. Rapidly growing and developing in a short period of time, the Bank extended its operations to Istanbul, opening its first branch in the Sirkeci district on July 14, 1950. Soon after, in 1954, the Bank's headquarters were relocated to Istanbul. As the number of branch offices increased, Akbank automated all banking operations in 1963.

Akbank established AkSecurities in 1996, AkInvestment Trust in 1998, Ak Asset Management Company and its Private Banking Department in 2000. The Bank established Ak Pension Company in 2003 and incorporated AkLease in 2005. In February 2006, Ak Pension Company was sold to Aksigorta, the Group's insurance subsidiary.

The shareholder structure of Akbank is as follows:



At present, Akbank operates from its Istanbul Head Office and 20 regional directorates throughout Turkey. It is supported by a strong and extensive domestic distribution network of over 912 branches and a workforce of over 15,300 employees. In addition to its traditional delivery channels via its branches, Akbank also offers customer services from its retail and corporate Internet branches, the Telephone Banking Center, 3,127 ATMs and more than 267,000 POS terminals and other high-tech channels.

As of the end of 2010, Turkey's most valuable company, Akbank continues to maintain its leadership in the Turkish banking sector. It has accomplished this through a strong balance sheet, transparent corporate governance practices and strong, sustainable international relations.

Akbank offers a wide range of retail, commercial, corporate, private banking services and international trade finance services in addition to its core banking activities. Capital markets, investment services and other non-banking financial services are also provided by the Bank's subsidiaries. With state-of-the-art IT systems and a staff of experienced bankers, Akbank consistently delivers top quality services to a massive portfolio of retail and corporate customers.

Akbank's overseas operations are carried out by Akbank N.V. in the Netherlands, Akbank AG in Germany, Akbank Dubai Limited in Dubai and a branch in Malta.

The Akbank Banking Center, which became operational in 2010, is the highest operating capacity operation center in Turkey. Equipped with state-of-the-art technology, this giant complex is expected to significantly contribute to Akbank's operational efficiency.

Akbank enjoys a robust capital base, stable deposit structure, ability to raise foreign financing on favorable terms and strong and consistent growth in total assets. The Bank has the most profitable banking operations among privately owned banks in Turkey with 2010 consolidated net profits of TL 3,010 million (approximately US\$ 1,958 million). Akbank's consolidated assets totaled TL 120,070 million at year end 2010 (approximately US\$ 78,089 million). With a well-rooted tradition of prudent risk management, the Bank's capital adequacy ratio stands at 19.9%, one of the highest in the sector.

Akbank has the most profitable banking operations among privately owned banks in Turkey with 2010 consolidated net profits of TL 3,010 million. With a well-rooted tradition of prudent risk management, the Akbank's capital adequacy ratio stands at 19.9%, one of the highest in the sector.

In 2010, Akbank's total loans increased by 29.4% and reached TL 57.7 billion. As a result of effective risk management practices, Akbank's NPL ratio decreased to 2.2% at year end 2010 from 3.8% at year end 2009 and stood well below the sector average.

28.84% of Akbank's shares are listed on the Istanbul Stock Exchange and the Bank's Level 1 ADRs are traded OTC in the United States. Akbank's market capitalization stood at US\$ 22.3 billion on 31 December 2010, making it the most valuable company on the ISE.

Since January 2007, Citigroup holds a 20% strategic equity stake in Akbank. The strategic partnership with Citigroup has contributed to the enhancement of consumer banking activities with joint ATM usage and credit card applications such as Citi Akses; and development of project finance and corporate banking activities. Those activities were performed with strong collaboration.

Building on strong and sustainable international relations, Akbank continued to raise funds from foreign markets in 2010 at favorable terms with the total of such resources reaching US\$ 8.0 billion by the end of the year.

Akbank issued a US\$ 1 billion Eurobond with a five-year maturity in 2010 and reinforced its pioneering position among deposit banks with this issue. In July 2010, Akbank's Eurobond issuance ranked in the traditional "20/20 All Stars" list of FTSE Global Markets Magazine, one of the most reputable international finance publications. In December 2010, Akbank issued a domestic TL denominated bond of up to TL 1 billion with a maturity of six months which was the first of its kind issued by a deposit bank in Turkey.

AKBANK'S SUCCESS BECOMES A CASE STUDY AT HARVARD

The Kennedy School of Government at Harvard University has turned Akbank's transformation and growth strategy in the aftermath of the 2001 crisis into a case study. At a time when the Turkish economy and banking industry struggled to cope with the impact of the crisis, the management, change and growth strategy "New Horizons Restructuring Program", implemented throughout Akbank's post-2001 crisis, outlined Akbank as a bank that managed to grow during years of crisis. As a result, the Bank has been identified as an outstanding success story regarding management during times of crisis.

Owing to effective risk management practices and exceptional operational performance, Akbank holds the highest individual and financial strength ratings that can be assigned to a bank within the Turkish banking sector. The Bank continued to lead the deposit banking sector in 2010. It released its sustainability report prepared in compliance with the widely accepted GRI (Global Reporting Initiative) standards. Besides, Akbank has ranked among the global leaders as the first and only Turkish company that was included in the CDP 2010 Global 500 Report-the most prestigious global climate change project.

AKBANK RATINGS BY MAJOR INTERNATIONAL RATING AGENCIES

Akbank has received the highest individual and financial strength ratings assigned to a Turkish bank. Moody's assigned a Baseline Credit Assessment of Baa1 to Akbank.



Owing to effective risk management practices and exceptional operational performance, Akbank holds the highest individual and financial strength ratings that can be assigned to a bank within the Turkish banking sector.

INTERNATIONAL AWARDS OF AKBANK IN 2010

In 2010, Akbank received various awards from both domestic and foreign institutions. Among these awards, the most notable are: "Turkey's Best Bank" by Global Finance and EMEA Finance magazines, "Turkey's Best Private Banking Service Provider" by Euromoney, "Turkey's Best Foreign Exchange Provider," "Turkey's Best Trade Finance Provider" and "Best Bank in Online Deposit Acquisition" by Global Finance.

SUBSIDIARIES

AkAssetManagement, established in June 2000, is a 99.99% owned subsidiary of Akbank. AkAssetManagement manages various mutual funds on behalf of Akbank and AkSecurities, Ak Type-B Investment Trust (CEF) and various pension funds offered by AvivaSA. It offers various packages of Akbank funds according to current financial status, future financial expectations and investors' risk preferences. In 2010, AkAssetManagement strengthened its position as a pioneer in the investment management sector through a continuous offering of new innovative investment products. Currently the Company manages a total of 49 portfolios.

	National Rating	Financial Strength and Individual Rating	Baseline Credit Assessment	
Moody's	-	C-	Baa1	
Fitch Ratings	AAA(TUR)	C	-	
	Long-Term TL Bank Deposits	Short-Term TL Bank Deposits	Long-Term FX Bank Deposits	Short-Term FX Bank Deposits
Moody's	Baa1	Prime-2	Ba3	Not Prime
Fitch Ratings	BBB-	F3	BBB-	F3

Ak Type-B Investment Trust is a 70.04% owned subsidiary of Akbank, established in 1998 with the purpose of portfolio management through trading of marketable securities in domestic and international capital markets. As of December 2010, Ak Type-B Investment Trust is sixth in terms of issued capital and third in terms of portfolio size among the 26 investment funds in the market. Ak TypeB Investment Trust aims to provide a balanced and stable return to its shareholders by choosing the best investment alternatives in the market. With a 6.99% market share, Ak Type-B Investment Trust recorded a return of 10.60% in 2010.

AKLease is a 99.99% subsidiary of Akbank that provides financial solutions to its customers for capital expenditures. Owing to its sector-specific structuring and a skillful workforce well versed in every sector of the economy, AKLease produces low-cost and long-term solutions that meet and exceed customer demands and expectations. As of December 2010, AKLease has a market share of 10% and asset size of US\$ 775 million.

AKSecurities, established in 1996 is a 99.80% owned subsidiary of Akbank. Since its establishment, AKSecurities' mission has been to provide a comprehensive portfolio of high quality investment services to the retail market. AKSecurities has grown rapidly since its inception and become one of the largest brokerage houses in Turkey. The company reorganized its business model in January 2009.

Since then, it caters solely to Turkish and international institutional investors for their cash equity and derivative transactions. Experienced sales and research teams, electronic trading capability, access to extensive market intelligence and a personalized, customer-focused approach catapulted AkSecurities to become one of the top local brokers serving the institutional investor community in Turkey. The Company's client portfolio consists of 130 institutional investors who manage approximately 20% of emerging markets dedicated funds totaling near US\$ 1,000 billion.

Akbank (Dubai) Ltd. commenced its Dubai operations at the Dubai International Financial Centre (DIFC) in December 2009, making it the first Turkish Bank to set up operations at the DIFC. Established to provide advisory services for financial products, brokerage services for credit and investment products and custody transactions, Akbank (Dubai) Limited is expected to contribute positively to the development of economic cooperation and dialogue between Turkey and the Gulf countries.

Company	Business Area	Equity Ownership (%)
Ak Type-B Investment Trust	Investment	70,04
AkAssetManagement	Portfolio Management	99,99
Ak Global Funding B.V.	Fund Management	100,00
AkLease	Leasing	99,99
AkSecurities	Brokerage	99,80
Akbank N.V.	Banking	100,00

Akbank N.V., a wholly-owned subsidiary of Akbank T.A.Ş., was established as a Dutch bank in 2001 subject to the Banking Laws and Regulations of the Netherlands.

AKBANK N.V. IN BRIEF

In addition to its core business areas of corporate and retail banking, Akbank N.V. is also an active player in trade finance and treasury services.

Akbank N.V., a wholly-owned subsidiary of Akbank T.A.Ş., was established as a Dutch bank in 2001 subject to the Banking Laws and Regulations of the Netherlands. Akbank N.V. is a licensed commercial bank and as such is authorized to undertake all banking transactions under the supervision of the Dutch Central Bank, De Nederlandsche Bank and AFM, Financial Markets Authority. The Bank relocated its headquarters from Rotterdam to Amsterdam in November 2008 and serves also the German retail market through its branch located in Essen.

The Bank offers competitive and innovative savings and deposit products for both the Dutch and the German retail markets. In addition to core business areas of corporate and retail banking, the Bank is also an active player in trade finance and treasury services.

AKBANK AG

Akbank AG is a wholly owned subsidiary of Akbank N.V.

Akbank AG was initially established as Akbank T.A.Ş. Niederlassung Deutschland as the German Branch of Akbank T.A.Ş. The Branch received its banking license from BaFin in 1998. The Branch provided retail and corporate banking services until it was restructured in 2005 by a strategical initiative of Akbank T.A.Ş. to convert the Branch to Akbank AG. Upon restructuring, the Bank ceased retail banking activities and focused solely on corporate banking. As part of the restructuring efforts, Akbank AG was acquired by Akbank N.V. and became a 100% subsidiary of Akbank N.V. in 2007. Akbank AG's core business lines include corporate lending and corporate deposits.

The Bank is a voluntary member of the Deposit Protection Fund of the Association of German Banks, Einlagensicherungsfond.

Vision

To be the leading niche bank in Europe focused on corporate banking, retail banking and trade finance.

Mission

To provide innovative, high quality, specialized banking products and services tailored to meet client needs while maximizing value for the shareholders.

Strategies

- ▶ Maximize stakeholders' value through sustainable growth,
- ▶ Maintain profitability and a strong balance sheet,
- ▶ Achieve a high level of customer satisfaction,
- ▶ Lead our peers in terms of quality, creativity, technological development and continuous innovation,
- ▶ Support the development of the staff through motivation and job satisfaction.



Thanks to the confidence of its clients, Akbank N.V. was able to maintain and build on its solid position in financial markets. The liquidity position of the Bank remained robust and the capital position continued to improve in 2010.

MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD



Dear Clients,

Although the aftermath of the global crisis posed many difficulties during 2010, the massive multi-governmental responses launched in 2009 had mostly successful results. Nevertheless, the economic recovery remained fragile throughout 2010. We expect the global recovery to continue in 2011 but at a gradual pace.

Thanks to the confidence of its clients, Akbank N.V. was able to maintain and build on its solid position in financial markets. The liquidity position of the Bank remained robust and the capital position continued to improve in 2010.

In 2011, we will continue to focus on providing excellent client service, achieve sound margins and ensure ongoing operational efficiency.

On behalf of the Supervisory Board, I would like to thank our valuable employees for their superior performance, our clients for their continued confidence, and all of our economic and social stakeholders for their unwavering support.

BÜLENT ADANIR
CHAIRMAN

SUPERVISORY BOARD

BÜLENT ADANIR CHAIRMAN

Bülent Adanır joined Akbank in 2007 as member of Board of Directors responsible for Risk Management. For 26 years prior to joining Akbank, he held various responsibilities within Citigroup in various countries. In 1997, Adanır was appointed Citigroup's Region Portfolio Manager in London. He later served as Portfolio Manager responsible for Citigroup's Europe, the Middle East and Africa regions. Adanır received his undergraduate and graduate degrees in the United States and holds an MA in Economics from Rutgers State University.

EYÜP ENGİN MEMBER

Eyüp Engin joined Akbank in 1978 as an Assistant Internal Auditor. Prior to his appointment as the Executive Vice President in charge of International Banking in 1996, he served as Manager of the Treasury Department. In 2007, he was appointed the Head of Internal Audit. Engin is a graduate of the Faculty of Business Administration at Middle East Technical University.

FREDERIK B. DEITERS MEMBER

Frederik B. Deiters joined Akbank N.V. in 2003 as a member of the Supervisory Board. He was elected Chairman of the Audit Committee of the Supervisory Board in 2007. Currently, Deiters is a non-executive Board member, Chairman of the Audit Committee of Lombard International Assurance in Luxembourg and a non-executive Board member of BMO Nesbitt International Trading Corp., Luxembourg. In 2003, he retired as Executive Vice President of ABN AMRO Bank Amsterdam after serving as Country Manager in Luxembourg. He is a Dutch national and has a graduate degree in Economics from the University of Amsterdam.

KEMAL ATIL ÖZUS MEMBER

Before joining Akbank, Kemal Atıl Özus served as Audit Manager at Ernst & Young. Towards the end of 2000, he joined Akbank as Vice President responsible for Financial Control and Risk Management and was later promoted to Senior Vice President then to Executive Vice President in charge of Financial Coordination in December 2007. He is a graduate of the Department of Business Administration at Boğaziçi University.

AHMET FUAT AYLA MEMBER

Ahmet Fuat Ayla joined Akbank as Corporate Branch Manager in 2002 and was appointed the Head of Corporate and Commercial Credit Approvals Unit Department in 2005. Two years later, he was appointed Executive Vice President in charge of Corporate and Commercial Credit Approvals. A graduate of Middle East Technical University, Faculty of Economics and Business Administration, Ayla began his career as a Management Trainee at Interbank and later served as the Head of the Marketing Department at Finansbank and Marketing Department Manager at Osmanlı Bank.

KERİM ROTA MEMBER

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 Finansbank and Alternatifbank. He is a graduate of Gazi University, Faculty of Engineering.

After a truly exceptional year of stellar performance, Akbank N.V. delivered solid profits in 2010 with net consolidated profit after tax surging 164% to € 26.5 million.

MESSAGE FROM THE CEO



Dear Clients,

As 2010 came to a close, I wanted to take this opportunity to update you about Akbank N.V.'s progress over the year and our near-term targets. In 2010, the financial services industry continued to be challenged by macroeconomic circumstances with macroeconomic conditions remaining the top story throughout the year. I am pleased to report that Akbank N.V. has reinforced its strong and stable financial results, even in these turbulent times.

After a truly exceptional year of stellar performance, Akbank N.V. delivered solid profits in 2010 with net consolidated profit after tax surging 164% to € 26.5 million. The main driver behind the strong performance was the increase in net interest margin compared to 2009. As funding rates contracted and stabilized during the year and asset returns improved, consolidated net interest margin improved from 0.71% in 2009 to 1.23% in 2010. We ended the year with a stronger balance sheet, more diversified revenue streams and deeper customer relations.

Despite the fragile economic environment, through outstanding risk management practices, Akbank N.V. maintained its non-performing loans to total loans ratio at zero, a ratio the Bank has kept at nil since its establishment. In all respective business segments, asset quality has remained sound and strong.

Effective cost management measures continued to be implemented in 2010. Total operating expenses of € 14.1 million remained almost flat compared to 2009.

During 2010, the Bank reinforced its capital position by retaining its 2009 profit. The solvency ratio reached 16.10% at year-end, far-above regulatory minimum level.

In 2011, we will continue to focus on excellent client service quality, sound margins and effective cost management measures to sustain our profitability and reinforce our capital base. Through our strong balance sheet and equity position we will continue to support our customers and build long-term customer trust to ensure sustainable value creation for our shareholders.

I would like to take this opportunity to thank our valuable employees, shareholders and stakeholders for their contributions, with my full confidence that this synergy will bring further success to Akbank N.V. in 2011.

K. BANU ÖZCAN
CHIEF EXECUTIVE OFFICER &
SENIOR MANAGING DIRECTOR

MANAGEMENT TEAM



(from left to right and down to up)

K. BANU ÖZCAN

CHIEF EXECUTIVE OFFICER & SENIOR
MANAGING DIRECTOR

R. DİDEM ÖGET

EXECUTIVE DIRECTOR - FINANCIAL
COORDINATION

MUSTAFA KORKMAZ

EXECUTIVE DIRECTOR - TREASURY AND
PRIVATE BANKING

HASAN ASTAM

EXECUTIVE DIRECTOR - CREDITS

ERKAN ERGÜNGÖR

EXECUTIVE DIRECTOR - OPERATIONS AND
MANAGEMENT INFORMATION SYSTEMS

MURAT TURSUN

CHIEF RISK OFFICER & EXECUTIVE
DIRECTOR

NESİMİ KANSU

DIRECTOR - ICT AND SUPPORT SERVICES

ERTAN AKBULUT

DIRECTOR - RISK MANAGEMENT

ALİ AROLAT

EXECUTIVE DIRECTOR - CORPORATE
BANKING AND FINANCIAL INSTITUTIONS

HAKAN ÖZTEN

EXECUTIVE DIRECTOR - RETAIL BANKING
AND FOREIGN BRANCHES

REPORT OF THE SUPERVISORY BOARD

GENERAL

Acting in the interest of all stakeholders, the Supervisory Board closely monitors the general conduct of the Bank's business dealings. In this capacity, the Board performs regular evaluations to review risk management, strategy, internal control and compliance systems while continuously monitoring the Bank's financial reporting. The Supervisory Board also advises the Managing Board on all major decisions.

The Supervisory Board has set up three committees to assist it to perform its supervisory duties: the Audit, Risk, Human Resources (HR) and Remuneration Committees.

All members of the Supervisory Board have a profound knowledge and experience in various fields of the banking business.

A profile for the members of the Supervisory Board has been prepared. A self assessment of each member of the Supervisory Board is also in the process of being done.

Akbank N.V. would like to take this opportunity to express its gratitude and appreciation to Reşit Toygar for his services during his Supervisory Board membership.

Composition of the Supervisory Board

The current members of the Supervisory Board and their appointment terms are:

Name	Position	Appointment	End of Term
Bülent Adanır	Chairman	17 July 2008	31 December 2011
Eyüp Engin	Member	19 January 2010	31 December 2011
Frederik B. Deiters	Member	19 June 2003	31 December 2011
Kemal Atıl Özus	Member	28 February 2008	31 December 2011
Ahmet Fuat Ayla	Member	31 July 2007	31 December 2011
Kerim Rota	Member	18 January 2011	31 December 2011

Members who resigned from the Supervisory Board in 2010

Name	Position	Appointment	Resignation
Reşit Toygar	Member	19 January 2010	04 November 2010

S. Tuncer Mutlucan (Managing Director) resigned from the Managing Board as of 31 August 2010. Murat Tursun was appointed as the Chief Risk Officer and member of the Managing Board on 1 September 2010.

We would like to thank Mr. Mutlucan for his devotion and immense contribution to the Bank. The Bank benefited greatly from his business acumen, leadership and support during his three-and-a-half years of service.

MEETINGS AND COMMITTEES

The Audit Committee held four regular meetings during the year. The Committee has been assigned the task of providing assistance and advice to the Supervisory Board on specific issues such as financial reporting,

The Risk Committee was established in 2010 as a subcommittee of the Supervisory Board to oversee all risk related issues of the Bank.

Meetings

In 2010, the Supervisory Board held five formal meetings. In these meetings, the Managing Board reported to the Supervisory Board on the Bank's performance, risk management and other key issues while the Board provided extensive consultation on all material issues concerning the Bank.

Audit Committee

The Audit Committee held four regular meetings during the year. The Committee has been assigned the task of providing assistance and advice to the Supervisory Board on specific issues such as financial reporting, the internal control environment, external and internal audit, corporate governance and compliance issues. The Committee is composed of three members from the Supervisory Board, Frederik B. Deiters (Chairman) Eyüp Engin (member) and Kemal Atıl Özus (member).

HR & Remuneration Committee

The HR & Remuneration Committee, established in 2007, met once in 2010. During the meeting, major human resource issues were discussed including remuneration, training, appraisals and bonuses. The Committee is currently composed of Bülent Adanır (Chairman) and K. Banu Özcan (Chief Executive Officer and Senior Managing Director).

Risk Committee (Supervisory Board Level)

The Risk Committee was established in 2010 as a subcommittee of the Supervisory Board to oversee all risk related issues of the Bank. The Committee is composed of Ahmet Fuat Ayla (Chairman), Kemal Atıl Özus (member) and Frederik B. Deiters (member).

Adoption of Annual Accounts and Dividend

The Managing Board prepared the Bank's financial statements for the year ended 31 December 2010. Those financial statements were audited by Ernst & Young LLP. The auditors' report on the financial statements of Akbank N.V. is attached to the annual accounts of the Bank.

The Supervisory Board has reviewed the 2010 annual accounts and will put forward its review during the Annual General Meeting of Shareholders. The Board has also agreed on the Managing Board's proposal to transfer the net profit to general reserves. The matter will be resolved at the Annual General Meeting of Shareholders.

Our People

As members of the Supervisory Board, we would like to take this opportunity to express our deep gratitude to the Managing Board for their excellent work during 2010. Additionally, the success of this year could not have been achieved without the significant contribution and extreme dedication of all Bank employees.

We also want to extend our appreciation to our esteemed clients and business partners for their continuous trust and cooperation.

We are going to continue to rely on our well-proven track record of management skills of the Managing Board and on the ceaseless devotion of the members of our team to achieve the Bank's future goals.

With our sincere gratitude,

6 May 2011

THE SUPERVISORY BOARD

REPORT OF THE AUDIT COMMITTEE

Akbank N.V.'s Audit Committee assists and advises the Supervisory Board in monitoring the establishment and maintenance of an effective internal control environment with respect to financial reporting, internal and external auditing, compliance and overall risk management. The Committee comprises of three Supervisory Board members: Frederik B. Deiters (Chairman), Eyüp Engin and K. Atıl Özus. Mr. Engin joined the Committee in 2010.

Since the establishment of the Risk Committee of the Supervisory Board in early 2010, the Audit Committee has mainly focused on the follow-up of risk related audit findings and operational risk management, whilst the Risk Committee has focused on the enhancement of the risk governance framework within the Bank.

The Audit Committee performs its duties within the scope stipulated in the Charter which is regularly revised and updated. The Committee undertakes several main responsibilities which comprise:

- Overseeing the adequacy and reliability of information and financial reporting systems within the framework of relevant legislation,
- Reviewing and discussing the annual audited financial statements with independent auditors and the Managing Board,
- Overseeing the Bank's internal control systems and procedures to promote compliance with applicable standards, laws and regulations,

- Informing the Supervisory Board about major compliance breaches and/or circumstances that may adversely impact the continuity of the Bank's operations
- Ensuring adequate and efficient internal control, internal audit and external audit processes,
- Monitoring the functioning principles and activities of Akbank AG,
- Making recommendations to the board for the selection and appointment of independent auditors, providing their independence in performing their duties.

As a general practice, Committee meetings are held prior to Supervisory Board meetings and proceedings of each meeting are reported to the Supervisory Board.

The Audit Committee convened four times during the financial year 2010. All of the meetings were regular meetings. Whilst the Committee members, the Committee's secretary and the Managing Board members attended all meetings, the independent auditor, the representative of the internal audit function and Executive Director-Financial Coordination were present at one meeting. The Head of Internal Control of the parent participated in two meetings in order to enhance the consolidated supervision and monitoring.

The main issues addressed in these meetings are as follows:

- Review of the annual audited financial statements before recommending the statements for the Board's approval,
- Review of the independent auditors' and internal audit proposed plan and scope of their work,

- Review with independent auditors and the representative of internal audit of the results of their audit, audit report and follow-up on any recommendations and suggestions to improve the internal control weaknesses addressed during the course of the audits conducted.
- Review the Internal Control and Compliance Unit's scope of work and activities,
- Supervision of the relations with the regulatory and supervisory authorities.

The composition and activities of the Audit Committee are in line with the requirements of the Dutch Banking Code. Throughout the year the Committee monitored the implementation of the Code as explained in the regulatory environment and banking code section of the Annual Report.

The members of the Audit Committee performed a self-assessment study in the last quarter of 2010. The results were evaluated within the Committee and areas for improvement were identified for 2011.

As a result of supervision activities conducted during 2010, the Audit Committee has concluded that while acting in accordance with its charter, the overall internal control environment of the Bank is appropriate.

FREDERIK B. DEITERS
CHAIRMAN OF THE AUDIT COMMITTEE

EYÜP ENGİN
MEMBER OF THE AUDIT COMMITTEE

KEMAL ATIL ÖZUS
MEMBER OF THE AUDIT COMMITTEE

In 2010, financial markets were relatively disappointing due to the expected continuance of sluggish economic recovery from the deepest recession recorded since the 1930s. While global economic activity picked up to a certain extent in 2010 thanks to unparalleled monetary and fiscal stimulus, the recovery is far from robust. The prospect of fully returning to global prosperity seems still a long way off.

REPORT OF THE MANAGING BOARD

FINANCIAL MARKETS 2010

In 2010, financial markets were relatively disappointing due to the expected continuance of sluggish economic recovery from the deepest recession recorded since the 1930s. While global economic activity picked up to a certain extent in 2010 thanks to unparalleled monetary and fiscal stimulus, the recovery is far from robust. The prospect of fully returning to global prosperity seems still a long way off.

The euro zone experienced the deepest recession of its history in 2009 and had slow recovery during 2010 with growth estimates forming an average of around 1.5%. This growth figure, however, is not highly indicative because the distribution of growth is not even within the area. Export oriented-countries, led by Germany, are expected to benefit from the recovery, with the economic pickup in emerging economies providing more stimulus. Other members such as Greece, Portugal, Ireland and Spain and to a certain extent, Italy, suffer problematic debt rollover difficulties posing a problem for healthy growth. Consequently, these problems have had to be directly or indirectly dealt with by ECB. Therefore, budget deficit burdens and other structural problems will continue to threaten the credibility of these economies and their credit ratings as we witnessed during 2010. The Bank's risk exposure to such countries is very limited.

Another major theme for 2010 has been low interest rates. Despite low interest rates, we have seen yields increase on government bonds and corporate issues alike, especially during the last quarter of the year. Most analysts' 2011 outlooks portray themes of some degree of normalization towards higher rates. But, there are many worries that alter this outlook such as the sovereign crisis in euro zone, stubbornly high levels of unemployment and concerns surrounding the second quantitative easing package. Although very hard to precisely anticipate, political tensions could put a cap on rising yields by creating a safe haven effect.

While no major central banks such as the FED, ECB and BOE stopped providing cheap funding and multiple forms of bail out programs during the year to stabilize the crisis, most central banks are considering different options to unwind their liquidity, providing operations to prevent inflationary pressures. ECB has already announced that there will be no new twelve-month refinancing operation in 2011, and the last twelve month facility no longer has a fixed rate. ECB, FED and the BOE have kept interest rates at record lows, in the neighborhood of 1%, 0-0.25% and 0.5%, respectively throughout the whole year in 2010. While BOE could be the first bank to raise rates, ECB could follow suit in 2011. Annually, CPI in the US and the Eurozone have increased by 1.5% and 2.2%, respectively in 2010.

Consumers in the rest of Europe and the United States have not fully participated in the recovery. Therefore, it is not realistic to expect them to trust the global economy forward in

2011. The same applies, to a lesser degree, to the business community. The necessary fiscal belt-tightening measures being conducted by highly indebted governments and the uncomfortably high unemployment rates in many countries do not create a very stimulating business climate. Thus, it is hardly surprising that businesses will again take an extremely conservative approach to their investment plans in the coming year.

Another major theme for 2010 has been the dire situation of deficit financing in the developed world. The US current account deficit remains massive and widening, partially due to China keeping the value of its currency low. On the other hand, fiscal uncertainties about the European periphery have created considerable volatility for equity, currency and fixed income markets in 2010. Concerns surrounding Ireland, Greece, Portugal, Spain and Italy, albeit based on different reasons, have increased yields and widened Credit Default Swap spreads to levels never seen before.

The Dutch economy shrank by 4% in 2009 but was able to regain solid footing in 2010 as the Netherlands benefited from the pick-up in world trade. While the economy is expected to grow by 1.75% in 2010, consensus forecasts of average GDP growth are around 1.50% for the coming years. Therefore, for some years to come growth levels in the Netherlands will be lower than what the country is accustomed to. The main driver behind the Dutch slowdown is the loss of steam in global recovery. As a very open economy, global trends



In stark contrast to most of Europe and the US the Turkish GDP increased by 8.9% in the first three quarters of 2010.

In a year of many firsts, Turkey issued a 10-year fixed rate and 10-year inflation linker local currency bonds.

affect the Dutch economy significantly. However, it is expected that the Dutch government's plans to carry out strict measures in the years ahead will ease uncertainties concerning consumer confidence. Consequently, consumer spending is anticipated to pick up in 2011.

Throughout 2010 retail funding markets both in the Netherlands and Germany continued to stabilize both in the sense of competition and interest rates. The Bank managed its retail customer and funding base parallel to the market situations in both countries.

Although emerging economies are expected to perform relatively better, they will not be immune to the slower growth expected in the developed world. There are already signs that Chinese growth is showing tentative signs of easing as policy makers seek to avoid the threat of rising inflation. Overall, analysts' expectations for GDP growth in 2011 range from 3.4% to 3.9%, with an uneven distribution of growth between emerging and developed economies.

Most countries within the EMEA space are expected to hike rates in 2011. Only the Czech Republic, Hungary and Romania might hold off with rate hikes until 2011. By that time, all EMEA central banks are expected to have hiked rates to bring monetary conditions closer to neutral. The risks within this group might arise from keeping the monetary accommodative policy for too long. There are number of upcoming parliamentary and legislative elections in the region. Overall, risks remain, despite improved prospects for global activity growth.

On the commodities front, base metals like copper and precious metals like palladium and gold have seen their all time highs. Economic worries about weak countries have pushed investors to invest in German and US bonds where we have seen historic lows in yields. In addition to metals, agricultural commodities are also expected to sustain rallies as a result of low inventories, increasing population pressures and supply disruptions. Expectations for commodities in the coming year are mostly positive, as rising commodity prices fuel inflation expectations and investors searching for yield create extra demand for commodities. Historically, commodities have been seen as a hedge against inflation. However, a low-yield environment, even without inflationary expectations, has turned commodities into star performers led by palladium and silver. Other factors which have affected the rally in commodity markets have been the massive Chinese demand and universal access to the commodity space through pooled investments such as Exchange Traded Funds.

In stark contrast to most of Europe and the US, the Turkish GDP increased by 8.9% in the first three quarters of 2010. Annually, CPI and PPI have increased by 6.40% and 9.54%, respectively. In a year of many firsts, Turkey issued a 10-year fixed rate and 10-year inflation linker local currency bonds. As another first, the Turkish two-year benchmark yield has hit an all time low at 6.75% compound level in 2010. Moreover, in 2010 the Turkish treasury successfully issued a 30-year Eurobond denominated in USD maturing in 2040.

As for the 2011 outlook, however encouraging the inflation and growth figures might be, the focus remains on the Central Bank of Republic of Turkey (CBT), which surprised the markets by utilizing unconventional policy tools towards the end of 2010. The CBT's unconventional approach involves using policy tools such as higher required-reserve ratios to contain lending growth and lowering short-term policy rates to restrain the real appreciation of the lira. The CBT has also increased reserve requirements for foreign currency and Turkish lira deposits to control inflationary pressures.

The outlook for 2011 signals more difficulties ahead for much of the world and especially for developed economies such as the US, Japan and the Euro zone. Many emerging economies will probably continue to perform relatively strong, as the shift in global economic power continues apace. Nevertheless, the expected slower growth in the developed countries might also impact emerging economies. While the US is expected to outpace the euro zone in growth, Germany is expected to outperform as that country's export exposure to China and emerging Asia provides additional demand for German products. Despite some strong headwinds, 2011 will be a year of acceleration in recovery and increase in inflationary pressures for most countries in the world.

Akbank N.V. recorded € 26.5 million in net consolidated profit in 2010 with a 164% increase over 2009.

BANK ANALYSIS 2010

PROFITABILITY

The Bank recorded € 26.5 million in net consolidated profit in 2010 with a 164% increase over 2009.

The increase in net profit is mainly attributable to the increase in net interest margin compared to 2009. Because of the contraction and stabilization of funding rates during the year, net asset returns improved. The consolidated net interest margin improved from 0.71% in 2009 to 1.23% in 2010. In 2010, net interest income soared from € 21.2 million to € 38.8 million.

Another contribution to the substantial increase in net profit is the net commission income which increased by almost 200%, to reach € 3.5 million versus € 1.2 million in 2009. The increase in commission income is mainly attributed to the successful pick-up in trade finance business in 2010.

In 2010, results on financial transactions also increased and commission income reached € 6.5 million from € 5.6 million with a 15% increase.

Although the economic backdrop was that of slow recovery, no NPL costs were incurred in the current year. The Bank's non-performing loans to total loans ratio has been nil since its inception. In all respective business segments, asset quality has remained sound and strong.

Effective cost management measures continued in 2010 so that total operating expenses remained almost flat at € 14.1 million versus € 13.7 million (excluding the effect of the provision of € 2 million for the Bank's participation in the Deposit Guarantee Scheme and other extraordinary items totaling € 0.2 million) in 2009.

Akbank N.V. will continue to focus on excellent client services, sound margins and effective cost management measures to sustain its profitability and capital position in 2011.

ASSETS

Akbank N.V.'s consolidated total assets reached € 3,141 million by year end 2010 with a slight balance sheet contraction of 7.5% compared to 2009.

The Bank increased its corporate lending in 2010 to € 2,012 from € 1,922 million in 2009 with an increase of 4.7% compared to the previous year. Sectoral and counterparty distribution of the portfolio remained well-diversified. The Bank continued to focus on its areas of expertise in term of geography, sector and countries.

In 2010, Akbank N.V.'s total credit institutions exposure recorded a moderate decrease to € 569 million from € 696 million, while the Bank continued to keep ample liquidity position to support its activities.

The composition of assets changed significantly in 2010 with the securities portfolio decreasing 22% to reach € 490 million at 2010 year-end. The decrease was caused by a significant divestiture of the Turkish Eurobond portfolio in line with the legal lending limit compliance during the year.

LIABILITIES

In 2010, total customer deposits remained flat at € 2,110 million, versus € 2,183 million in 2009. The Bank continued to be well-diversified in all funding segments throughout the year.

Akbank N.V. continued to enjoy the benefits of a large retail deposit base providing it with a non-volatile, well-diversified funding base. By year end 2010, the Bank's retail deposit base reached € 1,053 million, versus € 1,249 million in 2009.

Corporate and private deposit base remained stable at EUR 1,057 million compared to EUR 934 million in 2009.

Institutional funding contracted from € 737 million to € 423.4 million in 2010. The decrease in institutional funding can mainly be attributed to the decrease in securities repo transactions.

EQUITY

Shareholders' equity increased from € 396.8 million to € 423.4 million while 2009's profit was retained to sustain the already-solid capital base. The Bank continued to enjoy a solid capital adequacy ratio of 16.10% (31 December 2009-13.22%), well above many European peers.

Akbank N.V. is established on, and actively nurtures, a business culture of trust. The most integral parts of the Bank's strategy in 2011 are to remain focused on applying effective risk management policies, protecting asset quality and continuing to generate sustainable profit.



The Basel III framework sets out the introduction of two liquidity standards, rules for higher and better-quality capital accounting, better risk coverage, the introduction of a leverage ratio and measures to introduce a capital conservation buffer.

REGULATORY ENVIRONMENT AND THE BANKING CODE

In September 2010, the Basel Committee on Banking Supervision announced that it will introduce tighter rules relating to solvency and liquidity of banks. The new set of standards is grouped under Basel III. The move aims to strengthen global capital and liquidity regulations in an effort to promote a more resilient banking sector.

REGULATORY ENVIRONMENT

Basel III

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The major part of the package addresses raising the quality, consistency and transparency of the capital base to ensure that the banking system is in a better position to absorb losses. In addition to raising the quality of the Tier 1 capital base, the Committee also harmonizes other elements of the capital structure. The Basel Committee's package of reforms will gradually increase the minimum common equity requirement from 2% to 4.5% with a transition period starting from 1 January 2013 until full implementation as of 1 January 2017. In addition, banks will be required to hold a capital conservation buffer of 2.5% to survive future periods of crisis. The required total common equity will therefore be increased to a level of 7%. Furthermore, to avoid periods of excess aggregate credit growth, a

countercyclical buffer within a range of 0% - 2.5% of equity or other fully loss-absorbing capital has been proposed.

Concerning liquidity principles, the Basel Committee has introduced two minimum standards for liquidity risk supervision. The first standard is the Liquidity Coverage Ratio (LCR). LCR is an assessment to promote the short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficiently high-quality liquid assets to survive a significant stress scenario lasting for 30 days. LCR is implemented with an observation period starting in 2011 and is going to be in full effect by January 1st, 2015. The second standard is the Net Stable Funding Ratio (NSFR). NSFR will be implemented with an observation period starting in 2012 and is going to be in full effect by January 1st, 2018. NSFR is a metric designed to promote resilience over a longer period by creating additional incentives for banks to fund their activities with more stable funding.

CRD II

The CRD II, covering amendments related to own funds, large exposures, supervisory arrangements, qualitative standards for liquidity risk management and securitization was adapted by Member States of EU in 2009. The CRD II entered into force on 31 December 2010.

Major aspects include the technical changes to the capital requirements for the trading book, the adjustment of the rules for large exposures, the inclusion of hybrid regulatory capital components in the definition of core capital, the further elaboration of the

The Dutch Banking Code is applicable to all banks that have a license to operate under the Dutch Financial Supervision Act (Wft) and it sets out the main principles in the areas of corporate governance, risk management, audit and remuneration.

rules on liquidity risk management and the retention of securitization positions. It also covers the aim to strengthen the cooperation between supervisors in period of crisis.

In term of liquidity rules, the aim is to remove the excessive reliance on unsecured funding, marketability of assets, as well as central bank funding. It also targets the risk associated with leverage based on short term wholesale funding.

In terms of quantitative requirements it redefines the concepts of actual and required liquidity, where the actual liquidity is the sum of weighted stock of liquid assets and weighted gross cash inflow. It reshapes the definition of "stock of liquid assets" targeting to reduce the scope while amending the haircut levels for most of the categories.

The definition of required liquidity is also revisited increasing the weighted amount of most categories. As a rule the amount of actual liquidity must be higher than the required liquidity in the one week and in one month brackets. In the highlight of CRD II, institutions will be required to develop an ILAAP (Internal Liquidity Adequacy Assessment Process) in order to be able to assess the institution's internal liquidity planning and the quality of its liquidity risk management.

Dutch Deposit Guarantee Scheme

In March 2011, the Dutch Minister of Finance announced the possible introduction of a Dutch bank levy. This

bank levy is a new way to finance the Dutch deposit guarantee scheme (DGS).

The current system operates as an ex-post system, where the amounts reimbursed to customers based on DGS coverage are charged to the Dutch banks only after an actual bank failure. The charge depends on the respective share of each bank in Dutch retail deposit market.

The proposed bank levy system involves an annual upfront fee to be paid by the banks that are covered by the DGS. This levy could essentially be considered as an insurance premium for the DGS. The fees would be paid to a specific DGS fund, which would first be called in case of a relevant default. The levy is intended to be introduced on 1 July 2012.

Policy Rule on the Treatment of Concentration Risk in Emerging Countries

The Country Risk Policy Rule of the DNB came into effect in July 2010. The rule aims to strengthen the capital position of banks with substantial concentrated exposures to emerging economies. The policy rule defines a material country concentration as 5% of total assets and calculates potential losses under a default assumption of material concentrations. The Bank's own funds should be sufficient to absorb these potential losses together with the capital required for other RWAs. Certain risk mitigation techniques can be applied to reduce gross exposure in concentrated countries.

Such exclusions include cash collateralized exposures, exposures with guarantee of payment outside the concentrated country and exposures in the local currency of the concentrated country. Additionally, deductions can be applied starting from 18 months remaining to maturity with increasing deduction as the remaining maturity shortens. On the other hand, trade finance exposures receive a 70% deduction of their gross exposure for the calculation of the required capital.

THE APPLICATION OF THE DUTCH BANKING CODE

The Dutch Banking Code came into effect on 1 January 2010. The Code is applicable to all banks that have a license to operate under the Dutch Financial Supervision Act (Wft) and it sets out the main principles in the areas of corporate governance, risk management, audit and remuneration.

The Code imposes a comply-or-explain principle which is one of the key elements of EU corporate governance framework. Upon the implementation of the Code, the Bank has done a gap analysis to determine the current status and the areas of improvement to achieve compliance with the Code and has provided information on its website (www.akbanknv.com).

The Bank has committed to adhere to the principles of the Code and has taken various steps in this regard during 2010. The Bank mainly complies, with a few exceptions. Explanations about the application of the Code and related deviations are provided below with a reference to each chapter of the Code.



The Managing Board possesses the necessary skills and expertise in banking and risk management to fulfill its duties effectively while carefully balancing the commercial interests and the financial risks of the Bank.

The risk management function as well as the Risk Committee at management level support the Managing Board in the establishment and maintenance of an effective risk management system.

Supervisory Board

The Supervisory Board of the Bank applies the principles of the Code on composition and expertise. The Board consists of six members with profound knowledge and experience in various fields of the banking businesses that is sufficient to effectively fulfill the task of the Board and its sub-committees. In addition to Audit Committee, a Risk Committee at Supervisory Board level has been established in April 2010 to advise the Board on risk issues and to enhance risk supervision on a consolidated basis.

The Supervisory Board is composed of independent member and members from the parent institution. The Board members from the parent institution do not receive any salary or compensation from the Bank for their service in the Board. The independent member receives a fixed fee; but does not receive performance based remuneration or pension contribution. Therefore, the annual assessment of the lifelong learning program will be part of the annual self-evaluation of the Supervisory Board for 2011.

The Supervisory Board's Charter has been revised and Board member profile has been drawn up in December 2010. Annual self-evaluations for the Supervisory Board and separately for the Audit Committee have been done. An independent assessment, to be undertaken every three years, will also be introduced.

In 2010, a lifelong learning program was designed for both the Supervisory Board and the Managing Board to keep the members' knowledge and expertise up to date on general developments in the financial markets, risk management and regulatory developments. As a deviation, the commencement of the program will be in 2011. Therefore, the annual assessment of the life long learning program will be part of the annual self-evaluation of the Supervisory Board in 2011.

Managing Board

The principles of the Code regarding the composition and expertise of members have been taken into account during the appointment of the new member of the Managing Board in 2010. Managing Board consists of the Chief Executive Officer and Chief Risk Officer. The Managing Board possesses the necessary skills and expertise in banking and risk management to fulfill its duties effectively while carefully balancing the commercial interests and the financial risks of the Bank.

Members of the Managing Board have signed the moral and ethical conduct declaration as defined in the Code. The Managing Board's Charter has been revised. The Code is applicable for all employees in day-to-day business activities and the employment contracts for new employees have been updated in line with the Code.

Akbank N.V. has a conservative approach concerning the variable remuneration which is directly linked with measurable financial and non-financial performance criteria.

Risk Management

In addition to the Managing Board's collective responsibility for the management and control of risks, one of the two Managing Board members has been appointed as Chief Risk Officer (CRO). The CRO does not bear direct responsibility for any commercial business lines and is involved in all decisions that materially affect the risk profile of the Bank.

The risk management function as well as the Local Risk Committee at management level support the Managing Board in the establishment and maintenance of an effective risk management system.

The risk appetite of the Bank is determined annually in terms of risk parameters and limits set by the Managing Board and approved by the Supervisory Board. The Bank is working on a separate risk appetite statement which will be finalized in 2011. Although a formal statement has not been finalized as a deviation from the Code, in order to effectively manage and mitigate the risks involved in its operations, the Bank has prudent and conservative risk approach with regard to risk taking and gearing levels indicated by strict position limits and solid risk parameters, sound liquidity management and maintenance at high solvency ratio well above the regulatory requirement.

The Supervisory Board's Risk Committee regularly discusses risk profile, risk appetite and risk related issues, monitors risk parameters and limits and assesses the adequacy of the risk management applications and related policies. The Bank has also

developed and implemented a product approval policy and process in 2010.

Audits

Internal audit at Akbank N.V. is carried out by the Board of Internal Auditors of Akbank T.A.Ş. pursuant to the Service Level Agreement effective by 2007.

Internal audit at Akbank N.V. is an independent function that reports directly to the Managing Board and functionally to the Audit Committee. The audit priorities are determined according to a structural risk assessment methodology to evaluate the associated risk level of each and every process within the Bank. The outcome is an annual risk-based audit plan which is discussed with the Managing Board and approved by the Audit Committee.

The results of the internal audit activities are presented to the Managing Board and the Audit Committee. The control environment and risk management system are evaluated with respect to the COSO principles in internal audit reports. In addition to operational audits, IT related processes are audited by a special IT audit team according to COBIT methodology. The internal audit has issued an operational audit report for 2010 covering all audit results including the Banking Code.

Ernst & Young has been appointed as the external auditor of the group in 2010. Annual audit reports issued by the external auditor may include relevant findings regarding governance, risk management and control environment issues. The Audit Committee discusses internal and external audit reports and regular

follow-up activities are carried out at all Committee meetings.

The only exception for this chapter is that the annual tripartite discussion among the internal audit, the external audit and DNB will be held in 2011.

Remuneration

The Bank has established a new remuneration policy taking the principles of the Code into account. The final policy will be presented to the Supervisory Board for the approval in the coming meeting of the Supervisory Board in May 2011.

According to the remuneration policy, the total income for the Managing Board will be determined by a benchmark that takes into account the peer group of financial and non-financial companies. The total compensation for the Managing Board is below the median of the benchmark.

The Bank has a conservative approach concerning the variable remuneration which is directly linked with measurable financial and non-financial performance criteria. The Bank applies the 1:1 ratio for annual variable remuneration and fixed income for all personnel including the Managing Board and there is no incentive program. Therefore, it is decided that the variable remuneration will not be conditional.

The Supervisory Board keeps the discretionary power to adjust variable compensation in exceptional circumstances and in line with the Code, has authority to reclaim the variable remuneration allocated based on inaccurate data.



In 2010, the consolidated corporate loan portfolio increased from € 1,922 million to € 2,012 million recording a 5% increase.

CORPORATE BANKING

Trade finance activities, increasing since 2007, recorded the highest volume and profit to date in 2010.

In 2010, the consolidated corporate loan portfolio increased from € 1,922 million to € 2,012 million recording a 5% increase. Akbank N.V. continued to support the corporate banking activity of Akbank group.

In 2010, corporate banking continued to diversify products, revenue streams and geographic locations. Trade finance activities, increasing since 2007, recorded the highest volume and profit to date in 2010. The size of international trade volume handled in 2010 by Akbank N.V. reached more than € 350 million, resulting mostly from transactions covering almost the entire range of commodities.

Akbank N.V. aims to structure each international trade transaction productively with prompt and efficient handling of the underlying financial instruments and related documents. As Akbank N.V.'s approach is relationship-driven, it continuously strives to improve its overall performance via an integrated approach by establishing and nurturing well-rooted relations with its clients. The asset quality of the Department remained outstanding in 2010 with zero non-performing loans in the books.

In 2011, Akbank N.V. Corporate Banking will continue to implement its strategies of diversification.

Combining European banking capabilities with strong shareholder support helps Financial Institutions Department to raise short and long-term liquidity by making use of various trade finance, Islamic finance and treasury instruments.

FINANCIAL INSTITUTIONS

Akbank N.V. Loans Distribution (€ 000)

	Solo		Consolidated	
	2010	2009	2010	2009
Bank loans	376,849	414,634	472,559	527,045
Corporate loans	1,260,879	963,873	2,011,586	1,922,410
Total	1,637,728	1,378,507	2,484,145	2,449,455

In 2010, correspondent banking activities maintained their importance for Akbank N.V. The Financial Institutions Department continued to search alternative solutions with various international banks to intermediate corporate clients' trade finance transactions and support the diverse treasury activities of the Bank.

During 2010, bilateral financing from the correspondent network continued at previous levels with the addition of new counterparties. Combining European banking capabilities with strong shareholder support helps Financial Institutions Department to raise short and long-term liquidity by making use of various trade finance, Islamic finance and treasury instruments.

The increase in trade finance volume in 2010 enabled Financial Institutions to expand its correspondent network to different geographic locations. Besides establishing new limits, Akbank N.V. has also added new countries outside Europe and Turkey to the list of countries where the Bank takes risk. This strategy of diversification is based on expansion to geographic locations where the economies have potential for long-term sustainable growth and are deemed eligible for investment by the Akbank Group.

The strategy is also a reflection of the origination of primary and secondary assets. Besides handling regular primary trade transactions with banks, Financial Institutions Department continued to carry out forfeiting and syndication activities. Being a niche player, Akbank N.V. Financial Institutions traded Turkish assets and selective CIS countries' risks in 2010.

The activities in risk sharing of trade financial assets also increased; Akbank N.V. signed Master Risk Participation Agreements with international banks and participated in the risk sharing program of International Finance Corporation within Akbank T.A.S.

Throughout the year, Akbank N.V. participated in corporate, commodity and bank syndicated loan facilities in CIS and Europe. The Bank also contributed to commodity primary market Murabaha syndications in Turkey. This enhanced business line helped to boost the name recognition of Akbank N.V. in international loan markets.

In 2011, Financial Institutions will maintain its close relations with correspondent banks to ensure successful flow of business and continue to diversify its range of products and markets.



In 2010, Akbank N.V. Retail Banking Department kept its focus on fast, reliable and consistent customer service and competitive pricing.

RETAIL BANKING

As part of the restructuring effort, internally developed CRM applications were deployed during 2010 to further support Akbank N.V.'s commitment to delivering high quality service to its customers.

In 2010, Akbank N.V. Retail Banking Department kept its focus on fast, reliable and consistent customer service and competitive pricing. The Bank continued to enhance customer-oriented lines of communication and straightforward solutions to customer requests. Reaping the benefits of a cost efficient direct banking business model supported by centralized workflow systems, retail banking was able to offer competitive interest rates throughout 2010.

2010 was a year of restructuring in Retail Banking. All processes pertaining to the segment were thoroughly reviewed and redesigned to enable better delivery of fast, high quality service. As part of the restructuring effort, internally developed CRM applications were deployed during 2010 to further support the Bank's commitment to delivering high quality service to its customers.

The internet continued to be the main channel of customer acquisition and activity in 2010. The newly developed state-of-the-art internet banking system was introduced successfully during 2010 in both the Netherlands and Germany. Internet accounts continued to make up of more than 70% of the accounts from the Netherlands and Germany.

As a result of strategic evaluation of the business model, Akbank N.V. closed down its London Branch as of 31 December 2010.

Akbank's retail banking activities are organized under the central management in Amsterdam. Operations are carried out by the head office in the Netherlands and the branch in Germany where the Bank targets the mass market.

Akbank N.V. continues to successfully utilize geographical diversification in two countries to provide solid and healthy possibilities for the application of different strategies for retail banking activities. The Department maintains its short- and long-term plans for ongoing augmentation of its customer base and deposits volume.

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Breakdown of Total Retail Deposits (€ 000)

	Total Volume	Savings	%	Time Deposits	%
2009	1,248,776	694,716	56	554,060	44
2010	1,053,442	632,953	60	420,489	40

Breakdown of Total Retail Deposits per Contractual Maturity (€ 000)

	2010	2009
Payable on demand	632,953	694,716
Three months or less	1,801	1,038
Longer than three months but less than one year	141,904	276,201
Longer than one year but less than five years	276,756	158,905
Five years	28	117,916
Total	1,053,442	1,248,776



Akbank N.V. Treasury Department is responsible for managing the Bank's liquidity, interest rate risk and market risk utilizing risk-adjusted return principles with the goal of maximizing the return of the Bank's proprietary investment position on assets. The Treasury Department uses its know-how and expertise to reach this goal in line with ALCO decisions and internal limits.

TREASURY

During 2010, the Treasury Department generated various investment ideas to diversify its investment portfolio and enhance its creditworthiness to match Akbank N.V.'s risk parameters and to act in line with global volatility.

The Treasury managed to remain highly liquid with a strong preference over short-term instruments during the volatile period of 2010. Effective risk management practices, coupled with accurate market timing, helped the Bank bolster its liquidity and improve its investment portfolio.

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The Treasury played a proactive role to increase the synergies created within Sabancı Group companies, especially with Akbank T.A.Ş. It regularly communicates with Akbank T.A.Ş. and Akbank AG to share views on market assessment, market players, instruments and the economic outlook of developed and emerging economies to ensure effective global Treasury management. Treasury shares market information and know-how with its parent and its subsidiaries to create synergies for product and business line development.

Throughout the year, the Treasury continuously evaluated and improved the return of its investment portfolio while minimizing the risk in line with ALCO decisions.

During 2010, the Treasury Department generated various investment ideas to diversify its investment portfolio while matching the Bank's risk parameters. The department executed these investment ideas in a timely manner and significantly improved the Bank's investment portfolio in terms of risk-adjusted return. Interest rate and currency risk on the balance sheet were kept under the required levels with various tools such as Cross Currency Swaps and Foreign Exchange Swaps. The Treasury uses products such as foreign exchange options and global equity trading to serve the Bank's private and corporate clients.

The department enjoys the benefits of seasoned management and skillful employees with broad-based know-how and experience who can create and provide various credit, interest, equity and foreign exchange derivatives. These include leveraged and Interest Rate Swaps, and Cross Currency Swaps, structures on foreign exchange and interest rates, alternative investments, options on foreign exchange, equities and fixed income instruments.

The objective of Akbank N.V. Private Banking Department is to deliver the highest quality private banking services by offering access to a wide range of products and solutions to protect and enhance client wealth.

PRIVATE BANKING

Guided by principles of confidence and discretion in its operations, the Department serves Private Banking clients exclusively, providing optimized investment options for their portfolios.

Private Banking services were established to offer exclusive services for high net worth individuals to help make investment decisions and design appropriate tailor-made solutions. Akbank N.V. Private Banking Department creates synergies by combining the advantages of being a European Bank with the knowledge and expertise of Turkish markets and clientele. The department positions itself as a reliable and innovative boutique bank in the region and strives to increase the value it creates for its corporate and individual private clients.

As a typical Dutch Bank, the importance of discretion and mutual trust is fully emphasized in Akbank N.V.'s private banking services. The Bank's services are bound by Dutch Law, which obliges financial institutions to treat client account information with the utmost confidentiality. Private Banking product exposure at Akbank N.V. covers all major developed and emerging markets, with a special expertise, know-how and emphasis on Turkey. Guided by principles of confidence and discretion in its operations, the Department serves Private Banking clients exclusively, providing optimized investment options for their portfolios.



The Information and Communications Technology (ICT) Department plays an important role in keeping Akbank N.V.'s competitive and sustainable position by staying ahead of the technological curve in the highly demanding Banking Industry.

INFORMATION AND COMMUNICATION TECHNOLOGY

As part of Akbank N.V.'s quest to achieve operational excellence, an in house tool to handle change management was developed and deployed across the organization.

The Information and Communications Technology (ICT) Department plays an important role in keeping Akbank N.V.'s competitive and sustainable position by staying ahead of the technological curve in a highly demanding banking industry. ICT enables Akbank N.V. to effectively cater to the needs of the customers with flexible and competitive financial products supported by strengthened internal control systems and communication channels.

Akbank N.V. made significant investments in 2010 in new systems to further strengthen information security, availability and reliability. The Bank introduced new and improved process flows to streamline requests from various business lines, enabling rapid and effective analysis and rollout of products and solutions.

In 2010, the Bank had several milestones. A renewed internet banking solution for the European retail customers went live, offering a more intuitive, more user-friendly and more secure banking experience. Moreover, the business contingency solution was redesigned in 2010 to ensure better availability. Also, the scope of the document management solution was expanded to include more business lines to enable to store data digitally, taking a step towards a more environmentally friendly work environment.

As part of Akbank N.V.'s quest to achieve operational excellence, an in-house tool to handle change management was developed and deployed across the organization. On the monitoring and compliance front, Akbank N.V. continued to invest heavily in automating AML compliance controls and introduced several advanced tools to enable the Bank to be more proactive in complying with internal control and regulatory measures.

In 2011 Akbank N.V. will continue to focus on improving information systems and deliver high quality service to both internal and external users. A highly dedicated and experienced ICT team supporting the Bank's European locations from Netherlands will ensure that the objectives mentioned above are met.

Akbank N.V. Operations team successfully processes all kinds of complex banking transactions including trade finance, treasury, private banking, credit and payments in all major currencies.

OPERATIONS AND MANAGEMENT INFORMATION SYSTEMS

OPERATIONS

In 2010, the Operations Department focused on restructuring current processes to increase efficiency and offer better customer service.

Akbank N.V. Operations team successfully processes all kinds of complex banking transactions including trade finance, treasury, private banking, loans and payments in all major currencies. Being a direct member of the European payment system, TARGET2, the Operations department is able to process payments in the euro zone with extended cut-off times.

The Operations Department can produce fast tailor-made services which is its most important competitive advantage.

MANAGEMENT INFORMATION SYSTEMS

The MIS (Management Information Systems) Department focuses on information systems projects and business intelligence reporting. In addition to providing business intelligence and other reporting solutions to Akbank N.V., MIS also continues to improve the online banking system and the country marketing web site.

Akbank N.V. Marketing Web Site

A German-language website (www.akbanknv.de) was launched in February 2010 with a completely new look and feel. The Netherlands web site (www.akbank.nl) also went live following the German web site's launch. The new web sites provide comprehensive information about the Bank, its products and services to retail banking customers. Investment advisors and savings calculators are also included in the web sites that enable customers to select the products that exactly match their investment needs.

Online Banking System

Akbank N.V. has been supporting its retail customers in the Netherlands through the internet channel since 2006. In order to increase the Bank's capabilities and to better serve its customers, Akbank N.V. implemented a new online banking project in 2010.

The new project aims:

- To improve the Bank's services to the customers in the Netherlands by replacing the current online banking system with a functionally improved system,
- To provide online banking services to Retail customers in Germany,
- To enable online banking capabilities for corporate banking customers,
- To focus on more value-added customer services by providing information systems to customers.

The Flexcube Direct Banking system for Oracle Financial Services was chosen by the Bank as the online banking platform. The system is fully integrated with the Flexcube Core Banking system.

Akbank N.V. started the pilot implementation of the online banking system in Germany and the system featuring the new German web site was launched in February 2010. The existing internet banking solutions in the Netherlands were fully replaced by the online banking system in November 2010. All existing customers were successfully migrated to the online banking system.



Akbank N.V.'s internal control systems are designed around sophisticated processes that ensure the efficiency and soundness of business operations, the reliability and completeness of financial and management reporting systems.

INTERNAL CONTROL ENVIRONMENT

Akbank N.V.'s internal control systems are designed around sophisticated processes that ensure the efficiency and soundness of business operations, the reliability and completeness of financial and management reporting systems, effectiveness of risk management systems and compliance with applicable laws, regulations, internal policies and procedures.

The Supervisory Board is regularly advised concerning the adequacy and effectiveness of the internal control environment.

The Supervisory Board also supervises risk management systems through its subcommittees; the Audit Committee and the newly established Risk Committee. The Risk Committee was established in March 2010, and is devoted specifically to risk management. The Internal Audit, Internal Control and Compliance and Risk Management departments support the Audit Committee and Risk Committee in accomplishing their oversight duties.

INTERNAL AUDIT

Internal audit duties in Akbank N.V. are carried out by the Board of Internal Auditors of Akbank T.A.Ş. pursuant to the Service Level Agreement signed in 2007. The internal audit function uses a risk-based approach in audit planning and execution. In addition to operational audits, the internal control environment and risk management system of the Bank are evaluated according to the COSO principles. In 2009, all critical activities including, but not limited to, accounting and financial reporting, lending, investment, asset liability management, risk management and compliance were audited. Additionally, the IT audit team, as a part of the internal audit function, conducted the audit of IT-related processes in accordance with COBIT methodology.

INTERNAL CONTROL AND COMPLIANCE

Internal Control and Compliance (ICC) has principal responsibility for monitoring compliance with laws and internal/external regulations and evaluating and coordinating internal control activities. The intent is to mitigate operational and compliance-based risks. It does this by contributing to internal control systems, performing diverse activities ranging from identifying and evaluating risks to structuring related controls, controlling and monitoring the measures taken to mitigate the risks and advising in compliance-related matters within the Bank. The ICC carries out the secretarial activities of the Audit Committee and maintains close cooperation and coordination on group level with the relevant functions of the Akbank T.A.Ş. and Akbank N.V.

Akbank N.V. utilizes anti-money laundering solutions developed by Actimize to prevent money laundering and terror financing. The watch list filtering system performs real-time monitoring for account openings and customer transactions against globally accepted sanction lists. Meanwhile, implementing the anti-money laundering/suspicious activity monitoring system which performs batch analysis for monitoring customer transaction behavior to detect suspicious activities is currently ongoing in Akbank N.V. and Akbank AG, the subsidiary, in parallel. The project is expected to be completed in 2011.

Akbank N.V. possesses a prudent, conservative and highly selective credit granting culture.

CREDITS

The Credit Department's main functions are granting of credit lines, ensuring effective monitoring and reporting.

Akbank N.V. possesses a prudent, conservative and highly selective credit granting culture. The Supervisory Board determines the Bank's broad credit policies and holds the Managing Board responsible for achieving the targets it sets based on the strategies it identifies. The technical aspects of implementing these targets are devised and proposed by the Credit Department and approved by the Credit Committee.

In its capacity outlined above, the Credit Department manages credit risk at Akbank N.V. The Department utilizes the structural approach to assess counterparty risk and default probabilities to arrive at the necessary collateral strength. The Credit Department's main functions are granting credit, payout, monitoring and reporting. The Department follows up on all risk, complies with credit policy and procedures and abides by internal risk set by the Supervisory Board, the Managing Board, the Credit Committee and the Assets and Liabilities Committee (ALCO). The Bank's prudent credit policy and processes are evidenced by its ability to maintain a zero non-performing loan level since its establishment.

The departments responsible for credit-marketing functions at Akbank N.V. are the Bank's Corporate Banking, Financial Institutions and Treasury Departments. The Credit Department reviews proposals received from these departments to perform customers'

credit analyses and investigations. It reports its findings to the Credit Committee. Based on rigorous evaluations of creditworthiness prepared by the Department, the Credit Committee assigns credit limits for the counterparties, sovereigns, corporations and sets concentration risk limits (single obligor, sector, country concentrations). The Credit Department plays a pivotal role in defining the fundamental outline of credit relations with customers.

Akbank N.V. has signed Service Level Agreement with Akbank T.A.Ş. in order to set rules and procedures to regulate the information and expertise exchange for reviewing, documentation checking, collateral checking, monitoring and legal issues with the clients. Akbank N.V. is aiming to benefit from its parents banks' vast sources and impeccable expertise and knowledge in the market.

In 2010, Akbank N.V. started to improve the credit rating tools it utilizes in order to benefit from the expertise of the Akbank Group in all credit risk matters. Akbank N.V. rating models are closely integrated into credit assessment and credit decision processes.

In line with its policy to retain its role as a niche bank, Akbank N.V. will be working with medium to large sized corporate companies, selected reputable trading companies and financial institutions in 2011.



Akbank N.V. Risk Management Department is responsible for overseeing all risks associated with banking activities and monitoring related risk limits set by the Supervisory Board.

RISK MANAGEMENT

The Risk Management Department plans to develop further models and enhance present models dealing with operational risk, interest rate risk and stress testing.

Akbank N.V. utilizes robust risk management practices, policies and procedures regularly overseen by internal and external auditors and regulatory bodies to fulfill its regulatory risk management requirements.

Akbank N.V. Risk Management Department is responsible for overseeing all risks associated with banking activities and monitoring related risk limits set by the Supervisory Board. The Department regularly reports to the Managing Board, the ALCO and the Risk Committee, advising them on setting and changing risk limits.

The Department develops and utilizes in-house risk models to assess the risks that arise during the Bank's usual conduct of business. The Department also supplies the forward-looking scenario analyses that are used in evaluating business decisions, new product launches, changes in the macroeconomic environment and new regulatory requirements that entail dynamic risk management models. Thanks to its experienced risk management team, the Bank is capable of developing innovative in-house risk models while enjoying the strong support and banking expertise of its parent, Akbank T.A.Ş. with regard to all risk management matters. The models used in risk management are being streamlined within the Group including Akbank AG.

One of the major risks managed by the Department is liquidity risk, which has gained major significance after the global financial crisis. Akbank N.V.'s Risk Management Department utilizes various types of liquidity analyses, scenarios and stress tests and reports the results to its ALCO and the Treasury Department. These results help form the basis of day-to-day, short- and long-term liquidity management strategies.

The Risk Management Department plans to develop further models and enhance present models dealing with operational risk, interest rate risk and stress testing.

RISK GOVERNANCE

Akbank N.V.'s risk governance structure comprises the following bodies with key responsibilities in the area of risk management:

Supervisory Board

The Supervisory Board is ultimately responsible for setting the broad guidelines of risk governance and management to be followed in all of the Bank's activities. The Board determines the overall risk strategy, the Bank's preferred level of acceptable risk and ensures that risk is monitored and effectively controlled. The Board is also responsible for establishing a clearly defined risk management structure with distinct roles and responsibilities. Formal approval of the Bank's ICAAP is subject to the Supervisory Board's approval.

The Risk Committee oversees the implementation and maintenance of the most appropriate risk structure across the Akbank N.V. Group and discusses finance and risk issues.

Audit Committee

The Audit Committee, functions as part of the Supervisory Board. It supports the Supervisory Board by overseeing risk management, financial reporting and internal control environment on a consolidated basis.

The Committee meets regularly with the Managing Board, representatives from external auditors, internal auditors and the Internal Control & Compliance Department. At these meetings, detailed analyses of issues and activities regarding risk monitoring, audit and compliance are evaluated.

Risk Committee

The Risk Committee oversees the implementation and maintenance of the most appropriate risk structure across the Akbank N.V. Group and discusses finance and risk issues.

The Risk Committee discusses key risk policies, oversees compliance with risk limits, reviews capital adequacy ratios, capital structure and capital allocation. The Risk Committee also reviews ICAAP, related risk policies and procedures and submits them to Supervisory Board for approval.

The committee which meets twice a year, comprises of three Supervisory Board members, CEO, CRO and Risk Management Director of the Bank.

Managing Board and its Sub-committees

The Managing Board has overall responsibility for managing diverse kinds of risk to ensure they are handled in compliance with the Bank's business and operational objectives and the associated risk control systems within the Bank. The Managing Board reports to the Supervisory Board on risk management activities at Risk Committee and Audit Committee meetings. Business and strategic risks are generally addressed within the Managing Board.

This Board oversees the setting-up of risk management systems that define key policies and identify, quantify, mitigate and monitor all risk categories in an efficient and effective manner. The Managing Board regularly reviews risk management systems including the ICAAP and their ongoing implementation to check that systems are adequate and appropriate.

Assets and Liabilities Committee (ALCO)

The Assets and Liabilities Committee is responsible for formulating strategies to manage the balance sheet structure of the Bank. It is chaired by the CEO/Senior Managing Director of the Bank. The ALCO chooses the appropriate policies to optimize the Bank's liquidity position, interest rate risk, market risk and fund management. At ALCO meetings, the balance sheet, risk positions, short- and medium-term funding and investment activities are thoroughly analyzed and evaluated.

Local Risk Committee

The Local Risk Committee monitors risk management framework functions within the Bank. The Committee's agenda comprises key risk policies, controls, compliance with risk limits, capital adequacy and capital structure. The Risk Committee also reviews and initially approves the ICAAP, which is then forwarded to the further approval of the Risk Committee.

Legal and Compliance Committee

The Legal and Compliance Committee functions as a forum where major legal, compliance, internal control and associated risk issues are evaluated. The Committee also acts as the main body that manages reputation risk and legal risk. The Committee oversees that risk is effectively controlled and monitored within the Bank and that the Bank's operations fully comply with local and cross-border regulations. The Committee is composed of members of the Managing Board and the ICC Manager.

Credit Committee

The Credit Committee is mainly responsible for the evaluation and assessment of Credit Risk within the entire organization including Akbank AG. It is chaired by the CEO/Senior Managing Director of Akbank N.V. Through prudent policies of the credit committee, Akbank N.V. was able to minimize risk and maintain high asset quality during the recent financial crisis.



The Financial Coordination Department is responsible for preparing the consolidated financial statements of Akbank N.V., overseeing the accounting unit and controlling and following-up on all internal and external reporting requirements.

FINANCIAL COORDINATION

The Financial Coordination department prepares the Bank's solo and consolidated financial statements and prepares the related disclosures in the formats required by authorities.

The Financial Coordination Department is responsible for preparing the consolidated financial statements of Akbank N.V., overseeing the accounting unit and controlling and following-up on all internal and external reporting requirements. Furthermore, it performs financial analyses of the Bank as well as resolving tax-related issues.

The Financial Coordination department examines the Bank's financial position through its daily and monthly reports, performs the financial statement closing processes and informs the Bank management of the results. Performing control activities and supporting the ALCO with financial analysis and reviews are also core activities of the department.

The department prepares and follows-up on the annual budget and business plans. It monitors and reports the Bank's financial performance, maintains accounting principles for the consolidated entity and ensures compliance with the relevant regulations.

The department also coordinates the information flow between the Bank's independent auditors and regulatory bodies. In this capacity, the Financial Coordination department prepares the Bank's solo and consolidated financial statements and prepares the related disclosures in the formats required by authorities. The department also prepares the regulatory reports submitted to the Dutch National Bank and the Banking Regulation and Supervisory Agency (BRSA) in Turkey and provides periodic and ad-hoc reports to Akbank T.A.Ş., the parent company.

The department also manages tax planning and evaluates the appropriateness of tax accounts, purchasing policies, procedures, and implementation and follows up on Basel II requirements pertaining to the reporting tools at the Bank.

The Financial Coordination Department employs highly skilled personnel with extensive banking know-how and experience. Effectively cooperating and sharing expertise with its parent and subsidiary, the Department will continue to improve reporting tools and systems to increase efficiency.

With a keen awareness that skillful employees are its main asset, Akbank N.V. employs high-caliber banking professionals who are experienced, flexible and strongly-motivated to ensure sustainable successful financial and operational outcomes.

HUMAN RESOURCES

The competencies and efficiency of Akbank N.V. employees are closely monitored through a well-developed performance management system which is optimized by providing employees with various training and development programs.

With a keen awareness that skillful employees are its main asset, Akbank N.V. employs high-caliber banking professionals who are experienced, flexible and strongly-motivated to ensure sustainable successful financial and operational outcomes.

The Bank takes all the necessary precautions to ensure that communication between management and staff is open, direct and welcome at every level of the business. With these goals, Akbank N.V. actively nurtures the development of a participatory, open and transparent corporate culture. That culture values diversity and creativity and, as a result, achieves a very high rate of employee retention.

All Akbank N.V. job vacancies are immediately reported to the Managing Board, which makes the final hiring decisions. The decision to hire takes into account factors such as job requirements, descriptions, views of the relevant department heads and the strategic needs of the business lines. During the candidate selection process the Board pursues a policy of internal and external recruiting. Available candidates are contacted through various channels including within the parent company and outside recruiters are also used in this process. The Bank

regularly receives job applications through the Bank's website (www.akbanknv.com). These applications are screened and assessed to find suitable candidates for vacant positions. Akbank N.V. has a clearly defined expatriate policy, whereby suitable candidates for job vacancies are actively sought from within the Akbank Group. The Bank recruits locally for all positions that require local expertise.

The Bank offers flexible career paths and opportunities to all of its employees. The competencies and efficiency of Akbank N.V. employees are closely monitored through a well-developed performance management system which is optimized by providing employees with various training and development programs. In line with the Bank's strategies and goals, Akbank N.V. employees attend corporate development training programs and management development programs intended to create a common corporate culture. As of 31 December 2010, Akbank N.V. had 67 employees.

Amsterdam, 6 May 2011

K. BANU ÖZCAN
CHIEF EXECUTIVE OFFICER AND
SENIOR MANAGING DIRECTOR

MURAT TURSUN
CHIEF RISK OFFICER AND
EXECUTIVE DIRECTOR

FINANCIAL STATEMENTS 2010

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2010

(All amounts in thousands Euros)

		2010	2009
Assets			
Cash and balances with Central Banks	4	26,659	41,223
Dutch Treasury Certificates	5	-	26,220
Banks	6	568,535	695,975
Loans	7	2,011,586	1,922,410
Interest bearing securities	8	493,687	631,443
Participations	9	125	125
Prepayments and accrued income	10	38,842	77,392
Property and Equipment	11	1,489	2,076
Total assets		3,140,923	3,396,864
Liabilities			
Banks	12	533,735	736,929
Funds entrusted	13	2,109,852	2,182,829
Other liabilities	14	41,466	34,967
Accruals and deferred income	15	30,511	43,320
		2,715,564	2,998,045
Subordinated debt	16	2,000	2,000
Paid-in capital		150,000	150,000
Share premium		185,000	185,000
Revaluation reserves		77	83
Other reserves		61,736	51,683
Unallocated profit / loss		26,546	10,053
Shareholders' equity	17	423,359	396,819
Total liabilities and shareholders' equity		3,140,923	3,396,864
Contingent liabilities			
Letters of Credit, letters of guarantee and irrevocable loan commitments	18	101,099	58,472

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2010

(All amounts in thousands Euros)

		2010	2009
Income			
• Interest income		121,282	128,382
• Interest expense		82,532	107,204
Net interest income	19	38,750	21,178
• Commission income		3,933	1,611
• Commission expense		423	430
Net commission income	20	3,510	1,181
• Result on financial transactions		6,466	5,605
• Other revenue		153	477
Net other income	21	6,619	6,082
Total income		48,879	28,441
Operating expenses			
• Staff costs	22	7,680	7,881
• Other administrative expenses		5,865	7,457
		13,545	15,338
Depreciation	23	604	575
Credit Loss Charge		-	-
Total Expenses		14,149	15,913
Operating result before taxation		34,730	12,528
Other taxes		(268)	(156)
Corporate taxes	24	(7,916)	(2,319)
Total taxes		(8,184)	(2,475)
Result after tax		26,546	10,053

CONSOLIDATED CASH FLOW STATEMENT FOR 2010

(All amounts in thousands Euros)

	2010	2009
Net cash flow from operating activities		
Net result	26,546	10,053
Adjusted for:		
• Unrealized revaluation result	(7)	(34)
• Depreciation	604	575
	27,143	10,594
Due from banks, excluding on demand accounts	142,436	172,753
Loans and advances	(106,585)	99,856
Other assets and participations	44,128	(17,088)
Due to banks, excluding on demand accounts	(207,367)	153,468
Funds entrusted	(72,977)	(345,912)
Other liabilities and revaluation results	(6,308)	(15,893)
	(206,673)	47,184
Net cash flow out of investment activities		
Investments in:		
• Investment portfolio	158,398	(59,382)
• Property and equipment	(17)	(514)
	158,381	(59,896)
Net cash flow out of financing activities		
Issue of new capital	-	-
	-	-
Net cash flow	(21,150)	(2,118)
Cash balance on 1st January	42,026	44,144
Cash balance on 31st December	20,876	42,026
	(21,150)	(2,118)
Cash comprises of the following Items:		
Current Accounts Banks	20,869	42,009
Cash	7	17
Total cash	20,876	42,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Overview of Akbank N.V.

General

Akbank N.V. is incorporated under Dutch Law and registered in Amsterdam, The Netherlands. The financial statements have been prepared in conformity with generally accepted accounting principles in the Netherlands. The financial information will be included in the financial statements of Akbank T.A.S., incorporated in Turkey, the 100% shareholder of the bank.

Basis of Presentation

The financial statements have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code, Guidelines of the Council for Annual Reporting (Raad voor de Jaarverslaggeving – RJ) and the formats prescribed for the balance sheet and profit and loss statement of banks under the Financial Statement Formats Decree.

Unless otherwise indicated all amounts are stated in thousands of euros.

Application of Section 402, Book 2 of the Netherlands Civil Code

The financial information of the company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the single profit and loss account of the company exclusively states the share in the result after tax of companies in which participating interests are held and the general result after tax.

Accounting Policies

Except where otherwise stated, assets and liabilities are recorded at amortized cost, less any allowance deemed necessary. The effects of transactions and other events are recognised when they occur. Revenues and expenses are recognized in the year to which they relate.

Premiums and discounts on loans are accounted for in prepayments and accrued income or accruals and deferred income respectively, and are attributed to the accounting periods throughout the remaining terms of the underlying items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Correction of Prior Year Error

In 2009, the Bank has valued its interest rate swap portfolio carried at cost, without recognizing a provision for the negative fair market value. Given the fact that the major part of the negative fair market value incurred in 2008 and the impact of the year 2009 differences on consolidated shareholders' equity and solvency is material but not fundamentally wrong, the Bank treated the abovementioned valuation as a non-fundamental error and opted for the recognition of the negative fair market value entirely in 2010. If the provision for the lower negative fair market value was recognized when incurred profit and equity would have been impacted as follows:

EUR thousands	Reported in annual accounts	Actual, if no error occurred	Difference
Result before tax 2009	12,528	10,256	(2,272)
Result before tax 2010	34,731	52,548	17,817
Equity as at 31.12.08	386,800	375,220	(11,580)
Equity as at 31.12.09	396,819	383,545	(13,274)
Equity as at 31.12.10	423,359	423,359	0

Basis of Consolidation

The consolidated financial statements include the financial data of the company and its group companies and other companies controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Accordingly, as of 31 December 2010 and 2009, the consolidated financial statements include the subsidiary of the Bank, Akbank AG, which is a wholly owned subsidiary of Akbank N.V. since 2007.

Discontinued Businesses

In June 2010, as a result of strategic evaluation of the business model, Akbank N.V. decided to close down its London Branch, which had solely been performing retail activities. The London branch was closed as of 31 December 2010. All the expenses and contingent liabilities have been recognized in the consolidated financial statements as of 31 December 2010.

All customer deposits were repaid and related accounts closed except for twenty accounts. Eight of these relate to customers with invalid or no nominated accounts and twelve relate to deceased customers. Such accounts amount to EUR 135 and EUR 442, respectively. New accounts were set up at the head office for all these customers.

Subsequent Events

No material events which would have affected the 31 December 2010 financial statements have occurred between 31 December 2010 and the date that 31 December 2010 financial statements are being prepared for release.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant Accounting Policies

Foreign Currency Translation

The consolidated financial statements are prepared in Euros, the functional and presentation currency of the Bank, including its subsidiary Akbank AG.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates ruling at the balance sheet date.

Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account and are classified in result on financial transactions.

The assets and liabilities of foreign activities have been translated into the Bank's presentation currency (Euros) at the rate of exchange ruling at the balance sheet date and the income and expenses of these foreign activities are translated at the average rate of exchange for the year. Resulting exchange differences are taken directly to the legal foreign currency translation reserve.

Financial assets

Financial assets are recognized initially at fair value plus, with the exception of financial assets recognised at fair value with value adjustments being taken to the profit and loss account, directly attributable transaction costs. All purchases and sales of financial assets based on normal market conventions are recognised on the transaction date.

Financial assets include purchased loans and interest-bearing securities, loans granted and other receivables, cash and derivatives.

Details of these categories are given below.

Purchased loans and interest-bearing securities:

Purchased loans and interest-bearing securities are primary financial assets with fixed or determinable payments acquired from third parties. They are classified either as held-to-maturity or available-for-sale.

Purchased loans and interest-bearing securities are held to maturity if the Bank has the ability and the intent to, contractually as well as financially, hold them until maturity. After initial measurement, they are carried at amortized cost based on the effective interest method. Gains and losses are taken to the profit and loss account through the amortization process.

Following initial measurement, interest-bearing securities classified under available-for-sale category are carried at fair value. Gains and losses arising from changes in the fair value are taken to the profit and loss account.

Realized as well as unrealized gain and losses on interest-bearing securities classified under available-for-sale portfolio are recognized in profit and loss account under result on financial transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Loans granted and other receivables:

Loans granted and other receivables are primary financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these loans and receivables are carried at amortized cost based on the effective interest method. Gains and losses are taken to the profit and loss account when the investments are transferred to a third party or impaired, as well as through the amortisation process.

Derivatives and hedge accounting:

The Bank uses derivative financial instruments such as foreign currency forward, foreign exchange swap, and interest rate swap contracts to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially measured at fairvalue.

On initial recognition, the Bank classifies the derivatives on a portfolio basis in the subcategories listed below.

Derivatives based on cost hedge accounting:

The hedges are recognised on the basis of cost hedge accounting if the following conditions are met:

- the general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;
- the nature of the hedging instruments involved and hedged positions must be documented;
- the ineffectiveness must be recognized in the profit and loss account.

The hedges which meet these strict criteria for hedge accounting must be accounted for as follows:

If the hedged item is carried at amortized cost plus interest in the balance sheet, the derivative is also carried at amortized cost plus interest.

If the hedged item represents a monetary item denominated in a foreign currency, the derivative, to the extent it contains currency components, is also carried at the spot rate ruling at the balance sheet date. If the derivative contains currency components, the difference between the spot rate at the time of entering into the derivative and the forward rate at which the derivative will be settled, is spread over the term of the derivative.

Cost hedge accounting is no longer applied if:

- The hedging instrument expires, is sold, terminated or exercised. The realized cumulative gains or losses on the hedging instrument not yet recognized in the profit and loss account at the time the hedge was effective, will be recognized in the balance sheet separately under accruals until the hedged transaction expires or is terminated.
- The hedging relationship no longer meets the criteria for hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other derivatives:

All other derivatives are carried at cost. Gains and losses are taken to the profit and loss account when the derivatives are transferred to a third party or impaired. If their fair value is negative, a provision is formed for onerous contracts.

Amortized cost:

Amortized cost is calculated using the effective interest method less any reductions (direct, or in the form of a provision) for impairment or uncollectibility. The calculation takes into account any premium or discount at the time of the acquisition, as well as transaction costs and fees forming an integral part of the effective interest rate.

Determination of fair value:

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. Where applicable, detailed information concerning the principles for determining the fair value are included in the section that specifically relates to the relevant asset or liability.

Financial assets

The fair value of financial assets is determined on the basis of the listed closing (bid) price as at reporting date.

Derivatives

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a valuation technique that includes the use of mathematical models. The inputs to these models are derived from observable market data.

Impairment of financial assets:

The Bank assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the profit and loss account for all categories of financial assets carried at amortized cost.

The amount of impairment losses on financial assets carried at amortized cost shall be calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If the decrease in impairment relates to an objective event occurring after the impairment was recognized, a previously recognized impairment loss should be reversed to a maximum of the amount required to carry the asset at amortized cost at the time of the reversal if no impairment had taken place. The impairment loss reversal should be taken to the profit and loss account. The carrying amount of the receivables shall be reduced through the use of an allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Property and equipment:

Refurbishments, fixtures and fittings are fully depreciated using the straight-line method over their estimated useful life with ten years. Equipment, computer installations and software purchased from third parties are stated at cost and are fully depreciated using the straight-line method over their estimated useful life with a maximum of five years.

Participations:

In 2006 Akbank N.V. established Stichting Custody Service Gate to facilitate trading of securities for risk and reward of clients. The Stichting assures the separation of the legal ownership of those securities for risk and reward of the clients and those of the bank. Participations are valued according to the equity method on the basis of net asset value.

Financial liabilities

When financial liabilities are recognized initially, they are measured at fair value, plus, in the case of financial liabilities not classified at fair value through profit or loss, directly attributable transaction costs.

After initial measurement, financial liabilities are carried at amortized cost using the effective interest method. Gains or losses are recognized in the profit and loss account when the liabilities are derecognized, as well as through the amortization process.

Pensions

The pension scheme of Akbank N.V. is a defined benefit plan that is insured with the insurance company, ASR Pensioenen. The pension scheme is based on the average salary of the employees. The liability to members in the scheme is based on the accrued pension rights that are fully insured. The insured pension rights are financed by means of annual premiums paid to an insurance company.

In accordance with Dutch GAAP a net pension provision is included into the balance sheet. This net pension provision is the present value of benefit obligation minus the fair value of plan assets minus or plus unrecognized net actuarial loss or gain and unrecognized past service cost or benefit. The amount recognized as a net pension liability in the balance sheet consists of:

- Deficit in the plan at the balance sheet date, if any.
- Less the cost of past service benefit improvements that not yet have been recognized
- Less accumulated actuarial losses that have not yet been recognized
- Plus any surplus that is not recognized because of the ceiling surplus

Accumulated actuarial losses that have not yet been recognized in excess of 10% of the greater of the present value of benefit obligation or fair value of plan assets are spread over the expected average remaining future service of the current active members. A qualified actuary calculates the pension liability and the pension charge using the projected unit credit method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Taxes

Corporate income tax expense comprises of current and deferred tax. Corporate income tax expense is recognized in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are discounted to their present value on the basis of the net interest.

The Bank operated in the Netherlands, Germany and United Kingdom during 2010 (as of 31 December 2010, UK branch has been closed). In determining the effective tax rate, all timing differences between pre-tax profit determined on the basis of Akbank N.V. accounting policies and the taxable amount in accordance with tax legislation, are taken into account.

Income and expenses

Income and expenses are attributed to the period in which they arise or in which the service was provided.

Cash flow statement

The cash flow statement gives details of the source of liquid funds, which became available during the year and the application of the liquid funds over the course of the year. The cash flow statement has been drawn up in accordance with the indirect method, distinguishing between cash flows from operating activities, investment activities and financing activities. Cash balances include cash in hand and current accounts with banks.

3 Related parties

During the year the Bank had loans and deposits outstanding with the following related parties: Akbank T.A.S. - Istanbul, Akbank T.A.S. - Malta Branch, AK Finansal Kiralama A.S. - Istanbul, Exsa UK Ltd. - London, Advansa B.V. - Hoofddorp, Kordsa Argentina S.A. - Buenos Aires, Interkordsa GmbH - Muhlhausen, CSN Cement Sales North - Germany, Temsa Global San. Tic A.S. - Istanbul, Yunsa Yunlu San ve Tic A.S. - Istanbul, Omnibusland GMBH - Germany, Citibank NA, Citibank A.S. - Istanbul, Medcon SRL (Cimsa Adriatico) - Italy, Aksigorta A.S. - Istanbul, Sabanci Industrial Nylon Yarn and Tire Cord Fabric B.V. - Netherlands, Olmuksa International Paper - Turkey, Cimsa Cementos Espana - Seville, Spain, Brisa Bridgestone Lastik San. Ve Tic. A.S. - Istanbul and Akbank Turkish SICAV.

All transactions with related parties were performed on arm's length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Balance Sheet

(All amounts in thousands Euros)

	2010	2009
Assets		
4 Cash	26,659	41,223
Cash in hand and balances at Central Banks		
5 Dutch Treasury Certificates	-	26,220
All Dutch Treasury Certificates were sold during 2010.		
6 Banks	568,535	695,975
This item comprises of nostro accounts, loans and advances to credit institutions.		
• Nostro accounts (on demand)	2,993	5,406
<i>Related party balances</i>	41	74
• Interbank loans	65,097	159,214
<i>Related party balances</i>	2,088	7,405
• Loans and advances	464,559	527,045
<i>Related party balances</i>	24,464	48,758
Murabaha (Islamic banking transaction)•	8,000	-
• Receivable from Deposit Guarantee Scheme for DSB Bank*	9,409	-
• Margin calls provided for interest rate and cross currency swap transactions	18,477	4,310-
Maturity breakdown:		
On demand	66,002	158,949
< 3 months	92,354	64,844
3-6 month	55,477	129,201
6-12 month	226,550	298,740
1-5 years	128,152	44,241
> 5 years	-	-
	568,535	695,975
7 Loans	2,011,586	1,922,410
This item comprises of loans granted to corporate customers		
<i>Related party balances</i>	11,993	15,764

* explanation is provided under Dutch Deposit Guarantee Scheme Section

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Loans include Deutsche Bundesbank eligible assets amounting to EUR 136,186. (2009: EUR 133,868).

	2010	2009
Maturity breakdown:		
On demand	-	-
< 3 months	509,147	299,115
3-6 month	88,974	173,688
6-12 month	188,160	346,685
1-5 years*	1,175,009	985,611
> 5 years	50,296	117,311
	2,011,586	1,922,410

*Includes EUR 14,968 commodity murabaha balance.

8 Interest bearing securities	493,687	631,443
Turkish Government Bonds	141,492	340,613
Bonds issued by Banks	133,858	81,035
ECB Eligible - Government Guaranteed	30,130	40,171
ECB Eligible	81,035	40,864
Others*	22,693	-
Bonds issued by Corporates	218,337	159,795
ECB Eligible - Government Guaranteed	-	10,142
ECB Eligible	218,337	149,653
Credit Linked Notes	-	50,000

*EUR 6,736 is sukuk securities – which is an Islamic financial certificate/bond.

Interest bearing securities include ECB eligible bonds amounting to EUR 329,502. (2009: EUR 240,830).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Movement in the portfolio per currency is as follows:

	2010		2009	
	EUR * 1,000	USD * 1,000	EUR * 1,000	USD * 1,000
Balance sheet value as at 1 January	545,175	86,268	496,003	98,792
Net change in portfolio	(104,362)	22,038	107,672	6,487
Redemptions during the year	(54,454)	-	(58,500)	(16,970)
Exchange rate differences	-	(978)	-	(2,041)
Balance sheet value as at 31 December	386,359	107,328	545,175	86,268

As at 31 December 2010, the market value of the portfolio is EUR 510,353 (2009: EUR 662,704).

	2010	2009
Interest bearing securities pledged for repo transactions		
Turkish Government Bonds		
Nominal value	86,153	278,928
Market value	97,201	301,368
Bonds issued by Banks and Corporates		
Nominal value	214,258	189,587
Market value	227,354	203,148
Allocation of Interest Bearing Securities Portfolio	2010	2009
Held-to-Maturity Securities	454,043	631,433
Available-for-Sale Securities*	39,644	-
Balance sheet value as at 31st December	493,687	631,443

* The Bank classified the above mentioned interest-bearing-securities consisting of Turkish Eurobonds in the available-for-sale portfolio due to the planned sale in line with legal lending limit compliance. According to the Wft, Turkish sovereign exposures are subject to 25% limit of the Bank's shareholders' equity. As per 28 February 2011 Akbank NV sold these interest-bearing-securities – in accordance with the remediation plan agreed in with the Dutch Central Bank – and therefore adheres to the legal lending limit again.

	2010	2009
9 Participation	125	125

In 2006 Akbank N.V. established Stichting Custody Service Gate to facilitate trading of securities for risk and reward of clients.

As of 31 December 2010 the amount of custody portfolio is EUR 6,405 (2009: EUR 13,680).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

	2010	2009
10 Prepayments and accrued income	38,842	77,392
• Accrued interest receivable	35,631	74,913
Accrued interest on banks	346	1,783
Accrued interest on corporate loans	15,981	11,427
Accrued interest and revaluation on derivatives	2,042	38,981
Accrued commission on loans	1,207	135
Accrued commission on investment securities	16,055	22,587
• Deferred tax and VAT receivable*	1,708	625
• Other advance payments	1,503	1,854
<i>Related party balances</i>	<i>176</i>	<i>415</i>

*The amount of deferred tax asset to materialize within one year from 31 December 2010 is EUR 273.

11 Property and equipment	1,489	2,076
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All assets are fully depreciated over the estimated economic life of the asset using the straight-line method.

The economic life for property and equipment is as follows:

Fixtures and fittings	10 years
Refurbishments	5 years
Computer hard- and software	3 years - 5 years
Computer hard- and software branches	3 years
Central computer hardware	2 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The breakdown of equipment is as follows:

As at 31st December 2010	Furniture & Fixture	Leasehold Improvements	Hardware	Software	License	TOTAL
Acquisition Cost						
Opening Balance as of 01.01.2010	760	504	691	1,891	1,531	5,377
Additions	7	-	43	139	-	189
Disposals*	(42)	(34)	(27)	(13)	-	(116)
Closing Balance as of 31.12.2010	725	470	707	2,017	1,531	5,450
Accumulated depreciation (-)						
Opening balance as of 01.01.2010	(346)	(157)	(448)	(1,308)	(1,042)	(3,301)
Charge for the year	(50)	(83)	(95)	(317)	(191)	(736)
Disposals*	15	30	20	11	-	76
Closing balance as of 31.12.2010	(381)	(210)	(523)	(1,614)	(1,233)	(3,961)
Net book values as of 01.01.2010	414	347	243	583	489	2,076
Net book values as of 31.12.2010	344	260	184	403	298	1,489

* Disposals during 2010 are due to the closure of London branch. The remaining net book value of London branch fixed assets (EUR 34) was written off and recognized as expense in the financial statements.

As at 31st December 2009	Furniture & Fixture	Leasehold Improvements	Hardware	Software	License	TOTAL
Acquisition Cost						
Opening Balance as of 01.01.2009	689	467	1,103	1,806	1,364	5,429
Additions	71	37	164	126	167	565
Disposals	-	-	(576)	(41)	-	(617)
Closing Balance as of 31.12.2009	760	504	691	1,891	1,531	5,377
Accumulated depreciation (-)						
Opening balance as of 01.01.2009	(302)	(62)	(915)	(1,095)	(919)	(3,293)
Charge for the year	(44)	(95)	(109)	(254)	(123)	(625)
Disposals	-	-	576	41	-	617
Closing balance as of 31.12.2009	(346)	(157)	(448)	(1,308)	(1,042)	(3,301)
Net book values as of 01.01.2009	387	405	188	711	445	2,136
Net book values as of 31.12.2009	414	347	243	583	489	2,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

	2010	2009
Liabilities		
12 Banks	533,735	736,929
• Loro (on demand)	8,776	4,603
• Central Banks	280,000	290,000
• Inter bank borrowings	67,771	147,672
• Repo	89,976	239,799
• Promissory notes and Bankers Acceptance	17,143	21,904
• Commodity Murabaha	70,069	32,951
<i>Related party balances</i>	<i>6,669</i>	<i>59,544</i>
Maturity breakdown:		
On demand	8,776	4,603
< 3 months	422,288	259,825
3-6 month	18,359	183,808
6-12 month	8,981	213,362
1 - 5 years*	36,100	28,950
> 5 years**	39,231	46,381
	533,735	736,929

The Bank provided interest bearing securities as collateral for the repo transactions and Central Bank financing stated above. The amount of securities pledged as of 31 December 2010 and 2009 is explained in Note 8.

*The weighted average interest rate for the bank deposits which have 1-5 year maturity is 1.84% as of 31 December 2010. The figure solely consists of repos. (2009: 2.91%)

** The weighted average interest rate for the bank deposits which have maturity longer than 5 years is 4.42% as of 31 December 2010. The figure solely consists of repos. (2009: 4.21%)

13 Funds entrusted	2,109,852	2,182,829
Includes current accounts, saving accounts and time deposits of customers		
• Current accounts	48,182	45,671
• Saving accounts	635,903	697,547
• Time deposits	1,425,767	1,439,611
<i>Related party balances</i>	<i>32,910</i>	<i>7,023</i>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

	2010	2009
Maturity breakdown:		
On demand	684,085	743,218
< 3 months	466,815	514,252
3-6 month	166,643	358,354
6-12 month	249,348	243,545
1 - 5 years*	530,274	308,238
> 5 years**	12,687	15,222
	2,109,852	2,182,829

* The weighted average interest rate for the funds entrusted which have 1-5 year maturity is 5.55% as of 31 December 2010. (2009: 4.36%)

** The weighted average interest rate for the funds entrusted which have maturity longer than 5 years is 4.42% as of 31 December 2010. (2009: 4.21%)

	2010	2009
14 Other liabilities	41,466	34,967
• Corporation and income tax	8,836	3,333
• Deferred Tax Liability	10,508	18,693
• Other liabilities & provisions	4,765	7,756
• Foreign Exchange Revaluation on derivatives	12,310	5,185*
• Negative fair market value on interest rate swaps	5,047	-*

*Please refer to correction of prior year error section for details. The mark-to-market loss not recognized in 2009 thus not comparable with 2010.

	2010	2009
15 Accruals and deferred income	30,511	43,320
• Accrued interest payable	17,680	29,299
<i>Accrued interest payable on funds entrusted</i>	<i>13,150</i>	<i>18,190</i>
<i>Accrued interest payable on banks</i>	<i>1,173</i>	<i>2,634</i>
<i>Accrued interest payable derivatives</i>	<i>3,357</i>	<i>8,475</i>
<i>Related party balances</i>	<i>27</i>	<i>199</i>
• Interest and commission received in advance	12,831	14,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Movement in the (net) pension provision 2010

	2010	2009
Present value of awarded pension rights	1,729	1,277
Fair value of the fund's investments	(1,375)	(993)
Shortfall in the fund	354	284
Not-yet-amortised actuarial results	(816)	(697)
(Net) pension provision	(462)	(413)
Balance as at 1st January	(413)	(219)
Net Actuarial Variance	(49)	(194)
Balance as at 31st December	(462)	(413)

The main financial assumptions used at 31 December 2010 and 31 December 2009 are shown in the table below:

	2010	2009
Discount rate	4.75%	5.00%
Rate of return on assets	4.75%	5.00%
General salary increases	2.50%	2.50%
Pension increases	0.50%	0.50%
Inflation	2.00%	2.00%

	2010	2009
16 Subordinated loan	2,000	2,000

Maturity of the subordinated loan is March 2012, with an interest rate of 6,70%.

	2010	2009
17 Shareholders' equity		
Paid up capital	150,000	150,000

There are no movements in paid up capital in 2010 and 2009.

Share premium	185,000	185,000
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There are no movements in share premium in 2010 and 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

	2010	2009
Revaluation Reserves	77	83
Movements in this item is as follows:		
Revaluation reserves per 1st of January	83	117
Additions to revaluation reserves	(6)	(34)
Balance as at 31st December	77	83
Other reserves	61,736	51,683
Movements in other reserves is as follows:		
Other reserves per 1st of January	51,683	21,378
Appropriation of profit	10,053	30,305
Balance as at 31st December	61,736	51,683
	2010	2009
Unallocated profit/loss	26,546	10,053
Movements in unallocated profit/loss is as follows:		
Unallocated profit/loss per 1st of January	10,053	30,305
Movement to other reserves	(10,053)	(30,305)
Result after tax for the year	26,546	10,053
Unallocated profit as at 31st December	26,546	10,053
Total shareholders' equity as at 31st December	423,359	396,819

18 Contingent Liabilities

As of 31 December 2010, the amount of Letters of Guarantee are EUR 13,143 (2009: EUR 5,140), the amount of Letters of Credit are EUR 14,062 (2009: EUR 14,321), the amount of export letters is EUR 3,270 (2009: EUR 2,052), and the irrevocable commitments for loans is EUR 70,624 (2009: EUR 36,959).

Commitments

Rentals

The annual amounts for commitments to third parties are EUR 1,266 for 2011, (for year 2010: EUR 1,690).

In 2011 the annual amount of Amsterdam rental is : EUR 746
 In 2011 the annual amount of Essen Branch rental is : EUR 53
 In 2011 the annual amount of Akbank A.G. rental is : EUR 467

The total amount of rental commitments until the rent contracts' maturity dates is EUR 1,947 as of 31 December 2010, with the assumption that the inflation rate will be zero until the end of the contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The period of rental contracts are committed until:

31st July 2013 for Amsterdam (original contract is five years)
 30th April 2012 for Essen Branch (original contract is three years)
 30th April 2013 for Akbank A.G. (original contract is five years)

*The rental contract covers two floors of Rembrandt Tower. As of 1 August 2010, the Bank has subleased one of the floors subject to the rental agreement. The Bank nets off its rent expense in the amount of sublease income in the financial statements.

In 2011 the annual amount of sublease contract is : EUR 388
 The period of sublease contract is committed until : 31st July 2013

Deposit Guarantee Scheme

German Deposit Insurance Fund

Akbank AG is a voluntary member of Deposit Protection Fund of the Association of German Banks.

According to this membership, each deposit is secured up to 30% of the shareholders equity of the member bank. As of 31 December 2010, the guarantee amount corresponds to EUR 60,748 (2009: EUR 61,876)

Akbank N.V., Akbank TAS, and Sabanci Holding (the ultimate shareholder) had issued a declaration of undertaking to the German Deposit Protection Fund in respect of the above-mentioned membership.

Dutch Deposit Guarantee Scheme

Akbank NV is a part of Dutch Deposit Guarantee Scheme. Under the scheme every deposit is guaranteed up to EUR 100.

In case of the bankruptcy of a participant bank in the Dutch Deposit Guarantee Scheme, the Bank undertakes a portion of the loss according to its market share in total deposits.

As of 31.12.2009 the Bank has provided a reserve for its share of loss participation in DSB Bank bankruptcy. In 2010, the DNB announced the apportionment of the payments made to depositors to the respective banks operating under the Dutch Deposit Guarantee Scheme using the market share method. The Bank effected the payment of such apportionment in December 2010. The net amount of provision and advance payment made is shown under "Assets – Banks" section of the balance sheet.

According to the information received by the Association of Banks, there is no change in the assessment of total loss in DSB Bank bankruptcy as of the reporting date. Accordingly, no additional impairment change compared to 2009 is reported in 2010 financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Related Parties Balance Sheet Items

(All amounts in thousands Euros)

	2010	2009
Assets		
Banks	26,593	56,237
Nostro accounts	41	74
Interbank placements	2,088	7,405
Loans and advances to banks	24,464	48,758
Loans		
Corporate loans	11,993	15,764
Prepayments and accrued income		
Accrued interest receivable	176	415
Liabilities		
Banks		
Borrowing from the shareholder and other financial institutions and loro accounts	6,669	59,544
Funds entrusted		
Current accounts and savings and time deposits placed by customers	32,910	7,023
Accruals and deferred Income		
Accrued interest payable	27	199
Related Parties Profit and Loss Items		
Net Interest Income	1,584	3,546
Net Commission Income	105	94
Net Other Income/Result on Financial Transactions	8,965	1,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Information Regarding the Bank's Financial Position

Risk management strategy and practices

The Bank applies an asset-liability management (ALM) strategy, to mitigate risks and increase earnings by balancing the funds borrowed and the investments on various financial assets. The Bank has sufficient liquidity through sound liquidity management by taking into account the term structure of assets and liabilities. ALM is a key Financial and Risk Management discipline. ALM concerns the management of the bank's on and off-balance sheet positions in such a way that the bank is able to offer competitively priced products and services to customers whilst maintaining and appropriate risk/reward profile that creates shareholder value. The Asset and Liabilities Committee ("ALCO") manages the assets, liabilities and associated risks by setting limits on the level of exposures.

The most important types of risk associated with financial instruments to which the Bank is exposed are:

- counterparty credit risk
- market risk & credit risk associated to market risk
- currency risk
- interest rate risk
- liquidity risk
- operational risk
- legal risk
- integrity risk
- strategy risk

Details of the Bank's risk management are presented in the following related titles.

Risk Appetite

Counterparty Credit risk

Counterparty credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate exposure to individual counterparty, to a group of counterparties, to a specific maturity bucket, to countries and to industries. The credit analysis is based on customer's financial strength, commercial capacity, geographic area and capital structure. The financial evaluation is based on the statements of account and other information in accordance with the internal policies and related legislation. The credit limits are regularly revised and when necessary the revisions are more frequent according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the approval of credit limits. Credit Committee ("CC") manages the credit risk of the bank.

The Bank considers that long-term commitments are more exposed to credit risk than the short-term commitments, and points such as approving limits for long-term risks and obtaining collaterals are treated in a wider extent than short-term risks.

During loan extensions, limits approved on customer basis are essentially followed up and information on risk and limits are closely monitored.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The distribution of risk weighted assets according to their risk weight associated to each credit quality step as defined in Basel II is:

Central Governments and Central Banks

Credit Quality				
Step	Risk Weight	Exposure	RWA	RWA (incl Off-balance sheet)
1	0%	64,788	-	-
2	20%	-	-	-
3	50%	-	-	-
4	100%	144,939	144,939	144,939
5	100%	-	-	-
6	150%	-	-	-
Total		209,727	144,939	144,939

(All amounts in thousands Euros)

Corporates

Credit Quality				
Step	Risk Weight	Exposure	RWA	RWA (incl. Off-balance sheet)
1	20%	-	-	-
2	50%	132,981	66,491	66,491
3	100%	333,755	326,829	326,829
4	100%	204,533	204,533	204,533
5	150%	1,877	2,816	2,816
6	150%	-	-	-
Unrated	100%	1,647,054	1,204,234	1,204,234
Total		2,320,200	1,840,903	1,840,903

Credit institutions with original effective maturity of more than 3 months

Credit Quality				
Step	Risk Weight	Exposure	RWA	RWA (incl. Off-balance sheet)
1	20%	21,348	4,195	4,195
2	50%	64,224	32,099	32,099
3	50%	61,385	30,692	30,692
4	100%	414,342	414,154	414,154
5	100%	1,897	1,897	1,897
6	150%	-	-	-
Unrated	100%	13,377	9,480	9,480
Total		576,573	492,517	492,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Credit institutions with original effective maturity of 3 months or less

Credit Quality	Risk Weight	Exposure	RWA	RWA (incl Off-balance sheet)
Step				
1	20%	45,535	9,010	9,010
2	20%	25,529	5,106	5,106
3	20%	6,361	1,272	1,272
4	50%	3,264	1,609	1,609
5	50%	-	-	-
6	150%	-	-	-
Unrated	100%	892	447	447
Total		81,581	17,444	17,444

Concentration of Credit Risk

The sectoral distribution of exposures including interest bearing securities, loans and commitments is:

Sector	2010	2009
	%	%
Bank & financial intermediation	32.47%	31.39%
Construction and Infrastructure	11.74%	2.63%
Oil & Gas	8.62%	5.23%
Telecommunication	8.57%	8.58%
Sovereign	4.84%	13.15%
Food, Beverage, and Tobacco	4.61%	5.89%
Basic Materials	3.28%	2.44%
Building Materials	3.28%	6.86%
Automotive	2.97%	5.96%
Technology	2.37%	0.32%
Chemicals	2.18%	3.74%
Media	0.23%	0.69%
Other	14.84%	13.12%
Total	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The geographical distribution* of on-balance sheet credit exposure is:

	2010		2009	
	Amount	%	Amount	%
Turkey	1,623,119	54.51%	2,099,670	67.70%
Netherlands	565,983	19.01%	259,914	8.38%
Germany	328,383	11.03%	385,494	12.43%
Russia	216,760	7.28%	133,631	4.31%
Rest of Europe	101,452	3.41%	96,925	3.13%
Rest of World	142,135	4.76%	125,906	4.05%
Total	2,977,832	100.00%	3,101,540	100.00%

*The geographical distribution is made based on the rules set in the 'Regulation on Solvency Requirement for Credit Risk' of the DNB.

The geographical distribution of off-balance sheet credit exposure is:

	2010		2009	
	Amount	%	Amount	%
United States	33,678	33.31%	24,295	41.55%
Turkey	24,303	24.04%	17,093	29.23%
Switzerland	14,413	14.26%	-	-
Netherlands	13,046	12.90%	59	0.10%
United Arab Emirates	2,427	2.40%	2,316	3.96%
Russia	-	-	10,412	17.81%
Rest of World	13,232	13.09%	4,297	7.35%
Total	101,099	100.00%	58,472	100.00%

Credit Quality of Assets

	2010	2009
Neither past due nor impaired	2,977,695	3,101,317
Renegotiated (restructured)	137	223
Total	2,977,832	3,101,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Capital Requirements

	2010	2009
Credit Risk - Standardized Approach		
Central governments and central banks	11,595	31,210
Credit Institutions	39,401	45,114
Corporates	147,272	152,367
Short-term claims on institutions or corporates	1,396	1,374
Other items	4,644	4,981
	204,308	235,046
Operational Risk - Basic Indicator Approach	5,833	4,803
Total Capital Requirement for Pillar 1 Risks	210,141	239,849
Interest Rate Risk on the Banking Book/ Internal Model	4,686	15,163
Country concentration add-on	39,491	50,802
Industry concentration add-on	29,606	24,256
Single Obligor concentration add-on	4,881	4,601
Other risks add-on	10,506	11,993
Capital Required for Pillar 2 Risks	89,170	106,815
TOTAL CAPITAL REQUIRED	299,311	346,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Market risk

When determining the capital adequacy requirement, both the existing and the future credit risks are taken into account. The current potential loss, i.e. the positive replacement value based on the market conditions at balance sheet date, is increased by a percentage of the relevant notional amount, depending on the nature and the remaining term of the contract (marked-to-market). This method takes into account the possible adverse development of the positive replacement value during the remaining term of the contract.

		Notional amount				Positive replacement value
		< 1 year	1- 5 years	> 5 years	Total	
Currency contracts						
2010	Currency Swaps	1,033,966	133,488	-	1,167,454	28,951
	Currency Forwards	2,892	-	-	2,892	26
	Cross Currency Swaps	949	181,571	46,145	228,665	51
					1,399,011	29,028
2009	Currency Swaps	1,146,833	146,642	-	1,293,475	5,461
	Currency Forwards	2,354	-	-	2,354	2
	Cross Currency Swaps	14,035	54,111	46,145	114,291	219
					1,410,120	5,682
Interest rate contracts						
2010	Interest Rate Swaps	35,554	124,950	-	160,504	112
2009	Interest Rate Swaps	5,311	377,919	15,150	398,380	-
Credit equivalent		Unweighted 2010	Weighted 2010	Unweighted 2009	Weighted 2009	
Currency contracts						
	Swaps & Forwards	1,399,011	29,669	1,410,120		24,269
Interest rate contracts						
	Swaps	160,504	625	398,380		2,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Currency risk

The difference between the Bank's assets and liabilities denominated in a specific foreign currency, is the basis of the Bank's currency risk.

Foreign exchange structural exposure includes all assets and liabilities, including off balance sheet items and non interest sensitive items such as equities holdings and properties. The regulatory monitoring of structural foreign exchange exposure is performed by adding to the sum of absolute short or long foreign exchange positions to RWA's (Risk Weighted Assets) to calculate the overall CAR (Capital Adequacy Ratio) on a monthly basis. In case the overall net open position is less than 2% of the AOF (Actual on Funds), no capital requirement is imposed.

The Dutch Central Bank regulation imposes 15% limit over AOF for the Bank's open position, whereas no limit exist according to the German banking regulations other than the limit set for non-trading banks.

Since the Bank did not have a trading portfolio, all foreign exchange positions are client driven. The Bank's policy requires that all the positions should be closed by the end of the day. Limits on structural foreign exchange exposure are set in terms of maximum end-of-day position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The table below summarizes the Euro equivalent of the Bank's exposure to foreign currency exchange risk, categorized by currency:

(All amounts in thousands Euros)

(As at 31st December 2010)	EUR	USD	GBP	TRY	Other	TOTAL
Assets						
Cash and balances with Central Bank	26,659	-	-	-	-	26,659
Dutch Treasury Certificates	-	-	-	-	-	-
Banks	258,711	307,005	639	2,124	56	568,535
Loans	543,414	1,449,625	3,567	14,980	-	2,011,586
Interest Bearing securities	386,360	107,327	-	-	-	493,687
Property and equipment	1,489	-	-	-	-	1,489
Other assets	24,918	13,965	8	76	-	38,967
Total assets	1,241,551	1,877,922	4,214	17,180	56	3,140,923
Liabilities						
Banks	385,684	72,230	5,752	70,069	-	533,735
Funds entrusted	1,658,100	425,473	3,993	22,286	-	2,109,852
Subordinated Debt	2,000	-	-	-	-	2,000
Other liabilities	55,205	16,293	154	325	-	71,977
Shareholders Equity	423,577	-	(218)	-	-	423,359
Total liabilities	2,524,566	513,996	9,681	92,680	-	3,140,923
Net on-balance sheet position	(1,283,015)	1,363,926	(5,467)	(75,500)	56	-
Net off-balance sheet position	1,277,335	(1,358,320)	5,488	75,497	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

(As at 31st December 2009)	EUR	USD	GBP	TRY	Other	TOTAL
Assets						
Cash and balances with Central Bank	41,223	-	-	-	-	41,223
Dutch Treasury Certificates	26,220					26,220
Banks	385,925	306,931	2,793	-	326	695,975
Loans	664,415	1,234,060	3,668	20,267	-	1,922,410
Interest Bearing securities	548,811	82,632	-	-	-	631,443
Property and equipment	2,031	-	45	-	-	2,076
Other assets	68,028	9,384	7	98	-	77,517
Total assets	1,736,653	1,633,007	6,513	20,365	326	3,396,864
Liabilities						
Banks	592,135	87,436	8,099	49,044	215	736,929
Funds entrusted	1,821,703	249,972	90,626	20,528	-	2,182,829
Subordinated Debt	2,000	-	-	-	-	2,000
Other liabilities	65,187	10,077	1,935	298	790	78,287
Shareholders Equity	396,819	-	-	-	-	396,819
Total liabilities	2,877,844	347,485	100,660	69,870	1,005	3,396,864
Net on-balance sheet position	(1,141,191)	1,285,522	(94,147)	(49,505)	(679)	-
Net off-balance sheet position	1,142,577	(1,285,719)	93,995	49,147	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Interest rate risk

Interest rate risk is the current and prospective risk to earnings or capital arising from adverse movements in interest rates.

Such an exposure can result from a variety of factors, including differences in the timing between the maturities or repricing of assets, liabilities and off-balance sheet instruments (repricing risk). Changes in the level and shape of interest rate curves may also create interest rate risk, since the repricing characteristics of the Bank's assets do not necessarily match those of its liabilities (yield curve risk). The imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy (basis risk).

The Bank oversees structural interest rate activities exposure on both solo and consolidated, corporate-wide basis.

At least on a monthly basis the Bank's interest rate risk exposure is measured with a repricing schedule that distributes interest-sensitive assets, liabilities and off balance sheet positions into time bands according to their maturity (for fixed rate items) or to time remaining to their next repricing date (for floating rate items). Instruments with indeterminable maturities (such as equity, reserves, properties and participations) should be included in the repricing schedule as non-interest bearing items. The size of the gap for a given time band (assets minus liabilities plus off-balance sheet exposures repricing or maturing within the time band) gives an indication of the Bank's interest rate repricing risk exposure.

The overall interest rate risk is measured at least on a monthly basis, as:

1) Economic Value Sensitivity, which measures the potential change in the net present value of the Bank's interest rate positions resulting from the yield curve changes. Sensitivity analysis is performed according to scenario of 7% shift in TRY yield curve and 2% shift in other foreign exchange yield curve. The analysis is performed once in every month with month-end solo and consolidated figures.

All the decisions are documented in the minutes of ALCO meetings and Treasury department acts accordingly.

2) Impact on Net Interest Income, which is defined as the potential change in net interest income resulting from adverse movements in interest rates over the next twelve months. The interest rate sensitivity measure is a simple unit measure of sensitivity, which does not itself provide an indication of potential loss.

The impact on the Net Interest Income should be calculated shifting the yield curve upward and downward by 200 bps. The analysis is performed once in every quarter-end on solo and consolidated basis.

The economic value sensitivity measure provides a long-term view and a view of the whole book, since it takes into account the present value of all future cash flows generated from existing balance sheet positions. The impact on net interest income, by contrast, considers only the repricing effect from positions maturing over the next twelve months, and thus provides a shorter-term view.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Interest rate stress testing: In order to assess the exposure of the Bank in each relevant currency, the vulnerability to loss under stressful market conditions is measured -including the breakdown of key assumptions-. The different currency yield curves are performed as reported in the below table. Analysis is performed as EUR equivalent for all foreign currencies. The stress test is applied once in every month to month end consolidated figures.

ALM book interest rate stress test scenarios

Currency	1 Week	1 Month	>1 Month
TRY	+7% / -7%	+7% / -7%	+7% / -7%
EUR and other currencies	+2% / -2%	+2% / -2%	+2% / -2%

Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

(As at 31st December 2010)	< 3 months	3-6 months	6-12 months	> 1 yrs	Non Sensitive items	Total
Assets						
Cash and balances with Central Banks	-	-	-	-	26,659	26,659
Dutch Treasury Certificates	-	-	-	-	-	-
Banks	327,803	24,477	115,570	97,692	2,993	568,535
Loans	1,214,747	142,293	158,431	496,115	-	2,011,586
Interest bearing securities	31,969	5,046	25,204	431,468	-	493,687
Participations	-	-	-	-	125	125
Other assets	-	-	-	-	40,331	40,331
Total assets	1,574,519	171,816	299,205	1,025,275	70,108	3,140,923
Liabilities						
Banks	458,388	18,359	8,981	39,231	8,776	533,735
Funds Entrusted	1,153,073	169,081	246,620	541,078	-	2,109,852
Other liabilities	-	-	-	-	71,977	71,977
Subordinated debt	-	-	-	-	2,000	2,000
Shareholder's Equity	-	-	-	-	423,359	423,359
Total liabilities	1,611,461	187,440	255,601	580,309	506,112	3,140,923
Balance sheet sensitivity gap	(36,942)	(15,624)	43,604	444,966	(436,004)	-
Off-balance sensitivity gap*	211,681	-	(17,419)	(194,262)	-	-
Total interest sensitivity gap	174,739	(15,624)	26,185	250,704	(436,004)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

(As at 31st December 2009)	< 3 months	3-6 months	6-12 months	> 1 yrs	Non Sensitive items	Total
Assets						
Cash and balances with Central Banks	-	-	-	-	41,223	41,223
Dutch Treasury Certificates	-	-	-	26,220	-	26,220
Banks	512,688	61,515	76,436	39,930	5,406	695,975
Loans	1,080,289	396,055	180,738	265,328	-	1,922,410
Interest bearing securities	74,427	-	10,142	546,874	-	631,443
Participations	-	-	-	-	125	125
Other assets	-	-	-	-	79,468	79,468
Total assets	1,667,404	457,570	267,316	878,352	126,222	3,396,864
Liabilities						
Banks	295,904	183,807	213,400	39,231	4,587	736,929
Funds Entrusted	1,264,090	357,541	257,350	303,848	-	2,182,829
Other liabilities	-	-	-	-	78,287	78,287
Subordinated debt	-	-	-	-	2,000	2,000
Shareholder's Equity	-	-	-	-	396,819	396,819
Total liabilities	1,559,994	541,348	470,750	343,079	481,693	3,396,864
Balance sheet sensitivity gap	107,410	(83,778)	(203,434)	535,273	(355,471)	-
Off-balance sensitivity gap*	304,380	-	46,000	(350,380)	-	-
Total interest sensitivity gap	411,790	(83,778)	(157,434)	184,893	(355,471)	-

* This line represents the distribution of net amount of receivables and payables from derivative financial instrument, namely interest rate swaps, which are presented under off-balance sheet commitments according to their repricing maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

Exposures to interest rate risk in the non-trading book

Increase/(decrease) in market value

Currency	+200 bps € thd	- 200 bps* € thd
EUR	(2,046)	(2,350)
USD	(3,038)	11,504
GBP	(22)	12
TRY	68	(60)
Total	(5,038)	9,106

* Due to lower interests prevailing on some interest-bearing assets the effect of 200 bps interest shock is measured at nil percentage when the effect results in a negative interest rate on such instruments.

Liquidity risk

Liquidity risk (funding risk) is the current or prospective risk to earnings and capital arising from the Bank's inability to meet its liabilities when they become due, as well as from opportunity losses due to over-liquidity relative to its liabilities.

The liquidity management of the Bank, which is described through its liquidity risk policy and liquidity contingency policy, aims to maintain necessary and sufficient liquidity in order to ensure sustainability and continuity of its operations. ALCO has the overall responsibility of the liquidity risk management and strategy. Treasury department monitors and controls liquidity in all currencies on a daily basis.

The Bank aims to have well diversified funding sources and contingent funding items at all times and under all possible stressed market conditions. The Bank monitors liquidity risk through gap analysis and stress tests under specific scenarios. Scenarios are either market specific or bank specific (idiosyncratic) and also may be the combination of two. The Liquidity Contingency Policy of the Bank is a very detailed contingency plan for all liquidity squeezes described in scenarios in liquidity stress tests.

Reports on liquidity analyses are regularly provided to ALCO by Risk Management department.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

(As at 31st December 2010)	On demand	< 3 months	3-6 months	6-12 months	1- 5 years	> 5 years	Total
Assets							
Cash and balances with Central Banks	26,659	-	-	-	-	-	26,659
Dutch Treasury Certificates	-	-	-	-	-	-	-
Banks	66,002	92,354	55,477	226,550	128,152	-	568,535
Loans	-	509,147	88,974	188,160	1,175,009	50,296	2,011,586
Interest Bearing Securities (1), (2)	-	2,000	5,046	25,204	372,342	89,095	493,687
Participations *	125	-	-	-	-	-	125
Other assets *	40,331	-	-	-	-	-	40,331
Total assets	133,117	603,501	149,497	439,914	1,675,503	139,391	3,140,923
Liabilities							
Banks	8,776	142,288	18,359	8,981	36,100	39,231	253,735
Central Bank Financing	-	280,000	-	-	-	-	280,000
Funds entrusted	684,085	466,815	166,643	249,348	530,274	12,687	2,109,852
Other Liabilities *	71,977	-	-	-	-	-	71,977
Subordinated Debt	-	-	-	-	2,000	-	2,000
Shareholder's Equity *	-	-	-	-	-	423,359	423,359
Total liabilities	764,838	889,103	185,002	258,329	568,374	475,277	3,140,923
Liquidity gap	(631,721)	(285,602)	(35,505)	181,585	1,107,129	(335,886)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

(As at 31st December 2009)	On demand	< 3 months	3-6 months	6-12 months	1- 5 years	> 5 years	Total
Assets							
Cash and balances with Central Banks	41,223	-	-	-	-	-	41,223
Dutch Treasury Certificates	-	-	-	-	26,220	-	26,220
Banks	158,949	64,844	129,201	298,740	44,241	-	695,975
Loans	-	299,115	173,688	346,685	985,611	117,311	1,922,410
Interest Bearing Securities (1), (2)	-	54,470	-	10,142	338,225	228,606	631,443
Participations *	125	-	-	-	-	-	125
Other assets *	79,468	-	-	-	-	-	79,468
Total assets	279,765	418,429	302,889	655,567	1,394,297	345,917	3,396,864
Liabilities							
Banks	4,603	259,825	103,808	3,362	28,950	46,381	446,929
Central Bank Financing	-	-	80,000	210,000	-	-	290,000
Funds entrusted	743,218	514,252	358,354	243,545	308,238	15,222	2,182,829
Other Liabilities *	78,287	-	-	-	-	-	78,287
Subordinated Debt	-	-	-	-	2,000	-	2,000
Shareholder's Equity *	-	-	-	-	-	396,819	396,819
Total liabilities	826,108	774,077	542,162	456,907	339,188	458,422	3,396,864
Liquidity gap	(546,343)	(355,648)	(239,273)	198,660	1,055,109	(112,505)	-

(1) Eligible loans amounting to EUR 136,186 are classified to their contractual remaining maturities (2009: EUR 133,868)

(2) Eligible bonds amounting to EUR 329,502 are classified according to their contractual remaining maturities (2009: EUR 240,830).

Above-mentioned items are considered as cash equivalent and are convertible to cash before their respective maturities.

* These items are actually not subject to liquidity risk, but to be in line with the amount of the balance sheet, amounts are included.

Operational risk

The operational risk is the risk of loss resulting from inadequate or failed internal procedures, people and systems or from external events.

The bank controls and monitors operational risks by using "know your customer" principle, the "four eyes" principle, the periodical internal audits which is outsourced since 2007, the periodically updated policies and procedures, segregation of duties, and a responsive accounting system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The ICT department, in addition to its task to oversee the overall operational risk of the Bank derived from the use of EDP systems, is responsible for the risk policy of their own field. The department is audited by Internal Auditors.

The Bank has started building operational risk database in 2010.

Legal risk

To minimize legal risks arising either from the uncertainties of the enforceability of the legal obligations of the bank's customers or counterparties, together with the legal or regulatory changes that may affect the position of the bank, the bank is using standardized legal agreements for its products. The bank uses external counsels when necessary.

Integrity risk

Integrity risk arises from inadequate compliance with obligations under civil, administrative, tax or criminal law, from inadequate compliance with internal standards, rules and codes of conduct. Inadequate compliance may result in a deterioration of the bank, which may limit opportunities and business development possibilities, or which may result in the loss of existing or potential clients. As integrity being one of the most valuable assets of the bank, it is reflected to the bank's policies.

The rules and regulations with respect to Know Your customer and Customer Due diligence, client identification, client's privacy protection are reflected in the bank's policies and procedures. The review of actual compliance with external rules and regulations, as well as the internal integrity policy are performed by the Internal Control & Compliance department.

Capital Adequacy

With the introduction of Basel II, the Bank is using regulatory capital management as a tool to determine the overall shape of the asset portfolio while ensuring that the chosen strategies optimize the balance of risk and reward, and maximize shareholder value. The proactive approach to regulatory capital management comprises the following principles:

- forecasting regulatory capital demand which is dictated by annual and longer-term business plans.
- shaping of the business strategy in the framework of the regulatory capital requirements;
- identifying parts of the portfolio and concentrations requiring high and low levels of regulatory capital;
- analyzing the differences between economic and regulatory capital;
- considering every aspect of the constraints specific to each entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The table below summarizes the BIS Capital ratio structure of the Bank as of 31 December 2010 calculated per Basel II and Basel III:

	2010	2009
Core tier 1 Capital		
Paid-in and called-up capital	150,000	150,000
Share premium	185,000	185,000
Other reserves and unallocated profit	88,359	61,819
	423,359	396,819
Deductions from tier 1 capital		
Intangible assets	699	1,043
Participations	125	125
Tier 1 capital after deductions	422,535	395,651
Lower Tier 2 capital		
Subordinated debt	2,000	2,000
Deductions from tier 2 capital		
Amortization of subordinated debt	1,600	1,200
Tier 2 capital after deductions	400	800
Total capital resources	422,935	396,451
Credit risk weighted assets (Pillar 1)	2,626,761	2,998,137
Regulatory Capital Adequacy Ratio %	16.10%	13.22%
Credit risk weighted assets (Pillar 1)	2,626,761	2,998,137
Tier 1 ratio %	16.08%	13.20%
Risk weighted assets (Pillar 2)	1,114,625	1,335,187
Total capital ratio % (economic capital)	11.30%	9.15%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basel II

The Bank has started Basel II application starting from 1 January 2008 with “Standardized Approach”. The Basel II project related daily activities responsibility comprising the model and policy initiations and improvements lies with the Risk Management department. The Risk Committee and Supervisory Board oversee these processes.

The Bank uses “Current Exposure Approach” for counterparty credit risk, “Simple Approach” for Credit Risk Mitigation, “Standardized Measurement Approach” for market risk and “Basic Indicator Approach” for operational risk. The ICAAP document was introduced in 2008, updated once every year and the policies were evaluated by De Nederlandsche Bank N.V. within the scope of their Supervisory Review Process. The internal models and the risk management policies and strategies are regularly reviewed by Internal Audit Department, Risk Committee of the Bank, Akbank TAS Risk Management Department and De Nederlandsche Bank N.V.

In response to the recent financial crisis, the Basel Committee on Banking Supervision (BCBS) set forth to update their guidelines for capital and banking regulations. The objective of the Basel Committee's reform package 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 spillover from the financial sector to the real economy. The Committee has put in place processes to ensure the rigorous and consistent global implementation of the Basel III Framework. The standards will be phased in gradually so that the banking sector can move to the higher capital and liquidity standards while supporting lending to the economy. The BCBS published the first version of Basel III in late 2009, giving banks approximately three years to satisfy all requirements. The capital ratios that will be introduced gradually until 2019 will have no effect on the Bank due to already high capitalization. The Bank has started monitoring the new liquidity ratios, the liquidity coverage ratio and net stable funding ratio, as part of Basel III.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Profit and Loss Account

(All amounts in thousands Euros)

	2010	2009
19 Net interest income	38,750	21,178
• Net income from investment portfolio	24,215	28,263
• Income from credit linked notes	160	3,545
• Income from banks	8,249	14,145
• Income from trade finance and loans	88,658	82,429
• Interest paid on bank borrowings	(7,547)	(11,774)
• Interest paid on savings & time deposits	(62,446)	(85,548)
• Net IRS income / (expense)	(12,460)	(9,882)
• Other interest expense	(79)	-
Net interest income/(expense) from related parties	1,584	3,546
20 Net commission income	3,510	1,181
• Remittances & transfers	525	760
• Letters of credit	3,308	383
• Commissions on CDS	-	251
• Others	100	217
• Commission expenses	(423)	(430)
Net commission from related parties	105	94
21 Other income	6,619	6,082
• Result on other financial transactions	6,466	5,605
o Asset trading gains	610	27
o IRS unwind losses	(12,134)	-
o Capital gain on the investment portfolio	18,989	5,540
o Foreign exchange and revaluation gains/losses	(5)	38
o Unrealized losses from mark-to-market of interest rate swaps	(5,047)	-*
o unrealized gains from mark-to-market of available-for-sale portfolio	4,053	-
• Other revenue	153	477
Net other income/result on financial transactions from related parties	8,965	1,412

* Please refer to correction of prior year error section for details. The mark-to-market loss not recognized in 2009 thus not comparable with 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

	2010	2009
22 Total operating expenses	14,149	15,913
• Staff costs	7,680	7,881
o Salaries	6,194	6,693
o Pension	530	346
o Social security costs	579	619
o Other personnel costs	377	223
Other administrative expenses	5,865	7,457
• Telecommunication and IT expenses	1,759	1,760
• Office rental, service charges and maintenance	1,402	1,464
• Other expenses*	2,704	4,233

* Other expenses include in 2009 EUR 2,000 participation amount of Akbank N.V. in DSB Bank losses in accordance with Dutch Deposit Guarantee Scheme. Please refer to Dutch Deposit Guarantee Scheme note for more details.

23 Depreciation	604	575
24 Corporate Taxes	7,916	2,319

The corporate income tax is calculated using the tax rate of 25.5% over the Dutch and 31.93% over the German taxable income.

	2010	2009
The Netherlands		
Current tax expense	4,551	409
Deferred tax expense/(benefit)	-	49
Total	4,551	458
Germany		
Current tax expense	3,734	1,821
Tax accrual for previous years	957	40
Deferred tax expense/(benefit)*	(1,326)	-
Total	3,365	1,861
Grand Total	7,916	2,319

not recognized in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands Euros)

The remuneration of the Managing Board is as follows:	2010	2009
(Including pension benefit & other fringe benefits.)	647	626

The remuneration of the Supervisory Board is as follows:	2010	2009
	23	23

The bank has not granted any loans, advances or guarantees to members of the Managing Board or to members of the Supervisory Board.

Total number of full time employees*:	2010	2009
	67	72

* Including Akbank AG

Fees of the Auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by auditors to Akbank N.V. and its subsidiaries. The fee to be paid to the Ernst & Young Accountants LLP by Akbank N.V. for the year 2010 and to Ernst & Young GmbH by Akbank AG is EUR 65 and EUR 151, respectively. For the year 2009, Akbank N.V. and Akbank AG had paid EUR 85 to KPMG Accountants N.V and EUR 134 to Ernst & Young GmbH, respectively. These amounts are solely composed of auditing fee; no advisory fee was paid to the statutory auditors for the years 2010 and 2009.

COMPANY BALANCE SHEET AS AT DECEMBER 31, 2010

Before appropriation of results

(All amounts in thousands Euros)

		2010	2009
Assets			
Cash and balances with Central Bank	26	8,171	28,772
Dutch Treasury Certificates	27	-	26,220
Banks	28	458,868	580,762
Loans	29	1,260,879	963,873
Interest bearing securities	30	328,285	512,486
Participations	31	253,626	264,128
Prepayments and accrued income	32	20,614	65,526
Property and equipment	33	1,315	1,890
Total assets		2,331,758	2,443,657
Liabilities			
Banks	34	325,105	519,867
Funds entrusted	35	1,542,159	1,487,133
Other liabilities	36	19,197	7,239
Accruals and deferred income	37	21,938	32,599
		1,908,399	2,046,838
Subordinated debt			
Paid-in capital		150,000	150,000
Share premium		185,000	185,000
Revaluation reserves		77	83
Other reserves		61,736	51,683
Unallocated profit / loss		26,546	10,053
Shareholders' equity	38	423,359	396,819
Total liabilities and shareholders' equity		2,331,758	2,443,657
Contingent liabilities			
		51,318	16,700

Letters of credit, letters of guarantee and irrevocable commitments on loans

COMPANY PROFIT AND LOSS ACCOUNT FOR 2010

(All amounts in thousands Euros)

	2010	2009
Unallocated profit after tax	13,319	920
Result participations	13,227	9,133
Total unallocated profit	26,546	10,053

NOTES TO THE COMPANY FINANCIAL STATEMENTS

25 General

The consolidated financial statements are part of the 2010 financial statements of the bank. With regard to the company profit and loss account, the company applies the exemption of article 2:402 BW.

If there is no further explanation provided to the items in the balance sheet and the profit and loss account, please refer to the notes in the consolidated balance sheet and profit and loss account.

Principles of valuation and determination of results

Reference is made to the notes of the Consolidated Financial Statements.

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

	2010	2009
Assets		
26 Cash	8,171	28,772
Cash in hand and balances at Central Banks		
27 Dutch Treasury Certificates	-	26,220
All Dutch Treasury Certificates were sold during 2010.		
28 Banks	458,868	580,762
This item comprises of nostro accounts, loans and advances to credit institutions.		
• Nostro accounts (on demand)	506	3,274
<i>Related party balances</i>	17	65
• Interbank loans	53,627	143,544
<i>Related party balances</i>	2,088	7,405
• Loans and advances	372,849	414,634
<i>Related party balances</i>	24,464	48,758
• Murabaha (Islamic banking transaction)	4,000	-
• Receivable from Deposit Guarantee Scheme for DSB Bank*	9,409	-
• Margin calls provided for interest rate and cross currency swap transactions	18,477	4,310-
Maturity breakdown:		
On demand	52,046	158,949
< 3 months	79,354	59,411
3-6 month	13,493	56,509
6-12 month	185,823	265,963
1-5 years	128,152	39,930
> 5 years	-	-
	458,868	580,762

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

	2010	2009
29 Loans	1,260,879	963,873
This item comprises of loans granted to corporate customers		
<i>Related party balances</i>	6,281	10,797
Maturity breakdown:	2010	2009
On demand	-	-
< 3 months	294,534	90,649
3-6 month	71,763	83,319
6-12 month	101,407	128,233
1-5 years*	744,745	576,954
> 5 years	48,430	84,718
	1,260,879	963,873

*Includes EUR 14,968 commodity murabaha balance.

30 Interest bearing securities	328,285	512,486
Turkish Government Bonds	139,492	338,613
Bonds issued by Banks	113,882	71,078
ECB Eligible - Government Guaranteed	30,130	40,171
ECB Eligible	61,059	30,907
Others*	22,693	-
Bonds issued by Corporates	74,911	52,795
ECB Eligible - Government Guaranteed	-	10,142
ECB Eligible	74,911	42,653
Credit Linked Notes	-	50,000

*EUR 6,736 is sukuk securities – which is an Islamic financial certificate/bond.

Interest bearing securities include ECB eligible bonds amounting to EUR 166,100. (2009: EUR 123,873).

Allocation of Interest Bearing Securities Portfolio	2010	2009
Held-to-Maturity Securities	288,641	512,486
Available-for-Sale Securities	39,644	-
Balance sheet value as at 31st December	328,285	512,486

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

	2010	2009
31 Participations	253,626	264,128
Balance as at 1st January	264,128	262,396
Dividend	(23,729)	(7,401)
Result	13,227	9,133
Balance as at 31st December	253,626	264,128

Akbank N.V. acquired Akbank A.G. on 31 May 2007.

Akbank N.V. is 100% shareholder of Akbank A.G, Frankfurt, Germany.

In 2006 Akbank N.V. established Stichting Custody Service Gate, located in Amsterdam, The Netherlands.

	2010	2009
32 Prepayments and accrued income	20,614	65,526
• Accrued interest receivable	19,035	63,624
Accrued interest on banks	218	601
Accrued interest on corporate loans	9,316	7,110
Accrued interest and revaluation on derivatives	-	38,811
Accrued commission on loans	972	135
Accrued commission on investment securities	8,529	16,967
• VAT receivable	213	497
• Other advance payments	1,366	1,405
<i>Related party balances</i>	<i>155</i>	<i>390</i>
33 Property and equipment	1,315	1,890

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

The breakdown of equipment is as follows:

As at 31st December 2010

	Furniture & Fixture	Leasehold Improvements	Hardware	Software	License	TOTAL
Acquisition Cost						
Opening Balance as of 01.01.2010	403	420	504	1,464	1,529	4,320
Additions	7	-	33	106	-	146
Disposals*	(42)	(35)	(28)	(14)	-	(119)
Closing Balance as of 31.12.2010	368	385	509	1,556	1,529	4,347
Accumulated depreciation (-)						
Opening balance as of 01.01.2010	(52)	(143)	(284)	(910)	(1,040)	(2,429)
Charge for the year	(41)	(76)	(85)	(288)	(191)	(681)
Disposals*	15	31	21	11	-	78
Closing balance as of 31.12.2010	(78)	(188)	(348)	(1,187)	(1,231)	(3,032)
Net book values as of 01.01.2010	351	276	219	555	489	1,890
Net book values as of 31.12.2010	290	197	161	369	298	1,315

* Disposals during 2010 are due to the closure of London branch. The remaining net book value of London branch fixed assets (EUR 34) was written off and recognized as expense in the financial statements.

As at 31st December 2009

	Furniture & Fixture	Leasehold Improvements	Hardware	Software	License	TOTAL
Acquisition Cost						
Opening Balance as of 01.01.2009	331	383	930	1,382	1,363	4,389
Additions	72	37	149	124	166	548
Disposals	-	-	(576)	(41)	-	(617)
Closing Balance as of 31.12.2009	403	420	503	1,465	1,529	4,320
Accumulated depreciation (-)						
Opening balance as of 01.01.2009	(19)	(58)	(767)	(718)	(917)	(2,479)
Charge for the year	(33)	(86)	(93)	(233)	(123)	(568)
Disposals	-	-	576	41	-	617
Closing balance as of 31.12.2009	(52)	(143)	(284)	(910)	(1,040)	(2,430)
Net book values as of 01.01.2009	312	325	164	664	445	1,910
Net book values as of 31.12.2009	351	276	219	555	489	1,890

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

Liabilities	2010	2009
34 Banks	325,105	519,867
• Loro (on demand)	638	2,016
• Central Banks	100,000	100,000
• Inter bank borrowings	47,279	123,197
• Repo	89,976	239,799
• Promissory notes and Bankers Acceptance	17,143	21,904
• Commodity Murabaha	70,069	32,951
<i>Related party balances</i>	638	58,948
Maturity breakdown:		
On demand	638	2,016
< 3 months	171,796	235,350
3-6 month	68,359	104,007
6-12 month	8,981	103,163
1 - 5 years	36,100	28,950
> 5 years	39,231	46,381
	325,105	519,867
35 Funds entrusted	1,542,159	1,487,133
Includes current accounts, saving accounts and time deposits of customers		
• Current accounts	45,690	44,309
• Saving accounts	635,903	697,547
• Time deposits	860,566	745,277
<i>Related party balances</i>	32,419	6,343
Maturity breakdown:		
On demand	681,593	741,856
< 3 months	176,335	220,524
3-6 month	71,462	138,557
6-12 month	130,994	142,241
1 - 5 years	481,776	243,955
> 5 years	-	-
	1,542,159	1,487,133

NOTES TO THE COMPANY BALANCE SHEET

(All amounts in thousands Euros)

	2010	2009
36 Other liabilities	19,197	7,239
• Other liabilities & provisions	1,840	7,239
• Revaluation on derivatives	12,310	-
• Negative fair market value on interest rate swaps*	5,047	-
* Please refer to correction of prior year error section for details.		
37 Accruals and deferred income	21,938	32,599
• Accrued interest payable	12,063	21,802
Accrued interest payable on funds entrusted	9,855	14,315
Accrued interest payable on banks	1,141	1,969
Accrued interest payable derivatives	1,067	5,518
<i>Related party balances</i>	4	182
• Interest and commission received in advance	9,875	10,797

38 Shareholder's Equity

Reference is made to the notes of the Consolidated Financial Statements.

Profit Appropriation

Introduction

The Managing Board proposes to add the net result of EUR 26,546 (2009: EUR 10,053) to other reserves.

The result appropriation has been proposed in conformity with article 25 of the Articles of Association, which states (translation from the original Dutch text):

Article 25

1. The company may only make distributions to the shareholders and other rightful claimants for the profit available for distribution to the extent that the own equity exceeds the amount of the paid-up capital and called part of the capital plus the reserves that must be maintained by law.
2. Once per year the general meeting of the shareholders decides which part of the profit, appearing out of the profit and loss fixed by the general meeting of the shareholders, will be used for allocation to the other reserves.
3. The, related to the last paragraph, remaining profit shall be at the disposal of the general meeting of the shareholders.

Decision

The Supervisory Board agrees with the proposal of the Managing Board.

AUDITORS' REPORT

To: the Shareholder, the Supervisory Board and the Managing Board of Akbank NV

Report on the financial statements

We have audited the annual accounts 2010 of Akbank NV, Amsterdam. The annual accounts consist of the consolidated annual accounts and the parent company annual accounts. The consolidated annual accounts comprise the consolidated balance sheet as at December 31, 2010 the income statement and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The parent company annual accounts comprise the parent company balance sheet as at December 31, 2010 the parent company profit and loss account for the year then ended and the notes.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the annual accounts in accordance with accounting principles generally accepted in the Netherlands and the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

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

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

Opinion with respect to the consolidated annual accounts

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of Akbank NV as at December 31, 2010 and of its result and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Netherlands and the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Opinion with respect to the parent company annual accounts

In our opinion, the parent company annual accounts give a true and fair view of the financial position of Akbank NV as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Managing Board, to the extent we can assess, is consistent with the annual accounts as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 6 May 2011
Ernst & Young Accountants LLP
SIGNED BY W.J. Smit

PROFIT APPROPRIATION

INTRODUCTION

The Managing Board proposes to add the net result of € 26,546 (2009: € 10,053) to other reserves.

The resulting appropriation has been proposed in conformity with Article 25 of the Articles of Association, which states (translation from the original Dutch text):

ARTICLE 25

The company may only make distributions to the shareholders and other rightful claimants for the profit available for distribution to the extent that the own equity exceeds the amount of the paid-up capital and called part of the capital plus the reserves that must be maintained by law.

Once per year the general meeting of the shareholders decides which part of the profit, appearing out of the profit and loss fixed by the general meeting of the shareholders, will be used for allocation to the other reserves.

The, related to the last paragraph, remaining profit shall be at the disposal of the general meeting of the shareholders.

DECISION

The Supervisory Board agrees with the proposal of the Managing Board.

CONTACT INFORMATION

Akbank N.V. Managing Board

Name	Title
K. Banu Ozcan	Senior Managing Director / CEO
Murat Tursun	Executive Director / CRO

Akbank N.V. Head Office-Executive Directors

Name	Group
Ali Arolat	Corporate Banking and Financial Institutions
R. Didem Oget, CPA	Financial Coordination
Hakan Ozten	Retail Banking and Foreign Branches
Mustafa Korkmaz	Treasury and Private Banking
Erkan Ergungor	Operations and Management Information Systems
Hasan Astam	Credits

Akbank N.V. Head Office- Directors

Name	Group
Ertan Akbulut	Risk Management
Guray Pekbay	Financial Accounting and Regulatory Reporting
Nesimi Kansu	ICT and Support Services

Akbank N.V. Essen Branch

Name	Title
Z. Fikret Ayik	Branch Manager

Akbank AG

Name	Title
Karl Friedrich Rieger	Senior Managing Director
Bulent Menemenci	Managing Director

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