ANNUAL REPORT 2017

Tomorrow's Banking Today

AKBANK

FOREWORD

We've always strived to give our customers the best banking experience - from the very first day we were established.

In 2018, we are even closer to achieving this, having radically changed how we operate our business. We've called this revolution "New Generation Akbank". It marks a new era, not just for Akbank, but for our country's banking sector.

We've behaved, and always will behave, ethically and honestly. We are always doing the right thing, even in these fast-paced times, as we push towards a more reliable, dynamic, simple, innovative and people-focused future.

We're transforming our sector. How we value our people, how we invest in technology, and how we create sustainable value for all of our stakeholders are the clearest signals of Akbank's radical change.

Understanding and meeting peoples' needs are at the heart of New Generation Akbank. With our renewed focus on people-centric service, we've created an environment where communication with our customers is easier. In line with this philosophy of transparency and efficiency, we've launched a new, more generous and accessible branch environment. We've created simple spaces to help understand our customers better, we can communicate more closely with them, and, above all, work together with them. Our new branch and service design is shaping the future of banking.

The modern world is moving incredibly fast and it's accelerating every day. With "Akbank: The Bank of Mobile", we've embraced mobile technology to meet our customers' expectations even more efficiently and effectively. We're leaders in the mobile banking sector not only in Turkey but also the world.

For 70 years, we've pioneered the best service and technology - but we're not complacent, we're still reinventing ourselves. We're ready for a brilliant future, with ideas designed meticulously for people. We're here to support all our customers' needs, for all their financial futures.

We believe this transformation, built solidly on our values, will not only shape Akbank's future, but also the future of banking.

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Suzan Sabancı Dinçer CHAIRMAN OF THE BOARD OF DIRECTORS

Sye I de 2



MESSAGE FROM THE CHAIRMAN

WE EXPECT THAT GROWTH WILL COME IN AT 5% IN 2018 DUE TO THE SUPPORT OF THE CREDIT GUARANTEE FUND, STRONG PRIVATE CONSUMPTION TRENDS, AND THE REALIZATION OF PREVIOUSLY DELAYED INVESTMENTS.

2017 was a period when the global economic expansion gained pace, and developed countries maintained their supportive monetary policies as inflation remained below target. The USD stayed weak due to limited volatility in global markets and various geopolitical developments, prompting the highest fund inflow to developing countries of the last three years. US equity markets set new records, while emerging markets posted significant increases as a result of positive risk appetite. In 2017, demand for digital currencies was on the rise. In Turkey, economic activity gained momentum owing to government incentives aimed at target sectors and support from the Credit Guarantee Fund (CGF); double-digit growth was recorded in the third quarter. We expect that the global economy will pick up pace even more in 2018.

As US economic growth maintained its strong upward trajectory, the Fed raised interest rates three times in 2017, bringing its policy rate up to 1.50%. The Fed also pursued balance sheet normalization starting in October. In 2018, the US economy is expected to maintain its strong growth performance with additional impetus from tax cuts. Developments on the inflation side will be important for normalizing interest rates and determining the foreign exchange rate's trajectory. The Fed plans to execute three more rate hikes in 2018.

With the Euro zone showing a strong widespread expansion, the ECB revised its growth forecasts upward based on the positive outlook. Meanwhile, inflation is still below target and this tendency is expected to continue in the medium term. The ECB maintains a negative interest policy in the face of these developments. It plans to continue bond purchases, albeit on a smaller scale, at least until end-September. We expect that the ECB will not implement an interest rate hike before the second half of 2019.

Economic growth follows a favorable course in Japan as well; however, inflation remains below target there despite a slight uptick. The Bank of Japan's (BoJ) supportive monetary policy is expected to continue until the inflation target is attained. However, BOJ reduced the amount of its long-term bond purchases at the beginning of 2018, and is widely expected to continue doing so in the coming months.

Turkey recorded double-digit growth figures in third quarter 2017. We believe the year will close with overall growth at about 7% due to the positive trend in economic activity. In 2018, we expect that the economy will expand around 5% as a result of Credit Guarantee Fund (CGF) support, strong private consumption, and partial realization of postponed investments.

— IN 2017, THE
BANKING INDUSTRY
CONTINUED
ITS STRONG
PERFORMANCE.
WITH THE POSITIVE
IMPACT OF THE CGF
INCENTIVES, YEARON-YEAR AND TOTAL
LOANS ROSE 21%.

Looking at foreign trade in 2017, a high current account deficit resulted from increased gold and energy imports, as well as significantly higher economic activity in the second half of the year. Tourism revenue, which had remained weak in 2016 due to geopolitical tensions, picked up in 2017 thanks to normalized relations with Russia, narrowing the current account gap to some extent. Although the uptrend in oil prices in 2018 may push the current account deficit higher, we expect that gold imports will return to normal levels. tourism revenue will continue to improve and exports will rise with the strong recovery in the FU We forecast that the current account to GDP ratio will remain around 5% in 2018.

Inflation closed the year at 11.92% due to rising oil prices, devaluation of the Turkish lira, and robust domestic demand. In 2018, food, energy prices, tax adjustments and foreign exchange-related developments will continue to determine the course of inflation. We expect that inflation will come in at about 9.5% for the year. The Central Bank of Turkey (CBRT) will maintain its tight stance due to the inflation outlook and volatility in the foreign exchange rate.

The government's budget deficit for 2017 was TL 47.4 billion, below the target set in the revised Medium Term Program (MTP). This represents around 1.5% of GDP. The program forecasts a budget deficit to GDP ratio at a level of 1.9% in 2018.

In 2017, the banking industry continued its strong performance. With the positive impact of the CGF incentives, TL-denominated commercial loans jumped 33% year-on-year and total loans rose 21%. The industry's NPL ratio was a rather low 3.0% as of December 2017. The sector-wide capital adequacy ratio came in at 16.87% as of December, remaining strong throughout the year.

In 2018, possible monetary normalization measures implemented by central banks in advanced economies and various geopolitical risks could hamper capital flows into emerging markets. The banking industry plans to continue providing support for our economy's advancement.

SUZAN SABANCI DİNÇER

Chairman of the Board of Directors

Hakan Binbaşgil



MESSAGE FROM THE CEO

AKBANK
SETS ITSELF
APART WITH
ITS STRONG
GROWTH RATE,
EFFECTIVE RISK
MANAGEMENT
AND HIGH ASSET
QUALITY.

2017 was a year of positive economic developments on a global scale. World trade expanded at a faster rate than global economic growth. This positive trend also translated into increased profitability. Market volatility has been limited compared to the last few years. The USD index remained low due to geopolitical developments, low inflation and moderate interest rates. With low volatility and a weak USD exchange rate, fund flows to developing countries reached their highest level over the last three years. Geopolitical developments, EU policies following the Brexit referendum, changes in the Fed, BoJ and ECB balance sheets were other major issues during the year.

Despite some geopolitical challenges in 2017, Turkey showed resilience and took its place among the fastest growing economies in the world. On the back of strong GDP growth, unemployment declined significantly. The increase in employment, in turn, boosted purchasing power. The banking industry continued to perform strongly in 2017 thanks to the positive impact of CGF incentives on lending.

Akbank recorded a remarkable performance this year as well. The bank set itself apart with its strong growth rate, effective risk management and high asset quality. We continued our support to the economy with our robust balance sheet and long-term funds secured from abroad. In 2017, our total assets grew 16.0% to TL 342 billion. We increased our deposits by 15.8% year-on-year to over TL 201 billion.

In 2017, the Bank set aside a tax provision of TL 1.6 billion from gross profit of TL 7.7 billion, posting net consolidated profit of TL 6 billion. We provided the domestic economy with TL 261 billion in loans, TL 209 billion of which consisted of cash loans. This year, our support to the real economy in the form of SME loans and corporate loans rose a remarkable 19.5% to TL 166 billion.

The Bank's strong capital structure makes it easy for us to make important investments in the future. In 2017, we invested about USD 150 million in cutting-edge technology to provide the best services to our customers, recruit the best talent in the country, extend the innovation culture across the organization and help current employees adapt to our new ways of doing business. Last year, we also broke ground on the Akbank Data and Life Center - an investment totaling USD 250 million. The Center is designed to host Akbank's entire technology infrastructure, monitor all Bank operations 24/7 with the latest technologies and provide uninterrupted services to our clients. Our largest one-off investment to date, Akbank Data and Life Center is scheduled for completion in 2019.

In addition to the wide range of technology-related investments we make in-house, we also undertake innovation-focused collaborations with leading technology companies in Turkey and worldwide. In 2017, we rapidly translated global technological innovations into banking practices and established Akbank LAB, which will provide

WE LAUNCHED
AKBANK LAB AS
AN ADVANTAGE IN
OUR MISSION TO
BE THE PIONEER
SHAPING THE FUTURE
BANKING.

us a significant advantage in our mission to pioneer banking of the future. To deliver an exceptional banking experience to our customers, we plan to continue adopting innovative practices.

The performance of Akbank and the brand earned the approval of international institutions again. We also won the "Best Bank in Turkey" award from the sector's leading publications, including Euromoney, Global Finance, EMEA Finance, and World Finance in 2017. In addition, Akbank was named "The Most Valuable Banking Brand in Turkey" in Brand Finance's research for the sixth consecutive year.

We recognize that we must employ the best human capital to excel and succeed in our industry. To this end, we created a work environment that will appeal to Turkey's most innovative and visionary youth. Our dynamic and transparent corporate culture integrates all employees into our innovation process. Talented individuals who have made technology a way of life and serve as pioneers in innovation, enjoy an environment at the Bank where they can realize their potential in a much more effective manner. The workspaces we have restructured or developed from scratch are part of this change. With projects to come in future years, we will continue investing in our human capital at full speed.

Creating sustainable value for our stakeholders, our country, our shareholders, our employees and our customers is our number one social responsibility. Understanding that education, arts, culture and entrepreneurship are the main factors that foster creativity and innovation culture in a country, we devise and implement numerous initiatives to this end. These projects are fostered by volunteer efforts of Akbank staff and stakeholders. As part of the volunteer-driven projects we undertook this year, we organized nearly 150 activities with the participation of some 400 Akbank volunteers and reached 50 thousand students.

In the coming period, we will continue taking major steps forward with a transparent banking approach that places trust above all else. We plan to make further efforts to add significant value to our economy, society and culture, while continuing our ground-breaking initiatives in banking. I extend my gratitude to our valued customers, shareholders and employees for our stable and strong performance.

We strive to cultivate a creative and innovative generation to help our nation assume its rightful place in terms of socio-cultural and economic development. We believe that our actions will inspire new generations that are even more free-thinking, productive, courageous, creative, and who think outside the box and go beyond borders. To foster a Turkish arts and cultural environment that inspires the whole world, we will continue our activities in the future with the same pride and forward-looking ambition.

HAKAN BİNBAŞGİL CEO

We will introduce you to a brand new banking experience.



AKBANK IN BRIEF AND MILESTONES

A DIGITAL BANKING PIONEER IN TURKEY. AKBANK GATHERED ALL ITS EFFORTS IN THIS **FLOURISHING** AREA UNDER THE ROOF OF AKBANK **DIREKT. THIS** WILL ALLOW THE **BANK TO MEET** THE NEEDS OF ITS CUSTOMERS. **PROVIDE** SERVICES IN THE MOST CONVENIENT MANNER **POSSIBLE AND DELIVER AN EXCELLENT** CLIENT EXPERIENCE.

Akbank was founded as a privately-owned commercial bank in Adana on January 30, 1948. Established originally with the core objective of providing funding to local cotton growers, the bank opened its first branch in the Sirkeci district of Istanbul on July 14, 1950. In 1954, after relocating its Head Office to Istanbul, the Bank rapidly expanded its branch network and had automated all banking operations by 1963.

Offered to the public in 1990, Akbank shares began trading in international markets and as an American Depository Receipt (ADR) after its second public offering in 1998.

Akbank's core business is banking activities, consisting of corporate and investment banking, commercial banking, SME banking, consumer banking, payment systems, treasury transactions and private banking, and international banking services. In addition to traditional banking activities, the bank also carries out insurance agency operations through its branches on behalf of Ak Insurance and AvivaSA Pensions and Life Insurance.

With a strong and extensive domestic distribution network of 800 branches and more than 14 thousand employees, Akbank operates from its Head Office in Istanbul and 22 regional directorates across Turkey. In addition to providing services through branches, the Bank's traditional delivery channel, Akbank also serves more than 16.5 million customers through the Akbank Direkt Internet Branches, Akbank Direkt Mobile, the Call Center, 4,400 ATMs and

more than 510 thousand POS terminals as well as other high-tech channels.

A digital banking pioneer in Turkey, Akbank gathered all its efforts in this flourishing area under the roof of Akbank Direkt. This will allow the bank to meet the needs of its customers. provide services in the most convenient manner possible and deliver an excellent client experience. In a world with fast advances in technology and increasingly demanding customers, Akbank Direkt strives to satisfy client needs without time or physical location limitations while pioneering technological innovations in both the sector and in Turkey.

Widely known for anticipating changes in trends and customer dynamics to develop new products and channels for meeting the individual financial needs of clients, Akbank has introduced many innovations to the Turkish banking industry. In addition to launching a significant number of new services in Turkey, including the "Big Red House" mortgage loan-only branches and the iPad Banking Branch, Akbank has also broken new ground globally. The bank is the originator of such pioneering products and services as the Loan Machine and Mobile Loan innovations. which allow customers to obtain loans without having to visit a bank branch.

The recently-launched "Akbank One-Stop Corporate Investment Banking" enabled the bank to begin generating much more effective solutions for investment financing in Turkey. This platform allows

— EQUIPPED WITH STATE-OF-THE-ART IT SYSTEMS AND EXPERIENCED PROFESSIONALS, AKBANK PROVIDES TOP QUALITY SERVICES TO AN EXTENSIVE PORTFOLIO OF CONSUMER AND CORPORATE BANKING CUSTOMERS.

Akbank corporate banking clients to receive corporate and investment banking services while easily accessing the experience and expertise of Akbank's subsidiaries, all in one step.

The Akbank Banking Center, which has the highest transaction capacity among other operations centers in Turkey, commenced its services in 2010. Equipped with state-ofthe-art technology, this complex is positively contributing to Akbank's productivity. In 2017, the bank broke ground on the Akbank Data and Life Center. The center is designed to host Akbank's entire technology infrastructure, monitor all operations 24/7 with cuttingedge technology, and provide uninterrupted services to our clients. Founded with a total investment of USD 250 million, Akbank Data and Life Center will become operational in 2019. The complex will include Akbank Data Center, which will constitute the core of Akbank's entire technology infrastructure, and Akbank Life Center, which will offer social and cultural activities to 3.000 Akbank employees. The Center is Akbank's largest one-off investment to date.

Akbank conducts overseas operations through its subsidiary in Germany (Akbank AG) and a branch in Malta. The Bank's other subsidiaries, Ak Investment, Ak Asset Management and Aklease, provide non-banking financial services alongside capital markets and investment services.

Equipped with state-of-theart IT systems and experienced professionals, Akbank provides top quality services to an extensive portfolio of consumer and corporate banking customers.

Harvard University conducted a case study last year regarding Akbank's progress in digital banking. The study emphasized the fact that digital banking will play a growing part in our lives in the years ahead. Banking will transition from branches to mobile platforms in Turkey, given its young population with high levels of smart phone and internet penetration. The case study underscores the costrelated contributions of Akbank Direkt as well as the advantage of automated transactions in minimizing human errors, and how it represents the beginning of a new era in banking.

Aiming to facilitate customers' lives and deliver the best banking experience, Akbank rapidly translates global innovations into banking practices at Akbank LAB. This innovative unit reports to the Direct Banking Department, and plays a role in shaping the banking of the future. At Akbank LAB – also known as the "laboratory of future banking" - Akbank's specialized bankers closely study innovative products and services. Akbank LAB then contacts their developers and manufacturers to employ state-of-the-art technologies that meet our clients' needs in the best way.

AKBANK IN BRIEF AND MILESTONES

— WITH A ROBUST CAPITAL BASE, CONSISTENT DEPOSIT STRUCTURE, ABILITY TO RAISE FOREIGN FINANCING ON FAVORABLE TERMS AND SOLID ASSET QUALITY, AKBANK MAINTAINS ITS LEADING POSITION IN THE TURKISH BANKING SECTOR.

Despite being a new entity, Akbank LAB has already undertaken numerous major projects, such as Kolay İK (Easy HR) and Paraşüt (Parachute) in its first year, and put these into service.

Akbank offers a new banking experience to its customers through simple and innovative services and continues to work with a high motivation to create more value and raise the bar in banking.

Akbank continued to win major awards in 2017, a year when many banks felt squeezed by the global economic environment. For the sixth time, Brand Finance named Akbank as "Turkey's Most Valuable Banking Brand." In addition, Akbank was named "Turkey's Best Bank" by Euromoney and Global Finance.

As one of the most committed supporters of contemporary art in Turkey, Akbank carries out arts and culture activities in various fields with the aim of making the art more widespread. Besides the banking products offered, Akbank is a visionary bank that invests in many fields such as jazz, theater and contemporary arts activities and environment protection applications such as Carbon Disclosure Project for the advancement of society.

The first Turkish bank to be a signatory to the United Nations Global Compact in 2007, Akbank shares its sustainability performance with its stakeholders via the Akbank Sustainability Report. The Bank has published this report in accordance with Global Reporting Initiative (GRI) standards every year since 2009.

With a robust capital base, consistent deposit structure, ability to raise foreign financing on favorable terms and solid asset quality, Akbank maintains its leading position in the Turkish banking sector. As of end-2017, the bank reported a net profit of TL 6 billion (about USD 1.6 billion), and total consolidated assets of TL 342 billion (about USD 91.3 billion). The bank's capital adequacy ratio according to Basel III standards is one of the highest in the sector at 15.8%.

Committed to creating sustainable value for Turkey's economy, Akbank expanded its total loan portfolio to TL 209 billion, up 17.1%. Thanks to its effective risk management policies, Akbank's NPL ratio stood at 2.1%, well below the sector average of 3.0%.

51.1% of Akbank's shares are listed on the Borsa Istanbul. The Bank's Level 1 ADRs are traded on the OTCQX in the United States. Akbank's market capitalization stood at USD 10.4 billion as of December 31, 2017.

A YEAR FULL OF ACCOMPLISHMENTS-2017

AKBANK WAS
NAMED BY
BRAND FINANCE
AS THE "MOST
VALUABLE
BANKING BRAND
IN TURKEY" FOR
SIX YEARS IN A
ROW.

BRAND FINANCE

 The Most Valuable Banking Brand in Turkey

EUROMONEY

- · Best Bank in Turkey
- · Best Private Banking in Turkey

THE BANKER

· Best Private Banking in Turkey

GLOBAL FINANCE

- · Best Bank in Turkey
- Best Exchange Supplier in Turkey

EMEA FINANCE

- · Best Bank in Turkey
- · Best Project Finance Deal
- · Best Solar Deal Financing

WORLD FINANCE

· Best Bank in Turkey

GLOBAL CAPITAL

· Best Borrowing in Turkey

MASTERCARD

 Best Customer Value of the Year

STEVIE INTERNATIONAL BUSINESS AWARDS

· 1 Gold, 2 Silver and 3 Bronze Awards

PUBLIC RELATIONS ASSOCIATION OF TURKEY (TÜHİD) GOLD COMPASS AWARDS

· 4 awards

CRYSTAL APPLE AWARDS

· 2 Crystal Apples, 1 Silver, 1 Bronze

MIXX AWARDS

· Silver

MMA SMARTIES

· 1 Gold, 1 Silver

SOCIAL MEDIA AWARDS

· 1 Silver, 3 Bronze





AKBANK IN 2017

AKBANK BECOMES THE FIRST TURKISH BANK TO USE BLOCKCHAIN TECHNOLOGY IN OVERSEAS MONEY TRANSFERS.

JANUARY

Akbank offers support to SMEs

Under a new agreement signed between Akbank and Credit Guarantee Fund (CGF), another program was launched to provide collateral support to SMEs as the Treasury-backed Portfolio Guarantee System went into service for small and medium enterprises.

FEBRUARY

Akbank named Turkey's Most Valuable Banking Brand for the sixth consecutive year

Akbank was named the "Most Valuable Banking Brand in Turkey," for six years in a row, by bank rating agency Brand Finance.

MARCH

Subordinated Loan Issuance

Akbank executed its first Basel III-compliant, subordinated debt issuance in March.

APRIL

Akbank Thinking Club members designed the Bank for Generation Y

Akbank Thinking Club posed a question to its members: "What does Generation Y expect from a bank?" From this starting point, members developed projects which were subsequently assessed by expert jury members. The designer of the project that was awarded first prize received a scholarship to Harvard University Summer School, as was the case in previous years when the club held similar competitions.

MAY

Akbank becomes the first Turkish bank to use blockchain technology in overseas money transfers

Akbank became the first Turkish bank to use blockchain technology in overseas money transfers, as it reached an agreement with the technology firm Ripple, which develops solutions that enhance transparency, increase speed and slash costs.

JUNE

Akbank and Google Premier Partners join forces to digitize SMEs

Akbank launched a joint campaign with Google Premier Partners to accelerate digitization by SMEs in order to support their growth and create new business opportunities for them.

JULY

Akbank receives "Turkey's Best Bank Award" at the Euromoney Awards for Excellence for the eighth time

Euromoney, the world's leading financial publishing group, named Akbank "Turkey's Best Bank" once again. This was the eighth time that Akbank has won this prestigious award, a highly sought-after title in the global banking community. At this competition, Turkish banks have reached the assessment stage only 13 times to date.

— AKBANK BROKE
GROUND ON THE
AKBANK DATA AND
LIFE CENTER, WHICH
WILL HOUSE A HIGHTECH OPERATION
CENTER AS WELL AS
SOCIAL FACILITIES.

AUGUST

Record-breaking demand for Akbank's USD 1.2 billion syndication

Akbank achieved great success in extending its syndicated loan, thanks to strong demand from international banks.

SEPTEMBER

A first from Akbank Hackathon

Organized by Akbank, the Hackathon "CODE: Monetary Issues" focused on the needs of retail customers in digital payments, expense/revenue management, and savings, as a first for the banking sector.

OCTOBER

EMEA Finance: Akbank is still Europe's leader in cash management

Akbank received "Best Cash Management in Europe Award" for the second time in three years at the European Banking Awards organized by EMEA Finance, an international business and finance magazine.

NOVEMBER

Akbank's USD 250 million investment

Akbank broke ground on the Akbank Data and Life Center, which will house a high-tech operation center as well as social facilities. The project is the largest one-off investment undertaken by Akbank to date.

DECEMBER

Akbank pioneers the future of banking with Akbank LAB

Akbank is pioneering the development of future banking with Akbank LAB. This entity was established to embrace local and global innovations rapidly, thereby helping the bank to deliver a perfect banking experience to customers.

GENERAL INFORMATION

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

On February 6, 2018 Akbank's Board of Directors decided to hold The Shareholders' Ordinary General Assembly of our bank on March 26, 2018, Monday, at 14:00, at the Akbank Head Office, Sabancı Center 4. Levent, Istanbul, to discuss the agenda.

THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF 2017

- 1. Appointment of the Presidential Board,
- 2. Communication and discussion of the Report of the Board of Directors,
- 3. Communication of the Independent Auditors' Report,
- 4. Communication, discussion and ratification of the Financial Statements of 2017.
- 5. Approval of the member elected to the Board of Directors for the remaining period,
- 6. Discharge of liability of the members of the Board of Directors,
- 7. Decision on the appropriation of 2017 net profit,
- 8. Appointment of the Members of the Board of Directors whose terms have expired,
- 9. Determination of the compensation of the Members of the Board of Directors,
- 10. Appointment of the Independent Auditors,
- 11. Empowerment of the Board of Directors in connection with matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code,
- 12. Determining the limits of donation for 2018,
- 13. Information regarding the donations made in 2017.

REPORT ON COMPLIANCE OF THE ANNUAL REPORT



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Akbank T.A.S.

1. Opinion

We have audited the annual report of Akbank A.Ş. (the "Bank") and its subsidiaries for the 1 January - 31 December 2017 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated and unconsolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We expressed a qualified opinion in the auditor's report dated 31 January 2018 on the full set consolidated and unconsolidated financial statements for the 1 January - 31 December 2017 period.

4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Bank after the operating year,
- the Bank's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Customs and Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communique and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM

Partner

Istanbul, 1 March 2018

GENERAL INFORMATION

ESTABLISHMENT INFORMATION, CAPITAL AND SHAREHOLDER STRUCTURE AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

ESTABLISHMENT INFORMATION

Akbank was established as a privately-owned commercial bank pursuant to the authorization issued by Resolution No. 3/6710 of the Council of Ministers of Turkey dated December 12, 1947 to conduct the full array of banking operations and to carry out all types of economic, financial and commercial ventures and activities not prohibited by the laws of the Republic of Turkey and commenced operations on January 30, 1948 in Adana. The Bank's status has not changed since the day it was founded. Akbank's Commercial Registry Number is 90418.

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Address: Akbank Sabancı Center 4. Levent 34330 Istanbul Turkey

Telephone: +90 212 385 55 55

Branch and ATM locations: can be reached at

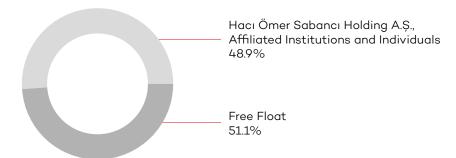
http://www.akbank.com/tr-tr/Sayfalar/akbank-sube-ve-atm.aspx

CAPITAL STRUCTURE

Akbank's issued capital is TL 4,000,000,000.

As of December 31, 2017, the Chairman of the Board of Directors, Ms. Suzan Sabancı Dinçer, holds 0.63% of Akbank's outstanding shares.

SHAREHOLDER STRUCTURE



AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There was no change to the Articles of Association during the period.

AKBANK'S VISION, MISSION, STRONG FOUNDATIONS AND STRATEGIC GOALS

VISION

Becoming the bank that moves Turkey forward into the future.

MISSION

Creating significant, long-lasting value for our stakeholders with innovative financial solutions and reliability.

STRONG FOUNDATIONS

- · Strong domestic controlling ownership structure
- · Highly-qualified human capital
- · Turkey's most valuable bank brand,
- · Long-term strategic management with successful implementations, 800 branches across Turkey and high-tech distribution channels,
- · The innovative power of Turkey with countless firsts in the sector,
- · A stable and extensive broad funding base,
- · High return on equity and strong asset quality with a focus on sustainability,
- · A robust capital structure with a capital adequacy ratio of 15.8%,
- · Superior asset quality as well as low non-performing loans ratio of 2.1%,
- · High level of efficiency with an operational costs/assets ratio of 1.6%.

STRATEGIC GOALS

- · Achieve a long-term sustainable return on equity of at least 15-17% and create high value for all our stakeholders
- · Be a leader in Turkish banking sector in terms of key market shares,
- $\cdot\,$ Be the best bank in Turkey in terms of customer experience and satisfaction,
- · Be the most valuable bank in Turkey.





OUR STRATEGY

— AKBANK BELIEVES IN THE POWER AND FUTURE OF TURKEY.

As one of Turkey's largest financial institutions, Akbank's short and medium-term strategic goal is to be the leading financial services provider and universal bank in Turkey; and to serve as the house bank in foreign trade and investment activities in the markets where Turkish and foreign companies have a major presence in the international arena.

Operating with the responsibility of creating value for the Turkish economy, Akbank employs the best human resources in order to provide the highest quality services to its customers to attain these goals. The Bank also strives to render an unprecedented digital and mobile banking experience, serving customers to first and best applications and further improve on its successful performance in technology, efficiency, and innovation.

Akbank believes in the power and future of Turkey. While Turkey and the Turkish banking industry are Akbank's first priority thanks to their high growth potential, the Bank also meticulously monitors overseas developments and regions that can be attractive in terms of the banking and finance industry and seizes the feasible opportunities.

CORPORATE AND INVESTMENT BANKING

IN 2017, AKBANK EXPANDED ITS CORPORATE CLIENT BASE TO 6,500, DELIVERING TOP QUALITY FINANCIAL PRODUCTS AND SERVICES TO THIS IMPORTANT CUSTOMER GROUP.

Akbank Corporate and Investment Banking shapes its operations towards becoming the main bank of its clients. This is achieved by developing long-term business partnerships with customers, providing high value-added products and services, and delivering specialized solutions from a single hub.

The Bank continued proactively offering all products and services of both Akbank and Akbank's subsidiaries designed exclusively for corporate segment clients under a single roof in 2017 under the new "One-Stop Corporate Investment Bankina" business model. Akbank Corporate and Investment Banking contributes to increasing its clients' efficiency, productivity and competitiveness by developing solutions tailor made for each firm and by offering an extensive portfolio of structured products that meet international institutional and investment banking standards.

CORPORATE BANKING

Having designated digitization as a strategic priority in its corporate banking business, Akbank boosted its daily transaction digitization ratio in this segment to 93% in 2017. Akbank Corporate Banking aims to maintain its leading position in digitization in 2018.

With the Cash Management and Foreign Trade Department, the Corporate and Investment Banking Business Unit assesses customer needs as a whole inclusive of the supply chain and dealer and distributor network with its specialist staff in foreign trade and cash management products. It also continues to grow in products and services offered within this scope.

In 2017, Akbank expanded its corporate client base to 6,500, delivering top quality financial products and services to this important customer group. Corporate Banking also engages in synergetic business partnerships with other Akbank segments and subsidiaries, in order to provide optimal service to its customers as their main solution partner. Within Corporate Banking, specialized expert teams serve multinational companies with customized solutions and deliver a high level of customer satisfaction in this key segment.

Understanding that supporting customer growth in effect contributes to the Turkish economy, Akbank Corporate and Investment Banking aims to strengthen and maintain its leadership position in this important area in 2018.

CORPORATE AND INVESTMENT BANKING

- TO SUSTAIN AND **MANAGE A HEALTHY RISK BALANCE WHILE PURSUING GROWTH. AKBANK MAINTAINS** A DIVERSIFIED LOAN **PORTFOLIO BY EVENLY DISTRIBUTING ITS PROJECT FINANCE LENDING TO A** LARGE NUMBER OF **INDUSTRIES SUCH AS ENERGY. REAL ESTATE.** TELECOMMUNICATIONS. INFRASTRUCTURE. TRANSPORTATION AND PETROCHEMICALS.

INVESTMENT BANKING

Specific export credit programs, infrastructure investments, acquisition and project finance deals which have been increasing in recent years, registered significant growth in 2017. The increase in investments both in the corporate scale and in the segments with smaller scale, as well as the interest of foreign investors in this area, elevated this market to a whole different level compared to previous years.

During this period, Akbank Investment Banking closely monitored the market and the Bank's customers, worked proactively, and grew both its share in these loans as well as its client base, and continue to reinforce its market position. These deals, which are structured professionally with multi-faceted evaluations and vast experience, require longterm, effective and rigorous risk measurement, management and monitoring. Akbank maintained its market-maker position in this business line while remaining steadfast to effective risk management and prudent lending policies in 2017.

With meticulous and deep-rooted relationship management and structuring experience in specific deals, Akbank monitors privatization programs closely. The Bank provides financing for large scale projects such as direct asset sales, transfer of companies' rights of superficies, share transfers, infrastructure projects, PPP (public-private partnership) investments, power generation and real estate development.

Akbank has been a major participant in the financing of many of the privatization and acquisition deals and investments that have made headlines in Turkey.

To sustain and manage a healthy risk balance while pursuing growth, Akbank maintains a diversified loan portfolio by evenly distributing its project finance lending to a large number of industries such as energy, real estate, telecommunications, infrastructure, transportation and petrochemicals.

In addition to all these, thanks to the synergy created with the subsidiaries and its deep knowledge for serving new products in accordance with customer needs. Akbank has preserved and strengthened its position as a pioneer bank, which provides full integration in its sector, offering its clients all the products and services that they desire in the field of investment banking and financing as a whole, tailored according to their needs. The Bank began offering solutions in a customer-focused, customized and all-inclusive perspective as a new service model. In this scope, together with its subsidiaries, the Bank aims to "create" even more specialized products with higher added value for those large and medium-sized customers looking for sophisticated solutions.

AKBANK CASH MANAGEMENT AND FOREIGN TRADE DEPARTMENT RECEIVED THE "BEST CASH MANAGEMENT IN **EUROPE AWARD"** FOR THE SECOND TIME IN THREE **YEARS AT THE** "EUROPEAN BANKING AWARDS" OF EMEA FINANCE.

CASH MANAGEMENT AND FOREIGN TRADE DEPARTMENT

Having further enhanced customer satisfaction with newly released products and superior service quality, Akbank Cash Management and Foreign Trade Department received the "Best Cash Management in Europe Award" for the second time in three years at the "European Banking Awards", organized by EMEA Finance, an international business and finance magazine.

In 2017, Akbank became the first bank to use Blockchain technology to execute an overseas money transfer in a real environment. As the first Turkish bank to conduct a transaction with Ripple, a Silicon Valleybased tech company, Akbank signed a three-year deal with the firm after the pilot phase was completed with success. Akbank aims to provide customers with faster, more transparent foreign money transfers and a better customer experience with Blockchain technology. In parallel with its corporate-wide goal of digitization, the Bank plans to use Blockchain technology to perform overseas money transfers via Direct Banking channels.

In 2017, the Bank launched the "e-discount" product for all taxpayers using e-invoice, to allow them to complete their e-invoice discount transactions quickly in a digital environment, without the need for notification. Akbank Cash Management and Foreign Trade Department operates with the vision of "Open Banking," which it sees as the future of banking. The Department expends efforts to

meet customers' trade financing needs on the B2B platforms where the customers are located.

In another measure to facilitate trade finance, the Bank introduced the "Guaranteed Stock Finance" product. This offering allows automotive companies to receive guaranteed loans via the special Highways Compliance Document.

The Cash Management and Foreign Trade Division got included in 38 websites of 35 companies in its first year of the integration that facilitates money transfers while making purchases from e-commerce sites without having to log into Akbank Direkt and enter information such as the name of the receiving firm or IBAN.

At Akbank, one of the most important strategic focus areas in 2017 was digitization. During the year, the Bank transferred its salary, bulk payment, money transfer, check, tax and SGK (Social Security Institution) products to digital channels, and upgraded the customer experience. While boosting the digitization rate in money transfers to 96%, the Bank maintained market leadership in both incoming and outgoing EFT transaction volume.

The Cash Management and Foreign Trade Division will focus on digitization, close cooperation with Financial Technology (FinTech) companies, and development of innovative products and integration to the platforms with new technology in 2018, aiming to offer the best cash management service to its customers.

CORPORATE AND INVESTMENT BANKING

2017 MARKED ANOTHER SUCCESSFUL YEAR FOR AKBANK AS THE BANK REGISTERED ONCE AGAIN AN **OUTSTANDING PERFORMANCE IN** INTERNATIONAL **BORROWING TRANSACTIONS AS PART OF ITS** SUSTAINABLE INTERNATIONAL BORROWING STRATEGY.

INTERNATIONAL BANKING

Akbank's International Banking Department via its well-established, rapidly growing network of correspondent banks and financial institutions across 160 countries aims to enhance its clients' competitive edge by providing medium and long-term resources for their investments, and intermediating their foreign trade, payments and letter of guarantee transactions as a solution partner.

In 2017, Akbank continued to provide long-term, competitively priced financing support for importers' projects and investments thanks to the insurance of export credit institutions – such as KEXIM, Malaysia EXIM, SERV, Taiwan EXIM – and its deep-rooted business relationships with correspondents.

Aside from the correspondent banks that traditionally provide financing, the Bank also secured new funds from banks operating in Far Eastern countries, such as China, Korea, Taiwan and India. In order to maintain a sustainable interest from Asian banks in Turkey and its banking sector, Akbank International Banking Department will place project co-financing and other forms of collaboration high on its agenda for fiscal year 2018.

In 2017, third-party discounting agreements were done for bank risks in countries whose risk cannot be undertaken by the Bank. In this way, we can increase our support to customers in their export transactions. The Bank also released new products, such as offering financing to customers by having correspondents discount Bank-backed policies for the beneficiary.

The International Banking
Department closely monitors
foreign trade and paymentsrelated developments in FinTech
(platforms such as Ripple, Swift
GPI), and provides support
to its related business units
in their collaborations with
correspondents in these key
areas.

2017 marked another successful year for Akbank as the Bank registered once again an outstanding performance in international borrowing transactions as part of its sustainable international borrowing strategy. In 2017, the Bank secured financing worth a total of USD 4.7 billion, consisting of syndication loan, subordinated bond (Tier 2 Eurobond), covered bond, bilateral loans and GMTN Eurobond.

— ON MARCH 8, 2017, AKBANK EXECUTED ITS FIRST BASEL III-COMPLIANT SUBORDINATED LOAN ISSUANCE.

On March 8, 2017, Akbank executed its debut Basel III-compliant subordinated bond issuance. The 10-year USD 500 million transaction with early repayment option at the end of five years has a rate of return and coupon rate of 7.20%. Over 170 investors from across the world participated in the issue, while total demand exceeded USD 2 billion, four times the issuance volume.

On March 22, 2017, Akbank secured a syndication loan of USD 1.2 billion. The USD 1 billion tranche has a one-year maturity and the remaining USD 200 million has a two-year maturity. The loan has an interest rate of LIBOR/EURIBOR + 1.45/1.35% for the one year tranche and LIBOR/EURIBOR + 2.20% for two year tranche. On August 15, 2017, the Bank signed a syndication loan worth USD 1.15 billion, which has an interest rate of LIBOR + 1.35% and EURIBOR + 1.25% for the one-year maturity USD and EUR tranches respectively, and LIBOR + 2.20% for the two-year tranche.

Akbank signed an agreement with European Investment Bank (EIB) for a six-year mortgage-backed securities issuance amounting to TL 810 million (equivalent to EUR 200 million). Akbank issued the first tranche pursuant to the agreement, raising a portion amounting to TL 650 million. With this transaction, Akbank has executed the longest term overseas TL-denominated bond issuance by a Turkish institution, continuing to lead the industry in foreign borrowing transactions.

Akbank also signed an agreement with International Finance Corporation (IFC) under its Mortgage-Backed Securities Program on October 16, 2017, securing worth USD 150 million equivalent of TL-denominated financing with a six-year maturity term.

Akbank garnered four first place awards at EMEA Finance's "2016 Achievement Awards". and selected as the "Most Successful Bank in Overseas Borrowing Transactions." In recognition of its USD 1.2 billion syndication loan and USD 1.6 billion-equivalent securitization issuance, the Bank was presented with the following awards: "Most Successful Bank in Overseas Borrowing Transactions"; "Most Successful Syndication Transaction in Central and Eastern Europe"; "The Bank Organizing the Most Successful Securitization Transaction in the EMEA Region"; and "Most Successful Securitization of the EMEA Region."

With an agreement signed under its securitization program based on future cash receivables, Akbank sold its foreign trade receivables and customer receivables to a special purpose company, ARTS Ltd. (Akbank Remittances Trust Securitization Ltd.), which provides its securitization loans.

COMMERCIAL BANKING

— AKBANK
COMMERCIAL
BANKING ATTAINED
A SUBSTANTIAL
INCREASE IN SPEED
AND EFFICIENCY IN
2017 BY SIMPLIFYING
A LARGE NUMBER OF
THE DEPARTMENT'S
BUSINESS
PROCESSES.

Akbank's strategy in commercial banking is to establish longterm business partnerships that support the productive and sustainable growth of its customers, and to create increasing value. In 2017, Akbank Commercial Banking had a productive year, expanding support to its target audience with tailored banking solutions and practices, expertise and effective risk management.

As of end-2017, Akbank Commercial Banking meets all the banking needs of its clients and delivers fast, high quality services with:

- · 18 Commercial Branches.
- · 190 Mixed Branches, and
- Nearly 850 Commercial Banking experts.

Commercial banking specialists have recorded more than 300 thousand visits over the past year to deliver onsite solutions that meet their customers' needs.

Akbank Commercial Banking attained a substantial increase in speed and efficiency in 2017 by simplifying a large number of the Department's business processes. The Department stepped up improvements in Commercial Banking service locations, designed to deliver the most suitable service to clients based on their scale and specialized needs, and to address the ongoing growth of human resources.

The leading bank in effective use of digital technologies, Akbank geared up its digitization efforts in commercial banking in 2017, continuing to enhance service quality and customer experience during the year. Bank clients can obtain loans over Akbank Direkt Corporate Internet and Akbank Direkt Mobile within their existing limits in as many transactions as they wish at special rates. This innovative scheme is the first of its kind in the industry.

Akbank Commercial Banking delivers customized solutions for the needs of companies operating internationally, from procurement right up to the collection of production and sales proceeds. Thanks to its wide network of correspondent banks, the Bank helps clients enhance their competitiveness in foreign markets by intermediating their foreign trade transactions with many different points across the world.

In 2017, the Akbank Commercial Banking acted as intermediary in the allocation of CGF-secured loans worth over TL 9 billion, enabling Commercial Banking customers to access Credit Guarantee Fund (CGF) financing in a more practical and swift manner.

Akbank continues to offer foreign trade financing solutions such as Country-Specific Loans, GSM Loans, Cash against Goods Export Credit, Installment Export Credit, Eximbank Loans, Discounted Export Letters of Credit and Export Factoring, and advance payments against L/C.

Hedging products such as options, forwards, asymmetric forwards and zero-cost collars are offered to customers who are seeking protection against foreign exchange, interest rate and commodity price fluctuation risks. Akbank Commercial Banking also structures unique derivative products in accordance with customer needs

In addition, Akbank extends long-term financing for industrial energy efficiency projects, insulation of buildings and renewable energy investments including geothermal, solar, biomass and biogas energy projects.

Other renewable energy project finance initiatives include the project financing of hydroelectric power plants (HEPP), wind power plants (WPP) and geothermal energy facilities.

The Commercial Banking
Department cross-promotes
and sells the products of
affiliated companies and Bank
subsidiaries such as Aklease,
Aksigorta, Ak Investment,
Ak Asset Management and
AvivaSA.

Continuously creating more value via its widespread service network, Akbank Commercial Banking plans to make its business processes and methodologies more efficient in 2018 by shortening its distance to customers with its priority in digitization strategy.





SME BANKING(1)

AKBANK
CONTINUES
TO SERVE AS
A SOLUTION
PARTNER
TO SMALL
AND MEDIUM
ENTERPRISES
WITH THE
SLOGAN: "SMES
EMPOWER
TURKEY, AKBANK
EMPOWERS
SMES."

Akbank sees support to SMEs, the driving engine of the domestic economy, as equivalent to supporting Turkey itself. The Bank shapes its efforts in this key segment with the slogan "SMEs empower Turkey, Akbank empowers SMEs." In line with its vision of creating value for and contributing to the development of SMEs, the Bank acts as not only as a financial partner but also as a solution partner, sharing its extensive know-how and experience. SME Banking serves the customers designated according to Akbank's business model.

AKBANK SETS THE TRENDS IN SME BANKING

The fast-paced development of digital interaction and consumers' intensive use of mobile channels have a transformational impact mostly on banking. Akbank has formulated a proactive strategy in response to this reality to become the leader of the digital transformation in the industry. The Bank constantly enhances its mobile banking experience for SME Banking customers. Akbank's efforts in this area focus on integrating SMEs with the digital world to help them perform with higher productivity, meet customers' demands and cut costs.

With the rapid development of the digital world, SMEs can now access loans, their fundamental banking need, via digital channels. Akbank's SME segment customers can take out commercial loans within their respective credit limits conveniently and quickly at attractive interest rates using Akbank Direkt.

SMEs can also utilize the Akbank Direkt Corporate application for their cash management and foreign trade transactions. This application facilitates quick and easy execution of employee salary payments or bulk payments. Further, foreign trade customers can perform their import payment transactions on the Akbank Direkt Corporate Internet Branch. In addition, the Bank can undertake cash, or cash against goods, import transfer transactions.

The mobile applications offered by Akbank make the lives of SMEs easier, POS-owner SMEs can access all information on service terms and conditions, daily revenue realizations, endof-day reports, and campaigns through the Akbank Direkt My Business application. In addition, Akbank member merchants can reach average turnover of other member merchants operating in the same sector by location and segment, which allows them to assess where they stand with respect to their competitors.

Whether being Akbank customer or not, all companies who want to become our contracted merchants can perform all application and activation processes 24/7 via www.akbank. com or Akbank Direkt without visiting a branch, thanks to the end-to-end online POS application service – the first of its kind in Turkey.

⁽¹⁾ SME Banking serves those customers that are determined in accordance with the business model of Akbank.

— AKBANK'S SME
CUSTOMERS CAN
EASILY OBTAIN LOANS
WITHIN THEIR SET
CREDIT LIMITS FROM
AKBANK DIREKT
AT ATTRACTIVE
INTEREST RATES.

Akbank mobilizes its resources to help the digitization not only of its customers but also its workforce. SME Customer Relations Managers access customer data via their mobile devices and make on-site visits to offer a wide array of products suiting specific client needs, from loans to contracted merchant services, checkbooks to SME Tariffs. SMEs can meet their needs over mobile channels without having to go to a branch, which helps alleviate the operational workload at the branches.

FOCUS ON FINTECHS THAT PROVIDE PRACTICAL SOLUTIONS TO SMES

The Bank has established solution partnerships with FinTech companies that develop digital apps, which help SMEs meet their needs and boost productivity. The Bank plans to support growth of the fintech ecosystem through such fintech partnerships that deliver valueadding solutions to SMEs. To this end, the Bank joined forces with Paraşüt (Parachute) and Kolay iK (Easy HR).

Paraşüt offers a lean and user-friendly solution, simple in terms of content that helps SMEs transfer their financial transactions to the digital environment. With Paraşüt, enterprises can manage with ease all their financial operations: from billing to payment follow-up, online collection to reporting. To help SMEs keep track of their transactions at Akbank, the

Bank introduced systems integration with Paraşüt for customers. Thanks to Paraşüt's integration with Akbank Direkt, SMEs can easily track their transactions via Akbank accounts, perform necessary bookkeeping, make payments to suppliers or other parties.

Akbank partnered with Kolay İK (Easy HR) to address various HR-related issues for SMEs, such as payroll management, bulk salary payments, annual leave/ employee rights management, cost-cash advance management and performance management. As a result, SMEs can now access information related to their employees at any time via computer, smartphone or tablet. To enable customers to make their salary payments from Akbank accounts via this application, systems integration was achieved with Kolay İK.

SMEs that want to use the Paraşüt and Kolay İK apps can apply instantly at: www.kobilerdijitale.com.

SUPPORTING NATIONAL DEVELOPMENT BY FINANCING SMES

Thanks to its collaboration with KOSGEB, Akbank has started offering zero-interest financial support to SMEs under three programs: "Zero-Interest Enterprise Loan Interest Support", "Machinery and Equipment Loan Interest Support" and "2017 Emergency Support Loan".

SME BANKING

— AKBANK SIGNED AGREEMENTS WITH CREDIT GUARANTEE FUND (CGF) TO INTERMEDIATE IN TREASURY AND SHAREHOLDERS' EQUITY PROGRAMS, OFFERING COLLATERAL SUPPORT TO SMES.

"Zero-Interest Enterprise Loan Interest Support" helps stimulate economic activity by assisting SMEs. "Emergency Support Loan" supports manufacturing enterprises affected by natural catastrophes, general strikes, fires, widespread protests and terrorism. "Machinery and Equipment Loan Interest Support" assists clients in the manufacturing industry in their new domestic machinery and equipment purchases. Through these programs, the Bank has extended over TL 1 billion in financing to nearly 40 thousand businesses.

Akbank signed agreements with Credit Guarantee Fund (CGF) to mediate in Treasury and Equity programs, offering collateral support to SMEs. Under this effort, SME Banking extended TL 8 billion in CGF-guaranteed loans to over 14 thousand customers in 2017.

As part of agreements signed with European Investment Bank (EIB) and International Finance Corporation (IFC), the Bank intermediates funds at convenient rates created for SMEs to finance their operating capital and investment needs. As part of the deal reached with IFC, the Bank revamped its loan processes related to SMEs in order to minimize any environmental or social risks.

THE ADVISORY BANK OF SMES

Akbank SME Banking's support for the SMEs is not limited to financing. The Bank also renders advisory and guidance services, provides the necessary information for SMEs to tap this funding resource, and encourages their growth.

In collaboration with Sabanci University Executive Development Unit (EDU), the Bank organized the 10th edition of Akbank Family Company Academy in 2017, which was first held in 2014. In response to the requests from the leading companies in the industry, the program was administered for Akbank customers as well as their distributors and dealers. The program covered a wide variety of subjects of particular interest to familyowned business representatives including strategic management, business development, innovation, institutionalization. finance, best corporate governance practices, legal matters and human resources management.

Akbank SME Banking offers many solutions that add value to the entrepreneurship ecosystem. Up to now, many activities such as financing support, training programs, and competitions have been carried out for entrepreneurs.

AKBANK MEETS
THE NEEDS OF THE
AGRICULTURAL
INDUSTRY
WITH BANKING
PRODUCTS AND
INSURANCE
SERVICES
THAT TAKE
INTO ACCOUNT
FARMERS'
SEASONAL CASH
FLOW.

As part of its collaboration with the international non-governmental organization Endeavor Association, which supports active entrepreneurs in developing countries, Akbank provides Endeavor entrepreneurs a loan pool with advantages such as favorable collateral conditions, long maturity terms, and low interest rates.

The Bank continued to administer the Akbank Entrepreneur Development Program in 2017 jointly with Sabancı University in order to guide, support and train entrepreneurs. The program accepted applications from all individuals who are actively engaged, as a founding partner or executive, in the management of a company established in Turkey. As a result of the selection process, 50 entrepreneurs participated in five full days of training under the program. Participants received training and knowledge transfer in a wide range of subjects, from managing finances during an organization's growth phase and drafting marketing and operations plans according to different business models, to raising capital for financing needs and growing in domestic and overseas markets. Participants also had the opportunity to hear successful entrepreneurs who attended the program as guest speakers, as well as joining office visits to famous entrepreneurs to meet them.

Akbank meets the needs of the agriculture sector via banking products and insurance services that are designed in accordance with the seasonal nature of the cash flows of customers in this segment. The Bank educated farmers about Akbank products and services at the fairs it participated in Izmir, Bursa, Konya, Adana, Burdur, Tekirdağ and Antalya.

As part of its iftar (breaking the fast) dinner organizations during the month of Ramadan, Akbank got together with SMEs and industry representatives in Gaziantep, Bursa, Erzurum, Adana, Edirne, Lüleburgaz, Polatlı, Aydın, Manisa, Söke, Çan and Akşehir and listened to their demands and needs firsthand. In light of this information, the Bank continues to develop innovative products and services for SMEs.

In 2018, Akbank will continue to support the growth and development of SMEs with solutions developed for financing needs as well as innovative applications that facilitate information processing and consulting activities as well as banking operations.

PRIVATE BANKING AND WEALTH MANAGEMENT

AT OUR PRIVATE BANKING CORNERS. SPACES DESIGNED TO DELIVER COMFORT. PRIVATE **BANKERS SERVE A LIMITED** NUMBER OF CLIENTS, **ESTABLISH** RELATIONSHIPS AND ENGAGE IN DIALOGUE BASED ON MUTUAL TRUST.

Akbank Corporate-Investment and Private Banking Department's private banking activities, and Retail Banking Department's investment service functions were transferred to the Private Banking and Wealth Management Department established in January 2018.

AKBANK PRIVATE BANKING

Committed to delivering personalized service, Akbank Private Banking offers both standard banking products and alternative financial products to respond to the diverse needs and expectations of its clients. At our Private Banking Corners, spaces designed to deliver comfort. Private Bankers serve a limited number of clients. establish relationships and engage in dialogue based on mutual trust. Private Bankers meet customers' requirements with a wide range of alternative investment products in line with their risk profiles and revenue preferences. These specially trained staff keep constant track of client investments through rapidly changing data. Akbank Private Banking develops financial solutions to help clients preserve their family wealth and assets. The Department also organizes various culture and arts events, enriching the personal lives of clients and taking banking experience beyond the conventional realm.

Private banking services are offered through seven dedicated Private Banking branches across Turkey, with five in Istanbul and one each in Ankara and Izmir. In addition, a Private Banking Corner is located in the Akbank Zorlu Branch and in the Bursa Fatih Sultan Mehmet Bulvarı Branch.

Akbank Private Banking's special service to clients was awarded ten times by Euromoney, five times by The Banker and three times by Global Finance and was named the "Best Private Bank in Turkey" including in 2017.

The "Next Generation Program" that launched as of yearend 2015 with the support of Sabancı University is the first of its kind service in Turkey that prepares the next generation for the future. As part of the program, Akbank meets with high school and college age young people to educate them on such subjects as the responsibility that comes with family wealth, diversity of investment products, the concept of risk, the global economy, and philanthropy. As part of the Program, the Department came together with high school and university groups separately in 2017. In addition, a guided Contemporary Istanbul trip and foreign education consultancy seminars were organized.

In an attempt to render the best and highest quality service for clients' pension, insurance and leasing demands in addition to their investment needs and all other needs with a onestop shop approach, Akbank Private Banking pays particular attention to establishing cooperation with Group companies and maintaining the vibrant intra-Group synergy. Private bankers, supported by experts and specialists from Ak Investment and Ak Asset Management, constantly monitor their customers' investment strategies and provide them with exclusive solutions.

For the first time in Turkey, Akbank Private Banking began providing innovative, custom-tailored solutions and value propositions in holistic asset management to clients in partnership with Ak Asset Management in 2017. This service also entails generating proposed solutions for transferring the family wealth to future generations. The Department engages independent and international consulting firms to provide private banking clients with personalized tax advisory service. As part of this effort, advisors and clients meet on various platforms. The strategy in "Wealth Management" built on the synergy between Ak Asset Management, Ak Investment and Akbank Treasury Department, is to enable clients to meet their needs and expectations under a single roof with an integrated approach, through Akbank Private Banking.

Akbank Private Banking continued to organize events in 2017 in an effort to get together with the clients and to add value to their social and cultural lives in addition to serving their financial needs. The highlights of these activities include a visit to the Ai Weiwei exhibition at the Sakıp Sabancı Museum led by a tour guide; economythemed breakfasts; a guided Contemporary Istanbul trip; exclusive tasting events; Only Watch; and upper-segment brand partnerships. In the framework of digitization, the infrastructure work of "A Journal", a life style blog of Akbank Private Banking and a first in Turkey, was completed.

In 2017, Akbank Private Banking bolstered its customer focus by initiating work on "Customer Experience Management". The Department commenced efforts to improve and redesign the digital experience provided to upper segment clients as well as relevant products, services and innovation strategies.

AKBANK INVESTMENT SERVICES

As a pioneer in investment management, Akbank launched Akbank Investment Services on October 27, 2015. Designed to meet customers' non-deposit investment needs in an effective manner, Akbank Investment Services is a first in the industry.

Akbank Investment Services allows customers to find all the answers to their investment-related questions at a single hub. It is the result of the robust synergy created by

Ak Investment and Ak Asset Management, leaders of their respective fields in Turkey.

Following its establishment, Akbank Investment Services rapidly went digital, offering clients even more freedom in managing investments according to their investment preferences and expectations.

Akbank Investment Services introduced three ground-breaking innovations for Turkey following this digitization process:

- As a first in Turkey, Akbank Investment Services launched Robo Advisory to allow investors to set their investment profile over their mobile devices and receive asset distribution suggestions.
- As another first, the Bank allows investors to video chat with Ak Investment's investment consultants from anywhere.
- Customers with a certain level of knowledge and competence in equities and Derivatives Market (VİOP) products can also open equities and VİOP accounts anywhere, anytime, without even having to sign a document.

With these innovative offerings, Akbank Investment Services continues to move forward toward its core vision of introducing Turkey to investment instruments in the best manner.

Akbank Investment Services, which reached over 210 thousand customers as of end-2017, manages total assets worth TL 38 billion.

GISE EKStra var, beklemek yok

innovative

We are at the forefront of innovation. Technology focused and drivers of disruption. We create smarter, quicker solutions for tomorrow's world.



CONSUMER BANKING

ACROSS ALL
SERVICE
CHANNELS,
AKBANK
OFFERS STATEOF-THE-ART
TECHNOLOGIES
THAT ARE
RAPIDLY
INTEGRATED
INTO PEOPLE'S
EVERYDAY LIVES.

Akbank's customer focused products and services, the technology infrastructure, the extensive branch and service network, and award-winning success in digital channels makes 15 million customers' lives easier.

FAST, EASY AND RELIABLE BANKING

To ensure an excellent customer experience is delivered across all service channels, Akbank offers state-of-the-art technologies that are rapidly integrated into people's everyday lives. The Bank completed work on digitization processes in all channels that help branch personnel use technological devices to come up with faster, personalized solutions. These processes will be extended further in 2018.

With a view toward establishing long-term, multifaceted relationships with customers, Akbank delivers its innovative products and services via over 1,700 professional Retail Banking customer relations and portfolio managers. In 2017, Akbank added nearly 1 million more customers to its service area with its banking products including the strong Axess credit card and Neo card brands, which are integral parts of its customers' lives. With its strong database and analytics competence, Akbank gets to know its clients well and has the capability to make personalized offers to deepen its customer relationships.

EXTENSIVE DEPOSIT BASE GROWING WITH SAVINGS

Akbank implemented efficient and dynamic policies in 2017 to further strengthen its deposit structure, thereby expanding the deposit base and increasing its volume. The Bank improved the Nar Account, bill payment, and tuition and membership fee payment services while offering convenient digital solutions for customers' day-to-day banking transactions. demand deposits jumped 20% in 2017 compared to year-end 2016 in this business segment.

Continuing to disseminate its experience in savings to customers using all channels and advances in technology, Akbank continued its small savings-related activities at full speed in 2017. The number of customers adding to their savings through digital channels, by way of the Direkt Serbest Account (Flexible Account) available exclusively through the Internet and Mobile channels, surged 25%. The "Dowry Account with Government Contributions" and then "Housing Account with Government Contributions" were added to the Bank's lineup of savings products in 2017.

Akbank supports the country's economy not only with a deposit base constantly growing with products and services, but also with corporate social responsibility projects aimed at raising awareness on the importance of savings. Akbank was among the institutions lending the strongest support to initiatives to improve financial literacy and to boost national savings with the "Savings Campaign" and "Akbank Children: Heroes of the Economy" projects that launched in 2012; plays communicating savings themes at the Akbank Children's Theatre that was launched in 2014; and Akbank Money Boxes given out to the children.

AKBANK CONTINUES
TO MEET THE NEEDS OF
CUSTOMERS WITH THE
SLOGAN "MY LOAN IS AT
AKBANK."

As one of the pioneers of the consumer lending market, Akbank invites everyone to obtain loans from Akbank, whether they are existing Akbank customers or not. The Bank harnesses the power of its extensive branch network to assist customers taking out loans from a branch. In 2017, Akbank placed increasing importance on loan applications and allocation over digital channels and 444 25 25, focusing on its target of sustainable profitable growth.

The number of general purpose loans originated on digital channels and 444 25 25 reached 55% of the total originations in this segment in 2017. Loan marketing efforts continued throughout the year under the "My Loan is at Akbank" platform while the Bank focused on mobile among the marketing channels.

In 2018, Akbank aims to expand the access of its products and services by improving services across all channels, offering even more practical solutions to its customers. The Bank plans to continue its cost management efforts in deposits and maintain its focus on healthy growth and profit optimization in retail loans.

AFFLUENT BANKING

AKBANK
AFFLUENT
BANKING
CONTINUES
TO GENERATE
SOLUTIONS FOR
THE NEEDS OF
CUSTOMERS'
SOCIAL LIVES
IN ADDITION TO
SERVING THEIR
FINANCIAL
NEEDS.

Extending across Turkey,
Affluent Banking is a
comprehensive financial
services package that serves
clients with dedicated Affluent
Banking Managers and the
Affluent Banking Specialist
Line. It provides a differentiated
product range, special prices
and rates, privileged services
across all channels, daily
financial notifications, and nonbanking services that enhance
the social lives of customers.

Continuing to expand and grow as of year-end 2017, Akbank Affluent Banking reached 150 thousand clients across Turkey served by 350 Affluent Banking Managers in more than 280 branches. "The Affluent Specialist Line", a remote service delivery model that broke new ground in Turkey, continued to serve more than 75 thousand Affluent Banking customers across the country via 120 specialist customer representatives in 2017.

The traditional "Affluent Banking Investor Meetings," where the domestic and global investment environment is assessed and the expectations and questions of Akbank Affluent Banking customers regarding the markets are addressed as part of Akbank Investment Services, were organized in Ankara and Istanbul.

Akbank Affluent Banking continues to generate solutions for the needs of customers' social lives in addition to serving their financial needs. The unique "World of Affluent Privileges" continued to enrich the lives of customers, their families and loved ones and to offer exclusive benefits for every moment of everyday life in 2017.

Akbank customers who are part of this privileged world enjoyed a year replete with art, enjoying events such as guided tour of the Ai Weiwei exhibition, 27th Akbank Jazz Festival concerts and Akbank Sanat's instrumental recitals.

Akbank Direkt Plus, a web-based premium services platform that exclusively serves Affluent Banking clients and is enriched with new functions every year, continued to provide privileged service to its customers including Live Support via video chat, particularly for investment products, along with personal agenda tracking and reminders.

As part of the Affluent Banking concept, Akbank developed the "Expat Banking" service to better serve the increasing number of foreign professionals and retirees residing in Turkey. The Expat Banking service network is comprised of 10

branches in five provinces where foreign nationals live in large numbers and continued providing all types of banking services for customers in the English language. Branches that do not have an expat customer representative on premises continued to offer remote service via the Affluent Specialist Line Expat staff.

The Bank will continue launching new projects in 2018 for customer satisfaction and process perfection.

AKBANK IS A MARKET MAKER IN THE INVESTMENT FUND SEGMENT

Akbank continues to offer investors a full array of investment options with an extensive lineup of mutual funds, including equities, fixed-income securities and commodities, in the domestic and overseas markets

An active distributor of the investment funds of its subsidiary Ak Asset Management, Akbank played a key role in investment funds, capital-protected funds and fund-based products in 2017. The financial solutions Ak Asset Management's offers to investors are critical in effecting major market share increases.

Akbank's Flexible Savings
Account - Mutual Funds allows
clients to build a nest egg with
regular contributions. In addition
to the mutual funds chartered
by Ak Asset Management,
Akbank also offers four umbrella
funds, appealing to different risk
tolerance levels, comprised of
Ak Assest Management mutual
funds.

Ak Assest Management helped customers to diversify their non-deposit assets into mutual funds in accordance with investor risk profiles, risk-return expectations, and prevailing market conditions with the "Portfolio Ideas" and "Investment Baskets" products. The Bank makes asset allocation recommendations to its customers through these products by leveraging the expertise of Ak Asset Management under the Akbank Investment Services platform. The investor base for "Portfolio Ideas" totaled 6,937, while that of "Investment Baskets" numbered 2.929.

Ak Investment continued to offer alternative investment choices to the Bank's qualified investor clients through Corporate Bond placements. The Company carried out a total of 89 bank, non-bank financial institution and real sector corporate bond issues as of year-end 2017, creating investment alternatives for customers.

AKBANK STAYS AHEAD OF THE COMPETITION IN GOLD BANKING AS WELL

As of end-2017, Akbank has helped channel about 2.5 tons of gold from 'under the mattress' into the economy via "Gold Invitation Days" and personalized express service, since the day it embarked upon Gold Banking with the launch of Akbank Gold Deposit Account in February 2012.

Having always made significant contributions to further develop capital markets and still keeps developing, Akbank offers customers fast and easy trade executions, both in stocks and in futures and options contracts, through digital channels as well as Ak Investment branches.

Development efforts in the stock trading and VIOP order channels continued at full pace in 2017. Akbank continued to carry out developments in the mobile channels in order to enable customers to place orders and follow the markets from wherever they happen to be. It became possible to open VIOP accounts on Akbank Direkt following the stock account opening, which resulted in further innovative steps forward toward the shared goal of digitization.

Thanks to its synergistic relationship with Ak Investment, Akbank accelerated its customer acquisition pace and efforts to inform the Bank's customers on market developments. Rewards campaigns for existing clients continued throughout the year, as the Bank offered opportunities to inactive customers to get acquainted with the capital markets.

BANCASSURANCE

— IN 2017, ABOUT
2 MILLION ACTIVE
CLIENTS PREFERRED
AKBANK FOR SOME
4 MILLION PRIVATE
PENSION, LIFE
AND ELEMENTARY
INSURANCE
PRODUCTS.

Ak Insurance and AvivaSA
Pension and Life, both of which
rank among the leaders in their
respective sectors, the Bank
delivers insurance and private
pension sales and after-sales
services to clients, as part of
this strong collaboration.

Akbank has a strong organizational focus on bancassurance. The Bank positions its bancassurance products as one of the basic financial needs of its clients. As a result, Akbank meets customers' banking needs while offering them private pension, life and elementary insurance products they may require under the same umbrella.

Continuing its expansion in bancassurance in 2017, Akbank increased its insurance commission revenues by 21%, bringing its share in total net fee and commission revenues in insurance up to 10%. During the year, about 2 million active clients preferred Akbank for some 4 million private pension, life and elementary insurance products.

Akbank played a pioneering role in encouraging its customers to accumulate savings under the private pension system, both as individual private pension customers and via the automatic participation scheme initiated by the government in 2017. By capitalizing on Akbank's vast access network and focus. AvivaSA Pension and Life boosted its market share in terms of private pension fund volume and automatic participation – two significant achievements during the year.

Akbank maintained its high penetration rates in insurance products linked to loan products. meeting the protection needs of its customers. The Bank also expended efforts to market independent insurance products not linked to loans and deliver these to customers through all channels. Independent insurance products accounted for over 60% of Akbank's premium production in 2017. Thanks to Akbank's focus on elementary products, Aksigorta reached a significant premium production level and market share to become one of the top five players in the sector – another major success in 2017.

Continuing to grow by generating value for both customers and business partners, Akbank further developed its expertise in bancassurance and reviewed its entire business model through a customer-focused perspective in 2017. Standing out in the bancassurance segment with its pioneering position and robust

partnerships, Akbank realized the Bancassurance Project. This new initiative is set to shape the sector and is being implemented in collaboration with a consultancy firm specialized in both domestic and global practices in this area.

Under this project, Akbank conducted studies to transform the current bancassurance model into a more customerfocused, leaner model that includes all the Bank's channels especially digital ones. The objective is to simplify bancassurance products and services according to customer needs, and deliver these under the umbrella of a holistic marketing strategy.

With its customer focus and market studies under the Bancassurance Project, Akbank plans to create the confidence and protection that will reassure its customers at all times in the coming year. The Bank will also prioritize customer needs; design lean and transparent processes that will improve customer experience, especially on digital platforms; and ensure the full integration of the insurance segment in the Bank's transformation projects.

PAYMENT SYSTEMS

AKBANK STABILIZED ITS CREDIT CARD RECEIVABLES MARKET SHARE WHILE MAINTAINING ISSUING MARKET SHARES IN 2017.

Akbank ranks among the pioneering and leader banks in the Card Payment Systems market with 4.8 million cardholder customers and new features, over 6.6 million credit cards and 8 million debit cards, and a merchant member network of around 393 thousand businesses.

Growing at the customer level in the competitive environment of 2017, Akbank Payment Systems continued increasing per-customer profit, customer retention and sustaining market share in revenues.

Akbank stabilized its credit card receivables market share while maintaining issuing market shares in 2017. Akbank's credit card issuing volume grew 12% over the previous year while the Bank's market share in lending volume remained at approximately 12%. Akbank also increased its market share in debit cards at 9.7%. The Bank raised its market share in member merchant issuing volume to 12.5%.

Axess. Akbank's mass credit card brand, continued the communication with its customers, with the "fulfil with Axess" slogan and the warm and sincere discourse of the brand's new advertising face Seda Bakan. As of the end of the year, Axess helped customers meet their needs thanks to sales and portfolio-oriented campaigns that distinguish Axess in the market while also gaining the loyalty and acclaim of customers with the rewards it helped customers earn. Axess campaigns, supported via robust communication campaigns throughout the year and offered to customers through different mechanisms than the campaign methods used in the industry in general, contributed to credit card income.

Akbank continued to focused on the Wings Style program also in 2017. As part of the program, the restaurant network offering discounts to Wings credit cards was expanded particularly in Istanbul, Ankara, Izmir, Bodrum and Çeşme. Discount opportunities were created for Wings cardholders and card usage was boosted at these locations.

PAYMENT SYSTEMS

AS OF END-2017,
THE NUMBER
OF CARDS IN
THE OVERALL
COMMERCIAL
CARD MARKET
GREW 12.8%,
WHILE AKBANK
RECORDED A
16.0% INCREASE.

COMMERCIAL CARD

Due in part to the new regulations to the consumer cards, the share of commercial cards in the profitability of bank payment systems continued to increase in 2017. The Tedarik (Supply) Card project's improvement and development effort was completed at the end of 2017. The Tedarik (Supply) Card project, which the Bank recently completed the improvement and development efforts for, will intermediate the collections of distributors and dealers that purchase goods from corporations and large companies in an attempt to boost revenue and profitability in 2017.

As of year-end 2017, the commercial cards market grew 12.8% in terms of the number of cards while Akbank attained 16.0% growth by this measure. The number of Akbank commercial cards in circulation jumped from 235 thousand at year-end 2016 to 272 thousand by year-end 2017. The share of commercial cards in total cards issued by Akbank rose to 4.8%.

Thanks to the portfolio management actions in cross selling and activation alongside the growth in the number of customers, Akbank's issuing volume increased by 28% while the commercial card issuing volume grew by 32% in the market. In parallel, the Supply Card's turnover grew 35% due to increased interest.

DEBIT CARDS

The growth in debit cards overshadowed the growth in credit cards in 2017. The limit-conscious shopping card Neo achieved 43% growth in 2017 in shopping purchase use over the previous year in cumulative terms. The share of Neo in all purchases made with Akbank consumer cards topped 9%.

MEMBER MERCHANTS

Acquiring 41 thousand new members (in cumulative terms), Akbank's member merchant network climbed to 393 thousand businesses with more than 510 thousand POS terminals as of year-end 2017, continuing a strong performance in this segment.

Akbank has further strengthened its market position by broadening the Bank's member merchant network via agreements with sector leading companies and running consumer-oriented promotional campaigns. As of year-end 2017, 269 thousand merchant members offer installment and rewards benefits to Axess cardholders.

Akbank continued to expand the contactless POS network in 2017, as the number of merchant members capable of contactless transactions topped 150 thousand with 100% increase. Number of merchant members using Eco Pos tariffs, to allow Akbank merchant members to operate with a fixed monthly fee of as little as TL 35, without incurring any other commission or fees, reached 51 thousand in 2017.

— IN 2017, THE
NEW MOBILE APP
AXESS MOBIL WAS
MADE AVAILABLE TO
ALL AKBANK CARD
HOLDERS.

Pursuant to communiqués numbered 69 and 70 published by the Revenue Administration, as of October 1, 2013, taxpayers who own a cash register and use a portable POS device are required to start using a next generation payment-recording device. Akbank performed the requisite work with cash register manufacturers and offered its merchant members the option of using one of six different cash register POS brands in conjunction with the Akbank POS application. As of year-end 2017, Akbank has ongoing cash register POS initiatives with nearly 125 thousand merchant members.

AXESS MOBILE

In 2017, the new mobile app Axess Mobil was released for all Akbank card holders. Axess Mobil will help customers to use the debit and credit card loyalty system with ease and efficiency, resulting in stronger customer retention, more revenue. increased card market share. and greater acquisition of new digital customers. Axess Mobil stands out with its "Campaign Based on Your Mood" feature, which allows users to visualize and join all debit and credit card campaigns, and track their status in these campaigns.

Axess Mobil enables customers to choose their favorite brands and sectors; then, the app informs them first about the campaigns in the brands and sectors of their choice. According to the spending needs of users, the app also gets to know them better and sends notifications of the most suitable campaigns depending on their spending habits and preferences, any time of the day. Thanks to these innovative features, Axess Mobil offers users a mobile app experience personalized end-to-end. With Axess Mobil's "District Campaigns" feature, Axess contracted merchants now have the opportunity to organize their own campaigns. As a result, the campaign pool offered to Axess Mobil users has grown and diversified, and contracted merchants can expand their business by accessing Akbank's vast card client base.





DIRECT BANKING

HAVING
ACQUIRED OVER
1 MILLION NEW
CUSTOMERS
OVER THE
LAST YEAR,
AKBANK DIREKT
RECORDED
MORE THAN 4
MILLION ACTIVE
CUSTOMERS AS
OF END-2017.

Since technology radically changes customer behavior in banking, Akbank closely monitors technological developments and integrates the latest features into its products and services as a forward-looking pioneer. Established with this visionary perspective, Akbank Direkt aims to deliver customers the best banking experience in line with changing technologies and trends.

The transaction diversity and user numbers on direct banking channels increases steadily each day. According to the Banks Association of Turkey (TBB) December 2017 report, nearly 35 million bank customers in Turkey actively use digital banking in the country, while there are 30 million active mobile banking customers.

AKBANK DIREKT CONTINUES TO BECOME INTEGRATED INTO CUSTOMERS' LIVES

In tandem with increased mobile channel use, Akbank keeps close watch on ever changing customer habits and behavior. The Bank is focused on delivering a superior mobile banking experience to customers who seek speed and practicality, in the Digital Banking channels positioned under the Direkt brand. In 2017, Akbank prioritized the development and enrichment of all its digital channels, especially mobile. The following achievements were made in the last year as a result of these

efforts. Having acquired over 1 million new customers over the last year, Akbank Direkt recorded more than 4 million active customers as of end-2017. Customers use the Akbank Direkt app an average of 20 times per month.

96% of all Bank transactions pass through Direct Banking channels and 87% go through Digital channels. Our customers prefer digital channels especially for money transfer and payment transactions due to their convenience and speed advantages. More than 90% of money transfers and more than 95% of bill payments at Akbank are performed through the Direct Banking channels. Thanks to its investment and developments, Akbank transfers a large number of simple transactions that can be performed by customers on a self-service basis to the direct channels, led by Direkt Mobile. The Bank's Direct Banking has become a transaction channel that ensures excellence in digital customer experience and a significant sales channel. Akbank Direkt Loan, introduced in December 2015, has become one of our most popular digital banking products. Two out of every three Akbank customers seeking to obtain a general purpose loan prefer using the digital channel.

— IN DESIGNING INNOVATIVE PRODUCTS AND SERVICES, AKBANK OPERATES WITH THE VISION OF MERGING BANKING SERVICES AND INDIVIDUALS' NEEDS IN A SINGLE, INTEGRATED PROCESS.

AKBANK: THE BANK OF

Within the scope of the developments in mobile banking, the Akbank: The Bank of Mobile emphasizes the "easy use" of banking services as well as shifting the banking services to mobile channels. One of our main strategies in Direct Banking, is to use technology much better and more effectively, and providing the best customer experience. With this vision, the Bank introduced numerous innovations and released the Axess Mobil app in 2017.

A BRAND NEW APP IN THE AXESS UNIVERSE, FULL OF OPPORTUNITIES: AXESS MOBIL

Starting from the initial design phase, Akbank worked with great enthusiasm and excitement on Axess Mobil, which launched in October 2017. Axess Mobil makes offers based on the moods of Akbank clients, delivering them the most appropriate promotions and campaigns. Axess Mobil gets to know the customer, notifies them of campaigns according to their interests and habits at different times of the day, and delivers a completely personalized experience. Customers can track their debit card and credit card transactions over Axess Mobil, to better manage their cards. Launched at end-October, Axess Mobil was downloaded about 1.5 million times in only two months.

AKBANK'S INNOVATIVE INITIATIVE TO BOOST E-COMMERCE: AKBANK DIREKT PAY

In designing innovative products and services, Akbank operates with the vision of merging banking services and individuals' needs in a single, integrated process. With this forward-looking vision, the Bank launched Akbank Direkt Pay in August 2017. The payment options started with money transfers, came to include loans, and now allow customers to make their e-commerce payments quickly and easily.

AKBANK CUSTOMERS MEET THEIR LOAN NEEDS VIA SOCIAL MEDIA CHANNELS

Akbank's capability to process the data, logs, metrics and traces in the digital world enables it to meet customers' needs at the right time with the right offers. Two out of every three general purpose loans were obtained over Akbank Direkt channels, with applications over Facebook representing 15% of the total. Following this remarkable success by Akbank Direkt, Facebook announced that such efficiency is not seen in any other market worldwide.

DIRECT BANKING

— AKBANK STRIVES
TO FORMULATE
VISIONARY AND
INNOVATIVE
SOLUTIONS TO HELP
CUSTOMERS MEET
THEIR FINANCIAL
NEEDS IN THE
SHORTEST TIME AND
THE MOST PRACTICAL
FASHION.

AKBANK CUSTOMERS SHAKE THEIR PHONES TO LEARN THE LOAN AMOUNT THEY CAN RECEIVE

Akbank strives to formulate visionary and innovative solutions to help customers meet their financial needs in the shortest time and the most practical fashion. With this approach, the Bank introduced a service in December 2017 that allows customers to shake their phones to learn the loan amount they can obtain. This practical and fun feature allows Akbank customers to learn in a few seconds how much they can borrow when a financial need arises. If they wish, customers can then complete the application and immediately receive the loan in their account.

AKBANK VISITS CUSTOMERS AT THEIR ADDRESS

In 2017, as the first step in acquiring digital customers, the Bank visits customers at their preferred address for product sales. With this approach, individuals can become Akbank customers without having to leave their homes or offices. This innovative initiative began in Istanbul in November 2017 and will continue to spread across the country in 2018. Product applications via www. akbank.com are approved in the Akbank Direkt channel, resulting in digital customer acquisitions integrated with digital product sales.

OPENING VIOP ACCOUNTS OVER AKBANK DIREKT

Keen to closely monitor customer needs and the latest technology in order to adapt financial services to digital channels rapidly, Akbank rolled out the VİOP Account Opening service – an end-toend digital process - with an upgrade in September 2017. Akbank clients can now have their documents approved over Akbank Direkt Internet and easily open a VİOP Account. At present, Akbank customers with a Stock Certificate Account can open a VİOP Account by only submitting their VİOP documents Akbank customers without a Stock Certificate Account can open Stock Certificate and VİOP Accounts together through a single process of document submission.

ACCESSING AKBANK DIREKT WITH ADDITIONAL CARD

Now Akbank customers can access Akbank Direkt by using their additional card as well. With an upgrade in 2017, additional card users became able to easily track their spending and limits. In July 2017, additional card applications for Akbank Direkt Mobile were added to the Application and Cash Needs menu, allowing customers to apply for additional cards at anytime, anywhere.

AS A RESULT
OF ITS
TECHNOLOGYRELATED
INVESTMENTS
AND RESEARCH,
AKBANK
REGULARLY
INTRODUCES
INNOVATIONS
IN INTERNET
AND MOBILE
BANKING TO THE
INDUSTRY.

AKBANK'S SMART INTERACTIVE PROGRAMMATIC TV

Akbank's Smart Interactive Programmatic TV project gives customers the opportunity to learn their credit score and apply for credit while watching TV. Thanks to Smart Interactive Programmatic TV, marketing activities were extended to a channel widely used by customers to deliver the right product to the right individual at the right time. Launched as a first in Turkey, this innovative project allows Akbank customers to learn their credit scores and immediately apply for a Direct Loan with the application form on the screen.

ONLINE POS APPLICATION VIA ADDRESS DELIVERY POS

Akbank has introduced numerous online and mobile banking firsts to the industry with its advanced technology investments and upgrades. In another ground-breaking innovation, the Bank has given all unlimited firms - whether Akbank customers or not - the opportunity to acquire POS devices over www.akbank.com, and all firms over Akbank Direkt, without losing valuable time. Customers can now very quickly obtain POS devices to accept card payments. Everyone, whether being a customer or not, can apply for this service by accessing www.akbank.com or Akbank Direkt via computer, tablet or smartphone. Akbank stays ahead of the competition with the Address Delivery POS service.

ONLINE APPLICATION TO AKBANK DIREKT CORPORATE

To provide fast, practical solutions to meet customer needs, the Bank completed significant improvements and upgrades in the Akbank Direkt Corporate channel in 2017. Thanks to the Online Application to Akbank Direkt Corporate feature, customers can fill out the application form on www.akbank.com and obtain an Akbank Direkt Corporate password without having to visit a branch. Customers whose applications are approved in the end-to-end digital Akbank Direkt Corporate application process can start using Akbank Direkt right away.

ATM

Akbank has one of the most extensive ATM networks in Turkey, with nearly 4,400 ATMs deployed on the principle of expansive geographic reach and ease of access. In 2017, the Bank maintained its strategy of positioning its ATM network as a cash transactions center available to, preferred by, and recommended by everyone, whether being an Akbank customer, or not.

Akbank's ATM network consists all of cash-deposit ATMs and 45% of Recycle ATMs, which increase service continuity and reduce operating costs by making available the banknotes deposited by one customer for the cash withdrawal transaction of another.

Akbank ATMs served approximately 5 million customers and performed 19 million transactions on average each month during 2017.

DIRECT BANKING

AKBANK CALL
CENTER USES
THE LATEST
TECHNOLOGIES
TO DELIVER AN
UNMATCHED
EXPERIENCE TO
ITS CUSTOMERS.

CALL CENTER

With its customer centric service model, Akbank aims to provide unique experiences to its customers at every point of contact, the Call Center continued to lead the sector in 2017 with its well-educated, experienced, highly-qualified, solution-oriented staff; rich diversity of transactions; superior technological capabilities; creative and results-oriented perspective.

In 2017, Akbank Call Center recorded nearly 70 million customer contacts. It continued to make a difference in terms of fast and easy access with over 1 thousand employees. Akbank Call Center employs state-of-the-art technologies to deliver an unmatched customer experience. It finalizes all calls in a way that customers do not feel the need to make a second call. Presenting customers with dynamically generated offers suited to their needs thanks to a robust CRM infrastructure. the Bank boosts its selling efficiency and market share in the sales of insurance, credit cards, credit card loans and general purpose loans day by day.

Akbank Call Center, which makes utmost use of a wide range of call center technology, continued to invest in new technologies in 2017. The Call Steering application analyzes customer speech in the interactive response system and guides them to the right destination. As such, customers are connected to the right customer representative in their first call. The software Speech Analytics is used by all customer representatives. Thanks to this technology, all incoming calls can be analyzed in a detailed and multi-dimensional manner.

The Call Center serves customer not only through audio calls but also via Facebook, Twitter, chat and video chats. As one of the first companies in Turkey to complete its social media integration, Akbank offers its dynamic, innovative services to customers over these channels as well.

Akbank Call Center offers specialized services to more than 100 thousand customers who prefer to receive remote services. These services largely focus on Retail Banking, Affluent Banking, and relationship and wealth management for SME segment customers.

Akbank Call Center will continue to operate with its Direct Banking approach, increased sales focus, productivity enhancements through technological innovations and process improvements. It also plans to capture a larger share of profit-generating business through its specialized services.

— CUSTOMER
RETENTION
ACTIVITIES ARE
COORDINATED BY
THE ANALYTICS
DEPARTMENT AND
THE DEVELOPMENT
OF THE BANKCLIENT RELATION IS
MANAGED BY THE
RELEVANT BUSINESS
UNITS.

ANALYTICS DEPARTMENT

Since 2010, Akbank's CRM Department has completed wide-ranging projects on sales and marketing automation, real time marketing, customer analytics, pricing and optimization. These efforts are aimed at conceptualizing and developing a comprehensive CRM perspective. In recognition of its accomplishments in this area, Akbank was presented with Gartner's CRM Excellence award in the "Integrated Marketing" category in 2011, in the "Customer Analytics" category in 2013 and finally, in the "Sales Effectiveness" category in 2014. Akbank is the only Turkish bank and company to receive this award three times.

In 2017, the CRM Department was restructured as the Analytics Department. The Department continues to formulate business solutions in customer portfolio management, sales force management, corporate strategies and advanced analytics. The focus is on strengthening the analytics infrastructure with Big Data studies, high performance analytics and machine learning technologies, and integrating these to the Bank's structure.

In the channels where customers interact with Akbank, the Bank employs real-time marketing strategies to assess the customers' needs in that moment and provide the best value offer. The integrated system, where marketing activities are managed in real-time, realizes 7 million product sales or uses per year.

New generation measurement and visualization technologies were developed allowing the real-time monitoring of marketing actions and performance, and it became possible to keep track of marketing campaign performance.

Customer retention activities are coordinated by the Analytics Department and the development of the Bank-client relation is managed by the relevant business units.

Corporate analytics practices started being managed more extensively in in-house operational processes and productivity processes. This allowed the Bank to formulate business solutions that yielded efficiency increases in 2017.

Akbank is committed to maintaining industry leadership in Analytics and CRM practices with its digital and real-time banking vision. To this end, Akbank plans to continue prioritizing key topics in 2018, such as enrichment of analytic architecture with machine learning technologies, new generation analytical solutions, smart sales and service infrastructures, customer experience improvement, and revenue optimization.

DIRECT BANKING

INNOVATION DEPARTMENT

Akbank Innovation Center "Akbank LAB" was established in late 2016 with a view toward:

- Developing innovative projects suited for the needs of business units,
- Perfecting the digital customer experience by integrating globally proven financial solutions with the Bank's processes,
- Making innovation a fundamental part of the Bank's culture.

The Bank collaborated with global consultants, who worked in senior positions in the world's leading banks and consultancy firms, to create an innovation structure based on the best models from across the world. With this revamped structure, the Bank started to prepare for the technology of the future from today, while also taking steps to ensure that innovation becomes an integral part of the Bank's culture (https://www.akbanklab.com).

Akbank LAB has a central team composed of professionals with experience in consulting, finance, IT and marketing. This team coordinates innovation processes where over 100 Bank employees play an active role. It develops ideas on focus areas and targets set by the Bank, related to different business lines, excellent customer experience, financial consulting, digital payments, credit scoring, and operational excellence.

These ideas are then turned into projects to deliver the appropriate financial services. Ideas found to be successful following various assessments go through the PoC (proof of concept) phase. At this stage, the feasibility of these ideas is tested and possible gains are calculated. The Bank has over 100 FinTech companies in Turkey and abroad that serve as its solution partners.

Akbank manages LAB Innovation processes in cycles. Although it is a fairly new structure, two cycles that include many individual projects were completed within the first calendar year. The aim is to complete three cycles in 2018.

In 2017, 15 proof of concept studies were carried out within innovation cycles. Akbank LAB simultaneously works on implementing the concepts tested and found to be successful, while also proving the concepts of others. One of the most important examples of such successful innovation processes is money transfer with Blockchain technology, a first in Turkey. The pilot study was initiated with our solution partner, the Silicon Valley-based firm Ripple.

Akbank LAB also organizes various activities to support inhouse and external innovation and to formulate new ideas. One such event was the twoday hackathon titled "CODE: Monetary Issues" held in late September 2017. More than 130 individuals participated in the event in over 30 teams. With a view toward fostering in-house entrepreneurship, the Bank organized the "Challenge Yourself" Innovation Contest open only to employees. Akbank LAB nourishes an innovation culture within the Bank through such efforts, joining forces with the Strategy Management, Human Resources and Corporate Communications Departments.

The Bank plans to continue implementing innovation processes in 2018 under the coordination of Akbank LAB and using new technologies to deliver impeccable services to customers.

TREASURY

AKBANK
MAINTAINS ITS
LEADERSHIP
IN THE BOND
MARKET
THANKS TO ITS
EXPERTISE IN
INTERNATIONAL
FINANCIAL
MARKETS
AND STRONG
COMMUNICATION
WITH FOREIGN
BANKS AND
CUSTOMERS.

With a strong focus on customer satisfaction and profitability, Akbank Treasury Department consists of four units – Trading and Balance Sheet Management, Liquidity Management, Treasury Marketing and Economic Research – that make a difference in the sector with their efficient solutions and service quality.

Akbank bolstered its leading position in the bond market with its deep expertise in international financial markets, and strong communications with foreign banks and customers.

TRADING AND BALANCE SHEET MANAGEMENT DEPARTMENT

The Trading and Balance Sheet Management Unit continued to help protect Akbank's flexible balance sheet composition in line with the principle of sustainable profitability, by effectively managing interest rate risk and adopting prudent pricing strategies in international markets.

Akbank is among the 13 market maker banks and continued its undisputed leadership in the TL-denominated bond and Eurobond market with a 27% share at year-end in terms of transaction volume. The Bank is the most active player in both the primary and secondary markets.

The Trading and Balance Sheet Management Unit delivers efficient solutions through a proactive approach, making Akbank the first bank to come to mind among international investors seeking to trade in Turkey.

A market-maker in the over-the-counter markets and on Borsa Istanbul, the Derivatives Trading Group provides effective pricing to its clients and to foreign banks based on the market direction and manages the open derivatives positions. The Group facilitates the development of diverse derivative products for customer needs with a customer-oriented approach.

The FX Trading Group serves as a market-maker for its customers within the Bank as well as its customers outside of the Bank for all Turkish lira-foreign currency pairs traded within Akbank. The Group also executes physical and financial gold trades on Istanbul Gold Exchange and in overseas overthe-counter markets.

The Balance Sheet Management Department performs the Fund Transfer Pricing function for the Bank's other business units. Furthermore, the Department aims to manage the Bank's balance sheet and income statement effectively in accordance with risk management principles. Having maintained its successful performance in international markets, the Group continued to raise funds with advantageous maturity and cost structures over Repo and GMTN, which boosted its contributions to Akbank's balance sheet development; as a result, the Department's positive contribution to the balance sheet in terms of maturity and cost structure was maintained during the year. In addition, the Department executed USD IRS transactions. EUR/USD and USD/TL Cross Currency Swaps, and swaption contracts written on these

TREASURY

THE TREASURY MARKETING UNIT SERVES CUSTOMERS IN ALL SEGMENTS WITH A WIDE PRODUCT RANGE.

products while maintaining an active engagement in the related markets in an effort to effectively manage interest risk and in line with the Bank's resource needs.

LIQUIDITY MANAGEMENT DEPARTMENT

Akbank Liquidity Management Unit manages Akbank's foreign currency and Turkish lira denominated liquidity with a maturity of up to one year, taking advantage of all available instruments and in due consideration of market conditions. The Department engages in foreign currency and Turkish lira borrowings and placements through money market transactions and ensures effective management of the Bank's short-term funds utilizing various instruments such as FX swaps and Turkish lira repos and reverse repos. The Department maintains a presence in the BIST Repo-Reverse Repo Market and OTC and organized money markets

In 2017, the Unit acted in parallel with the CBRT's monetary policies, making effective use of TL and foreign currency markets, and fulfilling the Bank's TL and foreign currency denominated reserve requirements. The Department was engaged in the OTC and organized markets dynamically in response to market conditions.

TREASURY MARKETING DEPARTMENT

The Treasury Marketing
Department serves customers in
all segments with an extensive
range of products that include

spot foreign exchange, forward foreign exchange, gold, foreign exchange/gold/ interest rate/ commodity options, foreign exchange and interest rate swaps, government bonds and bills, bank bonds, Eurobonds, repo, deposits and loans. In addition to offering competitive prices in all products, the Department informs clients about the developments and expectations in their financial markets and offers products tailored to risk management needs and business conduct of clients.

ECONOMIC RESEARCH

The Economic Research Department, positioned within the Treasury Business Unit, closely monitors the global and domestic economic environment and market developments. ensures fast and effective information flow to all units of the Bank, and presents an opinion on their potential consequences. Thanks to such efforts, Akbank employees are kept well informed and properly equipped with a constant flow of up-to-date information about developments that steer the economy and the markets, and are prepared to address customer questions.

In addition, the Economic Research Department prepares macroeconomic forecasts for the business units of the Bank and contributes to the determination of the Bank's strategy and the budget. At the same time, the Department informs the Board of Directors, foreign investors and clients about current economic situation and market data.

SUPPORT SERVICES

TO MAKE
YET ANOTHER
INVESTMENT FOR
THE FUTURE OF
OUR COUNTRY AND
AKBANK, THE BANK
BROKE GROUND IN
2017 ON THE NEW
"AKBANK DATA
AND LIFE CENTER"
PROJECT WITHIN THE
AKBANK BANKING
CENTER COMPLEX.

AKBANK OPERATIONS CENTER

Akbank Operations Center strives to provide fast, superior and error-free services and an unparalleled customer experience to Akbank's external and internal customers. With an effective and efficient organizational structure, experienced and specialized human capital, and an advanced technology systems infrastructure, the Operations Center figures among the key components that support the Bank's strong position in the sector.

Akbank Operations Center operates with a powerful team of nearly 1,000 personnel so that the Bank can provide fast, exceptional and errorfree services to its customers. Some 97% of transactions performed annually by the Akbank Operations Center are completed automatically.

The primary functions performed by the Operations Center include:

- Turkish lira and foreign currency payments,
- Tax and Social Security Institution (SGK) premium payments,
- Operations of cash management products,
- Check and bill transactions, printing and distribution operations,
- · Foreign trade operations,
- · Consumer and commercial loan operations,
- Credit card and debit card operations,
- Member merchant and POS operations,

- Customer Complaint Management
- Real estate value assessment services,
- · Western Union Operations,
- Tax payments of branches,
- Physical and electronic archiving tasks,
- · Legal proceedings,
- Cash collection and disbursement services encompassing branches, ATMs and customers.

In addition to the services listed above, Akbank Operations
Center also provides direct service to corporate and commercial banking clients without the involvement of a branch. The Center created customer satisfaction for the Bank thanks to this industry-leading service.

To make yet another investment for the future of our country and Akbank, the Bank broke ground in 2017 on the new Akbank Data and Life Center project within the Akbank Banking Center complex. Planned to be commissioned in 2019, the Center will be the heart of all Akbank operations.

Akbank Data and Living Center will contribute to the seamless delivery of top quality service to customers, while reinforcing IT and data security at the Bank.

OPERATIONS CENTER AWARDS

- JP Morgan Quality Recognition Award For USD Payments
- Citibank Quality Recognition Award for USD Payments
- · KBC EURO STP Excellence Award

SUPPORT SERVICES

- AS A BANK THAT **EXPANDS EVERY** YEAR, AKBANK **WANTS TO RENDER** THIS GROWTH MORE EFFICIENT AND SUSTAINABLE. THE BANK AIMS TO **ACCOMPLISH THIS GOAL BY ENHANCING** THE SERVICE MODEL IN ITS BRANCH AND **DIGITAL CHANNELS** WITH A FOCUS **ON CUSTOMER** AND EMPLOYEE **EXPERIENCE AS WELL AS PRODUCTIVITY** AND DIGITIZATION.

OPERATIONS IN 2017

In 2017, Akbank Operations Center continued to help the Bank meet its targets for high quality, swift and productive services and a high digitization rate.

MORE INNOVATIVE, LEANER AND FASTER PROCESSES LEADING TO BUSINESS EXCELLENCE AND MAXIMUM PRODUCTIVITY

As a bank that expands every year, Akbank wants to render this growth more efficient and sustainable. The Bank aims to accomplish this goal by enhancing the service model in its branch and digital channels with a focus on customer and employee experience as well as productivity and digitization. Under the "Improvements for You" program, which has picked up pace since 2012, the Bank analyzed in detail over 1,700 business processes, seized new digitization and productivity opportunities in 2017, and implemented nearly 200 improvements.

In parallel with developing technologies and changing customer demands, the Bank designed and implemented new end-to-end experiences to strengthen its sales and service model in the branch and digital channels in 2017.

In keeping with the New Generation Akbank vision, the Bank plans to continue its experience design and development efforts in 2018. The aim is to craft a better employee and customer experience by making the service model more innovative, leaner and faster.

INCREASING CUSTOMER SATISFACTION THANKS TO FAST AND HIGH QUALITY SERVICES

With customer satisfaction a top strategic priority, the Bank regularly measures the speed and quality of Akbank Operations Center's service quality via service level agreement service level agreements (SLA). At present, 257 performance indicators are measured with 79 service level agreements. Measurement results are shared transparently with the related staff and are used in planning training and development activities, identifying areas for improvement, and creating action plans for these areas. In 2017, 24% of service contracts were revised in response to customers' changing expectations. This effort boosted the quality level.

CUSTOMER EXPERIENCE MANAGEMENT PLATFORM

In 2017, Akbank continued its daily monitoring of the customer experience at all contact points and received feedback from 230 thousand customers. To efficiently manage the customer experience, which sits at the heart of its services, from a single center within the Bank, Akbank launched the Customer

AKBANK, INVESTED NEARLY USD 150 MILLION WAS INVESTED IN TECHNOLOGY IN 2017.

Experience Management
Platform in 2017. Thanks to
this platform, Bank employees
can monitor in real-time the
recommendation score, an
international metric in customer
experience. In addition, the
customer experience results of
branches and direct channels
are certified twice each year.

In recognition of the importance it places on customer experience, Akbank was presented with the top prize in the "Banking" category at the A.L.F.A. (Actionable, Leader, Fast, Ambitious) Awards 2017. This competition, organized by Marketing Türkiye, recognizes brands that best manage customer experience.

Providing comprehensible, simple and user-friendly screens at every point of contact with Akbank customers and employees is an integral element of service quality delivery at the Bank. All applications in use the Bank are being improved and redesigned according to the user experience methodology. Akbank has been measuring the user experience of Akbank Direkt screens via lab research studies with real customer participation. The user tests continue in the coming years, and in line with measurement results, the design and user interfaces are upgraded regularly.

All changes in the complaints and requests communicated by customers to the Bank through various channels are monitored by a senior level committee. In 2017, a large number of developments were realized in 2017 through the Proactive Complaint Prevention System, which has been in place since 2014 to prevent the repetition of customer complaints.

INFORMATION TECHNOLOGY

Focused on systematically and closely monitoring the latest advances in technology and, Akbank Information Technology continued to implement a significant number of new strategic and tactical projects to provide better internal and external customer experience in 2017. Akbank Information Technology implemented more than 250 projects and completed more than 5 thousand smaller development tasks under these efforts during the year. With one of the most extensive branch, ATM and POS terminal networks in Turkey, Akbank, invested nearly USD 150 million was invested in technology in 2017. Thanks to the strategic alliances and partnerships it has developed with business units and subsidiaries, the Bank has further enhanced its synergy.

The organization with the primary aim to create value for Akbank and its employees, continued to expend efforts along the main strategies of "Strong Technological Infrastructure and Cyber Security," "Continuous – Lean Infrastructure and Applications," "Agile-Efficient IT", Digital Bank and Analytical Bank, presenting new products for the use of customers.

SUPPORT SERVICES

AKBANK
CONTINUES
TO PLAY A
PIONEERING
ROLE IN PUTTING
INNOVATIVE
PRODUCTS TO
THE SERVICE OF
CUSTOMERS.

- Main achievements in 2017 supporting Akbank's core strategies:
- · During the year, the Branch Digitization Program was initiated at certain branches. This program is designed to digitalize end-to-end customer processes related to Akbank products and services available in branches and channels, thus increasing sales effectiveness. The Bank aims to expand the program to a large part of the branch network in 2018. With the transition to tablet PC at the branches, the program simplified screens and fields, enabled employees to receive the required customer information, which changes from customer to customer, and reduced paper-based processes as well as manual approval steps.
- As part of the roadmap outlining the Bank's mobile work requirements, the sales and customer functions were enhanced; efforts were carried out to boost the sales effectiveness and to render customer acquisition processes more mobile.
- The VIOP account opening function was added to Akbank Direkt Internet in 2017. With this upgrade, Akbank became the first bank to allow opening a VİOP account over the digital channel.
- Akbank continues to play a pioneering role in putting innovative products to the service of customers. During the year, the Bank rolled out the "Instant Card" scheme, where customers applying for credit cards can instantly receive them at the branches without the need for cargo delivery, and start using their cards immediately.

- The "Credit Express" application, which allows customers to take out general purpose loans at dealers, was upgraded with advanced technologies. Now, these loans can be extended digitally, without the need to print documents.
- Customers can now communicate their demands for Cash Advance via SMS. This has alleviated the workload at the branch level, and made it possible to assess Cash Advance demands much more quickly.
- Credit risk models for corporate customers were used to devise an Early Warning System. The necessary infrastructure was established for the Bank to manage its strategies more proactively in the face of everchanging market conditions.
- Commercial Credit allocation and assessment processes were digitized, enabling customers to apply for commercial loans over Direkt Corporate Internet/İŞİM apps. The app accepts electronic signatures as well.
- The Bank developed the e-discount product, where customers can discount their e-invoices to receive financing in advance. Branch functions and Corporate Internet Branch integration have added more value to the product.
- Akbank developed the BOS
 Agent app for enterprises that
 use its Bulk Payment System.
 Thanks to the app, it is
 possible to check the accounts
 to which the company makes
 regular payments, and
 inform the firm about its
 performance.

- Work is ongoing to revamp the technological infrastructure of treasury apps. In 2017, the Interest Derivatives Module was revised according to the Bank's needs and relaunched.
- The FX platforms were integrated with Akbank systems. Now, corporate clients can carry out their transactions with Akbank over these platforms.
- Work continues to develop new practices that improve the work efficiency and modus operandi of Head Office units.
- The demand deposit application was upgraded with an open modular design.
- The Commercial Loan
 Allocation Application was
 redeveloped by using the
 latest technology platforms,
 with all processes fully
 transferred to the system. The
 relaunch of the app resulted in
 much faster process execution.
- A new architecture was developed for salary customer acquisition procedures, one of the most important aspects of acquiring customers.
- The Bank's training app
 Academy Portal was supported
 with trends so as to manage
 employee development and
 training more efficiently.

Akbank Information
Technologies was deemed
worthy of numerous awards
at prestigious competitions
in recognition of the projects
it completed in 2017. Some
prominent awards confirming
the Bank's leadership in IT
include:

 The Project Management Department was presented with a second place prize (Silver Stevie) at the 2017 Stevie IT Awards, in the "IT Department of the Year" category,

- The Commercial Loans team received a third place prize (Bronze Stevie) at the 2017 Stevie IT Awards in the "IT Team of the Year – All Other Industries" category,
- At the IDC 2017 Finance
 Technology Awards, the
 Commercial Loans Allocation
 App garnered a first place
 prize in the "Corporate
 Banking" category while
 the Cash Management
 Infrastructure Upgrade
 project placed third in the
 same category; the Cash
 Management Infrastructure
 Upgrade project won a second
 place prize in the "Financial
 Institutions and Commercial
 Business Partners" category.

INFORMATION SECURITY

In all its processes, Akbank is committed to protecting the confidentiality of customer and employee data. To this end, Akbank invests in information risk management, in terms of both technology and staffing.

Activities carried out in the context of people, process and technology are given below.

1-People

The Information Risk
Management Unit is established
to ensure that the information
risk at the Bank is audited
directly by the Board of
Directors, and thus reports
directly to the Board of
Directors. Akbank is one of
the few companies worldwide
to implement this model, and
the only company to do so in
the Turkish banking industry.

This model provides a holistic approach to information risk, by separating information risks from information technology risks. The Information Risk Management Unit has been restructured to better achieve these objectives and to support a self-development culture strategy. The organization's members were encouraged to participate in both national and international training programs.

Efforts were expended to ensure that employees take precautions to guard against cybercrime and that the Bank is safe from cyber threats. New products and new training programs on this topic were also provided to the Bank's staff.

2-Process

To increase cyber security, all technology and banking processes at the Bank were given a more information-focused format. Investments in new technologies boosted the diversity of information risk processes, while at the same time ensuring the development of IT structures.

3-Technology

Akbank is a pioneer in the industry with its 2017 investment spending and 2018 investment budget for innovative technologies that increase in-house cyber security. The Bank places great emphasis on developing technologies that prevent information risk. Its efforts in this key area are carried out by well-experienced professionals.

SUPPORT SERVICES

— AKBANK
PERFORMED
ANALYSES AND
MODELING EFFORTS
TO FURTHER
REINFORCE ITS
LEADERSHIP IN THE
SECTOR IN TERMS
OF EFFICIENCY; AS
A RESULT, ACHIEVED
ORGANIZATIONWIDE INCREASES IN
EFFICIENCY.

BUSINESS INTELLIGENCE APPLICATIONS - ARGUS

Thanks to Akbank's management reporting system ARGUS, the Bank's management reports are provided for users in a productive, flexible, effective, simple and fast way.

A total of 7 thousand users at the Head Office and in the field can meet all kinds of informational needs within their authority, and are accessible in a reliable, robust, fast and practical fashion. Report production and information management processes are continuously revised to provide significant productivity increases.

With the aim of meeting the information needs of users, the Bank continued initiatives to expand the analyses and data encompassed in the system. The Bank provided senior management with the facility of accessing reports via tablet computers and smart phones.

PROFITABILITY SYSTEM

The Bank effectively uses the results of the Profitability System, developed to enable multidimensional analysis of Akbank's profitability, to devise managerial and marketing strategies; hone the services provided at branches; and aid in success assessments as important performance criteria.

As part of the Profitability System, the Bank periodically evaluated its profitability on a daily and monthly basis in terms of the following criteria:

- · Customer profitability,
- Customer relationship manager (CRM) profitability,
- · Branch profitability,
- · Segment profitability,
- · Business unit profitability,
- · Product profitability.

COST AND INVESTMENT MANAGEMENT

Under the various strategic cost and investment management initiatives, the Bank performed analyses and modeling efforts to further reinforce Akbank's leadership in the sector in terms of efficiency; as a result, the Bank achieved organization-wide increases in efficiency. Furthermore, significant efficiency has been created via work groups across the Bank to ensure sustainable cost savings.

BUDGET

Akbank has an integrated, efficient and dynamic budgeting process that operates at the business unit, region, branch and CRM level.

The triennial strategic planning survey is also reviewed each year alongside the budget and the Bank's medium and longterm objectives and action plans are determined. Performance of the Bank is then monitored via monthly estimates generated throughout the year as well as by way of comparative analyses of periodic financial and operational realizations with the budget. In accordance with changes in the economic outlook, the budget is revised if and when it becomes necessary.

HUMAN RESOURCES AND STRATEGY

THE STRATEGY
MANAGEMENT
UNIT KEEPS
CLOSE WATCH ON
DEVELOPMENTS
AND TRENDS IN
BOTH DOMESTIC
AND OVERSEAS
MARKETS.

STRATEGIC MANAGEMENT

Reporting directly to the Executive Vice President in charge of Human Resources and Strategy, the Strategic Management Division works in close cooperation with senior management and related business units in setting strategic priorities in accordance with the Bank's medium-term and long-term vision.

The Division also manages and implements strategic initiatives aimed at achieving these priorities. The functions of the Strategic Management Division include providing internal advisory service and managing strategic projects within the Bank, closely following domestic and global developments and trends, and establishing the Bank's main strategies and ensuring the initiatives taken are in accordance with these strategies.

In 2017, the Strategic Management Division coordinates the process to set the Bank's aspirational targets for 2018 and to formulate the roadmap to achieve these targets. The program and projects formulated in accordance with Akbank's strategic priorities were put in action in cooperation with the related teams. As a result, the Department supported the Bank's strategy setting and decision-making processes while helping all related business units to take action in line with the Bank's strategic priorities.

Aiming to bolster the Bank's market position and differentiate from the competition in 2017, the Strategic Management Division:

- Developed new service models for new customer segments that will support growth,
- Revamped the roles of channels on the Bank's sales and service model to respond to changing customer needs.
- Major studies were conducted on important topics. These included enhancing efficiency by developing analytical competencies through new technologies, extending these across the Bank, and redesigning the Bank's processes and experiences for both customers and employees in response to changing needs.

Analyzing global developments and major trends particularly in the banking and finance industry, the Strategic Management Division proactively identified potential areas of opportunity for the Bank during the year and strategy workshops were organized on these issues.

HUMAN RESOURCES

Since its founding, Akbank has achieved great success with its top quality human capital. As the business world and human resources are rapidly transforming today, Akbank designs all its business practices to be the pioneer of this transformation. While preparing for the future, Akbank acts with the belief that developmentoriented, innovative and versatile human resources are its most important asset and strategic partner. All human resources practices are centered on the employee experience.

The Human Resources
Department aims to recruit
innovative and visionary young
talent in line with the Bank's
strategies, values and vision.

HUMAN RESOURCES AND STRATEGY

AKBANK IS
AWARE THAT
CREATING A
TEAM THAT
WORKS WITH
PASSION IS KEY
TO BUILDING THE
BANK OF THE
FUTURE.

The Department also is charged with placing recruits in areas where they will create the most added value for the organization and for themselves, in addition to supporting and sustaining Akbank employees' continuous development.

When managing its human capital, the architect of the Bank's past accomplishments as well as the pillar of its future achievements, strives to uphold the core principles of equal opportunity, fair assessment and transparency.

The main pillars of the Human Resources roadmap include:

- End-to-end redesign of employees' Akbank experience, starting from the recruitment process,
- Transformation of employees' learning experience into a personal development journey,
- Continuous development of work methods in line with new business needs,
- Proactive and participatory development planning that upholds a multi-faceted employee experience,
- Target- and competencybased, transparent and fair performance management,
- A talent management program supported by a comprehensive, personalized development plan.
- An encouraging, risk-focused rewarding mechanism that fosters superior performance,
- A cultural transformation program that supports and complements digital transformation,
- Constantly improving organizational efficiency with a focus on employee productivity,
- Effective in-house and external communication based on corporate values and culture

CULTIVATING THE BANKING CULTURE OF THE FUTURE

Although founded 70 years ago, Akbank is nonetheless a young bank. 69% of the Bank's employees are members of Generation Y and the average age of the workforce is 35. As the world and technology change rapidly nowadays, the Bank has adopted a human resources management approach that defines future needs starting from today, and prepares itself for the future. With HR practices that promote intergenerational communication, innovation and creativity, the Bank fosters a culture of mutual learning and positions its human resources as drivers of transformation.

Akbank is fully cognizant that the key to building the bank of the future is to create a team of individuals who work with passion, share their experiences with each other, embrace collaboration and open communication, and uphold creativity. Akbank creates value with business practices that support versatility. The Bank understands that one-sided employee specialization is not sufficient. Versatility is key to effectively developing human resources in many different directions and catching up with the times.

Akbank operates with the mission of creating a reliable, people-focused, lean, dynamic and innovative bank — one that pioneers innovation in the financial sector, which is undergoing rapid transformation due to fast-developing technologies — and building new achievements on past ones. Akbank leads the way in adapting new trends to

- INDIVIDUAL **CAREER INTERVIEWS ARE HELD WITH ABOUT 6 THOUSAND** AKBANK EMPLOYEES **EACH YEAR; A LARGE NUMBER OF WORKSHOPS ARE ORGANIZED** WITH EMPLOYEES TO ASSESS THE **HUMAN RESOURCES** PRACTICES. FEEDBACK THUS **RECEIVED IS HANDLED IN A** SYSTEMATIC MANNER. its human capital through analytical work in many different areas. The Bank is also a leader in implementing technological practices to support its human resources. Advanced HR analytics are employed in a wide variety of areas at the Bank. These include determining the training program to be assigned to different Akbank employees, and converting employee feedback, which is data in a verbal form. into mathematically meaningful information that can contribute to employee satisfaction.

EFFICIENT PERFORMANCE MANAGEMENT

Through career management. the Department acts like a solution partner in support of achieving the Bank's targets. Akbank gives weight to positioning the current workforce in the most efficient manner, placing the right employee in the right post, and managing mid- to long-term career plans in the most ideal way that advances development of the Bank and employees. For the sustainable performance of the Bank, individual performances are monitored closely. Support is given for participation in relevant training and development programs in areas requiring development.

For the future continuity of the organization, the staff's experiences, competencies and technical equipment are evaluated to produce backup plans for various positions. Training and development programs are implemented to ensure that personnel are ready for prospective positions. Employees who pass the specified career paths with success and complete their development are placed in

different positions. According to the new organizational structures formed in response to the Bank's changing needs, employees' career paths are constantly reviewed and revised pursuant to strategic targets.

Career paths at the Bank are clearly defined for each task. Each Akbank employee who develops himself/herself can make horizontal or vertical career moves at the Bank, where career paths are laid out in a transparent manner.

EMPLOYEE SATISFACTION AND EMPLOYEE ENGAGEMENT

Seeing effective communication as one of its most important tools to achieve success. Akbank regularly conducts Employee Loyalty Surveys throughout the Bank to make personnel feel the value that they are given, to identify their strengths and weaknesses, and to translate the staff's opinions and recommendations into corporate success. In addition, employee pulse questionnaires are given to extend dialogue with employees to a new channel, ensure continuity of communication, and receive their feedback. The survey is conducted by an independent research firm in line with the principles of confidentiality. Evaluations are analyzed by the Human Resources Department. Improvement and development actions are planned according to the findings.

Individual career interviews are conducted with about 6 thousand Akbank personnel each year. A large number of workshops are held with employees to evaluate human resource practices, with all feedback handled

HUMAN RESOURCES AND STRATEGY

TRAINING AND
DEVELOPMENT
ACTIVITIES ON
TALENT MANAGEMENT
AND LEADERSHIP
ISSUES CONTINUE
TO EXPAND UNDER
THE UMBRELLA OF
AKBANK ACADEMY.

systematically. Projects for improving employee experience are designed on the basis of such feedback.

Well aware of the close relationship between high corporate performance, the Bank firmly believes in enhancing personnel engagement, increasing its investments to this end day by day, in due consideration of staff sentiments, thoughts, expectations, priorities and criticisms pertaining to human resources policies and management practices.

EFFICIENT PERFORMANCE MANAGEMENT

Akbank accomplishes its corporate goals by growing alongside its highly-competent and skilled employees who make Akbank what it is.

In the performance evaluation system, which allows Bank personnel to observe their contribution to the organization's success and encourages open communication among employees, the targets are set for each individual according to common targets. Subsequently, employees take action toward these targets. The efficiency of the performance system depends on the system's transparency, simplicity and thorough measurability. Performance management is conducted with the goal of minimizing risks. The Performance Management System provides periodic and systematic input to the remuneration, reward, career and training schemes.

The Bank supports the performance of its employees with new applications and advanced systems that

will make their professional lives easier and increase their productivity. In 2017, we designed an application that encourages employee participation, enables an interactive sharing of views, and manages performance monitoring, evaluation and premium processes on a single, innovative platform.

AKBANK ACADEMY

Akbank Academy closely monitors training and development trends that will effectively and swiftly respond to the changing needs of the industry in order to cultivate the best employees in the sector and transform trainings into an investment tool. The Bank completed analytic of trainings and provides personalized, optimized and easy-to-access trainings, focusing on the development areas of Bank personnel. In addition, the Bank encourages staff members to attend summits, conferences and seminars, both in Turkey and abroad that will allow them to keep track of the latest developments in the sector and the world. Akbank Academy has training venues in Ankara and Akbank Banking Centre in addition to central building in İstanbul.

Training and development activities within Akbank Academy related to talent management and leadership continue to grow. As all Akbank employees join the Talent Management process, the 12 thousand Akbank personnel who fill the Individual Development Plan each year are offered different development sources and suggestions according to the competencies they prioritize. In 2017, the Bank assigned 20% of Akbank Academy's

IN 2017, AKBANK ASSIGNED 20% OF AKBANK ACADEMY'S BUDGET TO TALENT AND LEADERSHIP DEVELOPMENT.

budget to talent and leadership development. Akbank plans to increase this proportion in the coming period.

The Bank organizes varied and ongoing programs, including solutions tailored to personal needs in order to develop the leaders of today and cultivate those of tomorrow. During these efforts, the Bank places significant emphasis on ensuring that the processes in competence development programs are designed in an efficient and transparent way. As part of the initiatives carried out under the talent management development, the Assessment Center's efforts to determine needs and formulate a personal development plan continue with tools such as surveys.

Professional development opportunities at institutions are among the most important expectations that younger generations have when they start their career. To meet these demands, Akbank Academy continues to use various learning methods and tools, including classroom trainings and online training tools. The Bank also strives to render trainings more entertaining with gamification systems and combine modern training methodologies with technology, constantly working to innovate the digital experience. Training technologies are not used only in online training tools, but also in classroom activities.

Akbank Academy uses a remote access system infrastructure. Employees are able to track their personal development plans alongside their career paths and access all details on the training they will attend on a single platform. In addition,

managers are able to monitor the development performance of their teams. With the mobile app of the Academy, Akbank focuses on mobile learning and mobile experiences. The Bank's new training programs are mobile-friendly and existing critical training programs have been transformed to function on mobile platforms.

Akbank Academy's portal is constantly being developed to adapt to the new generation. The employee development process has been gamified to enhance and bolster the learning experience, while making it more enjoyable.

Efforts are under way to transform the learning experience of Bank staff into a journey of development.
Employees will complete their technical training with online methods, simulations and games, participate in activities in classroom trainings, reinforce and improve their competencies.

Accessible via the Akbank
Academy portal, the Training
Catalogue is designed to better
meet learning needs through its
rich content and educational
options tailored according to
individual users.

In keeping with the academic platform that will take Akbank forward into the future, the Bank's prioritizes relationship management, customer-oriented approach, quality, efficiency, fair banking and sustainability. To this end, Akbank Academy has focused on the Bank's strategies, banking industry developments and the needs of the field operations. The Academy has implemented programs that will support employees in their career paths and has integrated trainings

HUMAN RESOURCES AND STRATEGY

UNDER THE **BANK'S** LEARNING ORGANIZATION STRATEGY. AKBANK SEEKS THE SUPPORT OF ITS HIGHLY **EXPERIENCED EMPLOYEES AS IN-HOUSE INSTRUCTORS AS WELL AS** IN MENTORING AND IN-HOUSE COACHING APPLICATIONS.

with their career goals. Akbank designed and put into service simulation based new programs to learn by living, to activate customer relations management of field staff. Ongoing systemic works and training content revision efforts continue to make sure that current career diplomas are more compact, exclusive to the needs, the person, without any time or location limitations, and are rendered simpler to provide easier access to information.

For the Bank's success today and in the future, Akbank frequently carries out exclusive online trainings to increase the rates of licensing and certification. In addition, employees are provided support with testing and in-class trainings.

Under the Bank's learning organization strategy, Akbank seeks the support of its highly experienced employees as in-house instructors as well as in mentoring and in-house coaching applications. As a result, the Bank achieves productivity in sharing of experiences. While the Bank continues activities that increase the motivation levels of in-house instructors, the best architects of continuous development, those staff are supported with development programs.

Akbank Academy uses digital solutions, thereby reducing paper consumption, and places digital monitors in classrooms. The resulting reduction in paper consumed is in line with our environmentally friendly approach. In addition, Akbank Academy sends digital messages to participants concerning their training programs using Beacon technology.

As of end-2017, Akbank personnel averaged 7 days of professional training for the fiscal year, as a result of the Bank's investment in training initiatives.

PERFORMANCE-BASED BONUS AND REWARDING

The performance bonus system ensures the increased efficiency of employees in achieving organizational goals, continuity of performance levels, and prioritization of individual and team performance. The aim is to differentiate and reward successful employees and teams.

In performance evaluation interviews, employees can discuss one-on-one the results of the previous period with their managers, and identify their achievements and areas that require improvement.

As regards the year 2017, it is planned to pay TL 145.4 million in performance premiums to employees depending on their work progress.

As for employer brand and staff loyalty efforts, Akbank devised new reward mechanisms to contribute directly to the motivation and productivity of employees; ensure the recognition and appreciation of successful employees who create added value for the Bank; and to uphold the concept of "value to humans" by strengthening employee loyalty.

To this end, Akbank continued to implement the following award systems:

- "Bull's Eye Awarding System" creates awareness of targets, follows up on personal targetfulfillment, encourages high performance from the start of the year onwards,
- "Akbank's Perfect Role Model Awarding System" makes sure that any positive behavior, effort or performance that exceeds expectations or is above standard is recognized and rapidly rewarded;
- "Your Candidate Awarding System" brings in candidates suitable to the corporate culture and the competencies of the open position via our employees.
- A new acknowledgment platform dubbed "Thanks from Team to Team" was launched to foster a culture of collaboration, recognize and celebrate achievements, and reinforce teamwork. This platform highlights any crucial support from and collaboration with other teams.

FINANCIAL BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR MANAGERS

As of December 31, 2017, TL 46,907 thousand was paid to the Group's senior management.

ETHICAL PRINCIPLES

Ethical principles, which consist of the indispensable values of corporate culture and governance, are also the position of the respect that Akbank currently enjoys in the banking industry and within society in general. Safeguarding and further enhancing the position while sustaining stability and confidence in the sector are among The Bank's main objectives.

Akbank takes utmost care to ensure that employees internalize the ethical principles, which are presented through the Bank's internal communication channels and training programs, and act in accordance with this awareness. In addition, an "Ethics Line" that operates under the confidentiality principle on a 24/7 basis was established to enable employees to raise their concerns about issues that they believe cannot be resolved within their departments, or for certain reasons prefer not to share with their colleagues/ department managers.

AKBANK EMPLOYEES

As of December 31, 2017, Akbank had 13,884 employees (Group total number of employees is 14,253). Women account for 53% of the workforce, and men for the remaining 47%.

94.9% of all employees are university graduates. Average employee age is 35.1.

Akbank's Human Resources
Practice Principles outline
the Bank's human resources
practices, point to the
respective parties' rights and
obligations in relations with
employees and identify the rules
and principles that govern the
human resources function and
organization. The Bank fully
complies with the Labor Law,
other applicable laws, bylaws
and regulations, as well as
with the collective bargaining
agreements in place.

AKBANK STAFF PENSION FUND TRUST

Akbank Staff Pension Fund Trust has focused its activities related to current (employed) and retired members on the provision of healthcare services in 2017. The retooled Health Center continues to operate in a modern, spacious and well-appointed facility with experienced specialist physicians on staff.

The new call center provides appointment and advisory services to all employees. The revamped website serves as an appointment platform and features many user-friendly interactive applications such as e-authorization, e-referral, and lab test results.

As of December 31, 2017, highlights of their efforts include:

- Total assets of the Foundation amounted to TL 1.624 million.
- Number of members receiving pension salaries rose to 12,327.
- Some TL 322 million was paid to retirees, people with disabilities, widows and orphans.
- Health care assistance increased to TL 138 million as of December 31, 2017, up from TL 129 million in 2016.

OTHER INFORMATION ON COMPANY OPERATIONS

There are no major pending lawsuits against the Company that may impact the financial position or operations of the Company.

Information on the donations and assistance distributed during the year is provided at the General Assembly under a separate agenda item. The Bank also spent TL 15.8 million in 2017 as part of its social responsibility activities.





SUBSIDIARIES

AKBANK AG REMAINED COMMITTED TO MAINTAINING ASSET QUALITY THROUGHOUT 2017.

AKBANK AG

A wholly-owned subsidiary of Akbank, Akbank AG had another successful year in 2017 in terms of growth, diversification of business areas as well as profitability. The Bank' total assets are EUR 5.1 billion and shareholder's equity reached to EUR 632 million as of December 2017. In 2017. Akbank AG's contribution to the national economy in the form of loans exceeded EUR 4.2 billion, corresponding to over 10% of the loans extended from Germany to Turkish firms.

As of December 31, 2017, the Bank's capital adequacy ratio according to Basel III criteria stood at 14.07% with a liquidity coverage ratio of 489%.

Boasting the largest balance sheet among all European banks with Turkish capital, Akbank AG has a 6.7% share in terms of consolidated assets and a 3.6% share in consolidated profits of Akbank in 2017.

Akbank AG's major products and services include various credit instruments, trade finance, factoring, money transfers and deposit services. Target clientele for lending activities primarily consist of multinationals based in Turkey as well as in the EU, Turkey's main trading partner. Standing out with its high asset quality since the bank's incorporation, Akbank AG remained committed to maintaining asset quality throughout 2017 and preserved its NPL ratio at 0%.

Akbank AG has an extensive portfolio of funding sources, including retail, corporate and deposits as well as funding through the European Central Bank's refinancing program (MRO and LTRO).

In November 2017, the Bank once again demonstrated its expertise in borrowing and its solid reputation among investors by securing a syndicated loan worth EUR 173.5 million with the participation of 14 banks.

Also active in retail banking, Akbank AG serves nearly 15 thousand retail deposit customers in Germany with a direct banking model. All these sources of funding help Akbank AG to diversify its funding base.

The Bank started to operate in the area of private banking in 2017. It has achieved great success in terms of customer acquisition and assets under management, with its innovative business approach and well-experienced staff.

— AKLEASE HAS
BOLSTERED ITS
POSITION AS ONE
OF THE LEADING
COMPANIES OF
THE INDUSTRY,
REMAINING A ROLE
MODEL WITH ITS
STABLE, HEALTHY
AND UNINTERRUPTED
GROWTH
PERFORMANCE.

AKLEASE

Established in 1988 and now celebrating the 30th year, Aklease provides support to corporate and commercial segment customers who are keen to undertake investments, expand, enter new markets and enhance their capacity. Aklease helps them finance investments in new machinery and equipment purchases or new investments.

Leading the pack for many years in terms of offering long-term funds to clients at attractive interest rates, Aklease provides one-to-one solutions that are perfectly suited to meet the changing needs of clients, thanks to its vast funding capacity that is not limited to the domestic area.

A 99.99%-owned subsidiary of Akbank, Aklease continued to offer ongoing support to the national economy in 2017 with its strong financial and partnership structure, robust shareholders' equity, 12 branch locations, vast funding network, and most importantly, a dynamic workforce highly specialized in the field. Akbank continued to provide significant support to Turkey's economy by allocating funds to investments in the country's future, such as a 110 MW solar power plant, in addition to subways, highways and other infrastructure/ superstructure works that constitute the core of the intracity and intercity transport network.

Aklease upgraded its technology platform and software, which the Company employs to perform financial leasing transactions, so that they function in a swift, practical and mobile-enabled fashion in sync with the latest technologies and important progress was made in the digital transformation process.

In 2017, Aklease increased its net leasing receivables 15% year-on-year to TL 5.7 billion, bolstering its position among the industry's leading companies. Aklease continued to stand out among the competition thanks to its consistent, healthy and stable growth performance.

Keen to conduct its operations in a sustainable manner in the coming period, Aklease will remain a complementary force of growth and economy with its investments

AK INVESTMENT

Ak Investment, founded in 1996 to engage in capital markets activities in accordance with the provisions of the Capital Market Law and other applicable legislation, is a wholly-owned subsidiary of Akbank. Ak Investment was authorized as an "Intermediary Company with Broad Authority" by the Capital Markets Board as of October 15, 2015 following initiatives undertaken to comply with new communiqués.

SUBSIDIARIES

- WITH A 24%
MARKET SHARE,
AK INVESTMENT
REMAINED THE
LEADER OF TLDENOMINATED
PRIVATE SECTOR
DEBT INSTRUMENT
ISSUES EXCLUDING
BANKS AND
FINANCIAL
SUBSIDIARIES IN 2017.

With its 198 specialized and well-experienced employees, and comprehensive research reports and customer-oriented service approach, Ak Investment serves both individual and corporate investors. Delivering international and domestic capital markets products to individual and corporate investors, Ak Investment has 10 branches in six Turkish cities. Ak Investment is committed to offering capital markets products and services tailored for customers' needs and expectations, and in line with market conditions, with 21 years of experience. The branches establish long-running relations that generate added value for the customers. With investment brand TradeAll the digital trading platform, the Company enables its customers to trade in a swift, safe and easy manner in the domestic, Forex, and international stock markets. The Company shares reports and market recommendations on products, services and markets to investors via social media channels that are a part of digital channels such as Facebook, Twitter, Instagram and.YouTube. In 2017, Akbank continued its technology investments in order to improve customers' satisfaction by providing them with better services.

As a result of efforts to this end, Ak Investment increased its net profit 76.4% in 2017 over the prior year. Ak Investment boosted its trading volume 65% in the stock market and 27% in the derivatives market over 2016. The Company maintained its leadership in structured borrowing instruments, and executed 174 different issuances. By adding the world's

most widespread online FX trading platform Meta Trader4 to its digital channels, it gained an important advantage in the forex markets. According to the nine-month figures on leveraged trading volumes, the Company ranks first on the list of brokerage firms that are subsidiaries of a bank. Ak Investment became the leader of the segment with a 11.8% market share in third quarter 2017.

Having started its activities in 2015 as an official market maker future share contracts and BIST 30 Index Option contracts and in share option contracts in 2017, Ak Investment sends quotes to the market on nearly 210 contracts with continuous and competitive buy / sell spreads. For the 1 thousand contracts apart from the above mentioned set of contracts, Ak Investment offers liquidity to investors by making continuous pricing on demand. Being the formal market-maker with the largest number of contracts in the futures and options market, Ak Investment is the only market maker institution in share future contracts, share option contracts and index option contracts. Ak Investment maintains its mission for the leadership with 12.5% the market share in transaction volume, on the option projects as formal market maker

In 45 issuance processes in 2017, Ak Investment provided brokerage services in creating funds with a value of TL 3.7 billion for 13 companies not associated with the Bank. Ak Investment is a brokerage company that has the highest transaction volume regarding all transactions and brokerage

AS A RESULT
OF INTENSIVE
EFFORTS, AK
INVESTMENT
INCREASED ITS
NET PROFIT BY
76.4% IN 2017
OVER THE PRIOR
YEAR.

companies in the Debt Securities Outright Purchases and Sales Market – which is organized under the structure of Borsa Istanbul.

With a 24% market share in 2017, Ak Investment remains the leader of TL-denominated private sector debt instrument issues, excluding banks and financial subsidiaries. In 2017, Ak Investment realized Turkey's first five-year private sector borrowing instrument: Enerjisa Enerji A.Ş. bonds. Furthermore, Ak Investment also mediated in the issuance of Enerjisa Elektrik Dağıtım A.Ş. bonds worth TL 405 million, the largest one-off nonfinance private sector borrowing instrument issue in Turkey.

The Investment Advisory Department establishes longterm, multifaceted relationships between Akbank consumer and corporate clients and provides investment advisory services that respond to customer expectations and their risk/ return profiles determined after eligibility and suitability tests are conducted. In keeping with the recommendations of the Ak Investment Research Team, Ak Investment devised strategies with various underlying assets, such as equities, foreign exchange, and time deposits. With this approach, it became the leader of structured debt instruments offering fixed or high returns in 2017. During the year, Ak Investment issued a total of 174 Ak Investment Structured Debt Instruments worth TL 401 million and 13 Ak Investment bonds worth TL 2 billion in total.

Ak Investment Corporate Sales and Trading Departments provide equities and VİOP sales and trading services to domestic and foreign corporate clients. The client portfolio includes portfolio management firms in Turkey as well as corporate customers based in Europe, Middle East, the UK, and the USA. The Company also reaches out to an extensive customer base with other products, such as primary and secondary public offerings.

AK ASSET MANAGEMENT

Established in 2000 to provide asset management services in capital markets to institutional and individual investors, Ak Asset Management is a whollyowned subsidiary of Akbank. Ak Asset Management conducts operations in three core business lines: pension fund management, discretionary portfolio management and mutual funds. Ak Asset Management is the market leader in pension fund management and the sector leader.

As of year-end 2017, total assets under management rose from TL 19.2 billion at end-2016 to TL 24.5 billion at end-2017, up 27.6% for the year. Ak Asset Management ranks second in the Turkish asset management industry in terms of assets under management. Total assets under management in the mutual fund portfolios managed by Ak Asset Management stood at TL 4.7 billion as of year-end 2017, with the company capturing a market share of 9.3%.

SUBSIDIARIES

AK ASSET
MANAGEMENT
HAS MAINTAINED
ITS LEADERSHIP
POSITION IN
TERMS OF
THE PRODUCT
DIVERSITY AND
INVESTMENT
UNIVERSE
OFFERED TO
CUSTOMERS.

Ak Asset Management is the leader of the Turkish pension investment fund sector with a 21% market share in terms of the portfolio size under management. In 2017, the 52 pension funds it manages continued to grow in a consistent fashion to reach TL 16.4 billion as of year-end.

Ak Asset Management has maintained its leadership position in terms of the product diversity and investment universe offered to customers. The Company provides a wide universe of investments spanning traditional products, such as borrowing instruments and share certificates in different themes, as well as gold, commodities and lease certificates, and private sector funds that invest in various world regions and themes. Ak Asset Management set up the sector's first Real Estate Investment Fund and Venture Capital Fund in 2016, bolstering its market reputation as innovator

Ak Asset Management also designs and manages the investor risk profile tests that form the basis of the Akbank Investment Services and Akbank Robo Advisory concepts, as well as investment management products such as Portfolio Ideas, which aim to help investors with different profiles manage their savings via asset distribution recommendations.

Established in 2006, Akbank's Discretionary Portfolio Management business line reported TL 3.0 billion AUM as of year-end 2017 with 15.3% increase over the last year. In its asset management

processes, the Company pursues an investment strategy that focuses on liquidity and asset diversification while prioritizing risk management based on predefined rules. Ak Asset Management also started delivering broad asset management services in 2015, in addition to providing discretionary portfolio management services for large individual and large institutional investors, tailored to their financial expectations and risk profiles.

In 2016, Ak Asset Management launched asset management services, which will be offered in a holistic approach to the top segment of Akbank Private Banking clients. In 2017, it stepped up its activities in this area.

Ak Asset Management provides support to raise awareness among AvivaSA customers on investment products and markets, with asset distribution proposals, monthly investment reports and informational videos, such as AvivaSA BES TV, for pension fund participants.

In recognition of its world class risk management, investment processes, new product development and sustainable performance, Ak Asset Management received World Finance's "Best Pension Fund Management Company" award. In addition, Ak Asset Management Venture Capital Fund's investment in solar energy in 2017 garnered the "Best Solar Deal" designation from EMEA Finance.

AKBANK ART CENTER 2017

— IN JOINT
EXHIBITIONS
BRINGING TOGETHER
WIDELY RENOWNED
NAMES OF THE
DOMESTIC AND
INTERNATIONAL
ART WORLDS,
AKBANK ART
CENTER PRESENTED
SELECT EXAMPLES
OF CONTEMPORARY
WORKS TO ARTS
ENTHUSIASTS.

Celebrating its 24th anniversary in 2017, Akbank Art Center was established in 1993 in order to brand the innovative and visionary identity Akbank pursues in arts.

Playing a leading role in the development of contemporary arts in Turkey and in bringing artworks to vast numbers of individuals across all social strata, Akbank Art Center ranks among the pioneering contemporary arts institutions in the country. The center organized over 700 events throughout 2017 in various branches of arts-including exhibitions, concerts, theatrical plays and dance—sending ripples across the national and international arts communities.

In joint exhibitions bringing together widely renowned names of the domestic and international art worlds, Akbank Art Center presented select examples of contemporary works to arts enthusiasts. In 2017, the center hosted such exhibitions as "Contemporary Artists Prize", the "Competition"

Exhibition", "Find Me" and "Dark Noise".

Many Turkish and international artists have performed concerts every month as part of "Piano Days," "Akbank Art World Music Days," "Jazz Days" and "Guitar Days" in the Multi-Purpose Hall, a popular venue for performing arts audiences in the Multi-Purpose Hall during the year.

Akbank Art Center's Dance Workshop recorded many international achievements, organized workshops with internationally acclaimed choreographers and dance instructors, and continued dance lessons for both children and adults throughout 2017.

Akbank Children's Theatre has made a significant contribution to cultivating a theatre-going audience in Turkey during its 45year history. Akbank Children's Theatre staged the play "Around the World in 80 Days" for the last time in May. In October 2017, the theatre started to perform "Gorilla" as written by Anthony Browne and adapted to the stage by Rachel Barnett, with the collaboration of London Polka Theater. The performances met with ample interest and critical praise.

In 2017, Akbank Art Center issued the prestigious book title "Architecture Today! 9" authored by Tony Godfrey. In a striking and impressive style, the book demonstrates the current day language, expressive capacities, and functionalities of contemporary architecture, which were shaped by its long journey from Ancient Egypt through Renaissance to our times.

At the 27th Akbank Jazz Festival, 53 concerts, three discussions

and 15 workshops were held in 36 venues on November 3-19. The festival included over 170 artists and was participated by 25 thousand music lovers.

Jazz on Campus concerts continued in 2017, as part of the 27th edition of Akbank Jazz Festival. Jehan Barbur, one of the most prominent names of the domestic jazz scene, took the stage in Muğla, Manisa, Izmir, Eskişehir, Bolu, Adana, Mersin, Kayseri and Ankara on November 20 – December 1, performing before nearly 6 thousand university students and music lovers.

The 13th Akbank Short Film Festival, which is a prominent platform for short films in Turkey that strives to support new ideas and contributes to short film culture, presented cinema enthusiasts with the opportunity to enjoy important films shown in international festivals through workshops and conversations as well as competition film on March 13-23. During the festival, 1,055 short movies from 52 countries met with the audiences.

During the 13th Akbank Short Film Festival, as part of the Festival Comes to Universities program, short award-winning films were screened at from Edirne to Van, from Zonguldak to Mersin between March 27 and May 11—in total, 42 universities, in 21 cities. As such, the Short Film Festival reached out to over 900 thousand university students.

In 2017, the 12th edition of Contemporary Istanbul Art Fair was held in Turkey's largest city. Akbank Art Center's booth was home to works by Ozan Türkkan with the curator Hasan Bülent Kahraman.

BOARD OF DIRECTORS

SUZAN SABANCI DİNÇER CBE

Chairman and Executive Board Member

Suzan Sabancı Dinçer is the Chairman of Akbank, Mrs. Sabancı Dincer is also a Board Member of Sabancı Holding and a Member of the Board of Trustees of Sabanci University, In 2009, Mrs. Sabanci Dincer founded the Akbank International Advisory Board and currently serves as its chairman. Suzan Sabancı Dinçer began her career in banking in 1986 and joined Akbank as Executive Vice President in charge of Treasury in 1989. In 1997, she was named **Executive Board Member for** Treasury and International Banking Relations. Mrs. Sabancı Dincer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Chairman in March, 2008.

Mrs. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, Harvard Kennedy School Mossavar-Rahmani Center for Business and Government's Advisory Council and an emeritus member of the Harvard Business School's Middle East and North Africa Advisory Board. Suzan Sabancı Dinçer is also a member of the Global Board of Advisors at the Council on Foreign Relations (CFR) and a member of the Board of Managing Directors of Venetian Heritage, Inc.

From 2010 to 2014, Suzan Sabancı Dinçer served as the chairman of the Turkish-British Business Council for two terms. From 2009 to 2016, Mrs. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House. In 2012, Her Majesty Queen Elizabeth II awarded Mrs. Sabancı Dinçer the

title of "Commander of the Most Excellent Order of the British Empire (CBE)" in recognition of her proactive and influential contributions to the development of Turkey-UK relations. Suzan Sabancı Dinçer is strongly committed to corporate social responsibility activities and assumes various positions in the fields of culture, education, and the promotion of entrepreneurship. She is a founding member and board member of the leading high-impact entrepreneurship movement, and a member of the board of patrons of the Contemporary Istanbul Art Fair. Mrs. Sabancı Dinçer is also Luxembourg's Honorary Consul in Istanbul. In 2014, Mrs. Sabancı Dincer was given the Order of Civil Merit (Orden del Mérito Civil) of the Kingdom of Spain by King Felipe VI of Spain for her contributions to the relations between the two countries and for her support to the cultural convergence. Suzan Sabancı Dinçer holds a BA

EROL SABANCI

children.

Honorary Chairman, Consultant to the Board and Board Member

in Finance from Richmond College

Boston University in the USA. Ms.

Sabancı Dincer is married with two

in the UK and an MBA from

Having served as a member of the Akbank Board of Directors since 1967, for a decade beginning from March 1998 Erol Sabancı served as the Chairman of the Board of Directors. Elected Honorary Chairman and Consultant to the Board on March 28, 2008, Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

HAYRİ ÇULHACI

Vice Chairman and Executive Board Member

Hayri Çulhacı was elected as Vice Chairman on July 18, 2010 and was appointed Chairman of the Audit Committee and Executive Risk Committee on January 17, 2011. Having joined Akbank as an Executive Vice President in 1990, Çulhacı was consecutively appointed as Executive Vice President in charge of Corporate Communications, Investor Relations and Strategy; as Advisor to the Chairman; and as Executive Board Member. Prior to joining Akbank, Hayri Çulhacı worked as Financial Analyst and Department Head in the Ministry of Finance. Çulhacı holds a BA degree in Economics from Ankara University, Faculty of Political Sciences and an MBA degree from Northeastern University in the USA. Hayri Çulhacı is a Member of the Board of Trustees of Sabancı Foundation, a Board Member of Aksigorta A.Ş., and AvivaSA A.Ş.

AHMET FUAT AYLA Executive Board Member

Ahmet Fuat Ayla was elected as Executive Board Member in charge of credits as of 12 July 2017. Ahmet Fuat Ayla joined Akbank as Corporate Branch Manager in 2002, became the Senior Vice President in charge of Corporate and Commercial Credits Approval Unit in 2005 and was appointed as Executive Vice President in charge of Corporate and Commercial Credits Approval in 2007. Before joining Akbank, Ahmet Fuat Ayla worked in marketing and sales department positions at Head Office and branches at different private sector banks. Ahmet Fuat Ayla is a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration.

CAN PAKER

Board Member

Received his master's degree from Berlin Technical University and continued his education at Yildiz Technical University to receive his PhD in mechanical engineering and at Columbia University for his MBA (1973). Starting his professional career at Turk Henkel in 1971, he held various senior positions in the company, and served as the General Manager (from 1984) and President of the Board of Directors until 2004. Paker held positions on the boards of several private companies and civil society organizations such as the Sabanci Holding, Sabanci University, Turkish Industry and Business Association (TÜSİAD). Istanbul Culture and Arts Foundation (İKSV), The Open Society Foundation in Turkey and Robert College. He served as the Chairman of TESEV (Turkish **Economic and Social Studies** Foundation) between 1997 and 2015. He is currently the founding and managing partner of B.O.Y. Consulting and a founding member of PODEM (Center for Public Policy and Democracy Studies), an Istanbul based think tank established in 2015.

YAMAN TÖRÜNER

Board Member

Yaman Törüner became a member of the Board of Directors in March 1998. Having served as a Member of Parliament between 1995 and 1999. Yaman Törüner also served as a Minister of State in 1996. Between 1990 and 1994, Yaman Törüner served as the President of the Istanbul Stock Exchange and from 1972 until 1990 he worked in various administrative positions within the Central Bank of Turkey, also serving as the Governor of the Central Bank of Turkey between February 1994 and January 1996. Additionally, Yaman Törüner is an op-ed columnist in the Milliyet daily.

AYKUT DEMİRAY

Board Member

Aykut Demiray joined Akbank as a Member of the Board of Directors on March 1, 2012. Aykut Demiray began his career in 1979 at T. Isbank as an Assistant Internal Auditor and undertook various duties in several units and branches, finally serving as Deputy Chief Executive between 1998 and 2011. A graduate of the Business Administration Department of the Faculty of Administrative Sciences from Middle East Technical University, Aykut Demiray is a a Member of the Board of Trustees at Istanbul Culture University.

EMRE DERMAN

Board Member

Emre Derman has led numerous large cross-border transactions in Turkey as a partner with the international law firm White & Case between 1989 and 2008. In addition to his work in Turkey he has worked in the New York and London offices of the firm and also in former Soviet Union and Eastern European countries during his term as a lawyer for the EBRD in 1994 to 1995. A former Board Member of Akbank in 2010. Derman has served as a Managing Director and the Senior Country Officer of JP Morgan in Turkey between 2011 and 2014. He is a member of various organizations relating to education and yacht racing and serves as a freelance consultant. Derman holds an LL.B. from Istanbul University Law School and an LL.M. from Harvard Law School.

AYDIN GÜNTER

Board Member

Aydin Gunter served at Sabancı Holding and held various positions including Executive Vice President in charge of Financial Control and Finance from 1974 to 1994. In 1994, he founded his own consulting firm and served as a Member of the Board of Directors in various companies beginning from 1998. Prior to joining the Sabancı Group, Aydın Günter worked at the Ministry of Finance as a Tax Inspector. Aydin Gunter is a graduate of the Faculty of Political Sciences at Ankara University.

HAKAN BİNBAŞGİL

Board Member and CEO

Hakan Binbaşgil joined Akbank as the Executive Vice President in charge of Change Management in October 2002. He initiated the Bank's "Restructuring Programme" which has transformed Akbank into one of Turkey's most customer-focused, modern and innovative financial institutions. Hakan Binbaşgil was appointed Executive Vice President in charge of Retail Banking in November 2003, Deputy CEO in May 2008, and since January 2012 as Board Member and Chief Executive Officer of the Bank. Prior to joining Akbank, Binbaşgil worked as a Management Consultant in the London and Istanbul offices of Accenture, and as Executive Vice President in a different private sector bank. Binbaşgil also served on the boards of directors of numerous companies domestically and abroad. After graduating from Robert College, Hakan Binbaşgil graduated from Boğaziçi University, Faculty of Mechanical Engineering. Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University-Baton Rouge, USA.

ADVISOR AND BOARD OF INTERNAL AUDITORS

ADVISOR

DR. JOSEF ACKERMAN Chairman's Advisor

Mr. Ackermann (born 1948, Swiss Citizen) started his career as a banker in 1977 at Schweizerische Kreditanstalt (SKA), today's Credit Suisse. In 1990, he was appointed to the Executive Board, becoming its President in 1993. In 1996, Mr. Ackermann joined the Management Board of Deutsche Bank AG, where he became responsible for the investment banking division. From 2002 to 2012 he served a full decade, first as spokesman and later as Chairman of the Management Board as well as the Group Executive Committee. During this time he led Deutsche Bank into the top ranks of the world's investment banks and steered it safely through the epochal financial crisis which broke out in 2007. At the same time, as chairman of the Institute of International Finance (IIF), the global association of

banks, he was highly instrumental in helping to solve this crisis as well as the ensuing debt crisis in the Euro zone. Besides his long career in banking Mr. Ackermann has been Chairman of the Board of Directors at Zurich Insurance Group (2012/13), a ranking Member of the Board of Directors at Royal Dutch Shell plc, Vice-Chairman of the Board of Directors at Siemens AG and Vice-Chairman of the Foundation Board at the World Economic Forum among others. Today, he still holds numerous mandates, amongst them as Chairman of the Board of Directors of Bank of Cyprus, member of the Board of Directors at Investor AB and EQT Holdings AB, Member of the Board of Directors at Renova Management AG, Member of the International Advisory Board of Akbank and Vice-Chairman of the Board of Trustees of The Conference Board. Mr. Ackermann gained a doctorate in economics and social sciences from the University of St. Gallen, Switzerland.

BOARD OF INTERNAL AUDITORS

EYÜP ENGİN Head of Internal Audit

Eyüp Engin joined Akbank in 1978 as an Assistant Internal Auditor. Following his auditing assignment, Eyüp Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed as the Executive Vice President in charge of Corporate Banking in 1996. Subsequently, Engin served as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing. Eyüp Engin was appointed to his current position of Head of Internal Audit in July 2007. He is a graduate of Middle East Technical University, Faculty of Economics and Business Administration

INTERNATIONAL ADVISORY BOARD

SUZAN SABANCI DİNÇER Chairman

DR. JOSEF ACKERMANN Member

HAMID BIGLARI Member

Hamid Biglari is formerly Vice-Chairman and Head of Emerging Markets at Citigroup. He was a member of Citigroup's Operating Committee and held various senior management roles throughout his tenure at the institution, including Chair of the Business Development Committee (the most senior client committee in the bank) and Chief Operating Officer of the Institutional Client Group (the investment and corporate banking arm of the bank). Prior to joining Citigroup, Dr. Biglari was a Partner at McKinsey & Company, where he co-led the Firm's investment

banking consulting practice. In that role, he advised CEOs at several bulge-bracket investment banks, commercial banks, insurance companies, investment management companies, and private equity firms. His experience base spans the entire spectrum of financial services. Prior to that, Dr. Biglari was a theoretical nuclear physicist at Princeton University's Plasma Physics Laboratory, the nation's leading center for controlled thermonuclear fusion research. He is a member of Council on Foreign Relations as well as a Trustee of Asia Society. He also sits on the Advisory Board of the Bendheim Center for Finance at Princeton University. In 2009, Dr. Biglari was awarded the Ellis Island Medal of Honor, given for outstanding contributions to the United States by immigrants. Dr. Biglari holds a Ph.D. degree in Astrophysical Sciences from Princeton University.

SIR WINFRIED BISCHOFF Member

After serving as the Chairman of the Board of Directors of Citigroup from December 2007 until February 2009, Sir Winfried Bischoff currently serves as the Chairman of the Board of Directors of Lloyds Banking Group since September 2009. Following his tenure at the Schroders Group as an executive, he was appointed Chairman of the Board of Directors of Schroders in May 1995 and with the acquisition of Schroders' Investment Banking division by Citigroup, Sir Bischoff became the Chairman of the Board of Directors of Citigroup Europe in April 2000. Sir Winfried Bischoff served as a Member of the Akbank Board of Directors from January 2007 until February 2008. Sir Winfried is currently a Member of the Board of Directors of Eli Lilly and McGraw-Hill in the United States and Prudential in the United Kingdom as well as the Chairman of the Board of Directors of the UK

Career Academy Foundation. Sir Winfried Bischoff continues to serve as the Chairman of the European Advisory Board of Citigroup Inc. Sir Winfried entered the Honor List and was knighted in 2000 for his contributions to the banking industry.

STEPHEN K. GREEN Member

Stephen Green was educated at Lancing College, Sussex, and at Oxford University where he graduated in 1969 with a BA (First Class Honours) in Politics. Philosophy and Economics, He also obtained a Masters Degree in Political Science from the Massachusetts Institute of Technology in 1975. He was created a Life Peer in 2010 and was appointed Minister of State for Trade and Investment in January 2011. He retired from this position in December 2013. Lord Green began his career in 1970 with the British Government's Ministry of Overseas Development. In 1977, he joined McKinsey & Co Inc, management consultants, with whom he undertook assignments in Europe, North America and the Middle East. He joined The Hongkong and Shanghai Banking Corporation in 1982 with responsibility for corporate planning activities, and in 1985 was put in charge of the development of the bank's global treasury operations. In 1992, he became Group Treasurer of HSBC Holdings plc with responsibility for the HSBC Group's treasury and capital markets businesses globally. In 1998, he was appointed to the Board of HSBC Holdings plc as an Executive Director. He became Group Chief Executive in 2003 and Group Chairman 2006. He retired from HSBC in December 2010. Lord Green was Chairman of the British Bankers' Association from 2006 to 2010. He also served as a Trustee of the British Museum. He served as a non-executive director of BASF. se until 2010. He is Chairman of the Natural History Museum, Chairman of the International Advisory Council of the British Chambers of Commerce and is a Member of the House of Lords EU Select Committee. Stephen Green has written four books - Serving God? Serving Mammon? [1996]; Good Value, Choosing a Better Life in Business [2009]; Reluctant Meister - How Germany's Past is Shaping

its European Future [2014]; and The European Identity – Historical and Cultural Realities We Cannot Deny [2015]. Stephen Green is married with two daughters.

MICHAEL KLEIN

Member

Michael Klein is the Managing Partner of M. Klein and Company, LLC, which is a leading independent financial and strategic advisor to companies, investors, and governments. Mr. Klein was previously the Chairman of Citi's Institutional Clients Group and Vice Chairman of Citi, Inc. In that capacity, Mr. Klein was responsible for managing the Bank's relationships with leading companies, investment funds, and governments in more than 100 countries. Prior to that time, Mr. Klein held a number of positions at Citigroup and Salomon Smith Barney including Head of Investment Banking. Mr. Klein led the efforts to build Citigroup's European businesses including the acquisition of the Investment Bank Schroder's PLC. He was also the founder of the firm's efforts advising and raising funds for private equity and other alternative investment firms. Mr. Klein is a member of various boards including: the Board of The Dow Chemical Company Agrosciences, IHS Inc., the Peterson Institute for International Economics, the American Academy of Berlin, Mount Sinai Medical Center and the Harvard Belfer Center. He is also an inaugural member of the United Nations' World Food Programme Investment Advisory Board. Mr. Klein has served as a guest lecturer at Columbia, Harvard, The London School of Business, The St. Petersburg University and at various educational programs arranged by the US Government, including the Federal Reserve and the Securities and Exchange Commission.

LUBNA OLAYAN

Member

Lubna Olayan is the Deputy Chairman and Chief Executive Officer of the Olayan Financing Company, a subsidiary of the Olayan Group, which operates in Saudi Arabia and the Middle East. Olayan is also a Member of the Board of Directors of Saudi Hollandi Bank,

a publicly listed company in Saudi Arabia, and has been a Member of the Board of Directors of WPP since March 2005. Lubna Olayan is a member of the International Advisory Board of the Council on Foreign Relations, a member of the Board of Directors of INSEAD and serves on the Board of Trustees of Cornell University and KAUST (King Abdullah University of Science and Technology). In October 2006, Olayan joined the International Advisory Board of Rolls Royce.

DANTE ROSCINI

Member

Dante Roscini teaches Managing International Trade and Investment in the Business, Government and the International Economy Unit at Harvard Business School. He joined the Harvard Business School faculty in 2008 and has published a number of cases and notes related to sovereign debt, monetary policy, central banking and international investment. He holds an M.B.A. from Harvard and a summa cum laude Laurea degree in Nuclear Engineering from the University of Rome, Italy. Before coming back to HBS Prof. Roscini spent twenty years in investment banking with senior positions at three of the top US bulge bracket firms in New York and London. He was Head of European Capital Markets for Goldman Sachs, Head of Global Equity Capital Markets and Head of the European Capital Markets and Financing Group for Merrill Lynch where he was also a Member of the Capital Commitments Committee and of the Managing Directors Promotions Committee, Finally, he was Country Head of Italy and Chairman of European Capital Markets for Morgan Stanley as well as a board member of Morgan Stanley International Bank. Prior to his career in investment banking Prof. Roscini worked as a researcher in nuclear archaeometry at the University of Rome, as a design engineer and project manager with Westinghouse Electric Corp. in the US and as a management consultant with the Boston Consulting Group in Paris.

HAYRİ ÇULHACI

Member

HAKAN BİNBAŞGİL Member

Executive Management



TOP ROW, FROM LEFT TO RIGHT

Mert Erdoğmuş

Şenol Altundaş

Hasan Recai Anbarcı

Wice President Credit Allocation

Tolga Ulutaș Executive Vice President Direct Banking

Ali Karaali

İlker Altıntaş

Türker Tunalı

Banu Özcan General Manager Akbank AG



BOTTOM ROW, FROM LEFT TO RIGHT

Alp Keler

Mehmet Tugal

Ege Gültekin

Levent Çelebioğlu

Mehmet Ali Ersarı

Bülent Oğuz

Burcu Civelek Yüce

Arif İsfendiyaroğlu

Hakan Binbaşgil

EXECUTIVE MANAGEMENT

HAKAN BİNBAŞGİL

Board Member

Hakan Binbaşgil joined Akbank as the Executive Vice President in charge of Change Management in October 2002. He initiated the Bank's "Restructuring Programme" which has transformed Akbank into one of Turkey's most customer-focused, modern and innovative financial institutions. Hakan Binbaşgil was appointed Executive Vice President in charge of Retail Banking in November 2003, Deputy CEO in May 2008, and since January 2012 as Board Member and Chief Executive Officer of the Bank. Prior to joining Akbank, Binbasqil worked as a Management Consultant in the London and Istanbul offices of Accenture. and as Executive Vice President in a different private sector bank. Binbaşgil also served on the boards of directors of numerous companies domestically and abroad. After graduating from Robert College, Hakan Binbaşgil graduated from Boğaziçi University, Faculty of Mechanical Engineering. Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University-Baton Rouge, USA.

BÜLENT OĞUZ Executive Vice President SME Banking

Bülent Oğuz joined Akbank as a Manager in March 2003. He served as Vice President and Senior Vice President of SME and Consumer Banking respectively. Oğuz was appointed as Executive Vice President in charge of SME Banking in July 2013. Before joining Akbank, Oğuz held various managerial positions at Corporate Banking and Loans divisions at different private sector banks. Oğuz is a graduate of Middle East Technical University, Political Science and Public Administration and holds an Executive MBA degree from Sabancı University.

BURCU CİVELEK YÜCE

Executive Vice PresidentHuman Resources and Strategy

Burcu Civelek Yüce joined Akbank in 2006 and lastly served as Senior Vice President of Strategic Management. She was appointed as Executive Vice President in charge of Human Resources and Strategy in May 2014. Her areas of responsibility cover human resources, strategic management and branch channel development. Prior to joining Akbank, she worked in international consulting and technology companies. Burcu Civelek Yüce has a B.Sc. degree in Industrial Engineering and an MBA degree from Boğaziçi University both first in rank. She also participated in courses in Harvard Business School and Koç University.

EGE GÜLTEKİN

Executive Vice PresidentCredit Monitoring and Follow Up

Ege Gültekin joined Akbank in February 2015 as Executive Vice President in charge of Credit Monitoring and Follow Up of Consumer, Corporate, Commercial and SME Loans. Before joining Akbank, Ege Gültekin held various senior management positions at different banks and asset management companies. Ege Gültekin is a graduate of Middle East Technical University, Department of Faculty of Economics and Administrative Sciences and holds a Master's degree from

John Hopkins University,
Faculty of Engineering,
Department of Information and
Telecommunication Systems.

ARIF ISFENDIYAROĞLU

Executive Vice PresidentConsumer Banking

Arif İsfendiyaroğlu joined Akbank in March, 2015 as Executive Vice President in charge of Consumer Banking and Payment Systems. Prior to joining Akbank, he held various senior management positions at different private sector banks. A graduate of Istanbul Technical University. Mechanical Engineering Faculty, Department of Textile Engineering, Arif İsfendiyaroğlu also holds a Master's degree in Business Administration from Bilgi University.

LEVENT ÇELEBIOĞLU Executive Vice President

Executive Vice President
Corporate & Investment Banking

Levent Çelebioğlu joined Akbank in May, 2015 as Executive Vice President in charge of Corporate and Investment Banking. Prior to joining Akbank, he held various senior management positions at different private sector banks. Çelebioğlu is also the Chairman of Akbank AG and Aklnvestment. Levent Çelebioğlu is a graduate of 9 Eylül University, Faculty of Economics, Monetary Economics & Banking Department.

TOLGA ULUTAȘ

Executive Vice PresidentDirect Banking

Tolga Ulutaş joined Akbank in September 2016 as Executive Vice President in charge of Direct Banking. Before joining Akbank, Tolga Ulutaş held various senior management positions at different companies. Tolga Ulutaș is a graduate of Istanbul Technical University, Department of Civil Engineering and holds MBA degree from San Diego State University.

ILKER ALTINTAŞ

Executive Vice PresidentTechnology and Operations

İlker Altıntaş joined Akbank in March 2012 as Vice President of IT Enterprise Architecture and later became Senior Vice President of the IT Architecture and Core Banking Department. In January 2017, he was appointed as Executive Vice President in charge of Technology and Operations. Before joining Akbank, İlker Altıntaş completed two banking transformation projects during his career as an executive of technology companies, involved in the development of finance/banking products and led engineering processes. İlker Altıntaş is a graduate of Middle East Technical University, Department of Computer Engineering and holds a PhD degree of software engineering from the same university. İlker Altıntaş has published many technical articles for international conferences. iournals and is a committee member for various national and international conferences.

HASAN RECAİ ANBARCI Executive Vice President

Credit Allocation

Hasan Recai Anbarcı joined Akbank in January 2003 and worked as Corporate Branch Manager, Regional Manager, and Senior Vice President of Commercial Credits approval division respectively. Prior to assigning as credits Executive Vice President in July 2017, he worked in several banks at executive positions for 10 years. Anbarcı is a graduate of Boğaziçi University, faculty of civil engineering and holds an executive MBA degree from Sabancı University.

MEHMET TUGAL

Executive Vice PresidentCommercial Banking

Mehmet Tugal joined Akbank in September 2005 and worked as Corporate Branch Manager and Senior Vice President of Commercial Banking respectively. He was appointed as Executive Vice President in charge of Commercial Banking in September 2017. Tugal is also the Chairman of Aklease and Vice Chairman of AkInvestment. Prior to joining Akbank, he held various senior management positions at different private sector banks. Mehmet Tugal is a graduate of Bilkent University, Business Administration and holds an MBA degree from Central Michigan University.

TÜRKER TUNALI Executive Vice President CFO

Türker Tunalı joined Akbank in September 2008 as Senior Vice President in charge of Financial Coordination and International Reporting. Prior to joining Akbank, he held various managerial positions since 1999. He was appointed as Executive Vice President (CFO) in charge of Financial Coordination in October 2017. Türker Tunalı is the Vice Chairman of Ak Asset Management, Board member of Aklease and Akbank AG. Türker Tunalı is a graduate of Boğaziçi University, Department of Business Administration and is a CFA (Chartered Financial Analyst) since 2006.

ALİ KARAALİ

Executive Vice President Treasury

Ali Karaali joined Akbank as Executive Vice President in charge of Treasury as of December 2017. Prior to joining Akbank, Karaali held various managerial positions at local and international banks. Ali Karaali is a graduate of Boğaziçi University's Department of Industrial Engineering and also completed his post graduate degree in the same department.

DR. ALP KELER

Executive Vice President
Executive Vice President
Private Banking and Wealth
Management

Alp Keler was appointed as Executive Vice President in charge of Private Banking and Wealth Management in January 2018. Prior to this appointment, he was serving as CEO of Ak Asset Management since 2011. Alp Keler has over 20 years of experience in capital markets and asset management. Keler is also the Chairman of Ak Asset Management. Keler is a graduate of Middle East Technical University Civil Engineering Department. He also received an MBA degree from Bilkent University, the Master of Law in Economics (LLM) from Galatasarav University, Management Program of Harvard Business School and PhD in Banking from Marmara University. He is a CFA (Chartered Financial Analyst). He served as a chairman, board and audit member in various local and global capital market associations.

SUBSIDIARIES

K. BANU ÖZCAN

Akbank AG Chairman of the Managing Board and General Manager

K. Banu Özcan was appointed General Manager of Akbank N.V. in September 2001. Following the merger of Akbank N.V. and Akbank AG, she was appointed the Chairman of the Managing Board and General Manager of Akbank AG as of June 2012. Prior to joining Akbank, Ms. Özcan held various positions at BNP-AK-Dresdner Bank A.Ş. and other overseas financial institutions. A graduate of Ludwig-Maximilians University, Department of Business Administration, Ms. K. Banu Özcan serves as a Member of the Board of Directors of the Association of Foreign Banks in Germany. In May 2014, K. Banu Özcan was appointed by Dr. Jens Weidmann, President of Deutsche Bundesbank (German Central Bank), as Advisory Board member of Deutsche Bundesbank, Regional Office in Hessen for a period of three years. In November 2014, K. Banu Özcan was also appointed by Frankfurt Mayor Peter Friedman as International Frankfurt Trade Ambassador for 2015 and 2016 in order to expand Frankfurt's trade relations and promote the city.

SENOL ALTUNDAS

Aklease General Manager

Şenol Altundaş was appointed General Manager of Ak Finansal Kiralama A.Ş. (Aklease) on June 1, 2015. Mr. Altundaş held various senior management positions in Commercial and Corporate Banking at Akbank for 12 years. A graduate of Marmara University, Political Science and International Relations, Mr. Altundaş holds a Master's degree in Business Administration from Sabancı University.

MERT ERDOĞMUŞ

Ak Investment General Manager

Mert Erdoğmuş was appointed General Manager of Ak Investment in January 2015. Prior to joining Ak Investment, he held various positions at banks and financial institutions for more than 20 years. Mert Erdoğmuş is a graduate of Istanbul University, Department of Business Administration and holds an MBA from Bloomsburg University of Pennsylvania.

MEHMET ALİ ERSARI

Ak Asset Management General Manager

Mr. Ersarı is a graduate of Middle East Technical University,
Department of Civil Engineering.
He received a Master's degree in Civil Engineering from the same university and an MBA from Bilkent University. Prior to joining Ak Asset Management as Assistant General Manager in 2008, he served as Treasury Director at the Royal Bank of Scotland. Mehmet Ali Ersarı served as senior manager for more than 20 years at leading institutions of the finance sector.

CHANGES IN THE ORGANIZATIONAL STRUCTURE DURING THE YEAR

Turgut Güney resigned from his position as Executive Vice President – Technology and Operations on January 31, 2017 and was replaced by İlker Altıntaş.

On July 12, 2017, the Executive Director of the Bank, Cem Mengi, resigned from his post. On the same date, Ahmet Fuat Ayla, Executive Vice President – Loan Allocation Unit, was appointed to replace Mr. Mengi, subject to approval at the next General Assembly to convene. Hasan Recai Anbarcı was appointed to the position of Executive Vice President – Loan Allocation Unit, vacated by Ahmet Fuat Ayla.

Mehmet Hakan Tugal was appointed to replace Kaan Gür, who resigned from his position as Executive Vice President – Commercial Banking Unit on September 15, 2017.

Türker Tunalı was appointed to replace Atıl Özus, who resigned from his position as Executive Vice President – Financial Coordination Unit on October 17, 2017.

Ali Batu Karaali was appointed to replace Kerim Rota, who resigned from his position as Executive Vice President – Treasury Business Unit on December 5, 2017.

The liquidation of Akbank (Dubai) Limited, the Bank's wholly-owned subsidiary, was officially completed on December 5, 2017.

The private banking functions managed by the Corporate-Investment Banking and Private Banking Department and investment service functions managed by the Retail Banking Department were transferred to the newly established Private Banking and Wealth Management Department as of January 2, 2018. Alp Keler was appointed as the Executive Vice President in charge.

BOARD OF DIRECTORS COMMITTEES

AUDIT COMMITTEE

The Audit Committee carries out the auditing and oversight activities on behalf of the Board of Directors. Specifically, the Audit Committee assists the Board of Directors in executing its responsibilities with regard to the matters stipulated below:

- Ensure the effectiveness and adequacy of the internal control, risk management and internal audit systems,
- Oversee the functioning of the internal control, risk management, internal audit, accounting and reporting systems in compliance with related legislation as well as the integrity of the resulting information,
- Conduct the initial assessment to assist the Board of Directors in selecting independent auditors and regularly monitor the activities of the independent auditors selected by the Board of Directors,
- Ensure that the internal audit activities of companies that are subject to consolidated audit under the Banking Law are conducted on a consolidated basis and facilitate their coordination,
- Notify the Board of Directors of issues that may undermine the sustainability and credibility of the Bank's business and/or may lead to breach of legislation and internal regulations of the Bank.

The Audit Committee receives regular reports from all units created under the internal control, internal audit and risk management systems as well as from independent auditors regarding the execution of their respective duties. It is incumbent on the Committee to notify the Board of Directors of issues that may undermine the sustainability and credibility of the Bank's business and/or lead to breach of legislation and internal regulations of the Bank.

The Bank's subsidiaries have also formed audit committees. Akbank's Audit Committee monitors the operations and activities of the subsidiaries' audit committees. Unless excused, all Committee members attend the meetings.

The Audit Committee members do not have a set term of office. The Audit Committee convenes at least four times each year.

Hayri Çulhacı Chairman (Vice Chairman and Executive Board Member)

Yaman Törüner Member (Board Member)

BACKGROUND INFORMATION OF EXECUTIVES IN CHARGE OF INTERNAL SYSTEMS UNITS

Please see page 88 of the Annual Report for the background information of the Board Member in Charge of Internal Systems Units, Hayri Çulhacı.

Eyüp Engin Head of Internal Audit

Please see page 90 of the Annual Report for Eyüp Engin's background information.

Savaş Külcü Head of Internal Control and Compliance

Savaş Külcü started serving on the Board of Internal Auditors in 1998 as internal auditor, went on to become Deputy Head of the same board in 2006 and then Head of Internal Control and Compliance in 2016. He received his Bachelor's degree from Boğaziçi University, Department of Economics and obtained an MBA from Sabancı University.

Şebnem Muratoğlu Chief Risk Officer (CRO)

Şebnem Muratoğlu joined Akbank as MT in 1995 and started working in the Treasury. She moved to Risk Management in 2002, became Senior Vice President of Risk Management in 2006 and was appointed as Chief Risk Officer in March 2017. Muratoğlu is a graduate of University of Kent, Department of Economics in the UK and holds an MA in Applied Finance from Macquarie University in Australia

CREDIT COMMITTEE

The Credit Committee is the ultimate executive body to ratify lending decisions, assessing loan proposals that are cleared by the Head Office in terms of their compliance with legislation, banking principles and objectives and lending policies of the Bank. Unless excused, all Committee members attend the meetings. The Credit Committee convenes on an as-needed basis.

Ahmet Fuat Ayla Chairman (Executive Board Member)

Hayri Çulhacı Member (Vice Chairman and Executive Board Member)

Hakan Binbaşgil Member (Board Member and CEO)

An Appraisal Subcommittee was instituted at the Head Office level to support the Credit Committee and to conduct an initial assessment of loan applications submitted by branches.

The aim of the Appraisal Subcommittee is to perform initial screening in accordance with the approval criteria of the Credit Committee, thereby increasing efficiency and speed of the procedure while acting as a bridge between the branches and the Credit Committee to provide closer supervision and clearer direction for the branches.

APPRAISAL SUBCOMMITTEE

Ahmet Fuat Ayla Member (Executive Board Member)

Hasan Recai Anbarcı Member (Executive Vice President - Credit Allocation)

Dependent on the loan type, the Executive Vice President of the relevant business unit attends the Appraisal Subcommittee as a member.

EXECUTIVE RISK COMMITTEE (ERC)

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of risks, setting commensurate risk limits and monitoring their performance. All risk policies formulated are documented in writing and incorporated with the overall long-term strategy of the Bank. Unless excused, all Committee members attend the meetings. The Committee convenes at least four times each year.

Hayri Çulhacı Chairman (Vice Chairman and Executive Board Member)

Ahmet Fuat Ayla Member (Executive Board Member)

Hakan Binbaşgil Member (Board Member and CEO)

CORPORATE GOVERNANCE COMMITTEE

The duties, authorities and responsibilities of the Corporate Governance Committee include:

- Attaining, overseeing and communicating the Bank's compliance with the Corporate Governance Principles,
- Scoping and overseeing relationships with investors as well as authorized bodies

such as Capital Markets Board (CMB) and Borsa Istanbul (BIST).

- Ensuring and overseeing the establishment of an honest and transparent communications platform with the Bank's stakeholders,
- Formulating the Code of Ethics and overseeing compliance,
- Supervising the activities of the Shareholder Relations Unit,
- Creating a transparent system for determining, evaluating and training the suitable candidates for the Board of Directors, and carrying out activities for determining policies and strategies in this issue.
- Activities are carried out by the Members of the Remuneration Committee on behalf of the Board of Directors, for monitoring, auditing and reporting the remuneration practices,
- Determining, maintaining and monitoring policies regarding all Social Responsibility Projects, including culture and art activities,
- Ensuring and supervising that the Bank's Annual Report, website, and similar publicity channels are prepared in conformity with the Corporate Governance Principles,
- Supervising the preparation of the Sustainability Report,
- Ensuring and supervising that necessary actions are taken for protecting the Bank's brand and reputation.

The Committee convenes twice a year.

Hayri Çulhacı Chairman (Vice Chairman and Executive Board Member)

Yaman Törüner Member (Board Member)

Aziz Aykut Demiray Member (Board Member)

Türker Tunalı Member (CFO - Responsible for Investor Relations) Members of the Board of Directors: Hayri Çulhacı and Yaman Törüner are the members of the Remuneration Committee.

ASSET-LIABILITY COMMITTEE (ALCO)

The Asset-Liability Committee (ALCO) is a subcommittee presided over by the CEO.
Responsible for daily liquidity and cash management, ALCO meets twice a week to take up developments in the economy and in the markets. In addition, development of investment, pricing and funding strategies as well as making decisions regarding daily liquidity management are also among the ALCO's responsibilities.

Unless excused, all Committee members attend the meetings.

Hakan Binbaşgil Chairman (CEO)

Türker Tunalı Member (Chief Financial Officer-CFO)

Ali Karaali Member (Executive Vice President-Treasury)

Mehmet Tugal Member (Executive Vice President-Commercial Banking)

Bülent Oğuz Member (Executive Vice President-SME Banking)

Arif İsfendiyaroğlu Member (Executive Vice President-Consumer Banking)

Levent Çelebioğlu Member (Executive Vice President-Corporate & Investment Banking)

Şebnem Muratoğlu Member (Chief Risk Officer-CRO)

Alp Keler Member (Executive Vice President – Private Banking and Wealth Management)

SUMMARY REPORT OF THE BOARD OF DIRECTORS

Akbank maintained a leading position in the Turkish banking industry in 2017 thanks to a robust balance sheet, effective risk management, a customeroriented approach and deep, long-standing international relationships. In 2017, Akbank's consolidated pre-tax profit reached TL 7,654 million, while consolidated net profit increased to TL 6,020 million. Akbank's return on equity and return on assets were actualized as 16.2% and 1.9%, respectively in 2017.

Akbank's total consolidated assets rose to TL 342 billion with a 16.0% annual increase, while lending surged by 17.1% to TL 209 billion and deposits climbed 15.8% during the year to TL 201 billion.

Thanks to its effective risk management policies, Akbank's non-performing loan ratio stands at an extremely low level of 2.1%, significantly below the sector average of 3.0%.

With its capital adequacy ratio hovering at a lofty 15.8%, Akbank stood well over the recommended ratio of 12% in the Turkish banking industry.

Despite challenging economy related developments, Akbank continues to undertake efficiency initiatives. One of the most efficient banks in the industry, Akbank achieved an operational expenses-to-total assets ratio of 1.6% in 2017.

The Bank's objective is to create sustainable and high value for shareholders in every segment of the banking industry. Akbank will continue to undertake initiatives and investments in 2017 and ahead in an attempt to further enhance this successful performance, grow efficiently, and create value for all of its stakeholders.

We would like to thank our employees, as well as our shareholders and social stakeholders for their contributions and support.

OUTSOURCED SERVICES

Pursuant to the Regulation on Bank Procurement of Support Services, Akbank procured support services in the areas of archive, call center, security, card production and card personalization, courier, mobile banking, operational services, marketing, cash register pos area service and software application services and information services from the firms listed in the table below.

As of year-end 2017, in addition to the firms listed in the table, Akbank received support service from 106 auto dealers for car loan marketing activities and from 629 stores for retail credit.

SU	PPORT SERVICE PROVIDER	ACTIVITY AREA OF SUPPORT
		SERVICE PROCURED
1	Marmara Sosyal Hizm. Turz. Tic. ve San. A.Ş.	Archive Service
2	CMC İletişim ve Çağrı Merkezi Hizm. A.Ş.	
3	Collecturk Alacak Yönetimi ve Danışmanlık A.Ş.	
4	Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	
5	Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	
6	Comdata Teknoloji ve Müşteri Hizmetleri A.Ş.	
7	Sestek Ses ve İletişim Bilgisayar Teknolojileri San. Tic. A.Ş.	
8	ATOS Bilişim Danışmanlık ve Müşteri Hizmetleri San. Tic. A.Ş.	Call Center / Software Services
9	G4S Güvenlik Hizmetleri A.Ş.	Security Services
10	Tepe Savunma Güvenlik Sistemleri A.Ş.	
11	Austria Card Turkey Kart Operasyonları A.Ş.	Card Production and Card Personalization
12	E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	
13	Plastikkart Akıllı Kart İletişim Sistemleri San. ve Tic. A.Ş.	
14	Aktif İleti ve Kurye Hizmetleri A.Ş.	Courier Service
15	Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.	
16	Adecco Hizmet ve Danışmanlık A.Ş.	Operational Services
17	Bilkay Bilgi Kayıt ve Org. Tic. Ltd. Şti.	
18	Desmer Güvenlik Hiz. Tic. A.Ş.	
19	Fu Gayrimenkul Yatırım Danışmanlık A.Ş.	
20	Hobim Digital Elektronik Hizmetler A.Ş.	
21	MTM Holografi Güvenlikli Basım ve Bilişim Tekn. San. Tic. A.Ş.	
22	Eksen Pazarlama ve Satış Dan. A.Ş.	Marketing Servive
23	Adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Software, Software Maintenance/ Troubleshooting, Patching and Product
24	Asseco See Teknoloji A.Ş.	
25	Bilişim Bilgisayar Hizmeti Ltd. Şti.	
26	Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	
27	Biznet Bilişim Sistemleri ve Danışmanlık Sanayi Tic. A.Ş.	
28	DIP Yazılım Ticaret Ltd. Şti.	
29	DTP Bilgi İşlem ve İletişim Tic. Ltd. Şti.	
30	EGA Elektronik Güvenlik Altyapı A.Ş.	
31	Eretim Bilgisayar Hizmetleri ve Dan. Ltd. Şti.	
32	Etcbase Yazılım ve Bilişim Teknolojileri A.Ş.	
33	Fineksus Bilişim Çözümleri Tic. A.Ş.	
34	Fonoklik İletişim Hizmetleri ve Tic. A.Ş.	
35	Foreks Bilgi İletişim Hizmetleri A.Ş.	
36	Geneks International Yazılım ve İletişim Teknolojileri Ltd. Şti.	
37	Globit Global Bilgi Teknolojileri A.Ş.	

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

OUTSOURCED SERVICES

SUPPORT SERVICE PROVIDER

ACTIVITY AREA OF SUPPORT SERVICE PROCURED

- 38 IBM Global Services İş ve Teknoloji Hizmetleri Tic. Ltd. Şti. (Emergency Services)
- 39 Infina Yazılım A.Ş.
- 40 Ingenico Ödeme Sistem Çözümleri A.Ş.
- 41 Innova Bilişim Çözümleri A.Ş.
- 42 Innovera Bilişim Teknolojileri A.Ş.
- 43 Itelligence Bilgi Sistemleri A.Ş.
- 44 IX Future Yazılım Tekn. San. ve Tic. Ltd. Şti. (It is subcontractor of Evrensel Yazılım Teknolojileri Bilisim San. ve Tic. Ltd. Sti.)
- 45 Key Internet Hizmetleri Bilgisayar Yazılım, Donanım, Mühendislik, Müşavirlik San. ve Tic. Ltd. Şti.
- 46 Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.
- 47 Spark Bilgi İşlem Sistemleri San. ve Tic. A.Ş.
- 48 Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş.
- 49 Kartek Kart ve Bilişim Teknolojileri Tic. A.Ş.
- 50 Logo Elektronik Ticaret Hizmetleri A.Ş.
- 51 Logo Yazılım Sanayi ve Tic. A.Ş.
- 52 Mirsis Bilgi Teknolojileri Ltd. Şti.
- 53 Misys PLC
- 54 Netaș Telekominikasyon A.Ş. (It is subcontractor of BDH Bilişim Destek Hizmetleri San. ve Tic. A.Ş.)
- 55 NCR Bilişim Sistemleri Ltd. Şti.
- 56 Novosoft Yazılım Teknolojiler Bilişim Sanayi ve Tic. A.Ş.
- 57 OBSS Bilişim Bilgisayar Hiz. Dan. San. Tic. Ltd. Şti.
- 58 Mastercard Payment Transaction Services Turkey Bilişim Hizm. A.Ş.
- 59 Prozek Bilişim Çözümleri Ltd. Şti.
- 60 Smartiks Bilgi Teknolojisi A.Ş.
- 61 UCS Bilişim Sist. Ltd. Şti.
- 62 Uzman Bilişim Danışmanlık A.Ş.
- 63 Vega Bilgisayar Hizmetleri Ltd. Şti.
- 64 Verifone Elektronik ve Danışmanlık Ltd. Şti.
- 65 V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Tic. A.Ş.
- 66 Zenn Bilişim Teknolojileri San. ve Tic. Ltd. Şti.

Software, Software Maintenance/ Troubleshooting, Patching and Product

RELATED PARTY TRANSACTIONS

Pursuant to the Banking Law, related-party transactions of the Bank cover all arms-length banking transactions in the scope of ordinary bank-customer relationship under the prevailing market conditions. Detailed disclosures on these dealings can be found in Note VII of Section 5 in the publicly-announced Unconsolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report, prepared as of December 31, 2017. In addition, the aforementioned information can also be found in Note VII of Section 5 in the Consolidated Financial Statements, Notes to these Financial Statements and the Independent Auditor's Report.

AFFILIATION REPORT

The Board of Directors of Akbank has issued an Affiliation Report regarding the relations with Company's controlling shareholder and associate companies of the controlling shareholder in 2017 Activity Period. The conclusion of this report is given below as per the 199th Article of Turkish Commercial Code of n.6102.

Necessary explanations about the transactions between Akbank and the related parties are available in Footnote VII in Section Five of the Explanations and Footnotes Regarding the Consolidated Financial Statements. The Report issued by the Board of Directors of Akbank, states: "The legal transactions our Bank has carried out with the parent company Haci Ömer Sabanci Holding A.Ş. and Sabanci Group Companies are listed above. There is no financial loss in our Bank resulting from the fact that it is a member of the group Companies. All transactions have resulted in conformity with market examples, within the framework of an ordinary customer relationship."

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Declaration of Compliance with Corporate Governance Principles

Corporate governance, transparency and commitment to ethical values have always been a top priority for Akbank.

- · Akbank's pioneering firsts in corporate governance include:
- First bank to disclose its dividend policy (2003),
- First bank to state its
 Corporate Governance
 Principles in its Annual Report
 (2003),
- First bank to publish its Corporate Governance Principles on its website (2004).
- · First bank to buy back its founders' shares (2005),
- First Turkish bank to be a signatory to the United Nations Global Compact (2007),
- · First bank to publish its Global Compact Report (2010),
- Pioneer in its support of the launch of the Carbon Disclosure Project (CDP) in Turkey (2010),
- First deposit bank to publish a sustainability report in accordance with Global Reporting Initiative (GRI) standards (2010),
- First Turkish company included in the Global 500 Report of the Carbon Disclosure Project (2010).

The core corporate governance principles that regulate the relationships between Akbank's management, shareholders, employees and third parties (i.e. customers, legal authorities, suppliers, and all types of individuals and institutions which the Bank does business with) are stipulated below.

Integrity

The Bank remains committed to the principle of integrity in its activities, operations and relationships with all of its stakeholders and other parties.

Credibility

Aware that customer confidence lies at the heart of banking, Akbank provides customers and all other stakeholders with clear, comprehensible and accurate information and offers timely and comprehensive services in line with the promises made by the Bank.

Non-discrimination

Akbank refrains from harboring prejudice against stakeholders based on gender, behavior, opinion or ethnic origin and does not discriminate against anyone under any condition or circumstance.

Compliance

Akbank abides by all laws, regulations and standards.

Transparency

Except for the information deemed commercial secret, the Bank informs customers and the public at large thoroughly, accurately and promptly.

Pursuing Public Interest and Respect for the Environment

In all of its activities, practices and investments, Akbank acts to safeguard its image, interest and profitability as well as public interest, development of the banking industry, sustainability and the continuation of confidence in the sector while complying with laws and regulations related to the environment, consumer rights and public health.

Having adopted the Corporate Governance Principles stipulated in the Banking Legislation, Capital Markets Board and Turkish Commercial Code, the Bank pays utmost attention to implementing these principles. The Bank has achieved compliance with the compulsory articles of the Corporate Governance

Principles issued by the Capital Markets Board in the Official Gazette n.28871 on the date 03.01.2014. In addition, activities are ongoing for compliance with the noncompulsory principles.

SECTION I-SHAREHOLDERS

2. Investor Relations Division

Akbank management strives to be in transparent and close communication with shareholders. To attain this goal, Akbank management has embraced the principle of equal treatment of all shareholders. The primary objective is to make Akbank shares an attractive and predictable investment vehicle for both existing shareholders and potential investors.

An Investor Relations Group was established in 1996 to manage and reinforce the Bank's relations with shareholders.

Moreover, there is a Financial Coordination and International Reporting Department in Akbank in order to facilitate pursuing shareholders' rights.

The director who has administrative responsibilities in the Investor Relations and Sustainability Department and the Financial Coordination and International Reporting Department is:

Türker Tunalı, Executive Vice President - CFO turker.tunali@akbank.com.

Türker Tunalı who has "Capital Markets Activities Advanced Level License" and "Corporate Governance Rating Specialist License," was appointed as a member to the Corporate Governance Committee.

The Investor Relations Activity Report was presented to the Board of Directors in February 2017.

Financial Coordination and International Reporting Department

hissedarislemleri@akbank.com Telephone:

- +90 (212) 385 57 80
- +90 (212) 385 67 55
- +90 (212) 385 54 77

Zeynep Terzioğlu, Senior Vice President

zeynep.terzioğlu@akbank.com Osman Sezginer, Vice President osman.sezginer@akbank.com Ertan Büyüksaatçı, Manager Ertan.buyuksaatci@akbank.com

Investor Relations and Sustainability Department

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- +90 (212) 385 61 39
- +90 (212) 385 68 68

Ebru Güvenir, Senior Vice President

ebru.guvenir@akbank.com İlknur Kocaer, Vice President ilknur.kocaer@akbank.com Ayşe Aldırmaz, Manager ayse.aldirmaz@akbank.com Nazlı Çelem, Manager nazli.celem@akbank.com Kemal Burak Songül, Manager burak.songul@akbank.com

Main Tasks of the Financial Coordination and International Reporting Department:

- Regarding the General
 Assembly meetings, preparing
 the documents that will be
 presented for the information
 and review of the shareholders
 and taking necessary
 measures to ensure that the
 General Assembly meeting will
 be held in conformity with the
 relevant legislation, Articles of
 Association and other internal
 regulations of corporation;
- Performing capital increase transactions;
- Conducting dividend payment transactions;

- Providing timely responses to inquiries related to Company shares:
- Ensuring that necessary amendments are made to the Articles of Association in compliance with relevant legislation;
- Announcing all kinds of news that may have an impact on the exercise of shareholders' rights, regularly via the Public Disclosure Platform (www.kap. gov.tr) as material disclosures.

The primary duties of the Investors Relations and Sustainability Department include:

- Administering relationships with current and potential institutional investors and credit rating agencies;
- Establishing communication between the Board of Directors and shareholders, responding to the questions of shareholders, and reporting shareholder opinions to the Board of Directors on a regular basis:
- Keeping regular, secure, and up-to-date records of the correspondence made between the investors and the corporation and other information and documents.
- Announcing developments related to Akbank and the Bank's periodic financial statements to shareholders in a timely fashion and keeping the investor relations section of the Akbank website up-todate;
- Preparing introductory presentations about the Bank, posting these on the website, and participating in investor meetings and conferences in Turkey and abroad;

 Undertaking initiatives to improve the Bank's Corporate Governance practices, overseeing and monitoring the fulfilment of the obligations arising from the Capital Markets legislation including corporate governance and public disclosure all relevant issues.

The Investors Relations and Sustainability Department is responsible for conveying the performance and strategies of the Bank to current and potential investors in the most accurate and transparent manner. In addition, the Department plays an active role in safeguarding shareholding rights and facilitating their exercise, particularly the right to obtain and examine information.

The Investor Relations and Sustainability Department joined the Executive Management team in participating in 23 domestic and overseas investor conferences in 2017; during the year, meetings with approximately 220 international investment funds and two rating agencies were held. In addition, the Department responded to more than 500 inquiries from investors and an anexist of the second control

3. Exercise of Shareholders' Right to Information

Written and verbal information requests made by the corporate investors and shareholders are evaluated by the Investor Relations and Sustainability Department and Financial Coordination and International Reporting Department under the structure of Financial Coordination Business Unit

http://www.akbank.com/yatirimci-iliskileri/sayfalar/yatirimci-iliskileri.aspx for Turkish http://www.akbank.com/en/investor-relations/Pages/investor-relations.aspx. for English.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

All questions that do not interfere with trade secrets are answered by these departments within the scope of equality principle while continuous communication is achieved between the management and shareholders.

All news that may impact the exercising of shareholders' rights, is regularly announced via the Public Disclosure Platform (www.kap.gov.tr) in Turkish and English as "material event disclosures." Moreover, there is a link on the Bank's website to the Public Disclosure Platform.

Akbank maintains an investor relations website in Turkish and in English. In addition, the website on sustainability came on air, in both Turkish and English.

Furthermore, there is an "Akbank IR" application for the iOS operating system with Turkish and English language options.

Since the Bank implements the provisions of the Turkish Commercial Code in relation to appointment of a special auditor, this issue has not been provided for in a separate article in the Articles of Association. There was no request for appointment of a special auditor during the period covered by this report.

4. General Assembly Meetings

During the reporting period (January 1, 2017-December 31, 2017), one Ordinary General Assembly meeting was held. The participation rate at the Ordinary General Assembly meeting was 67.5% and all stakeholders wishing to attend the meeting were able to do so. Invitation to the General Assembly meeting held during the period was published in the Turkish Trade Registry Gazette.

The invitation to the General Assembly meeting is published at least three weeks prior to the General Assembly meeting in the Turkish Trade Registry Gazette on the Bank's website. on the Public Disclosure Platform (www.kap.gov.tr), on the e-YÖNET Corporate Governance and Investor Relations Portal (www.mkk.com.tr), e-ŞİRKET Aggregate Corporation Portal (www.mkk.com.tr) and on the e-GENEL KURUL Electronic General Assembly System (www. mkk.com.tr); and in accordance with the procedures stipulated by law in order to reach as many shareholders as possible. The Annual Report is made available to shareholders three weeks prior to the General Assembly meeting on the Bank's website and at the Financial Accounting and Shareholder Relations Directorate, as well as at the Bank's Ankara, Adana and Izmir commercial branches. In addition, the matters stipulated in Article 1.3.1 of the Capital Markets Board's Corporate Governance Principles are announced to the shareholders alongside the invitation to the General Assembly on the Bank website.

The agenda of the General Assembly is drafted so as not to provoke conflicting interpretations. Matters transmitted by shareholders to the Investor Relations and Sustainability Department in writing to be included in the agenda are taken into consideration by the Board of Directors. During the accounting period, shareholders did not proffer a suggestion falling outside of the agenda items.

Agenda items are presented in a clear and comprehensible manner at the General Assembly. Shareholders exercise their right to pose questions and all questions are answered unless they pertain to commercial secrets.

Members of the Board of Directors who are the subject matter experts on the agenda items, other relevant persons, officials who have a responsibility in the preparation of the financial statements, and the statutory auditors attend the General Assembly meeting to provide the necessary briefings and to address any questions. At the Ordinary General Assembly held during the accounting period, shareholders did not pose any questions. Yılmaz Mete, one of the Bank's shareholders, took the floor and expressed his opinions on the balance sheet and income statement.

Provisions of the Articles of Association provide for voting by proxy. Shareholders may cast their vote at General Assembly meetings either in person or through another person, whether a shareholder or not. Members of the media do not attend the Bank's General Assembly meetings.

General Assembly meetings are held at the Akbank Head Office building (Sabancı Center) in order to increase the participation of shareholders while ensuring their attendance at the lowest possible cost. Those eligible to attend the Bank's General Assembly meetings can also participate in these meetings and cast their votes through the electronic General Assembly system.

Donations and charitable contributions during the reporting period are made to various associations, foundations and organizations; their amounts are presented at the General Assembly as a separate agenda item.

General Assembly meeting resolutions are made available to shareholders on the Public Disclosure Platform (www.kap. gov.tr), the e-YÖNET Corporate Governance and Investor

Relations Portal (www.mkk. com.tr), e-ŞİRKET Aggregate Corporation Portal (www.mkk. com.tr) and e-GENEL KURUL Electronic General Assembly System (www.mkk.com.tr), and on the Bank websites.

5. Voting Rights and Minority Rights

Akbank avoids practices that obstruct the exercise of voting rights and provides all shareholders with equal, easy and convenient voting opportunities. The Articles of Association do not provide for privileged voting rights. The Bank is not in a crossshareholding relationship with any company. The cumulative voting method is not used at Akbank

There are no members elected by the minority rights in the Board of Directors. Minority rights are specified no less than one twentieth of the Bank's capital in the Articles of Association of the Bank. Furthermore, utmost attention is paid to using minority rights in conformity with the Turkish Commercial Code (TTK) and Capital Markets Board (SPK) regulations.

6. Right to Dividend

There are no privileges in the sharing of the Bank's profit. The principles of Akbank's profit distribution are stated on the website, in Article 82 of the Bank's Articles of Association and in the Annual Report.

After setting aside 5% of the profit as legal reserve and an amount equal to 5% of the paidin capital to shareholders as the first dividend. The General Assembly is authorized to decide whether to distribute the remaining profit entirely or partially to shareholders, or to set it aside as an extraordinary reserve.

The dividend proposal is prepared in accordance with the provisions of the Turkish Commercial Code, the Banking Regulation and Supervision Agency of Turkey, Capital Markets Board of Turkey and the Bank's Articles of Association; the proposal is presented to the General Assembly for approval.

Akbank publicly announced its dividend distribution policy as: "provided that no adverse conditions exist regarding domestic and/or global economic circumstances and that the Bank's capital adequacy ratio remains at the targeted level, distributing to its shareholders in cash or share up to 40% of the Bank's distributable profit."

During the reporting period, the Bank distributed TL 900 million to its shareholders as gross cash dividends.

7. Transfer of Shares

No provision exists in the Bank's Articles of Association that restricts transfer of shares.

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Disclosure Policy

In accordance with the Capital Market Law and Corporate Governance Principles, the Information Disclosure Policy was formulated and approved by the Board of Directors and announced to the public on the Company website. The Board of Directors has the authority and the responsibility to supervise, oversee and improve the public disclosure and information dissemination policy of Akbank.

The Bank has tasked the Financial Accounting and Shareholder Transactions Directorate and the Investor Relations and Sustainability Department, jointly serving as the Investor Relations Division under the Financial Coordination business unit and the Corporate Communications Department, to supervise and oversee all matters pertaining to public disclosures.

Persons responsible for administering the Information Disclosure Policy are: Hakan Binbaşgil, Chief Executive Officer, Türker Tunalı, Executive Vice President - Chief Financial Officer.

Publicly disclosed information is announced for public use via the Public Disclosure Platform (www. kap.gov.tr) and on the Bank's website in a timely, correct, complete, comprehensible, interpretable, economical and accessible manner for the entities that will make use of the announcement to make a decision. Moreover, the e-YÖNET: Corporate Governance and Investor Relations Portal of the Central Registry Agency is used for informing the investors.

Information about the future of the Bank, available on page 117 of the Annual Report, was announced via Public Disclosure Platform.

Public disclosure of the evaluations about the future is made in conformity with the provisions of the relevant legislation.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

9. Company Website and Its Content

The Bank maintains a website in Turkish and in English.

Information on the website is presented in accordance with the provisions of relevant legislation and is kept up-to-date

The website contains information stipulated in the Capital Markets Board's Corporate Governance Principles; accordingly, the main categories of information that can be found on the website include:

- Information about members of the Board of Directors and Executive Management
- Board of Directors Committees
- · International Advisory Board
- Detailed information about the Bank's corporate identity
- Corporate Governance Principles Report
- · Ethical Principles
- Commercial registry information
- · Capital Information
- Shareholder and management structure
- Up-to-date Articles of Association
- · Material disclosures
- Annual Reports, periodic financial statements and reports
- Agendas and meeting minutes of General Assembly meetings
- List of attendees at the General Assembly
- Voting forms
- · Bribery and corruption policy
- Dividend distribution policy, history and capital increases

- · Prospectuses and circulars
- · Information Disclosure Policy
- · Compensation Policy
- Donation and Aid PolicyEmployee indemnity policy
- Policy of Compliance with Financial Crimes Investigation Board of Turkey (MASAK) regulations
- General Assembly Internal Resolution
- General Assembly Information Document
- · Frequently asked questions
- Annual Reports and financial information for at least the last five years

are available on the Bank website. The address of the Akbank website appears on the letterhead of the Bank.

10. Annual Report

The Annual Report is prepared in accordance with the principles stipulated in the relevant legislation in sufficient detail that allows the public at large to have complete and accurate information about the Bank's activities.

SECTION III-STAKEHOLDERS

11. Informing Stakeholders

Aware that one of the core principles of its corporate responsibility is ongoing dialogue with all its stakeholders, Akbank strives to establish regular, continuous and trust-based communications with its stakeholders by taking heed of their expectations and opinions. Akbank's website, Akbank IR App, public disclosures, Akbank branches, the Call Center, social media

(e.g. Twitter, Facebook), other media, advertising and public relations campaigns, the Annual Report and the Sustainability Report are the most important platforms used by the Bank to keep stakeholders informed. In addition, two-way dialogue platform samples developed exclusively for each stakeholder group to elicit their feedback and to enter into dialogue with them are available in the Sustainability Report accessible at the link below.

Akbank's "Ethical Principles" document, which stipulates relationships with stakeholders by group type, is also posted on the Bank website.

Akbank shares with its employees all information pertaining to the Bank's activities in every area, including new product and service offerings, messages from the management, corporate goals and strategies, brand communications activities and business conduct. Sharing of this information with personnel takes place in a rapid and effective manner beyond a paper medium over the Bank's Corporate Portal.

Akbank established an "Ethics Line" to enable employees to raise their concerns about issues that they believe cannot be resolved within their business units, or for whatever reasons cannot be taken to their colleagues/business line managers. The dedicated phone line provides personnel with support and advice when necessary in such circumstances. All calls received by the Ethics Line are reported to the Board of Internal Auditors.

The Turkish website can be reached at

http://www.akbank.com/tr-tr/Sayfalar/default.aspx

And the English website can be reached at

http://www.akbank.com/en-us/Pages/default.aspx

Sustainability Report can be reached at

https://www.akbank.com/en-us/investor-relations/Pages/Sustainability-Report.aspx

Actions in breach of legislation or ethical rules reported by the stakeholders are investigated by the Board of Internal Auditors with a notification to Internal Control and Compliance. Major matters are reported to the Internal Systems Officer.

12. Participation of Stakeholders in Management

Akbank elicits the opinions of its stakeholders through an integrated platform via the channels of the Call Center, Bank branches, Contact Us Communication Form on the website, e-mail, facsimile and postal mail. Additionally, in accordance with the Bank's policy of ensuring customer satisfaction in every channel, customer expectations and demands expressed on complaint websites, as well as on social media platforms such as Facebook and Twitter, are also reviewed and assessed by the Bank.

Akbank monitors the level of customer satisfaction via periodic surveys and on social media channels on a regular basis and plans and rapidly implements actions in areas conducive to improvement based on the opinions and suggestions expressed by customers.

In addition, participation of employees in management is always encouraged and their innovative ideas for improving and expanding the Bank's business are forwarded to the related management functions via the suggestion system; there, suggestions are evaluated carefully and rewarded when deemed appropriate. In order to establish effective and efficient labor relations and foster team spirit, the Bank regularly engages in social responsibility activities that increase personnel communications and that facilitate teamwork.

13. Human Resources Policy

Since its founding, Akbank has achieved great success with its top quality human capital. Today, as the business world and human resources are rapidly transforming, Akbank continues efforts to be the pioneer of this transformation in different areas. While preparing for the future, Akbank strongly believes that its most important asset and strategic partner is a development-oriented, innovative and versatile workforce. All human resource practices are centered on the employee experience.

The Human Resources
Department aims to recruit
innovative and visionary young
talent in line with the Bank's
strategies, values and vision.
The Department also is charged
with placing recruits in areas
where they will create the most
added value for the organization
and for themselves, in addition
to supporting and sustaining
Akbank employees' continuous
development.

Akbank is committed to the fundamental principles of equal opportunity, fair assessment and transparency in managing its human resources. The Bank considers its human capital to be the architect of its past achievements and the biggest guarantee of future success, as well as its most important investment.

The main pillars of the Human Resources roadmap include:

- End-to-end redesign of employees' Akbank experience, starting from the recruitment process,
- Transformation of employees' learning experience into a personal development journey,
- Continuous development of work methods in line with new business needs,
- Proactive and participatory development planning that upholds a multi-faceted employee experience,

- Target- and competencybased, transparent and fair performance management,
- A talent management program supported by a comprehensive, personalized development plan.
- An encouraging, risk-focused rewarding mechanism that fosters superior performance,
- A cultural transformation program that supports and complements digital transformation,
- Constantly improving organizational efficiency with a focus on employee productivity,
- Effective in-house and external communication based on corporate values and culture.

The Bank's objective is to attain results that make a difference with the strength of its human capital; deliver an excellent banking experience to Turkey; and create value for its shareholders

To sustain the Bank's success in this regard, the mission of Akbank Human Resources is to provide direction for the organizational structure, operations, human resource and business strategies in accordance with the objectives of the Bank.

The human resources policy aims to optimize the competency and productivity of employees and ensure its full manifestation in the Bank's business results. In an effort to attain excellent business results, the policy strives to create a working environment that inspires and motivates the Bank's employees, in a comfortable and professional atmosphere.

The Bank's organizational structure, employee job descriptions and allocation of staff are announced to personnel and published on the Bank's Corporate Portal.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Akbank has a transparent and flexible performance and rewarding system that is open to improvement and that emphasizes an objective evaluation framework.

Performance and rewarding criteria are readily available to employees on the Bank's Human Resources Portal where each staff member has a dedicated, password-protected page.

Akbank conducts the "Employee Commitment Survey" for all personnel each year to elicit feedback on professional life, work processes and functions; to closely monitor satisfaction and the level of corporate loyalty; and to identify improvement areas. In addition, employee pulse questionnaires are given to extend dialogue with employees to a new channel, ensure continuity of communication, and receive their feedback. The Employee Commitment Survey is administered by an independent research company on a confidential basis and the results are analyzed by the Human Resources Department; the Bank implements improvements and other modifications based on the findings.

Ethical principles are at the center of Akbank's corporate culture and management, and form the foundation of Akbank's current rock-solid reputation in the banking industry and society. The Bank is committed to bolstering and maintaining this vaunted position, and preserving the stability and confidence in the sector. Akbank does its utmost to ensure that employees embrace the ethical principles as outlined in inhouse communication channels and training programs, and act in line with such an awareness. The Bank also has an Ethics Line, through which Bank personnel can communicate any issue that they cannot resolve or bring up in their own department for any reason.

The Ethics Line operates on the principle of confidentiality. The Bank's Ethics Line operates on a confidential basis and allows employees to raise their concerns about issues they believe cannot be resolved within their business units, or for whatever reasons cannot be taken to their colleagues/line managers.

Structured in accordance with the organizational model, needs and expectations of the Bank's business lines, the Human Resources and Strategy Business Unit acts as the strategic partner of Akbank's other business units in all human resources issues and provides them support as needed.

The Banksis-Banks and Insurance Workers Labor Union also maintains relationships with employees. The monetary rights of employees covered under the collective labor agreements as well as other administrative matters between the Bank and personnel are governed by these agreements that are signed every two years between the Bank and the Union.

The Bank executes all of its business processes, and those related to human resources in particular, on the basis of the principle of equality; as a result, Akbank does not discriminate based on race, religion, language or gender. When a complaint is received in regard to this issue, the Bank assesses the situation in accordance with the principles stipulated above.

14. Rules of Ethics and Social Responsibility

Akbank's principles, code of conduct and other aspects governing relationships with persons and institutions, both internal and external to the Bank, have been compiled and documented in writing as "Ethical Principles." The Bank's Ethical Principles are communicated to all staff

members. This document can be accessed on both the Turkish and English website of the Bank (http://www.akbank.com).

Akbank's Ethical Principles aim to regulate the conduct and behavior of personnel at all levels as well as their relationships with individuals and institutions within or outside the Bank. Approved on September 26, 2003 by Resolution No. 8783 of the Board of Directors for the first time and updated based on the prevailing circumstances and trends in the business world, the Bank's ethical rules are expected to be observed by all employees at all levels and fully complied with during the course of performance of their duties. Naturally, employees shall act with due diligence in line with the basic rules and principles in any situation not covered in this document. Since conduct in breach of the ethical principles can impact the Bank's activities and integrity in the eyes of its stakeholders, employees can report any irregularity to their supervisors and/or to the Ethics Line should they encounter conduct or a transaction in breach of the ethical principles or should they have a suspicion in this regard. In addition, all notifications made to the Ethics Line are kept confidential and staff members do not face a sanction for their notification.

Akbank took a major step in the area of sustainability when it became a signatory to the United Nations Global Compact in 2007. As a result, the Bank also showed its ongoing commitment and support to the universal principles of human rights, working conditions, the environment and anti-corruption by becoming the first company in the Turkish banking industry to publish a Communication on Progress (COP) Report in 2009.

After publishing its
Sustainability Report in
accordance with Global
Reporting Initiative (GRI)
standards, a first among
Turkish deposit banks in 2010,
Akbank released its eighth
Sustainability Report in 2017.

In addition, Akbank supported the launch of the Carbon Disclosure Project (CDP) in Turkey. The CDP is implemented in 60 countries and considered one of the world's most comprehensive and high profile environmental initiatives. Akbank also reports climate change management activities and the Company's environmental footprint to the CDP; the Bank is listed alongside the world's most reputable companies and organizations as a committed member of the Carbon Disclosure Project.

Akbank has also made major revisions to its internal business processes and policies by adding environmental and social factors to its ethical principles and its loan evaluation and procurement processes.

In order to internalize sustainability initiatives and support the transition to sustainable business conduct, the Bank administered Sustainability Approach training to more than 19 thousand employees over the last three years since 2011 via classroombased and e-learning courses.

Embracing the view that enlightenment of a country involves gaining diverse perspectives ranging from education to the arts, Akbank has worked diligently to shine a light to the future. Akbank will continue to contribute to society with the pioneering projects it undertakes in culture, the arts, education, youth, entrepreneurialism, savings and the environment.

SECTION IV-BOARD OF DIRECTORS

15. Structure and Composition of the Board of Directors

Akbank's Board of Directors governs and represents the Bank through the strategic decisions it makes with a rational and cautious risk management approach prioritizing the Bank's long-term interests by maintaining an optimal balance of risk, growth and return for the Bank

Akbank's Board of Directors defines the Bank's strategic objectives, determines the human and financial resources the Bank will need, and oversees the management's performance. The Board of Directors supervises the compliance of the Bank's activities with applicable legislation and the Company's Articles of Association, internal regulations and policies.

The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors plays an active role in maintaining effective communications between the Bank and its shareholders, and in obviating and resolving potential conflicts.

Section 3 of the Bank's Articles of Association stipulates the Bank's administrative structure and organization. This section states the duties and authorities of the members of the Board of Directors and executives. Within this framework, the duties, authorities and responsibilities of the Board of Directors are subject to the principles stipulated in the provisions of the Turkish Commercial Code and the Banking Law as well as the provisions of the Articles of Association.

The terms of the members of the Board of Directors who were elected in March 2017 will expire in 2018. All members of the Board of Directors attend the Board's meetings unless they have an excuse.

Suzan Sabancı Dinçer: Chairman and Executive Board Member Erol Sabancı: Honorary Chairman, Consultant to the Board and Board Member Hayri Çulhacı: Vice Chairman and Executive Board Member Ahmet Fuat Ayla: Executive **Board Member** Yaman Törüner: Board Member Aykut Demiray: Board Member Aydın Günter: Board Member Can Paker: Board Member Emre Derman: Board Member Hakan Binbaşgil: Board Member and CEO

Background information for the members of the Board of Directors is presented on page 88-89 of the Annual Report, on the Akbank website at the link below, and on the e-YÖNET portal (www.mkk.com.tr). The tasks and duties assumed by the Members of the Board of Directors in and outside the group are given in their résumés.

There are three executive and seven non-executive members on Akbank's Board of Directors. Suzan Sabancı Dinçer, Ahmet Fuat Ayla and Hakan Binbaşgil are executive Board members.

According to the Capital Markets Board's corporate governance principles, members of bank audit committees are considered independent members of the Board of Directors. Hayri Çulhacı and Yaman Törüner, the members of the Audit Committee, are independent Board members.

http://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Yonetim-Kurulu.aspx

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The other Independent Member of our Bank is Mr. Aykut Demiray who has all independency criteria in line with the Capital Markets Board regulations and who was approved for a one year term at the Ordinary General Assembly Meeting held on March 28, 2017. The report dated January 19, 2017 stating Mr. Aydın Günter had the independency criteria was submitted to the Corporate Governance Committee, while the Board of Directors decided to notify the Capital Markets Board about Mr. Aydın Günter as an independent member candidate.

The independence statement of Mr. Aydın Günter who was elected as an Independent Member of the Board of Directors at the Ordinary General Assembly Meeting held in 2017, is given below.

I do declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of the Akbank T.A.Ş.(Company), within the scope of the criteria stipulated in the legislations, the articles of association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,

- b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/ purchasing of the products and
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- d) In accordance with the legislation, I will not be working fulltime in public institutions and organizations (except working as an academic at the university) after being elected as a member,
- e) I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- g) I will be able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,

- h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i) I have not been an independent member of the Board of Directors in more than three of the companies controlled by the same person, by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total.
- j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

The Bank's Articles of
Association stipulate that
members of the Board of
Directors cannot undertake
commercial transactions with
the Bank in areas where the
Bank is actively engaged either
in person or by proxy, unless
they have received the approval
of the General Assembly. The
provisions of Article 396 of
the Turkish Commercial Code
pertaining to the non-compete
clause and the provisions of the
Banking Law are reserved.

Powers of the Chairman of the Board of Directors and the General Manager were separated accurately and this issue was included in the Articles of Association.

16. Operating Principles of the Board of Directors

A secretariat is present to inform and communicate with the members of the Board of Directors. The Board of Directors meets at least 12 times per year. Members of the Board of Directors make every effort to attend every meeting and to convey their opinions.

The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other Board members and the Chief Executive Officer. Information and documents related to the matters on the meeting agenda are made available for the examination of the members of the Board of Directors sufficiently before the meeting by adhering to the principle of equal information flow.

Members of the Board of Directors may make motions to the Chairman of the Board to amend the agenda prior to the meeting. The opinions of a member who does not attend the meeting but who submits his or her opinions to the Board of Directors in writing are communicated to the other members.

The form and conduct of Board of Directors meetings are documented in writing as stipulated by internal company regulations. Agenda items are discussed openly and from every possible perspective at the Board of Directors meetings. The Chairman of the Board of Directors makes the best effort to ensure the active participation of non-executive members in Board meetings. For a resolution to be passed by the Board of Directors, a quorum consisting of the presence of more than half the members of the Board of Directors is necessary. A simple majority of the members in attendance is sufficient to adopt resolutions. Deliberations of the Board of Directors are regularly recorded by a secretary to be selected either from among the members or from outside of the Board. The minutes of the meeting must be signed by the members present; should there be any dissenting votes regarding the resolution(s), the reason must be recorded

in the minutes and signed by the dissenting member(s). The validity of the resolution(s) is predicated upon their being documented in writing and signed. The procedures pertaining to the recording of the minutes for resolutions are stipulated in Article 31 (quorum for the gathering and resolutions of the Board of Directors) and Article 32 (minutes of Board resolutions) of Section 3 (the administrative structure and organization of the Bank) of the Articles of Association.

As stated in the Capital Markets Board decision, banks are obligated to comply with the CMB Corporate Governance Principles. Within the period, there were no non-complying transactions in contradiction of this obligation.

The Bank has insured itself against any damages resulting from unintentional errors by members of senior management, with an upper limit of USD 20 million.

Pursuant to Article 32 of the Articles of Association. members of the Board of Directors cannot undertake commercial transactions with the Bank in areas where the Bank is actively engaged either in person, or by proxy, unless they have received the approval of the General Assembly. The Bank implements the provisions of Article 396 of the Turkish Commercial Code pertaining to the non-compete clause and the provisions of the Banking Law. The members of the Board of Directors did not perform any transactions with the Bank outside this scope in 2017.

No member of the Board of Directors has a right to a weighted vote and/or veto power. Each member is entitled to one vote Pursuant to Article 32 of the Articles of Association. members of the Board of Directors may not participate in the discussion of matters concerning their personal benefit or the benefit of their relatives shown in Article 393 of the Turkish Commercial Code. In case such a matter becomes the subject of a Board discussion, the concerned member is required to inform the Board of his connection and have the same recorded in the minutes of that meeting, or, in the case of Article 390 paragraph 4, on the paper bearing the motion.

17. Number, Structure and Independence of the Committees Established under the Board of Directors

The areas of activity and the members of the committees constituted within the Bank are determined by the Board of Directors; when finalized, they are announced to the public in the Bank's Annual Report and on the website.

The Board of Directors provides all resources and support that the committees need in order to execute their functions. Committees invite the executives that they deem necessary to their meetings and elicit their opinions; they resort to independent expert opinions in matters that they deem necessary within the course of their activities

All activities of the committees are recorded and documented in writing. Committees meet as frequently as the effectiveness of their activities require in accordance with their operating principles. They submit reports about their activities and the outcomes of their meetings to the Board of Directors.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

When the number of members of the Bank's Board of Directors is taken into consideration, one member of the Board of Directors assumes duties in more than one committee.

Within the structure of Akbank, we have an Audit Committee, Corporate Governance Committee, Credit Committee, and Executive Risk Committee. Committee members and their tasks are available in the Annual Report, page 98-99.

Akbank also has an Asset-Liability Committee (ALCO) presided by the Chief Executive Officer. Responsible for daily liquidity and cash management, ALCO meets twice weekly to discuss economic and capital market developments. In addition, ALCO develops investment, pricing and funding strategies for the Bank. Committee members are presented on page 99 of the Annual Report.

18. Risk Management and Internal Control Mechanism

The Board of Directors is responsible for formulating the Bank's fundamental approach to risk, including risk management policies and principles, strategies and risk-taking levels as well as regularly reviewing these and making modifications when necessary. The Executive Risk Committee, a committee of the Board of Directors, devises the policies and procedures related to the identification, measurement, monitoring, reporting and control of risks.

These policies are reviewed and evaluated periodically at the meetings of the Executive Risk Committee and Asset-Liability Committee.

The Chief Executive Officer ensures that the Bank's units operate in line with the risk management policies and strategies established by the Board of Directors. In addition, internal control and internal audit activities performed periodically also provide the necessary inspections for compliance with risk management policies and strategies.

The Risk Management
Department, the Board of
Internal Auditors and the
Internal Control and Compliance
Division report directly to the
Board of Directors. The Audit
Committee's Assessment Report
is presented on page 119 of the
Annual Report.

19. The Bank's Strategic Objectives

The Board of Directors has clearly and comprehensibly formulated the vision. mission and short- and longterm strategic objectives of Akbank as presented in the Annual Report and on the Bank's website. The Articles of Association state that the duties and responsibilities of the Board of Directors are subject to the principles stipulated in the provisions of the Turkish Commercial Code and the Banking Law, as well as the provisions of the Articles of Association. The Articles of Association also obligate the Board of Directors to meet at least once a month and establish the circumstances thereof clearly. At its meetings, the Board of Directors monitors the Bank's progress in light of its strategic objectives and evaluates its performance.

The Board of Directors approves the annual budget of the Bank and its strategic plan. The Board of Directors closely monitors the budgeted and the actual figures, gathers information regarding deviations and follows up on its decisions. If there are significant deviations in macroeconomic indicators from those assumed in the budget, the budget is revised and resubmitted

for approval to the Board of Directors. The Board of Directors monitors strategic objectives, budget targets and actuals on a daily, weekly or monthly basis depending on the nature of the issues under review. In addition to printed reports, the Board also has access to the Bank's financial statements, various financial and nonfinancial indicators by customer, branch and business unit or for the Bank as a whole through the Management Information System.

20. Financial Benefits

Article 37 of the Articles of Association states: "The General Assembly shall determine, under these Articles of Association, a monthly salary or attendance fee for members of the Board of Directors." Remunerations for the members who assume certain tasks in our Bank are determined by the General Assembly within the scope of the authorization granted.

Akbank does not use stock options or payment plans based on the Company's performance in compensating the independent members of the Board of Directors.

Article 50 of the Banking Law limits the loans to be extended by Akbank to the Directors serving on the Board within a clear framework of restrictions. No loans are made to the members of the Board of Directors outside of this scope.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AS PER THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE REPORTING PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)

We have examined the Akbank T.A.Ş. Annual Report pertaining to 01.01.2017 - 31.12.2017 period that we have attached, as per the Capital Markets Board's Communiqué on the Reporting Principles Regarding Financial Reporting in Capital Markets. Thus, we have concluded that the Annual Report does not include any explanations contrary to facts, or any deficiencies regarding important issues, and that it accurately reflects the facts about the company's financial status and activity results.

Best regards,

Hayri ÇULHACI Chairman of the

Audit Committee

S. Hakan BİNBAŞGİL

CEO

Türker TUNALI

Executive Vice President

SUMMARY RESULTS FOR 2017 AND FUTURE EXPECTATIONS OF THE BANK

With the strategies it has implemented in 2017, Akbank strengthened the structure of its balance sheet, maintained the quality of its assets, and continued growing in conformity with its sustainable profitability target.

Despite challenging global market conditions in 2017, Akbank managed to deliver sustainable profitability and asset quality for its stakeholders while continuing to support the Turkish economy via its robust balance sheet and long-term resources obtained from overseas markets.

In 2017, Akbank's consolidated assets exceeded TL 342 billion increasing by 16 %. In the same period, Akbank's total loans exceeded TL 261 billion, TL 209 billion of which is composed of cash loans. Furthermore, Akbank's total deposits reached TL 201 billion increasing by 16%.

In 2017, market shares of Akbank's loans and deposits in the sector were 9% and 10%, respectively.

As of year-end 2017, 36% of Akbank's total loans were corporate loans, and 43% were SME and commercial loans, while 29% of Akbank's total loans consumer and credit card loans. In the same period, Akbank's corporate, commercial and SME loans in TL increased 33% in total. On the other hand, there was a 9% increase in Akbank's consumer loans (apart from credit cards) while the market share of these loans was 8%. There was a 2% increase in Akbank's retail credit cards. while their market share remained at 13%.

Akbank limited its non-performing loan (NPL) ratio, another indicator of healthy growth, to 2.1%, below the industry average of 3,0% for the same period. Akbank sets aside 156% provisions for non-performing loans, including general provisions.

Leveraging the strength of its balance sheet, Akbank continued to secure syndicated and securitization loans from overseas institutions, deploy these major sources of funding for the benefit of the Turkish economy, and channel these funds to the real sector. In March 2017. 38 banks participated in a USD 1.2 billion syndicated loan, and total subscription surpassed 100% as eight new banks from China, India, Italy, Saudi Arabia, United Arab Emirates, Austria and Japan joined in the transaction. The extension of the USD 1.15 billion syndication loan secured in August 2017 was oversubscribed by 126%, setting a new record in the Turkish banking industry. Furthermore, a new syndication loan extended by 11 new banks, including banks from China, Taiwan, India and South Korea, demonstrated once again the strong trust in Akbank and the Turkish banking sector. In 2017, USD 4.7 billion was secured from overseas sources.

Continuing to be one of the most productive banks not only in Turkey, but also among the developing countries, the ratio of Akbank's operational expenses to its total assets was 1.6% in 2017.

As of 2017 year-end, Akbank's consolidated net profit was TL 6,020 million (approximately USD 1,610 million), and its nonconsolidated net profit was TL 6.039 million (approximately USD 1,165 million).

Thanks to its excellent performance in 2017, Akbank raised its return on equity (ROE) and return on assets (ROA) to 16.2% and 1.9%, respectively. The Bank's leverage ratio for the year was 8.4x.

Akbank's consolidated capital adequacy ratio, measured in accordance with Basel III standards, was 15.8%, well above the legal limit of 12% while its consolidated Tier-1 ratio was 14.2%, which was one of the highest ratios in the sector.

The Bank's high capital adequacy, low leverage ratio, strong asset quality, high liquidity, effective risk management policy, qualified human resources and technological infrastructure, are the strongest factors supporting Akbank's sustainable profitable growth.

BANK'S EXPECTATIONS FOR 2018

Macroeconomic Indicators (%)	201
GDP Growth, real terms	~4
CPI Inflation	~9.0
Banking Sector Growth (%)	201
Asset Growth	12-14
Loan Growth	12-14
Deposit Growth	12-1
Akbank Growth Guidance (Consolidated) (%)	201
Asset Growth	13-1
Loan Growth	13-1
Growth on Deposits	13-1
	201
Return on Assets	~1.8%
Leverage Ratio	~9.0
Return on Equity	15.5%-1
Net Interest Margin	~3.5%
Net Fees & Commission Growth	~15%
Operational Expense Growth (*)	~13%
Operational Cost/Income	~35%
Operational Cost/Assets	1.6%
Capital Adequacy Ratio	~15%
Loans/Deposits Ratio	Max 105%
Non-Performing Loans Ratio	~2.1%
Net Cost of Risk (**)	~50 lap
Earnings per Share Growth	~129
	2019 and Beyon
Return on Assets	1.7 - 1.9%
Leverage Ratio	9.0x - 9.5
Return on Equity	15 – 179

 $[\]ensuremath{^{(\mbox{\tiny "})}}$ Non-recurring investment accounts for about 2% of operational costs.

^(**) According to Turkish Financial Reporting Standard 9 (TFRS 9) and a private loan reserve requirement of around 80%.

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT SERVICING CAPACITY

The Bank runs its operations with a high level of profitability while increasing its shareholders' equity. The Bank allocates only a very small portion of its shareholders' equity to fixed investments such as fixed assets and subsidiaries. Therefore, the Bank's owner's equity is very high and it is invested in interest-bearing assets. Thanks to its sound capital structure and effective risk management, Akbank boasts a capital adequacy ratio higher than the minimum level set forth in the applicable law as well as a high level of liquidity that enables the Bank to pay its debts under any market conditions.

AKBANK STOCK PERFORMANCE IN 2017



Akbank shares ended the year at TL 9.85 with an increase in value of 29% in 2017.

REPORT OF THE AUDIT COMMITTEE

ASSESSMENT OF THE
AUDIT COMMITTEE
REGARDING OPERATIONS
OF INTERNAL CONTROL,
INTERNAL AUDIT AND
RISK MANAGEMENT
SYSTEMS AND THEIR
PERFORMANCE IN 2017

Akbank's Audit Committee held four meetings in 2017. During these meetings, the Audit Committee undertook efforts geared toward executing its duties and responsibilities that are stipulated on page 98 of this Annual Report.

Internal audit, internal control and risk management operations, duties and responsibilities are separate from each other at the Bank. They are carried out by the Board of Internal Auditors, the Internal Control and Compliance Division, and the Risk Management Department, which are organizationally independent from one another yet function in coordination and report directly to the Board of Directors.

Evaluation of the operations and ensuring the sustainability, adequacy and effectiveness of the Bank's internal systems, comprised of all branches and departments as well as the subsidiaries of the Bank that are subject to consolidated audit, are utmost priorities for Akbank's Board of Directors. The duties and responsibilities of the Board of Directors vis-à-vis the internal systems are executed by the Board of Directors, the Audit Committee, and the Director of Internal Systems for Internal Audit, Internal Control and Risk Management.

The Board of Internal Auditors made significant contribution to: managing risks that may result from the activities of the Bank; compliance of the transactions, applications, systems and models with the internal external legislation; developing service quality, productivity and performance; improving cost management; protecting the assets; protecting the reputation and brand value of the Bank

Planning and performing its activities with a risk oriented approach, and in accordance with the legal obligations, the Board of Internal Auditors: evaluates the potential risks in branches, subsidiaries, Headquarters' units, and in all Bank activities and practices; determines the areas that need to be developed and enhanced; and reviews whether internal control, risk management and corporate governance is in conformity, effective and sufficient or not. The results of the audits are not only reported, but all kinds of improving, enhancing suggestions are made to add value and to strengthen the internal systems. Furthermore, the consequences of the actions taken about these issues are effectively and continuously monitored.

The Board of Internal Auditors makes intensive use of technology in all areas to constantly develop and improve its operations. It creates certification and training opportunities for the professional development of its auditors and strives to make contributions to the Bank with its experienced, well-trained, qualified and competent human capital.

As a consequence of the audits and assessments made in 2017; no important factors that may have negative impacts on the activities of the Bank, or that may hinder the Bank from fulfilling its obligations, were detected. It was concluded that: internal control, risk management and corporate governance of the Bank functioned successfully and effectively; the activities of the Bank had low risk in general; financial and legal reports were accurate; and iv) activities were carried out in conformity with the legislation.

As a consequence, with its risk oriented approach, qualified human resources, intensive technology utilization, experienced and prudent management, the internal audit system is effective and successful in preventing, detecting and eliminating risks thanks to its strong, experienced and effective management staff.

The main purpose of the Internal Control and Compliance
Division is to ensure that the Bank's activities are carried out effectively and efficiently, in compliance with the laws and other regulations within a strong internal control environment.
Control tasks were performed by competent and experienced internal control personnel in branches and in the Head Office business units through onsite and/or centralized activities.

REPORT OF THE AUDIT COMMITTEE

Within the scope of the activities, the Division tested the Bank's current processes and transactions in order to also ensure the integrity of information and system security; improved and updated the internal control system continuously; collaborated with responsible units in legal and regulatory compliance-related processes; administered training for the Bank employees; fulfilled the obligations stipulated in the Law No. 5549 on Prevention of Laundering of Proceeds of Crime and Financing of Terrorism; performed risk assessments regarding the Bank's support service providers; and carried out control activities at all branches at least once a year.

The Internal Control and Compliance Division significantly contributes to minimizing losses associated with operational risks, and to managing our activities in an efficient, productive and effective control environment in full compliance with applicable laws, rules and regulations.

The Risk Management Department continued its activities to ensure the most accurate calculation and reporting of the Bank's potential risk exposure in accordance with the materiality criterion using effective risk management measurements and methods. Closely monitoring the financial and economic developments in global markets, Basel principles and other international regulations and developments in the risk management field, the Department made improvements in existing practices.

With its skilled and competent staff, the Risk Management Department constantly improves itself and increases its contribution to the Bank by closely monitoring the changes and innovations in the internationally-accepted risk management principles, regulations and models.

Analyses, calculations, simulations, scenario analyses, stress tests and other tasks performed as part of the Bank's risk management activities provide continuous and systematic input into the strategic decisions of the Bank's Board of Directors and Executive Management and support the overall decisionmaking mechanism.

With the 2017 ICAAP Report (Internal Capital Adequacy Assessment Process Report) prepared under the coordination of the Risk Management Department, validation and audit reports regarding ICAAP were evaluated and approved by the Audit Committee. The set of 2017 ICAAP reports was submitted to BRSA upon the approval of the Board of Directors

In consideration of the overall activities and operations of the internal control, internal audit and risk management systems of Akbank in 2017, efforts undertaken are deemed highly effective and satisfactory.

Hayri ÇULHACI Chairman of the Audit Committee

Yaman TÖRÜNER Member of the Audit Committee

DISCLOSURE OF PUBLIC AND PRIVATE AUDITS:

Akbank operates pursuant to the provisions of Banking Law No. 5411 and is subject to the regulation and oversight of the Banking Regulation and Supervision Agency of Turkey (BRSA) according to the provisions of the same law. Within this scope, BRSA undertook routine auditing activities during the year.

CREDIT RATINGS

MOODY'S	
Baseline Credit Assessment	Ba2
Long-Term TL Deposit	Baî
Short-Term TL Deposit	Not-Prime
Long-Term FC Deposit	Ba2
Short-Term FC Deposit	Not-Prime
Bond Rating	Baî
FITCH RATINGS	
National Rating	AA+(tur
Long-Term TL Deposit	BB+
Short-Term TL Deposit	E
Long-Term FC Deposit	BB+
Short-Term FC Deposit	E
Bond Rating (Long/Short Term)	BB+/E

FIVE-YEAR SUMMARY FINANCIAL FIGURES

Five-Year Summary Consolidated Financial Figures (TL million)	2013	2014	2015	2016	2017
Total Assets	195,482	218,697	252,467	294,501	341,610
Loans	118,010	136,131	153,466	178,893	209.478
Deposits	112,473	122,294	149,471	173,968	201,456
Shareholders' Equity	22,135	26,140	28,015	32,492	40,614
Net Profit	3,077	3,379	3,229	4,854	6,020
Five-Year Summary Unconsolidated Financial Figures (TL million)	2013	2014	2015	2016	2017
Total Assets	183,737	205,451	234,809	272,825	316,03
Loans	110,676	125,978	141,763	161,828	190,509
Deposits	105,277	113,373	138,942	158,878	184,904
Shareholders' Equity	21,339	25,112	26,689	32,376	40,42
Net Profit	2,942	3,160	2,995	4.820	6.039

DISCLOSURES RELATED TO EVENTS SUBSEQUENT TO THE BALANCE SHEET

Disclosures related to events subsequent to the balance sheet can be found in Note IX of Section 5 in the publicly-announced Unconsolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report, prepared as of December 31, 2017. In addition, the aforementioned information can also be found in Note IX of Section 5 in the Consolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report.

AUDIT REPORT ABOUT THE EARLY RISK DETECTION SYSTEM AND THE EARLY RISK DETECTION COMMITTEE



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE EARLY RISK IDENTIFICATION SYSTEM AND COMMITTEE ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Akbank T.A.Ş.

1. We have audited the early risk identification system and committee established by Akbank T.A.Ş. ("Bank").

Board of Directors' Responsibility

2. Pursuant to subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; Board of Directors is required to form an expert committee, and to run and to develop the necessary system for the purposes of early identification of causes that jeopardize the existence, development and continuity of the Bank; applying the necessary measures and remedies in this regard; and managing the related risks.

Auditor's responsibility

3. Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority. Those principles require us to identify whether the Bank established the early risk identification system and committee or not and, if established requires us to assess whether the system and committee is operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the adequacy of the operations carried out by the management of the Bank in order to manage these risks.

Information on the Early Risk Identification System and Committee

4. The Bank established the early risk identification system and High Priority Risk Committee and it is comprised of 7 members. The Committee has submitted the relevant reports for the period 1 January – 31 December 2017 to the Board of Directors that had been prepared for the purpose of early identification of risks that jeopardize the existence of the Bank and its development, applying necessary measures and remedies in this regard, and managing the risks.

Conclusion

5. Based on our audit, it has been concluded that Akbank T.A.Ş.'s early risk identification system and committee is sufficient, in all material respects, in accordance with Article 378 of TCC.

PwC Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM

Partner

İstanbul, 1 March 2018

AKBANK T.A.Ş.

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 31 DECEMBER 2017 TOGETHER WITH AUDIT REPORT

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and auditor's review report originally issued in Turkish, See Note. I.b of Section three)

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akbank T.A.Ş.;

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Akbank T.A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2017, unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.5 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2017 include a free provision amounting to TL 700.000 thousand which consist of TL 500.000 thousand provided in the current year and TL 200.000 thousand recognized in prior years by the Bank management considering the circumstances that may arise from possible changes in the economy and market conditions.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our gualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Impairment of loans and receivables

The Bank has total provision for impairment of TL 7.034.103 thousands in respect to loans and receivables of TL 194.889.059 which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2017. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-c, section V part II-e and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2017.

The reason we focused on this area during our audit is; the size of loans and receivables, the importance of their classification in accordance with the relevant legislation and estimation of impairment provision related to these loan and receivables. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

How Our Audit Addressed the Key Audit Matter

Within our audit procedures, we assessed and tested the design and operating effectiveness of controls applied by the Bank with respect to classification of loans and receivables and estimation of impairment in-line with the framework of the relevant legislation. We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. In addition, we have tasted the appropriateness of specific provision calculation made for non-performing loans in line with the relevant legislation. For the portfolio of loans subject to the general provision we have examined the appropriateness of the general provision established in line with the related rules and other notifications made by the BRSA. Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

Valuation of Pension Fund Obligations

Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b in the accompanying unconsolidated financial statements as at 31 December 2017

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external actuaries for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as transferrable social benefits, discount rates, salary increases, demographic assumptions used in the valuation of pension obligations and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.

Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

4. Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2016 were audited by another auditor, whose report dated 31 January 2017 expressed a qualified opinion for the related unconsolidated financial statements for the inclusion of a general reserve for possible risks amounting to TL 200.000 thousands, provided by the Bank management and carried forward from 2014, in consideration of circumstances that may arise from possible changes in the economy and market conditions.

5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or
 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and
 appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher
 than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
 override of internal control.
- Assess the internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

- No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code
 ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to
 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to
 financial reporting.
- 2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM

Partner

Istanbul, 31 January 2018

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

THE UNCONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 31 DECEMBER 2017

Address : Sabancı Center 34330, 4. Levent / İstanbul

Telephone : (0 212) 385 55 55 Fax : (0 212) 319 52 52 Website : www.akbank.com

E-mail : http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx

The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

Section One - GENERAL INFORMATION ABOUT THE BANK

Section Two - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

Section Three - EXPLANATIONS ON ACCOUNTING POLICIES

Section Four
 INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
 Section Five
 INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

Section Six
 Section Seven
 INDEPENDENT AUDIT REPORT

The accompanying reviewed unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and the related appendices and interpretations on these, and have been independently audited.

31 January 2018

Suzan SABANCI DİNÇER

Chairman of the Board of Directors

Hayri ÇULHACI Head of the Audit Committee Ş.Yaman TÖRÜNER Member of the

Audit Committee S. Hakan BİNBAŞGİL

CEO

Türker TUNALI Executive Vice

President

Zeynep TERZİÖĞLU Senior Vice President

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Zevnep TERZÍOĞLU / Senior Vice President

Phone No : (0 212) 385 55 55 Fax No : (0 212) 325 12 31

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 December 2017, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2016: 51%).

The major shareholder of the Bank, directly or indirectly, is Sabancı Group.

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	Responsibility	Education
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Honorary Chairman,		Honorary Chairman,	
Board Member, Consultant:	Erol SABANCI	Board Member and Consultant	Undergraduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO CEO	Graduate
Head of Internal Audit:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
Executive Vice Presidents:	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate, Investment and Private Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Hasan Recai ANBARCI	Credit Allocation	Graduate
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Ali Batu KARAALİ	Treasury	Graduate
	Şahin Alp KELER	Private Banking and Investment Transactions	PhD
Internal Audit Committee:	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Ilker Altıntaş has been assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017.

As of 12 July 2017, Cem Mengi, Executive Board Member of the Bank, resigned from his position. On the same date, Ahmet Fuat Ayla, Executive Vice President responsible for the Credit Allocation Business Unit has been elected to replace the position of Cem Mengi. This election will be submitted for approval to the upcoming General Assembly. It has been also decided that Hasan Recai Anbarcı is appointed as the Executive Vice President responsible for the Credit Allocation Business Unit, which has been vacated from Ahmet Fuat Ayla.

Mehmet Hakan Tugal has been assigned as Executive Vice President responsible of Commercial Banking Unit instead of Kaan Gür who has resigned from his position on 15 September 2017.

Türker Tunalı has been assigned as Executive Vice President responsible of Financial Coordination Unit instead of Atıl Özus who has resigned from his position on 17 October 2017.

Ali Batu Karaali has been assigned as Executive Vice President responsible of Treasury Unit instead of Kerim Rota who has resigned from his position on 5 December 2017

As of 2 January 2018, Alp Keler has been assigned as Executive Vice President responsible of newly established Private Banking and Investment Transactions Unit.

IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE BANK:

	Share Amounts	Share	Paid-in Capital	Unpaid
Name/Commercial Title	(Nominal)	Percentages	(Nominal)	Portion
Hacı Ömer Sabancı Holding A.Ş.	1.630.021	40,75 %	1.630.021	-

V. INFORMATION ON THE BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment and private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 December 2017, the Bank has 800 branches dispersed throughout the country and 1 branch operating abroad (31 December 2016: 840 branches and 1 branch operating abroad). As of 31 December 2017 the Bank has 13.884 employees (31 December 2016: 13.843).

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN PARENT BANK AND ITS SUBSIDIARIES OR REPAYMENT OF DEBTS:

None.

SECTION TWO - UNCONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş. I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION) (Amounts are expressed in thousands of Turkish Lira [TL].)

	ASSETS	Note		CURRENT PERIOD (31/12/2017)			RESTATED PRIOR PERIOD (31/12/2016)	
I.	ALCULAND BALANAPO MURIL OFFICE AL BANK	(Section Five)	TL .	FC COA FOX	Total	TL	FC	Tota
I.	CASH AND BALANCES WITH CENTRAL BANK FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-a) (I-b)	8.461.582 5.551.804	26.901.584 2.725.703	35.363.166 8.277.507	5.363.602 4.315.883	29.648.670 3.409.828	35.012.272 7.725.711
2.1	Trading Financial Assets	(1-0)	5.551.804	2.725.703	8.277.507	4.315.883	3.409.828	7.725.711
2.1.1	Government Debt Securities		3.331.004	2.723.703	0.277.307	4.515.005	3.407.020	7.720.711
2.1.2	Equity Securities		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		5.551.804	2.725.703	8.277.507	4.315.883	3.409.828	7.725.711
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Equity Securities		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
Z.Z.4	Other Marketable Securities BANKS	(I-c)	10,397	8.106.382	8.116.779	454,303	9,518,506	9.972.809
IV.	MONEY MARKETS	(1-c)	1.552.161	0.100.302	1.552.161	454.505	7.010.000	7.772.007
4.1	Interbank Money Market Placements		1.002.101		1.552.101		1	
4.2	Istanbul Stock Exchange Money Market Placements		1.552.161	_	1.552.161	_	_	
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	_	_
٧.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	23.452.538	17.354.032	40.806.570	18.145.273	14.378.191	32.523.464
5.1	Equity Securities	* -	12.848	85.027	97.875	12.671	54.505	67.176
5.2	Government Debt Securities		23.159.176	13.657.443	36.816.619	17.912.731	11.328.132	29.240.863
5.3	Other Marketable Securities		280.514	3.611.562	3.892.076	219.871	2.995.554	3.215.425
VI.	LOANS and RECEIVABLES	(I-e)	132.232.420	58.276.547	190.508.967	107.163.212	54.664.696	161.827.908
6.1	Loans and Receivables		132.079.801	58.276.547	190.356.348	107.008.242	54.664.696	161.672.938
6.1.1	Loans to Bank's Risk Group	(VII)	3.925.476	1.981.389	5.906.865	3.732.856	1.210.614	4.943.470
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		128.154.325	56.295.158	184.449.483	103.275.386	53.454.082	156.729.468
6.2	Loans under Follow-up		4.532.711	-	4.532.711	4.267.191	-	4.267.191
6.3	Specific Provisions (-)		4.380.092	-	4.380.092	4.112.221	-	4.112.221
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	(I-f)	5.995.041	12.887.991	18.883.032	5.485.414	12.491.268	17.976.682
8.1	Government Debt Securities		5.995.041	10.148.338	16.143.379	5.485.414	9.976.303	15.461.717
8.2	Other Marketable Securities			2.739.653	2.739.653		2.514.965	2.514.965
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-g)	3.923	-	3.923	3.923	-	3.923
9.1	Associates Consolidated Based on Equity Method			-			-	
9.2	Unconsolidated Associates		3.923	-	3.923	3.923	-	3.923
9.2.1	Financial Investments in Associates		3.923	-	3.923	3.923	-	3.923
9.2.2 X.	Non-Financial Investments in Associates SUBSIDIARIES (Net)	(I-h)	1.150.713	2.982.385	4.133.098	1.042.985	2.291.179	3.923 3.334.164
10.1	Financial Subsidiaries	(i-n)	1.150.713	2.982.385	4.133.078	1.042.785	2.291.179	3.334.164
10.1	Non-Financial Subsidiaries		1.130.713	2.702.303	4.133.070	1.042.703	2.2/1.1//	3.334.104
XI.	JOINT VENTURES (Net)		_	_	_	_	_	
11.1	Joint Ventures Consolidated Based on Equity Method		_	_	_	_	_	_
11.2	Unconsolidated Joint Ventures		_	_	_	_	_	_
11.2.1	Financial Joint Ventures		-	-	-	_	-	-
11.2.2			-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES (Net)	(1-i)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	(I-j)	973.630	161.224	1.134.854	682.966	123.770	806.736
13.1	Fair Value Hedge		973.630	29.776	1.003.406	682.966	29.432	712.398
13.2	Cash Flow Hedge		=	131.448	131.448	-	94.338	94.338
13.3	Foreign Net Investment Hedge		-		-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	(I-k)	3.409.399	7.039	3.416.438	873.437	1.765	875.202
XV.	INTANGIBLE ASSETS (Net)	(1-1)	471.637	13	471.650	356.672	-	356.672
15.1	Goodwill		-	-			-	-
15.2	Other	0 1	471.637	13	471.650	356.672	-	356.672
XVI. XVII.	INVESTMENT PROPERTY (Net) TAX ASSET	(I-m)	-	9.075	9.075	-	14.295	14.295
17.1			•	7.075	7.075	•	14.275	14.270
17.1	Current Tax Asset	(I-n)	-	9.075	9.075	-	14.295	14.295
XVIII.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE	(I-N)	-	7.0/3	7.0/3	-	14.275	14.275
ATIII.	AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	57.520	_	57.520	42.343		42.343
18.1	Held for Sale Purpose	(1-0)	57.520 57.520	•	57.520 57.520	42.343	•	42.343
18.1	Related to Discontinued Operations		37.320	-	37.320	42.343	-	42.343
XIX.	OTHER ASSETS	(I-p)	1.056.629	2.239.499	3.296.128	980.616	1.371.896	2.352.512
				444		******		
	TOTAL ASSETS		184.379.394	131.651.474	316.030.868	144.910.629	127.914.064	272.824.693

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

AKBANK T.A.Ş.

I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira (TL).)

,,,,,,	ints are expressed in thousands of Turkish Lira (TL), J	Note	c	URRENT PERIOD (31/12/2017)			RESTATED PRIOR PERIOD (31/12/2016)	
		(Section Five)	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-a)	92.793.964	92.110.485	184.904.449	84.354.336	74.523.856	158.878.192
1.1	Deposits of Bank's Risk Group	(VII)	2.731.503	3.491.122	6.222.625	2.955.265	2.263.798	5.219.063
1.2	Other	****	90.062.461	88.619.363	178.681.824	81.399.071	72.260.058	153.659.129
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	4.177.354	1.342.899	5.520.253	3.641.574	872.234	4.513.808
111.	FUNDS BORROWED	(II-c)	235.654	29.436.126	29.671.780	177.224	29.889.712	30.066.936
IV. 4.1	MONEY MARKETS Funds from Interbank Money Market		4.009.373	23.273.667	27.283.040	5.453.900 950.449	19.929.117	25.383.017 950.449
4.1			-	-	-	55.199	-	55.199
4.2	Funds from Istanbul Stock Exchange Money Market Funds Provided Under Repurchase Agreements		4.009.373	23.273.667	27.283.040	4.448.252	19.929.117	24.377.369
V.	SECURITIES ISSUED (Net)	(II-d)	6.112.509	7.740.640	13.853.149	1.705.594	8,911,900	10.617.494
5.1	Bills	(II-u)	3.783.736	7.740.040	3.783.736	484.661	0.711.700	484.661
5.2	Asset Backed Securities		5.765.756	_	0.700.700	404.001	_	404.001
5.3	Bonds		2.328.773	7.740.640	10.069.413	1.220.933	8.911.900	10.132.833
VI.	FUNDS							
6.1	Borrower Funds		_	_	_	_	_	_
6.2	Other		_	_	_	_	_	_
VII.	MISCELLANEOUS PAYABLES		4.376.386	1.540.811	5.917.197	3,855,099	1.321.275	5.176.374
VIII.	OTHER LIABILITIES	(II-e)	916.386	185.251	1.101.637	1.241.240	158.756	1.399.996
IX.	FACTORING PAYABLES	,	-	-		-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	(11-f)	5.899	-	5.899	28.321	-	28.321
10.1	Financial Lease Payables		7.504	-	7.504	37.714	-	37.714
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		1.605	-	1.605	9.393	-	9.393
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	_	74.911	74.911	-	98.645	98.645
11.1	Fair Value Hedge		-	74.911	74.911	-	98.645	98.645
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(II-h)	2.804.045	987.236	3.791.281	2,638,139	877.986	3,516,125
12.1	General Loan Loss Provisions		1.671.841	982.170	2.654.011	2.051.475	872.050	2.923.525
12.2	Restructuring Provisions		_	_	_	_	-	_
12.3	Reserve for Employee Benefits		290.127	-	290.127	219.388	-	219.388
12.4	Insurance Technical Provisions (Net)		_	-	_	_	-	_
12.5	Other Provisions		842.077	5.066	847.143	367.276	5.936	373.212
XIII.	TAX LIABILITY	(II-i)	1.542.106	39.661	1.581.767	755,309	14.818	770.127
13.1	Current Tax Liability	*****	1.149.942	39.661	1.189.603	630.466	14.818	645.284
13.2	Deferred Tax Liability		392.164	-	392.164	124.843	-	124.843
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE							
	AND RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(11-j)	-	1.900.999	1.900.999	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(II-k)	39.258.454	1.166.052	40.424.506	32.008.342	367.316	32.375.658
16.1	Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2	Capital Reserves		5.429.322	1.166.052	6.595.374	3.026.536	367.316	3.393.852
16.2.1	Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2			-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		93.155	1.071.594	1.164.749	[44.317]	315.885	271.568
16.2.4			2.343.606	5.356	2.348.962	47.106	-	47.106
16.2.5			-	-	-	-	-	-
16.2.6			-	-	-	-	-	-
16.2.7			6.440	-	6.440	4.895	-	4.895
16.2.8			[5.729]	89.102	83.373	[15.532]	51.431	35.899
16.2.9	Value Increase of Assets							
	Held for Sale		-	-	-	-	-	-
	Other Capital Reserves		1.291.850	-	1.291.850	1.334.384	-	1.334.384
16.3	Profit Reserves		23.790.063	-	23.790.063	20.161.351	-	20.161.351
16.3.1			1.392.027	-	1.392.027	1.322.027	-	1.322.027
16.3.2			-	-	-	-	-	-
16.3.3			22.137.126	-	22.137.126	18.718.299	-	18.718.299
16.3.4			260.910	-	260.910	121.025	-	121.025
16.4	Income or (Loss)		6.039.069	-	6.039.069	4.820.455	-	4.820.455
	Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.4.2	Current Period Income or (Loss)		6.039.069	-	6.039.069	4.820.455	-	4.820.455
					*********		*********	
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156.232.130	159.798.738	316.030.868	135.859.078	136.965.615	272.824.693

 $\label{thm:company} The accompanying explanations and notes form an integral part of these financial statements.$

AKBANK T.A.Ş. II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017 (Amounts are expressed in thousands of Turkish Lira (TL).)

Committee Comm			Note		URRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)	
Marchanter Now Month Profession Marchanter Now No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchanter No New York Marchan	A OFF-	RAI ANCE SHEET COMMITMENTS (ILILIII)	(Section Five)	TL 180 212 431	FC 418 215 101	Total 598 427 732	TL A1A 198 A11	FC 254 810 485	Total 505 009 101
			(III-a-2, 3)						
1.22 Contraction for Foreign Find Speciations									
1.0 Dest delines of Gozentere 18,00 1955,00 23,005,00				492.470			388.011		
1.0 Seak-Acceptances 1981 20.09.000 1.00.000				10.000.071			10.0///05		
1-21 Separa Latinar of Ancestances							13.346.475		
1.22 Dies Bort Acceptances 7.557 6.859.75 1.869.75 1.8							_		
1.5 Letters of Credit 1.0 1.				-	-	-	=	-	-
Date Performance 1997						6.866.251			
Performance flows as Courantes				7.257			260		
Columnitation Columnitatio				-	569.600	569.600	=	509.960	509.960
Endorsements for the Central Bernoft Turkey 1.0				-	-	-	-	-	-
Post Post				_	_	_	_	_	_
Fathering Internations		Other Endorsements		-	-	-	-	-	-
18 Ohne Giarnateas 194 Alb 649 Alb 649 Alb 629 20 20 20 20 20 20 20				-	-	-	-	-	-
Description				-			-		
Commitments									
Toward T			(111-9-1)						
2.46 2.46			(111-a-1)						
1.1 1.2				-	-	-	-	-	-
Securities Issee Broatering Commitments				-		40.000	,	-	40
2.1. Commission for Requerements				7.108.285	3.253.640	10.361.925	6.195.974	3.847.183	10.043.157
2.7. Commitments for Cheque Payments				-	-	-	-	-	-
1.				6 679 928	-	6 679 928	6 200 426	-	6 200 426
					-			-	
				18.431.137	-	18.431.137		-	
1.11 10 10 10 10 10 10 1				66.262	-	66.262	121.979	=	121.979
1.15 Personal Commitments 1.85 1.85 1.85 1.24 1.24 1.24 1.24 1.25				-	-	-	-	-	-
Reverable Commitments				2 05/ 52/	0.777.510	12 / 20 02 /	2 225 //0	7 207 740	10 710 020
Part Part					0.774.312			7.374.400	
					-			-	
Hedging Derivative Financial Instruments	2.2.2			-	-	-	-	-	-
1-11 Fair Value Hedges			(III-b)						
Cash Flow Hedges									
Foreign Net Investment Hedges				2.497.225			2.497.225		
Trading Derivative Financial Instruments 116.537.97, 340.422.97 456.968.88 88.44.115 290.933.739 379.427.854.21 577.854.2				_	-	-	_	4.750.550	4.730.330
2.1.1 Forward Foreign Currency Transactions-Buy 6.102.5c4 8.99.07% 15.097.3c50 33.00.716 9.502.5c5 12.915.1c50				116.537.937	340.422.911	456.960.848	88.494.115	290.933.739	379.427.854
	3.2.1	Forward Foreign Currency Buy/Sell Transactions		12.418.235		30.187.903	9.200.025		25.778.446
Second S									
Security Security									
Second Comment Seco									
1.669/150 4.74.57/12 46.41.5.062 1.454.100 4.75.75/15 4.191.65/6 1.981.65/6 1.9									
Page Page									
2.2.1 Foreign Currency Options-Buy 9.7745.085 11.982.227 19.727.312 5.594.088 8.759.955 14.553.993 14.559.823 12.32.5 12.32.5 14.559.823 19.62.6 19.22.5 19.	3.2.2.4			1.669.150		46.415.062			41.981.696
1.4.526.4.12 1.4.									
2.2.3 Interest Rate Options-Seut									
2.2.3.5				9.230.444			5.254.831		
2.2.5 Securities Options-Buy				-			-		
2.2.6				-	JU.417.16Z	JU.417.10Z	-	20./71.268	20./71.208
2.2.4. Foreign Currency Futures				-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy	3.2.4	Foreign Currency Futures		-	-	-	-	-	-
1 1 1 1 1 1 1 1 1 1	3.2.4.1	Foreign Currency Futures-Buy		-	=	=	=	=	-
3.2.5.1 Interest Rate Futures-Buy				-	-	-	-	-	-
3.2.5.2 Other est Rate Futures-Sell 9.7.5.2.5.2.5.2.5.2.5.2.5.2.5.2.5.2.5.2.5				-	-	-	-	-	-
3.2.6 Other State Stat				-	-	-	-	-	-
R. CUSTOTY AND PLEDGES RECEVED (IV-V-VI) 718.235.764 214.798.318 93.034.082 593.366.024 192.951.797 786.317.821 78.217.821 78.218				97 374	17.741.490	17 878 027	55 222	12 240 297	12 224 720
No.									
4.1 Customer Fund and Portfolio Balances 4.329.384 - 4.329.384 3.505.508 - 3.505.508 4.2 Investment Securities Held in Custody 3.957.316 1.062.605 5.019.921 1.746.620 1.126,900 2.873.520 4.3 Cheques Received for Collection 21.906.910 1.675,367 23.582.277 16.303.556 1.218.100 1.758.716 4.4 Commercial Notes Received for Collection 5.293.887 2.661.455 7.955.342 4.135.405 1.799.253 5.934.658 4.5 Other Assets Received for Collection									
4.3 Chegues Received for Collection 21,908,910 1,675,367 23,582,277 16,30,556 1,218,160 17,548,716 4.4 Commercial Notes Received for Collection 5,293,887 2,661,455 7,955,342 4,135,405 1,799,253 5,934,678 4.5 Other Assets Received for Collection -	4.1	Customer Fund and Portfolio Balances		4.329.384	-	4.329.384	3.505.508	-	3.505.508
4.4 Commercial Notes Received for Collection 5.293.887 2.661.455 7.955.342 4.135.405 1.799.253 5.934.658 4.5 Other Assets Received for Collection - <									
4.5 Other Assets Received for Collection									
4.6 Assets Received for Public Offering 4.7 Other Items Under Custody 4.8 Custodians 5.1 Marketable Securities 5.2 Guarantee Notes 5.2 Guarantee Notes 5.3 Commodity 5.4 Warranty 5.5 Immovables 5.5 Immovables 6.6 Under Notes 6.7 In 13.868.168 6.7				5.293.887	2.661.455	7.955.342	4.135.405	1.799.253	5.934.658
4.7 Other Items Under Custody 494.037 7.158.540 7.652.577 482.846 5.748.157 6.231.003 4.8 Custodians 7.158.540 7.652.577 482.846 5.748.157 6.231.003 V. PLEOBES RECEIVED 153.358.820 67.210.869 220.569.689 134.363.402 66.081.116 200.444.518 5.1 Marketable Securities 1.533.214 570.101 2.103.315 301.052 514.939 815.991 5.2 Guarantee Notes 1.061.747 555.781 1.617.528 947.082 510.214 1.457.296 5.3 Commodity - 21.485 21.485 5.4 Warranty - 21.303 97.082.500 97.082.600 49.047.015 148.655.775 5.5 Immovables 113.868.168 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.6 Other Pledged Items 30.895.691 1.895.840 53.731.531 33.506.508 15.987.463 49.493.971 5.7 Pledged Items-Depository 33.506.508 15.987.463 49.493.971 VI. ACCEPTED BILL, QUARANTEES AND WARRANTEES 528.895.410 135.092.482 63.924.892 43.2801.687 116.978.211 549.779.898<				-	-	-	-	-	-
4.8 V. Dustodians Custodians Custodians 67.210.869 220.569.689 134.363.402 66.081.116 200.444.518 5.1 Marketable Securities 1.533.214 570.101 2.103.315 301.052 514.939 815.991 5.2 Guarantee Notes 1.061.747 555.781 1.617.528 947.082 510.214 1.457.296 5.3 Commodity 2.5.310 25.310 25.310 25.010 2.1.485 21.485 5.4 Warranty 113.868.168 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.6 Other Pledged Items 36.895.691 16.895.840 53.731.531 33.506.508 15.987.463 49.493.971 5.7 Pledged Items-Depository 42.201.014, GUARANTEES AND WARRANTEES 528.895.410 135.094.822 663.924.892 43.2801.687 116.978.211 549.779.898				494 037	7.158 540	7.652 577	482 844	5.748 157	6,231 003
V. PLEOGES RECEIVED 153,358,820 67,210,869 220,569,889 134,363,402 66,081,116 200,444,518 5.1 Marketable Securities 1,533,214 570,101 2,103,315 301,052 514,939 815,991 5.2 Guarantee Notes 1,061,747 555,781 1,617,528 947,082 510,214 1,457,296 5.3 Commodity 25,310 25,310 94,082 512,485 21,485 5.4 Warranty 2,23,837 163,092,005 99,608,760 49,047,015 148,655,775 5.5 Immovables 113,868,168 49,223,837 163,092,005 99,608,760 49,047,015 148,655,775 5.6 Other Pledged Items 36,895,691 16,835,840 53,731,531 33,506,508 15,987,463 49,493,971 5.7 Pledged Items-Depository -					-	-		-	
5.2 Guarantee Notes 1.061.747 555.781 1.617.528 947.082 510.214 1.457.296 5.3 Commodity 25.310 25.310 25.310 2 21.485 21.485 5.4 Warranty 113.868.188 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.6 Other Pledged Items 36.895.691 16.835.840 53.731.531 33.506.508 15.987.463 49.493.971 5.7 Pledged Items-Depository 43.201.687 116.978.211 549.779.898	V.	PLEDGES RECEIVED							
5.3 Commodity - 25.310 25.310 - 21.485 21.485 5.4 Warranty - 13.868.168 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.5 Immovables 36.895.691 16.835.840 53.731.531 33.506.508 15.987.463 49.493.971 5.7 Pledged Items-Depository - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>									
5.4 Warranty 1 1 1 1 5.5 Immovables 113.868.168 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.6 Other Pledged Items 36.895.691 16.895.840 53.731.531 33.506.508 15,987.463 49.493.971 5.7 Pledged Items-Depository VI. ACCEPTED BILL, QUARANTEES AND WARRANTEES 528.895.410 135.029.482 663.924.892 432.801.687 116.978.211 549.779.898				1.061.747			947.082		
5.5 Immovables 113.868.168 49.223.837 163.092.005 99.608.760 49.047.015 148.655.775 5.6 Other Pledged Items 5.7 Pledged Items-Depository 16.895.400 135.029.482 663.924.892 432.801.687 116.978.211 549.779.898				-	25.310	25.310	-	21.485	21.485
5.6 Other Pledged Items 5.7 Pledged Items—Depository 5.8 ACCEPTED BILL, GUARANTEES AND WARRANTEES 5.0 Other Pledged Items—Depository 5.1 State of the pledged Items—Depository 5.2 State of the pledged Items—Depository 5.3 State of the pledged Items—Depository 5.4 ACCEPTED BILL, GUARANTEES AND WARRANTEES 5.2 State of the pledged Items—Depository 5.4 State of the pledged Items—Depository 5.5 State of the pledged Items—Depository 5.6 State of the pledged Items—Depository 5.7 State of the pledged Items—Depository 5.8 State of the ple				113 848 149	49 222 827	163 092 005	- 99 ANR 7AN	49 047 015	148 455 775
5.7 Pledged Items-Depository VI. ACCEPTED BILL, GUARANTEES AND WARRANTEES 528.895.410 135.029.482 663.924.892 432.801.687 116.978.211 549.779.898									
VI. ACCÉPTED BILL, GUARANTEES AND WARRANTEES 528.895.410 135.029.482 663.924.892 432.801.687 116.978.211 549.779.898				-		-	-		-7.470.771
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) 898.448.395 633.013.419 1.531.461.814 741.564.440 549.762.482 1.291.326.922				528.895.410	135.029.482	663.924.892	432.801.687	116.978.211	549.779.898
		TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		898.448.395	633.013.419	1.531.461.814	741.564.440	549.762.482	1.291.326.922

 $\label{thm:companying} The accompanying explanations and notes form an integral part of these financial statements.$

AKBANK T.A.Ş. III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

(Amou	ints are expressed in thousands of Turkish Lira (TL).)			
	INCOME AND EVDENCE ITEMS	Note	CURRENT REDIOR	RESTATED PRIOR PERIOD
	INCOME AND EXPENSE ITEMS	(Section Five)	CURRENT PERIOD (01/01-31/12/2017)	(01/01-31/12/2016)
ī.	INTEREST INCOME	(IV-a)	23.094.726	18.018.311
1.1	Interest on Loans	(IV-a-1)	18.423.884	14.537.886
1.2	Interest on Reserve Requirements		256.456	222.852
1.3	Interest on Banks	(IV-a-2)	222.614	81.577
1.4	Interest on Money Market Transactions	V V	31.249	22.936
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	4.148.615	3.122.563
1.5.1	Trading Financial Assets		=	25
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		3.065.952	2.484.574
1.5.4	Held- to- maturity Investments		1.082.663	637.964
1.6	Financial Lease Income		=	=
1.7	Other Interest Income		11.908	30.497
II.	INTEREST EXPENSE	(IV-b)	12.549.749	10.071.770
2.1	Interest on Deposits	(IV-b-4)	10.136.612	7.877.903
2.2	Interest on Funds Borrowed	(IV-b-1)	763.725	518.091
2.3	Interest Expense on Money Market Transactions		727.582	976.047
2.4	Interest on Securities Issued	(IV-b-3)	877.811	660.434
2.5	Other Interest Expenses		44.019	39.295
III.	NET INTEREST INCOME (I - II)		10.544.977	7.946.541
IV.	NET FEES AND COMMISSIONS INCOME		2.744.763	2.397.947
4.1	Fees and Commissions Received		3.442.031	2.931.626
4.1.1	Non-cash Loans		262.281	202.042
4.1.2	Other		3.179.750	2.729.584
4.2	Fees and Commissions Paid		697.268	533.679
4.2.1	Non-cash Loans		1.338	975
4.2.2	Other	to t	695.930	532.704
٧.	DIVIDEND INCOME	(IV-c)	1.822	715
VI.	TRADING INCOME /(LOSS) (Net)	(IV-d)	(427.734)	947.449
6.1 6.2	Trading Gains / (Losses) on Securities Gains / (Losses) on Derivative Financial Transactions		192.292 (938.962)	156.720 1.089.735
6.3	Foreign Exchange Gains / (Losses)		318.936	(299.006)
VII.	OTHER OPERATING INCOME	(IV-e)	1.262.507	879.996
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)	(14-6)	14.126.335	12.172.648
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-f)	2.313.232	2.215.920
х.	OTHER OPERATING EXPENSES (-)	(IV-g)	4.661.609	4.279.941
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	(17.97	7.151.494	5.676.787
XII.	EXCESS AMOUNT RECORDED AS			
	INCOME AFTER MERGER		_	_
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY M	IETHOD	365.117	347.546
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI++XIV)	(IV-h)	7.516.611	6.024.333
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-i)	1.477.542	1.203.878
16.1	Current Tax Provision		1.436.074	956.572
16.2	Deferred Tax Provision		41.468	247.306
XVII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		6.039.069	4.820.455
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		=	=
18.3	Income from Other Discontinued Operations		=	=
XIX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		=	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Expenses for Other Discontinued Operations		-	-
XX.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		Ξ	=
XXII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	(IV-k)	6.039.069	4.820.455
	Familians and shore (in fall TI)		0.04540	0.01005
	Earnings per share (in full TL)		0,01510	0,01205

The accompanying explanations and notes form an integral part of these financial statements $% \left(1\right) =\left(1\right) \left($

AKBANK T.A.Ş.

IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

			RESTATED
	INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD	PRIOR PERIOD
		(31/12/2017)	(31/12/2016)
ı.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM		
	AVAILABLE- FOR- SALE FINANCIAL ASSETS	1.116.476	1.373.078
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	2.465.549	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	_
IV.	TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS	_	_
V.	PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL		
	ASSETS (Effective Portion of Fair Value Changes)	59.343	120.345
VI.	PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL		
	ASSETS (Effective Portion)	_	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(53.168)	(18.224)
IX.	TAX RELATED TO VALUATION DIFFERENCES	(388.223)	(9.173)
X.	NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II++IX)	3.199.977	1.466.026
XI.	CURRENT PERIOD INCOME / LOSS	6.039.069	4.820.455
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	20.994	(31.285)
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(37.240)	(33.389)
11.3	Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	6.055.315	4.885.129
XII.	TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	9.239.046	6.286.481

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

	(Section FIVE) Paid-in Capital	Share Capital(*)	Premiums	Profits	Legal Reserves	Reserves	Reserves	Reserves	serves Income (Loss) (Loss)	(Loss)	Differences	Differences	and J.V.	Transactions	Disc. Opr.	nsactions Disc. Opr. Equity
RESTATED PRIOR PENIOD (31/12/2016)																
Begining Balance	4.000,000	1,405.892	1.700.000	٠	1.282.027		16.372.097	55.450	2.994.848		[1.112.761]	47.106	4.895	[60.377]		26.689.177
Corrections and Accounting Policy Changes Made According to TAS 8 Effects of Corrections									252.004		1.025.126					1.277.130
Effects of the Changes in Accounting Policies Adjusted Beginning Balance [HII]	4.000.000	1.405.892	1.700.000		1.282.027		16.372.097	55.450	3.246.852		1.025.126 [87.635]	47.106	4.895	[60.377]		1.277.130 27.966.307
Changes in the period																
Increase/Decrease due to Mergers Marketable Securities Valuation Differences	(B-\$-1)										107 199					107 199
Han head the Sections Sections of the Aging transactions											,			96.276		96.276
Cash Flow Hedge												٠		96.276		96.276
Foreign ive Linvestment Hedge Property and Equipment Revaluation Differences																
Intangible Assets Revaluation Differences						,	•	,		,			•			,
bonus phares from investments in Associates, bubsidiaries and Joint Ventures. Translation Differences																
Changes due to the disposal of assets				,	•		•		•			•	•			•
Changes due to the reclassification of assets Effects of changes in sourity of investments in associates																
Capital Increase		٠	,	٠	,	,	٠	,	,	,	٠	٠	٠	,	,	,
Cash Increase																,
Internal Meso urces Share Issuance																
Share Cancellation Profits		•	,	,	•		•		,			•				'
Paid-in capital inflation adjustment difference Other								11.6 5791	1252 004		252 00%					11.6 579
Current Year Income or ILoss)									4.820.455							4,820,455
Profit Distribution					40.000		2.346.202	8.646	[2.994.848]							000:009
Dividents para Transfers to Reserves					40.000		2.346.202	8.646	[2.394.848]							1
Other																
Ending Balance (III+IV+V++XVIII+XIX+XX)	4.000.000	1.405.892	1.700.000		1.322.027		18.718.299	49.517	4,820,455		271.568	47.106	4.895	35.899		32,375,658
CURRENT PERIOD (31/12/2017)																
Prior Period End Balance	4,000,000	1,405,892	1.700.000	,	1.322.027	٠	18.718.299	49.517	4,820,455	٠	271.568	47.106	4.895	35.899		32,375,658
Changes in the period																
Increase/Decrease due to Mergers Marketable Securities Valuation Differences	(II-k-8)										- 401 438					- 401 438
Hedging transactions	(V-b)		,						,		,			47.474	. ,	47.474
Cash flow Hedge	•													47.474		47.474
Foreign Net Investment Hedge Property and Equipment Revaluation Differences												2.301.856				2.301.856
Intangible Assets Revaluation Differences	•															•
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures Translation Differences													1.545			1.545
Channes due to the disposal of assets																
Changes due to the reclassification of assets																
Effects of changes in equity of investments in associates Canital Increase																
Cash Increase									•							•
Internal Resources																
Share Cancellation Profits																
Paid-in capital inflation adjustment difference								170 071	- 1001	,	- 201		•			703 071
Ornert Vear Income or I Lossi								142.334]	6.039.069							6,039,069
Profit Distribution					70.000		3.418.827	139.885	[4.528.712]							1900.000
Dividends paid					70.000		7 4 4 1 8 8 2 7	139 985	900,000							900.000
Iranslets to Reserves Other					000.00	٠	0.410.027	107.000	0.020.7[2]							
4																
Ending Balance [I+II+III++XVI+XVII+XVIII]	4.000.000	1.405.892	1.700.000		1.392.027		22.137.126	146.868	6,039,069		1.164.749	2,348,962	0,440	83.373		40.424.506

AKBANK T.A.Ş.

VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

			RESTATED	
		Note (Section Five)	CURRENT PERIOD (31/12/2017)	PRIOR PERIOD (31/12/2016)
Α.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities		4.852.064	901.408
1.1.1	Interest received		21.042.634	16.758.709
1.1.2	Interest paid		(12.411.188)	(9.880.601)
1.1.3	Dividend received		1.822	715
1.1.4 1.1.5	Fees and commissions received Other income		3.547.888 (1.377.165)	2.935.663 (982.519)
1.1.6	Collections from previously written-off loans and other receivables		967.336	767.018
1.1.7	Payments to personnel and service suppliers		(2.058.406)	(1.873.913)
1.1.8	Taxes paid		(1.126.334)	(1.369.955)
1.1.9	Other	(VI-b)	(3.734.523)	(5.453.709)
1.2	Changes in operating assets and liabilities		(2.624.695)	3.052.394
1.2.1	Net decrease in trading securities		=	11.240
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets			- / / 4 5 5 5 5
1.2.3	Net (increase) / decrease in due from banks and other financial institutions Net (increase) / decrease in loans		3.680.188	4.617.729
1.2.4 1.2.5	Net (increase) / decrease in toans Net (increase) / decrease in other assets		(29.482.769) (5.619.325)	(20.877.935) (9.999.265)
1.2.6	Net increase / (decrease) in bank deposits		6.454.150	(6.057.147)
1.2.7	Net increase / (decrease) in other deposits		19.484.661	25.838.789
1.2.8	Net increase / (decrease) in funds borrowed		(1.420.011)	7.353.253
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(VI-b)	4.278.411	2.165.730
I.	Net cash provided from banking operations		2.227.369	3.953.802
В.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		[8.592.422]	2.189.192
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(6.455)	=
2.2	Cash obtained from disposal of investments, associates and subsidiaries		=	=
2.3	Purchases of property and equipment		(473.075)	(419.047)
2.4	Disposals of property and equipment		47.429	179.411
2.5 2.6	Cash paid for purchase of investments available-for-sale Cash obtained from sale of investments available-for-sale		(17.020.195) 10.092.518	(7.385.523) 10.581.491
2.7	Cash paid for purchase of investments available-for-sale		(226)	10.301.471
2.8	Cash obtained from sale of investment securities		765.997	130.051
2.9	Other		[1.998.415]	[897.191]
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		4.200.919	(1.316.745)
3.1	Cash obtained from funds borrowed and securities issued		11.368.375	5.453.771
3.2	Cash used for repayment of funds borrowed and securities issued		(6.245.034)	(6.114.131)
3.3	Issued equity instruments		(000,000)	- (/00,000)
3.4 3.5	Dividends paid Payments for finance leases		(900.000) (22.422)	(600.000) (56.385)
3.6	Other		-	(50.505)
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(VI-b)	685.442	1.435.203
٧.	Net increase in cash and cash equivalents [I+II+III+IV]		[1.478.692]	6.261.452
VI.	Cash and cash equivalents at beginning of the period	(VI-a)	12.413.924	6.152.472
VII.	Cash and cash equivalents at end of the period	(VI-a)	10.935.232	12.413.924
	outh and cush equivalents at one of the period	(11 4)	10.700.202	12.410.72

The accompanying explanations and notes form an integral part of these financial statements

AKBANK T.A.Ş. VII. PROFIT APPROPRIATION STATEMENT

(Amounts are expressed in thousands of Turkish Lira (TL)).

		CURRENT PERIOD (31/12/2017)	PRIOR PERIOD (31/12/2016)
i.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	7.516.611	5.697.550
1.2	TAXES AND DUTIES PAYABLE	1.477.542	1.168.838
1.2.1	Corporate Tax (Income Tax)	1.436.074	921.532
1.2.2	Income Withholding Tax		
1.2.3	Other taxes and duties	41.468	247.306
A.	NET INCOME FOR THE YEAR (1.1-1.2)	6.039.069	4.528.712
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
В.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-{1.3+1.4+1.5})]	6.039.069	4.528.712
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	200.000
1.6.1	To Owners of Ordinary Shares	-	200.000
	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
	To Profit Sharing Bonds To Unidage of Profit and (Local Sharing Certificates	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates DIVIDENDS TO PERSONNEL (-)	-	_
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)		_
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	700.000
	To Owners of Ordinary Shares	-	700.000
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	70.000
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	3.418.827
1.13 1.14	OTHER RESERVES SPECIAL FUNDS	- -	139.885
II.	DISTRIBUTION OF RESERVES		
0.4	ADDRODOUTED DESCRIPTO		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-) DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares		
2.3.2	To Owners of Privileged Shares		_
	To Owners of Preferred Shares	_	_
	To Profit Sharing Bonds	-	-
	To Holders of Profit and (Loss) Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (*)		
3.1	TO OWNERS OF ORDINARY SHARES	0,015	0,011
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,5	1,1
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	0,002
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	0,2
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
	TO OWNERS OF PRIVILEGED SHARES (%)		

^(*) Amounts are expressed in TL.

NOTES:

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

^[1] Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

⁽²⁾ Profit appropriation is being done according to unconsolidated financial statements.

⁽³⁾ Profit appropriation was made according to the financial statements of the Parent Bank before the starting valuation of its subsidiaries through equity management. For this reason, the profit figure on the non-consolidated financial statements as of December 31, 2016 is different from the profit figure on the above table.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION:

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, effectiveness date is 1 January 2017, have no material impact on the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank continues works in order to comply with TFRS 9 Financial Instruments Standard.

Disclosures of IFRS 9 Financial Instruments:

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and general hedge accounting.

The Bank will apply the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods.

Classification and measurement of financial assets

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and interest (SPPI).

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("FVTPL"), amortized cost or fair value through other comprehensive income ("FVOCI"). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

The combined application of the contractual cash flow characteristics and business models as at 1 January 2018 is expected to result in no major difference in the classification of financial assets when compared to the classification under TAS 39.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.S.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Impairment of financial assets

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Part VII-c of Explanation on Accounting Policies will be changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. The primary impact is attributable to changes in the allowance for credit losses under the new impairment requirements and the related deferred taxes.

The Bank does not expect a significant impact in its impairment provisions for loans and other receivables with the adaptation of TFRS 9 at 1 January 2018.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of unconsolidated financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2016 except for;

- Applying revaluation model accounting for properties in accordance with "TAS 16 Plant and Equipment" as explained in note I-k of the Fifth Section and
- Applying the equity method accounting for financial associates and subsidiaries' for unconsolidated financial statements in accordance with "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard ("TAS 27")" as explained in note III of the Third Section.

The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Restatement of prior periods' financials:

Due to the change in the accounting policy regarding the presentation of the associates and subsidiaries in unconsolidated financial statements, explained in Note III of Section Three, the prior period financial statements have been restated in accordance with "Accounting Policies, Changes in Accounting Estimates and Errors (TAS 8)" in order to conform with the presentation of the financial statements dated 31 December 2017. The impact of the restatement of prior period financial statements is stated below.

31 December 2016	Announced	Adjustment	Restated
SUBSIDIARIES (NET)	1.525.941	1.808.223	3.334.164
TOTAL ASSETS	271.016.470	1.808.223	272.824.693
TAX LIABILITY	682.980	87.147	770.127
SHAREHOLDERS' EQUITY	30.654.582	1.721.076	32.375.658
Capital Reserves	1.964.519	1.429.333	3.393.852
Marketable Securities Valuation Differences	(1.157.765)	1.429.333	271.568
Profit or Loss	4.528.712	291.743	4.820.455
Current Period Income or (Loss)	4.528.712	291.743	4.820.455
TOTAL LIABILITIES	271.016.470	1.808.223	272.824.693
DIVIDEND INCOME	21.478	(20.763)	715
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	347.546	347.546
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	1.168.838	35.040	1.203.878
NET INCOME/LOSS	4.528.712	291.743	4.820.455
31 December 2015	Announced	Adjustment	Restated
SUBSIDIARIES (NET)	1.350.741	1.329.236	2.679.977
TOTAL ASSETS	234.808.988	1.329.236	236.138.224
TAX LIABILITY	604.078	52.106	656.184
SHAREHOLDERS' EQUITY	26.689.177	1.277.130	27.966.307
Capital Reserves	1.927.826	1.025.126	2.952.952
Marketable Securities Valuation Differences	(1.112.761)	1.025.126	(87.635)
Profit or Loss	2.994.848	252.004	3.246.852
Current Period Income or (Loss)	2.994.848	252.004	3.246.852
TOTAL LIABILITIES	234.808.988	1.329.236	236.138.224
DIVIDEND INCOME	13.337	(11.072)	2.265
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	280.154	280.154
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	832.823	17.078	849.901
NET INCOME/LOSS	2,994,848	252.004	3.246.852

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

The Bank's core business activities include consumer banking, commercial banking, SME banking, and corporate-investment and private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. By nature, the Bank's activities are principally related to the use of financial instruments. As the main funding source, the Bank accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Bank's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Foreign currency denominated subsidiaries, which are accounted with acquisition cost method, are translated with the foreign exchange rates prevailing at the acquisition date.

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As of 31 December 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,7400 and TL 4,4773 for USD and EURO respectively.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27").

Financial associates and subsidiaries are accounted by using the equity method as described in the "Turkish Accounting Standard for Investments in Associates and Joint Ventures" ("TAS 28"). The carrying value of financial subsidiaries with the equity method is reflected to the financial statements considering the Bank's share of the net assets of the subsidiary. While the Bank's share on profits or losses of financial subsidiaries are accounted in the Bank's income statement, the Bank's share in other equity of financial subsidiaries are reflected in the Bank's shareholders' equity. Dividend income from those subsidiaries are accounted by reducing the book value of the subsidiary.

Non-financial associates and subsidiaries are stated with their cost values at the financial statements in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27"). The right to receive dividends from non-financial subsidiaries is reflected to the income statement.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Bank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). In accordance with TAS 39, although certain derivative transactions provide effective economic hedges under the Bank's risk management position, they are treated as derivatives "Held-for-trading".

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is disclosed in "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

An embedded derivative shall be separated from host contract only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss

If an embedded derivative is separated, the host contract shall be accounted for under TAS 39 if it is a financial instrument and in accordance with other appropriate standards if it is not a financial instrument.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". The Bank ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest rate method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are

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recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

a. Financial assets at the fair value through profit or loss:

This category has two subcategories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition".

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming at short-term profit making. All regular purchases and sales of trading financial assets are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading financial assets are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is accounted as interest income and dividends received are included separately in dividend income.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

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

b. Available-for-sale financial assets:

Available-for-sale financial assets consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss" and non-derivative financial assets. Available-for-sale financial assets are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable securities valuation differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

c. Loans and Receivables:

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

The Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA.

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and recorded as expense in the related year. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned

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in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Held-to-maturity financial assets:

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

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

Available for sale and held to maturity securities portfolio of the Bank include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted according to the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of two months ago. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS:

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest rate method" and its carrying value. In case an impairment occurs, the impairment amount is deducted from the carrying value of the asset and the impairment loss is recognized in profit and loss. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-c of Section Three.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Available-for-sale securities" and "Held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

The Bank has no securities lending transactions.

XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS:

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

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The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Bank has no goodwill.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortized over three to fifteen years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings50 yearsVault5 yearsTransportation Vehicles5 yearsOther property and equipments2-7 years

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

Where the carrying amount of an asset is greater than its estimated "Net realizable value amount", it is written down to its "Net realizable value amount" and the impairment loss is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Fixed assets obtained through financial leasing are classified in tangible assets and depreciation is charged on a straight-line basis over the useful life of the asset.

If there is impairment in value of the leased asset, an impairment is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "Lessor".

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

b. Retirement rights:

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

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no. 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

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The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

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

With respect to that, according to the technical balance sheet report as at 31 December 2017 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

In Turkey, corporate tax rate is 20%. This ratio will be applied as 22% for a period of three years, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The Corporate Tax rate is applied to tax base which is calculated by adding certain non deductable expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income with current rate. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years. On sales after December 5 of 2017, this rate is applied as 50% for immovable properties.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

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b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities will be measured by 20% tax rate.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax rate shall be measured over general provision according to IFRS 9 articles from 1 January 2018.

Deferred tax assets and liabilities are presented on a net basis by considering the domestic and foreign branches' financial statements separately.

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated by using the "Effective interest rate method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2017.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2017 and 31 December 2016, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

- a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and,
- c. for which discrete financial information is available.

Reporting according to the operational segments is presented in Note XII of Section Four.

XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding

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companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 28 March 2017. In the Ordinary General Assembly, it was decided to distribute a TL 900.000 cash dividend over the TL 4.528.712 net income from 2016 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 139.885 to special funds account under other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

XXV. EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned.

	Current Period	Prior Period	
	31 December 2017	31 December 2016	
Net Profit for the Year	6.039.069	4.528.712	
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000	
Earnings Per Share (Amounts presented as full TL)	0,01510	0,01132	

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares issued in 2017 (2016: None).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411 are deemed as related parties. Transactions with related parties are presented in Note VII of Section Five.

XXVII. CASH AND CASH EQUIVALENT ASSETS:

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVIII. RECLASSIFICATIONS:

Due to the change in the accounting policy regarding the presentation of the associates and subsidiaries in unconsolidated financial statements, explained in Note III of Section Three, the prior period financial statements have been restated in order to be consistent with the presentation of financial statements dated 31 December 2017. Also there are certain reclassifications made on income statement and cash flows statement dated 31 December 2016.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON EQUITY:

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 31 December 2017, total current year equity of the Bank has been calculated as TL 44.403.105 (31 December 2016 TL 32.855.651), the Capital adequacy ratio is 17,03 % (31 December 2016: TL 14,30). This ratio is well above the minimum ratio required by the legislation.

a. Information about total capital items:

a. Information about total capital items:	Current Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	23.790.063	
Gains recognized in equity as per TAS	3.513.711	
Profit	6.039.069	
Current Period Profit	6.039.069	
Prior Period Profit	=	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized		
within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	40.455.175	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	20.035	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity		
in accordance with TAS	114.042	
Improvement costs for operating leasing	18.332	
Goodwill (net of related tax liability)	=	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	333.721	292.020
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	_	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	_	
Defined-benefit pension fund net assets	_	
Direct and indirect investments of the Bank in its own Common Equity	_	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside		
the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	_	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside		
the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of		
Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial		
institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	486.130	
Total Common Equity Tier 1 Capital	39.969.045	

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	Current Period 31 December 2017	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	=	
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital Direct and indirect investments of the Bank in its own Additional Tier I Capital		
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions	-	
with compatible with Article 7.	_	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the		
Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and		
Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier	00.400	
1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	83.430	=
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-		
paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not	-	
available (-)	_	
Total Deductions From Additional Tier I Capital	_	
Total Additional Tier I Capital	-	
Total Tier Capital (Tier Capital=Common Equity+Additional Tier Capital)	39.885.615	
TIER II CAPITAL	0110001010	
Debt instruments and share issue premiums deemed suitable by the BRSA	1.870.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	=	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.654.011	
Tier II Capital Before Deductions	4.524.011	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	=	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank lowns 10% or less of the issued common share capital exceeding 10% of Common		
Equity of the Bank (-)	_	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial		
institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital		
exceeding 10% of Common Equity of the Bank	=	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	=	
Total Tier II Capital	4.524.011	
Total Capital (The sum of Tier I Capital and Tier II Capital)	44.409.626	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and		
the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	- / 504	
Other items to be defined by the BRSA (-)	6.521	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components The Sum of not long positions of investments (the position which present the 10 % of Paper Common Faultal in the capital of		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not		
own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier		
1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of		
the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and		
insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of		
the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional		
Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on		
Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are		
outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share		
capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the		
Regulation on Banks' Own Funds	=	
negatation on paints Other units		

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	Current Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	// /00 105	
Total risk weighted amounts	44.403.105	
Total risk weighted aniounts	260,790,923	
Capital Adequacy Ratios	200.770.720	
Core Capital Adequacy Ratio	15,33%	
Tier 1 Capital Adequacy Ratio	15,29%	
Capital Adequacy Ratio	17,03%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	1,27%	
a) Bank specific total common equity tier 1 capital ratio	1,25%	
b) Capital conservation buffer requirement	0,02%	
c) Systemic significant bank buffer ratio (**)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of	7,33%	
Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,0070	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions		
where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns		
10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	367.461	
Amount arising from deferred tax assets based on temporary differences Limits related to provisions considered in Tier II calculation	307.401	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.654.011	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.654.011	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with	2.004.011	
the Communiqué on the Calculation	_	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings		
Based Approach in accordance with the Communiqué on the Calculation	=	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	=	

^(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

^(**) Systemically Important Bank Buffer ratio represented as 0.00% since it is necessary to fill systemically Important Bank Buffer Ratio for systematic important banks that are not obligated to prepare consolidated financial statements in accordance with the "Systemically Important Banks Regulation, Article 4 paragraph 4".

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	Prior Period 31 December 2016 (**)	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	20.161.351	
Gains recognized in equity as per TAS	47.106	
Profit	4.528.712	
Current Period Profit	4.528.712	
Prior Period Profit	=	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized		
within profit for the period	4.895	
Common Equity Tier 1 Capital Before Deductions	31.847.956	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity		
in accordance with TAS	1.229.273	
Improvement costs for operating leasing	27.261	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	189.841	316.401
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	=	
Gains arising from securitization transactions	=	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	_	
Defined-benefit pension fund net assets	_	
Direct and indirect investments of the Bank in its own Common Equity	_	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	_	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside		
the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	_	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside		
the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of		
Common Equity of the Bank	_	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	_	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	=	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	_	
Excess amount arising from the net long positions of investments in common equity items of banks and financial		
institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	_	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	_	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	_	
Total Deductions From Common Equity Tier 1 Capital	1.475.135	
Total Common Equity Tier 1 Capital	30.372.821	

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	Prior Period 31 December 2016 (**)	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL	* * *	,,,=:::,,
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	=	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions	=	
with compatible with Article 7.		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the	-	
Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	_	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and		
Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	=	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-	126.560	-
paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not		
available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	•	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	30.246.261	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	=	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) Provisions (Article 8 of the Regulation on the Equity of Banks)	2.620.234	
Tier II Capital Before Deductions	2.620.234	
Deductions From Tier II Capital	2.020.204	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	=	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	_	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial		
institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital		
exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	=	
Total Tier II Capital	2.620.234	
Total Capital (The sum of Tier I Capital and Tier II Capital)	32.866.495	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and	10	
the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years Other items to be defined by the BRSA (-)	19 10.825	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	10.023	
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not		
own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	_	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on		
Banks' Own Funds The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are	-	
outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the		
Regulation on Banks' Own Funds		

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	Prior Period 31 December 2016 (**)	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital Total Capital	32.855.651	
Total risk weighted amounts Capital Adequacy Ratios	229.746.122	
	10.000/	
Core Capital Adequacy Ratio Tier 1 Capital Adequacy Ratio	13,22% 13,17%	
1 1 7		
Capital Adequacy Ratio BUFFERS	14,30%	
Bank specific total common equity tier 1 capital ratio	5,51%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of		
Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,22%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions		
where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns		
10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	442.437	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.923.525	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.620.234	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with		
the Communiqué on the Calculation	=	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings		
Based Approach in accordance with the Communiqué on the Calculation	=	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	=	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	=	

^(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

^(**) Previous period adjustments stated in Note I-c of Section Three are not reflected.

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immediately senior to the instrument)

In compliance with article number 7 and 8 of "Own fund regulation"

Details of incompliances with article number 7 and 8 of "Own fund regulation"

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b. Information about instruments that will be included in total capital calculation:

Current Period 31 December 2017

subordinated loans.

The instrument is in compliance with article number 8.

The instrument is not in compliant with article numbered 7.

Details on Subordinated Liabilities:	·
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.870 million TL (in full TL amount)
Nominal value of instrument	1.870 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 1.870 million TL (in full TL amount)
Subsequent call dates, if applicable	
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type	In priority of receivables, it comes after the debt instruments which are non-
in an efficiency of the first transport of the second of t	

c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the general provision and subordinated loans. In the calculation of Total Capital, general provision up to 1,25% of credit risk and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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II. EXPLANATIONS ON CREDIT RISK:

a. 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 risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

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

For daily treasury operations limit allocation and follow-up is performed by the Treasury. Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note 2-o of Section Four

	Current Period Risk	
Risk Classifications	Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central		-
Banks	88.742.159	79.615.840
Conditional and unconditional receivables from regional or local governments	275	275
Conditional and unconditional receivables from administrative bodies and non-		
commercial enterprises	30.846	70.142
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	75.287.019	80.933.806
Conditional and unconditional receivables from corporates	169.235.060	154.314.639
Conditional and unconditional receivables from retail portfolios	88.206.300	84.351.307
Conditional and unconditional receivables secured by mortgages	24.981.065	23.315.343
Past due receivables	152.619	153.584
Receivables defined under high risk category by BRSA	-	744
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	278.068	272.229
Equity security investments	4.234.896	2.506.002
Other receivables	7.045.133	6.690.109
Total	458.193.440	432.224.020

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

- **b.** Control limits exist on forward transaction and option agreements and other positions that are held in terms of similar other agreements. Credit risk born out of these types of instruments is managed together with market risk.
- **c.** The risks of the forward, option and other similar type agreements are followed regulary and as deemed necessary based on the credit risk, the risks are tried to be minimized.
- **d.** Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk. Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

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

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e. The Bank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to significant credit risk concentration.

As seen in the Bank's balance sheet, the ratio of loans under follow-up to total loans is as low as 2,3% [31 December 2016: 2,6%].

- **f.** 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 32% and 39% respectively. [31 December 2016: 33% and 40%].
- 2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 61% and 74%. (31 December 2016: 66% and 77%)
- 3. The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 21% and 27% respectively. (31 December 2016: 22% and 28%)
- g. The Bank provided a general loan loss provision amounting to TL 2.654.011 (31 December 2016: TL 2.923.525).
- h. Information on loan types and provisions:

Current Period - 31 December 2017	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	134.644.332	30.865.479	13.575.879	179.085.690
Close Monitoring Loans	9.537.906	1.259.705	473.047	11.270.658
Loans Under Follow-up	2.191.560	1.279.565	1.061.586	4.532.711
Specific Provision (-)	2.038.941	1.279.565	1.061.586	4.380.092
Total	144.334.857	32.125.184	14.048.926	190.508.967

As of 31 December 2017, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 204 million.

Prior Period - 31 December 2016	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	115.631.444	27.894.782	12.128.729	155.654.955
Close Monitoring Loans	3.790.611	1.536.885	690.487	6.017.983
Loans Under Follow-up	1.639.126	1.396.806	1.231.259	4.267.191
Specific Provision (-)	1.484.156	1.396.806	1.231.259	4.112.221
Total	119.577.025	29.431.667	12.819.216	161.827.908

As of 31 December 2016, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 206 million.

i. Information on the movement of provision for loan and other receivables of the Bank:

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2017	1.484.156	1.396.806	1.231.259	4.112.221
Transferred during the period	1.078.619	476.021	362.320	1.916.960
Collection	(337.650)	(372.270)	(212.016)	(921.936)
Write-off(*)	[186.184]	(220.992)	(319.977)	(727.153)
31 December 2017	2.038.941	1.279.565	1.061.586	4.380.092

(*)TL 709 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to 4 companies İstanbul Varlık Yönetim A.Ş., Efes Varlık Yönetimi A.Ş., Hayat Varlık Yönetimi A.Ş. ve Final Varlık Yönetimi A.Ş. at a price of TL 39 million (in full TL amount.

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2016	868.775	1.184.274	1.172.961	3.226.010
Transferred during the period	929.529	637.906	513.936	2.081.371
Collection	(207.055)	(307.335)	(211.185)	(725.575)
Write-off(*)	(107.093)	(118.039)	(244.453)	(469.585)
31 December 2016	1.484.156	1.396.806	1.231.259	4.112.221

(*) TL 450,1 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to Güven Varlık Yönetimi A.Ş. at a price of TL 49,1 million (in full TL amount). Specific provision previously allocated for this amount, is shown under "Write-off" in the above table.

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j. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2017	Trading Financial Assets (Net)	Available-for-Sale Financial Assets (Net)	Held-to-Maturity Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	1.377	-	1.377
Ba1	-	40.232.452	18.406.623	58.639.075
Ba2	-	196.879	476.409	673.288
Total	-	40.430.708	18.883.032	59.313.740

Prior Period - 31 December 2016	Trading Financial Assets (Net)	Available-for-Sale Financial Assets (Net)	Held-to-Maturity Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	_
Baa1, Baa2, Baa3	-	131.256	-	131.256
Ba1	-	32.112.788	17.976.682	50.089.470
Ba2	-	-	-	_
Total	-	32.244.044	17.976.682	50.220.726

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Profile on significant risks in significant regions: ند

Current Period							~	Risk Categories (*)	.									
31 December 2017	-	2	က	4	2	9	7	80	6	10	11	12	13	14	15	16	17	Total
Domestic	86.930.039	22	17.212			9.840.878	135.082.620	57.400.680	24.111.783	152.619	1			1	278.032	101.637	7.045.133	320.960.688
European Union Countries	238.047	ı	∞		1	39.972.466	4.890.055	20.990	171.352	1	1			,		161	1	45.293.079
OECD Countries(**)		ı	1		1	1.630.303	190.258	2.204	2.054	1	1			1		,	1	1.824.819
Off- Shore Regions	•	1	1		,	134.290	134.190	187	266	•	1	1		,	,	,	1	268.933
USA, Canada	•	1	1		,	2.915.551	95.488	3.839	2.196	1	1			,	,	,	1	3.017.074
Other Countries	1.544.270	1	1	1	1	845.181	696.541	11.215	5.293	•	1	1	1	í	•	1	1	3.102.500
Investment and associates, subsidiaries																		
and joint ventures	1	1		1	1	41.105	692.326	1	1		1	1	1	,		4.133.098	1	4.866.529
Undistributed Assets / Liabilities***	1	1	1	,	1	1	1	1	1	•	1	1	1	ı	,	1	1	
Total	88.712.356	22	17.220		•	55.379.774	141.781.478	57.439.115	24.292.944	152.619	•	•	٠		278.032	4.234.896	7.045.133	379.333.622
Prior Period							œ	Risk Categories (*)	Ξ									
31 December 2016	-	7	3	7	2	9	7	8	6	10	11	12	13	14	15	[****]91	17	Total
Domestic	79.508.445	20	46.010			10.422.893	109.567.986	50.265.610	20.687.819	154.970	1			,	460.842	70.938	3.645.626	274.831.189
European Union Countries	178.286	1	7		1	34.760.220	4.903.811	14.864	12.089	1	1	1	1	,	,	161	1	39.869.438
OECD Countries(**)	1	1	1	1	1	1.746.977	275.923	2.289	2.261	1	1	1	1	,	,	1	1	2.027.450
Off- Shore Regions	1	ı	1	1	1	167.679	55.244	310	309	1	1	1	1	ı	1	1	1	223.542
USA, Canada	1	ı	1	1	1	3.368.413	95.689	3.455	2.781	1	1	1	1	ı	1	1	1	3.470.338
Other Countries	1	ı	24		,	942.999	710.730	10.468	3.312	•	1	1		ı	,	1	1	1.370.530
Investment and associates, subsidiaries																		
and joint ventures	1	1	1	1	1	985'696'9	737.068	1	1	1	1	1	1	,	,	1.525.941	1	9.232.595
Undistributed Assets / Liabilities***	1		1	1	_	-	-	1	-	-	-	-	-	-	-	-	1	

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

	Conditional and unconditional receivables from central governments and Central Banks	9.	Conditional and unconditional receivables secured by mortgages
2	Conditional and unconditional receivables from regional or local governments	10.	Past due receivables
ന്	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	1.	Receivables defined under high risk category by BRSA
4.	Conditional and unconditional receivables from multilateral development banks	12.	Securities collateralized by mortgages
2	Conditional and unconditional receivables from international organizations	13.	Securitization positions
9	Conditional and unconditional receivables from banks and brokerage houses	14.	Short-term receivables from banks, brokerage houses and corporates
7.	Conditional and unconditional receivables from corporates	15.	Investments similar to collective investment funds
œί	Conditional and unconditional receivables from retail portfolios	16.	Equity security transactions
		17.	Other receivables

 ^[**] EU countries, OECD countries other than USA and Canada
 [***] Assets and liabilities that are not distributed according to a consistent principle
 [****] Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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l. Risk Profile according to sectors and counterparties:

Current Period							Œ	Risk Classifications (*)	ations (*)											
31 December 2017	1	2	3	4	D.	9	7	80	6	10	11	11 12	13	14	15	16	17	겉	5	Total
Agricultural	-		5				79.990	333.117	89.826		1	'	1					493.652	9.287	502.939
Farming and raising Livestock	_	1	IJ	1		1	55.084	229.966	68.205	ı	1	1	1	1	1	ı	ı	346.538	6.723	353.261
Forestry	•	1	•	1		•	24.571	98.805	21.088	,	•	1	1	1	•	•	•	141.900	2.564	144.464
Fishing	•	1		1	,	•	332	4.346	533	,	•	1	1	1		•		5.214		5.214
Manufacturing	11	•	228	1	,	1	45.358.702	5.279.524	3.279.569	,	•	1	1	1	,	•	•	27.184.970	26.733.064	53.918.034
Mining	1	1	1	1	,	1	1.050.524	148.059	95.186	1	1	1	1	1	1	1	•	648.912	644.857	1.293.769
Production	11	1	225	1	,	•	28.063.301	5.032.438	3.027.418	,	•	1	1	1		•		21.583.339	14.540.054	36.123.393
Electricity, Gas, Water	•	1	3	1		•	16.244.877	99.027	156.965	,	•	1	1	1	•	•	•	4.952.719	11.548.153	16.500.872
Construction	1	1	71	1	,	1	23.423.012	2.476.848	3.727.479	1	1	1	1	1	1	1	•	15.256.234	14.371.176	29.627.410
Services	1.965	51	4.486	1		55.370.723	65.841.193	16.561.546	7.866.784	152.619	•	1	1	1	278.032	4.139.818	•	64.209.862	86.007.355	150.217.217
Wholesale and Retail Trade	09	1	145	1	i	1	22.002.591	13.448.978	4.954.613	1	•	1	1	1	1	1	1	34.866.569	5.539.829	40.406.398
Hotel, Food, Beverage Services	က		33				3.289.774	674.354	1.204.706	152.619		1	1	1				2.969.497	2.351.992	5.321.489
Transportation and Telecommunication	1.749		6			1	9.365.812	1.223.367	282.596		1			1	ı			2.744.654	8.128.879	10.873.533
Financial Institutions	9	7	19	1	,	55.370.723	24.917.805	14.506	448.615	,	1	1	1	1	278.032	4.137.994	1	19.418.870	65.748.834	85.167.704
Real Estate and Lending Services	,		16				3.066.674	90.589	307.056			1	1	1				998.707	2.465.628	3.464.335
Self employment Service	1	1	34	1	,	1	565.073	138.919	40.04	1	•	1	1	1	1	1	1	257.966	486.124	744.090
Education Service	110	1	1.152	1			387.495	194.395	138.490		•	1	1	1		1		960.290	61.052	721.642
Health and social Services	37	36	3.078	1			2.245.969	776.438	490.644			1	1	1	1	1.824	1	2.293.009	1.225.017	3.518.026
Other	88.710.379	7	12.430	1		9.051	7.078.581	32.788.080	9.329.286	1	1	1	1	1	1	95.078	7.045.133	90.619.853	54.448.169	145.068.022
Total	88.712.356	22	17.220	٠	í	55.379.774	141.781.478	57.439.115	24.292.944	152.619	٠	•	•	٠	278.032	4.234.896	7.045.133	197.764.571	181.569.051	379.333.622

(*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

1.	Conditional and unconditional receivables from central governments and Central Banks Conditional and unconditional receivables from regional or local governments	9. 10.	Conditional and unconditional receivables secured by mortgages Past due receivables
cri	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	1.	Receivables defined under high risk category by BRSA
4.	Conditional and unconditional receivables from multilateral development banks	12.	Securities collateralized by mortgages
5.	Conditional and unconditional receivables from international organizations	13.	Securitization positions
.9	Conditional and unconditional receivables from banks and brokerage houses	14.	Short-term receivables from banks, brokerage houses and corporates
7.	Conditional and unconditional receivables from corporates	15.	Investments similar to collective investment funds
œ.	Conditional and unconditional receivables from retail portfolios	16.	Equity security transactions
		17.	Other receivables

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Prior Period							Ris	Risk Classifications (*)	ons (*)											
31 December 2016	-	2	3	4	2	9	7	8	6	10	Ξ	12	12 13 14	14	15	16(**)	17	Ĕ L	5	Total
Agricultural	L		2				43.939	209.853	47.007		٠	٠				,	'	299.627	1.178	300.805
Farming and raising livestock	_	,	2	,	,	,	32.428	124.662	30.559	1	1	1	1	,	1	,	1	187.640	15	187.655
Forestry	,	ì	1	1	ı	1	11.130	83.756	16.290	•	1	1	1	,	,	1	1	110.013	1.163	111.176
Fishing	1	,	1	,	,	,	381	1.435	158	1	1	1	1	,	1	,	1	1.974	1	1.974
Manufacturing	10	,	411	,	,	,	38.791.695	4.635.038	2.884.987	1	1	1	1	,	1	,	1	21.994.322	24.317.819	46.312.141
Mining	•		•		,	•	1.511.807	129.945	106.877	•	1	1			•	•		355.274	1.393.355	1.748.629
Production	10		408		,	•	21.674.595	4.433.403	2.748.772	•	1	1	•		•	•		17.211.246	11.645.942	28.857.188
Electricity, Gas, Water	•		3		,	•	15.605.293	71.690	29.338	•	1	1	•		•	•		4.427.802	11.278.522	15.706.324
Construction	•		92		,	•	17.986.852	1.956.358	2.109.801	•	1	1	•		•	•		10.966.112	11.086.964	22.053.076
Services	1.964	38	27.011		,	51.442.321	52.652.350	14.520.868	6.141.853	154.970	1	1	•		460.842	1.586.828		48.020.966	78.968.079	126.989.045
Wholesale and Retail Trade	24	10	1.367		,	•	16.833.244	11.597.043	4.338.139	•	1	1	•		•	•		27.137.142	5.632.715	32.769.857
Hotel, Food, Beverage Services	2		30	1	ì	,	3.219.022	602.607	669.366	154.970	1	1	1	ì			1	1.925.039	2.720.958	4.645.997
Transportation and Telecommunication	1.749	,	6	•		1	8.538.580	1.167.970	236.078	,					1	1	'	2.160.325	7.784.061	9.944.386
Financial Institutions	8	e	20	,	,	51.440.868	19.223.523	23.969	121.780	1	1	1	,	,	460.842	1.585.004	1	13.282.822	59.573.190	72.856.012
Real Estate and Lending Services	•	,	15	1	,	1	2.563.966	92.673	130.558	,	1	1	1	,	,	1	1	654.135		2.787.212
Self employment Service	•	,	26	1	ı	1	555.765	139.503	35.665	1	1	1	1	,	,	1	1	221.606	509.353	730.959
Education Service	118	,	1.525	1	ı	1	180.907	133.306	140.613	1	1	1	1	,	,	1	1	397.832	58.637	456.469
Health and social Services	38	25	24.019	1	ı	1.453	1.537.343	763.797	469.654	1	1	1	1	,	,	1.824	1	2.242.065	556.088	2.798.153
Other	79.684.756	12	18.549	1		6.639.443	6.871.615	28.974.879	9.524.923		1	1	1	1	1	10.212	3.645.626	73.562.170	61.807.845	135.370.015
Total	79.686.731	20	46.041	•		58.081.764	116.346.451	50.296.996	20.708.571	154.970	•	•	٠		460.842	1.597.040	3.645.626	154.843.197	176.181.885	331.025.082

(*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

<u>.</u>	Conditional and unconditional receivables from central governments and Central Banks	9.	Conditional and unconditional receivables secured by mortgages
2.	Conditional and unconditional receivables from regional or local governments	10.	Past due receivables
ന്	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Ξ.	Receivables defined under high risk category by BRSA
4.	Conditional and unconditional receivables from multilateral development banks	12.	Securities collateralized by mortgages
Ö.	Conditional and unconditional receivables from international organizations	13.	Securitization positions
9	Conditional and unconditional receivables from banks and brokerage houses	14.	Short-term receivables from banks, brokerage houses and corporates
7.	Conditional and unconditional receivables from corporates	15.	Investments similar to collective investment funds
∞.	Conditional and unconditional receivables from retail portfolios	16.	Equity security transactions
		17.	Other receivables

(**) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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m. Term distribution of risks with term structure:

			Time to	Maturity		
31 December 2017		1-3	3-6	6-12		_
Risk Categories	1 month	months	months	months	Over 1 year	Total
Conditional and unconditional receivables from central						
governments and Central Banks	4.290.936	38.193.924	1.053.364	1.081.162	44.092.970	-
Conditional and unconditional receivables from						
regional or local governments	-	-	-	-	55	-
Conditional and unconditional receivables from						
administrative bodies and non-commercial						
enterprises	6.054	115	1.975	601	8.475	-
Conditional and unconditional receivables from						
multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from						
international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks						
and brokerage houses	13.348.122	3.300.279	3.235.436	3.368.210	32.127.727	-
Conditional and unconditional receivables from						
corporates	8.133.770	8.963.838	13.912.110	21.729.216	89.042.544	-
Conditional and unconditional receivables from retail						
portfolios	816.937	1.355.521	15.526.099	6.338.342	33.402.216	-
Conditional and unconditional receivables secured by						
mortgages	353.747	581.541	1.031.445	2.776.487	19.549.724	-
Past due receivables	-	-	-	-	-	152.619
Receivables defined under high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses						
and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	278.023	-	-	-	9	-
Equity security investments	4.234.896	-	-	-	_	-
Other Receivables	-	-	-	-	-	7.045.133
Total	31.462.485	52.395.218	34.760.429	35.294.018	218.223.720	7.197.752
		22.070.210	- 111 - 01 - 127	20127-11010		

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n. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. Countries' credit note is considered all risk class of receivables from central governments and Central Banks. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into accountBelow are the Credit Quality Degrees corresponding to Fitch Ratings.

Ratings to be matched	Credit Quality Degrees	Fitch		
<u> </u>	1	AAA ilâ AA-		
<u> </u>	2	A+ ilâ A-		
Ratings of long-term	3	BBB+ ilâ BBB-		
credits	4	BB+ ilâ BB-		
<u> </u>	5	B+ ilâ B-		
	6	CCC+ ve aşağısı		
<u> </u>	1	F1+ ilâ F1		
<u> </u>	2	F2		
Ratings of short-term	3	F3		
credits	4	F3 aşağısı		
_	5			
	6			
<u> </u>	1	AAA ilâ AA-		
Long-term securitization	2	A+ ilâ A-		
position ratings —	3	BBB+ ilâ BBB-		
	4	BB+ ilâ BB-		
	5	B+ ve aşağısı		
<u> </u>	1	F1+ ilâ F1		
Short-term securitization	2	F2		
position ratings	3	F3		
	Others	F3 aşağısı		
	1	AAA ilâ AA-		
l [2	A+ ilâ A-		
Matchings regarding collective investment	3	BBB+ ilâ BBB-		
institutes	4	BB+ ilâ BB-		
motitates	5	B+ ilâ B-		
	6	CCC+ ve aşağısı		

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Risk amounts according to risk weights:

31 December 2017	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights												
Amount Before												
Credit Risk												
Mitigation	66.202.348	-	13.365.840	-	38.895.458	70.414.550	190.455.425	-	-	-	-	6.521
Amount After Credit												
Risk Mitigation	74.592.358	-	11.592.640	13.059.486	25.986.557	51.601.551	175.052.784	-	-	-	-	6.521

o. Miscellaneous information regarding important sectors or counterparty type:

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired / provision reserved loans."

The Bank calculates general loan loss provision for "overdue loans" and specific provision for "impaired loans" in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

The calculated general loan provision is shown under "impairment" column at the table below.

	Loans(*)			
31 December 2017 Sectors/Counterparties	Impaired Receivables	Past Due Receivables	Impairment	Specific Provisions
Agricultural	12.380	1.045	10	12.380
Farming and raising livestock	9.253	925	9	9.253
Forestry	2.397	120	1	2.397
Fishing	730	-	-	730
Manufacturing	579.096	155.588	1.556	579.096
Mining	33.009	7.403	74	33.009
Production	532.043	98.482	985	532.043
Electricity, Gas, Water	14.044	49.703	497	14.044
Construction	248.548	195.017	1.950	248.548
Services	1.497.661	351.671	3.516	1.345.042
Wholesale and Retail Trade	1.055.767	251.180	2.512	1.055.767
Hotel, Food, Beverage Services	273.096	24.359	244	120.477
Transportation and Telecommunication	61.036	34.918	349	61.036
Financial Institutions	13.579	2.824	28	13.579
Real Estate and Lending Service	5.923	526	5	5.923
Self Employment Service	4.556	1.038	10	4.556
Education Service	33.656	787	8	33.656
Health and social services	50.048	36.039	360	50.048
Other	2.195.026	748.856	13.967	2.195.026
Total	4.532.711	1.452.177	20.999	4.380.092

^(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

		Provisions			
	Opening	provided during	Provision	Other Adjustments	Closing
31 December 2017	Balance	the period	Reversals (**)	(*)	Balance
Specific Provisions	4.112.221	1.916.960	(921.936)	(727.153)	4.380.092
General Provisions	2.923.525	230.486	(500.000)	-	2.654.011

^(*) Presents the Write-Offs and Sales from Loans under Follow-up portfolio.

^(**)The excess general provision reserve amounting to TL 500 million has been reversed and transferred into free provision as of 31 December 2017.

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r. Risk involved in counter-cyclical capital buffer calculation:

31 December 2017 **Private sector credit Risk Weighted Equivalent** Country of ultimate risk exposures in banking book trading book Total Turkey 179 394 346 4.962.545 184.356.891 3.197.527 3.197.527 Ireland Holland 1.110.715 1.110.715 Great Britain 407.115 407.115 Russian Federation 389.556 389.556 165.585 Luxemburg 165.585 119 946 France 119 946 USA 109.030 109.030 Croatia 95.322 95.322 78 928 78 928 Egypt 136.971 136.971 Other

III. EXPLANATIONS ON CURRENCY RISK

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure.

Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	3,7400 TL	4,4773 TL
1.Day bid rate	3,8104 TL	4,5478 TL
2.Day bid rate	3,8197 TL	4,5385 TL
3.Day bid rate	3,8029 TL	4,5116 TL
4.Day bid rate	3,8087 TL	4,5205 TL
5.Day bid rate	3,8113 TL	4,5171 TL

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD : TL 3,8652 EURO : TL 4,5749 As of 31 December 2016;

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897

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Information related to Bank's Currency Risk:

The table below summarizes the Bank's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets, general loan loss provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period - 31 December 2017	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	5.500.508	16.101.262	5.299.814	26.901.584
Banks	1.488.141	6.533.524	84.717	8.106.382
Financial Assets at Fair Value through Profit or Loss (Net)	350.885	2.288.479	86.339	2.725.703
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2.031.230	14.720.565	602.237	17.354.032
Loans	28.365.510	34.346.203	76.460	62.788.173
Investments in Associates, Subsidiaries and Joint Ventures	2.982.385	-	-	2.982.385
Held-to-maturity Investments (Net)	3.443.374	9.444.617	=	12.887.991
Hedging Derivative Financial Assets	-	161.224	=	161.224
Tangible Assets (Net)	-	7.039	-	7.039
Intangible Assets (Net)	-	13	-	13
Other Assets	776.462	1.404.259	347	2.181.068
Total Assets	44.938.495	85.007.185	6.149.914	136.095.594
Liabilities				
Bank Deposits	3.083.332	7.359.337	1.048.780	11.491.449
Foreign Currency Deposits (**)	27.687.046	49.783.019	3.148.971	80.619.036
Funds from Interbank Money Market	662.522	22.611.145	-	23.273.667
Borrowings	8.532.528	20.899.547	4.051	29.436.126
Marketable Securities Issued (Net) (***)	45.283	9.433.956	162.400	9.641.639
Miscellaneous Payables	952.930	584.935	2.946	1.540.811
Hedging Derivative Financial Liabilities	-	74.911	-	74.911
Other Liabilities	966.101	506.952	99.824	1.572.877
Total Liabilities	41.929.742	111.253.802	4.466.972	157.650.516
Net on Balance Sheet Position	3.008.753	(26.246.617)	1.682.942	(21.554.922)
Net off-Balance Sheet Position (*)	(2.733.764)	27.283.553	(1.697.625)	22.852.164
Financial Derivative Assets	31.885.922	71.667.162		106.696.236
Financial Derivative Assets	34.619.686	44.383.609	4.840.777	83.844.072
Non-cash Loans	12.348.460	18.170.729	4.040.777	30.921.962
Prior Period - 31 December 2016				
Total Assets	41.622.422	88.601.559	1.618.511	131.842.492
Total Liabilities	37.303.471	94.774.511	3.648.267	135.726.249
Net on-Balance Sheet Position	4.318.951	(6.172.952)	(2.029.756)	(3.883.757)
	(0.407.040)	4.999.481	2.144.310	4.455.873
Net off-Balance Sheet Position (*)	(2.687.918)			
Net off-Balance Sheet Position (*) Financial Derivative Assets	(2.687.918) 21.397.571	54.203.308	3.079.893	78.680.772
***************************************				78.680.772 74.224.899

^(*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

^(**)Of the Cash Equivalents and Central Bank and Other FC, TL 5.220.523 (31 December 2016: TL 739.814) of the foreign currency deposits TL 1.451.430 (31 December 2016: TL 1.165.750) and Bank Deposits Other FC of the TL 1.426 (31 December 2016:897 TL) are precious metal deposit account in demand.

^[***] Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

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Currency risk sensitivity analysis:

The following table details the Bank's sensitivity to a 10% change in exchange rates.

	_	_			
E 64	inct a	n Pro	√ €i+/I	Acc	* 1

Change in exchange rate	Current period 31 December 2017	Prior period 31 December 2016
(+)10 %	(57.884)	(4.650)
(-)10 %	57.884	4.650

^(*) Presents amounts before Tax.

IV. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Bank manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

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

Current Period - 31 December 2017	Up to 1 Month	1 – 3 Months	3 - 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets	Month	MUIIIIS	MUIIIIS	Iears	allu Ovel	Dear mg	Totat
Cash Equivalents and Central Bank	22.746.114	_	_	_	_	12.617.052	35.363.166
Banks	1.538.119	505.976	8.190	-	-	6.064.494	8.116.779
Financial Assets at Fair Value Through Profit							
or Loss (Net)	2.202.675	619.342	1.056.898	3.127.245	1.271.347	-	8.277.507
Interbank Money Market Placements	1.552.161	-	-	-	-	-	1.552.161
Available-for-sale Financial Assets (Net)	2.683.884	4.059.452	11.324.668	14.877.476	7.485.228	375.862	40.806.570
Loans	44.312.136	27.112.638	48.405.456	61.021.007	9.505.111	152.619	190.508.967
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	18.883.032
Other Assets	589.993	420.351	233.306	1.535.836	696.590	9.046.610	12.522.686
Total Assets	78.173.962	36.572.400	63.651.562	89.459.043	19.917.264	28.256.637	316.030.868
Liabilities							
Bank Deposits	8.775.288	2.539.344	482.203	-	-	1.163.106	12.959.941
Other Deposits	107.548.204	20.902.574	9.696.769	51.787	8	33.745.166	171.944.508
Funds from Interbank Money Market	9.629.612	13.354.188	4.299.240	-	-	-	27.283.040
Miscellaneous Payables	342.333	523.202	439.295	106.715	-	4.505.652	5.917.197
Marketable Securities Issued (Net) (*)	1.499.934	4.450.149	644.810	4.279.281	4.879.974	-	15.754.148
Borrowings	2.383.576	20.828.919	5.481.800	964.285	13.200	-	29.671.780
Other Liabilities (**)	541.144	1.074.747	1.160.265	2.233.121	875.855	46.615.122	52.500.254
Total Liabilities	130.720.091	63.673.123	22.204.382	7.635.189	5.769.037	86.029.046	316.030.868
Balance Sheet Long Position	-	-	41.447.180	81.823.854	14.148.227	-	137.419.261
Balance Sheet Short Position	(52.546.129)	(27.100.723)	-	-	-	(57.772.409)	(137.419.261)
Off-balance Sheet Long Position	6.886.207	21.065.911	165.074	-	-	-	28.117.192
Off-balance Sheet Short Position		-	-	(19.497.554)	(5.994.678)	-	(25.492.232)
Total Position	(45.659.922)	(6.034.812)	41.612.254	62.326.300	8.153.549	(57.772.409)	2.624.960

^(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

^(**) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

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	Up to 1	1 – 3	3 – 12	1 – 5		Non-Interest	
Prior Period - 31 December 2016	Month	Months	Months	Years	and Over	Bearing	Total
Assets							
Cash Equivalents and Central Bank	27.670.460	-	-	-	-	7.341.812	35.012.272
Banks	3.320.415	571.855	35.765	-	-	6.044.774	9.972.809
Financial Assets at Fair Value Through Profit							
or Loss (Net)	1.459.253	3.216.600	1.802.374	850.397	397.087	-	7.725.711
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets (Net)	2.592.261	3.712.896	9.651.135	10.721.232	5.566.520	279.420	32.523.464
Loans	45.494.431	21.824.471	41.674.855	43.804.453	8.874.728	154.970	161.827.908
Held-to-maturity Investments (Net)	2.280.482	576.857	1.787.966	11.961.634	1.369.743	-	17.976.682
Other Assets	662.871	968.683	290.697	127.611	59.587	5.676.398	7.785.847
Total Assets	83.480.173	30.871.362	55.242.792	67.465.327	16.267.665	19.497.374	272.824.693
Liabilities							
Bank Deposits	3.922.023	1.307.816	364.344	-	-	905.077	6.499.260
Other Deposits	91.285.140	22.071.520	10.630.662	53.806	5	28.337.799	152.378.932
Funds from Interbank Money Market	9.719.293	10.813.635	4.850.089	-	-	-	25.383.017
Miscellaneous Payables	120.167	281.232	593.932	209.928	70.024	3.901.091	5.176.374
Marketable Securities Issued (Net)	728.952	107.070	1.719.718	4.676.309	3.385.445	-	10.617.494
Borrowings	1.673.637	26.037.038	2.073.191	238.079	44.991	-	30.066.936
Other Liabilities (*)	476.698	1.066.373	2.187.460	873.466	248.271	37.850.412	42.702.680
Total Liabilities	107.925.910	61.684.684	22.419.396	6.051.588	3.748.736	70.994.379	272.824.693
Balance Sheet Long Position	-	-	32.823.396	61.413.739	12.518.929	-	106.756.064
Balance Sheet Short Position	(24.445.737)	(30.813.322)	-	-	-	(51.497.005)	(106.756.064)
Off-balance Sheet Long Position	5.601.006	20.984.811	4.104.154	-	-	-	30.689.971
Off-balance Sheet Short Position	-	-	-	[19.025.633]	(7.766.384)	-	(26.792.017)
Total Position	(18.844.731)	(9.828.511)	36.927.550	42.388.106	4.752.545	(51.497.005)	3.897.954

^(*) Shareholders' equity is presented under "Other liabilities" item in "Non-interest bearing".

b. Average interest rates for monetary financial instruments (%):

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 31 December 2017	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,50	-	7,83
Banks	0,03	1,47	-	13,58
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	14,21
Available-for-sale Financial Assets (Net)	3,11	4,16	3,09	12,48
Loans	4,23	6,14	4,24	14,54
Held-to-maturity Investments (Net)	3,62	4,11	-	13,22
Liabilities				
Bank Deposits	0,54	1,93	-	10,81
Other Deposits	1,19	2,76	0,04	10,51
Funds from Interbank Money Market	1,92	2,46	-	12,44
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,58	1,29	12,54
Borrowings	1,04	3,27	-	6,71

^[*] Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

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Prior Period - 31 December 2016	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	0,75	-	5,31
Banks	-	2,20	-	9,73
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2,95	3,76	3,79	9,52
Loans	4,09	5,37	4,27	13,05
Held-to-maturity Investments (Net)	3,62	4,05	-	9,82
Liabilities				
Bank Deposits	0,40	1,62	-	9,42
Other Deposits	1,26	2,49	0,07	8,78
Funds from Interbank Money Market	1,93	2,00	-	7,90
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	4,96	1,29	8,80
Borrowings	0,83	2,60	-	6,68

V. EXPLANATIONS ON EQUITY SECURITIES POSITION RISK DERIVED FROM BANKING BOOKS:

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

a) Information on risk capacity of the Bank, responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to loan/deposit ratio,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

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b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

c) Information on the Bank's funding strategy including the policies on funding types and variety of maturities:

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposit, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

e) Information on liquidity risk mitigation techniques:

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

f) Information on the use of stress tests:

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units.

g) General information on urgent and unexpected liquidity situation plans:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

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Liquidity Coverage Ratio:

			Percentage to be to account" not ed Total value (*)	Rate of "Percentage to be taken into account" Implemented Total value (*)	
	ent Period - 31.12.2017	TL+FC	FC	TL+FC	FC
	I QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets			56.413.734	34.310.197
	HOUTFLOWS				
2	Retail and Customers Deposits	114.391.986	48.606.857	10.351.709	4.860.686
3	Stable deposits	21.749.795	-	1.087.490	-
4	Less stable deposits	92.642.191	48.606.857	9.264.219	4.860.686
5	Unsecured Funding other than Retail and Small Business				
	Customers Deposits	66.825.560	38.825.541	34.791.134	20.273.150
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	63.138.337	38.092.653	32.388.358	19.540.329
8	Other Unsecured Funding	3.687.223	732.888	2.402.776	732.821
9	Secured funding	-	-	52.055	52.055
10	Other Cash Outflows	54.923.129	33.138.483	46.752.222	25.308.026
11	Liquidity needs related to derivatives and market				
	valuation changes on derivatives transactions	45.848.351	24.439.579	45.848.351	24.439.579
12	Debts related to the structured financial products				
13	Commitment related to debts to financial markets				
	and other off balance sheet liabilities	9.074.778	8.698.904	903.871	868.447
14	Commitments that are unconditionally revocable at any time by	the			
	Bank and other contractual commitments	726.168	-	36.308	-
15	Other irrevocable or conditionally revocable commitments	59.254.388	16.732.292	2.962.719	836.615
16	TOTAL CASH OUTFLOWS			94.946.147	51.330.532
CASI	HINFLOWS				
17	Secured Lending Transactions	_	_	_	-
18	Unsecured Lending Transactions	14.486.537	6.093.400	9.919.639	5.419.997
19	Other contractual cash inflows	42.964.669	34.122.095	42.963.659	34.121.988
20	TOTAL CASH INFLOWS	57.451.206	40.215.495	52.883.298	39.541.985
				Upper limit app	
21	TOTAL HQLA STOCK			56.413.734	34.310.197
22	TOTAL NET CASH OUTFLOWS			42.062.849	13.651.341
23	Liquidity Coverage Ratio (%)			134,41	255,67

^(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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		Rate of "Perc taken into ad Implemented 1	count" not	Rate of "Percenta into account" Imp value	lemented Total
	Period - 31.12.2016	TL+FC	FC	TL+FC	FC
HIGH	QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets			44.376.988	27.652.200
CASH	1 OUTFLOWS				
2	Retail and Customers Deposits	94.382.070	39.012.077	8.466.264	3.901.208
3	Stable deposits	19.438.849	-	971.942	-
4	Less stable deposits	74.943.221	39.012.077	7.494.322	3.901.208
5	Unsecured Funding other than Retail and Small Business				
	Customers Deposits	58.699.017	32.084.318	29.673.005	16.772.542
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	56.067.477	31.603.658	28.071.179	16.295.258
8	Other Unsecured Funding	2.631.540	480.660	1.601.826	477.284
9	Secured funding	-	-	13.837	13.837
10	Other Cash Outflows	34.469.390	22.598.408	31.620.308	19.923.401
11	Liquidity needs related to derivatives and market				
	valuation changes on derivatives transactions	31.306.655	19.627.637	31.306.655	19.627.637
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets				
	and other off balance sheet liabilities	3.162.735	2.970.771	313.653	295.764
14	Commitments that are unconditionally revocable at any time by				
	the Bank and other contractual commitments	617.340	-	30.867	-
15	Other irrevocable or conditionally revocable commitments	52.002.144	15.882.912	2.600.108	794.146
16	TOTAL CASH OUTFLOWS			72.404.389	41.405.134
CASH	I INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	13.460.963	5.669.836	9.021.552	4.825.151
19	Other contractual cash inflows	29.120.268	21.982.918	29.119.145	21.982.493
20	TOTAL CASH INFLOWS	42.581.231	27.652.754	38.140.697	26.807.644
				Upper limit app	lied amounts
21	TOTAL HQLA STOCK			44.376.988	27.652.200
22	TOTAL NET CASH OUTFLOWS			34.263.692	15.049.889
23	Liquidity Coverage Ratio (%)			129,65	190,13

^(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 127% during the period and remain at a quite higher level that the legal lower limit.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by (57%) and securities issued by Undersecreteriat of the Treasury by (39%). Funding sources are mainly distributed between individual and retail deposits by (63%), corporate deposits by (28%), and borrowings from banks by (5%) and collateralized borrowings such as repurchase agreements by (1%).

Cash outflow amounting to TL 2.920 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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The Bank follows up and manages the liquidity coverage ratio including its foreign branch. There is no limitation which avoids liquidity transfer between the Bank and the foreign branch. In this context, the foreign branch does not create any additional liquidity risk for the Bank.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, the weeks in which the highest and the lowest liquidity coverage ratio is calculated over the last three months are presented below.

	Current Period	Current Period - 31.12.2017		- 31.12.2016
	TL+FC	FC	TL+FC	FC
Lowest	127,48	206,53	124,85	141,77
Week	1.12.2017	15.12.2017	09.12.2016	28.10.2016
Highest	142,96	293,10	134,91	232,87
Week	6.10.2017	6.10.2017	25.11.2016	16.12.2016

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2017	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	11.591.884	23.691.732	79.550	-	-	-	-	35.363.166
Banks	6.064.494	1.538.119	505.976	8.190	-	-	-	8.116.779
Financial Assets at Fair Value Through								
Profit or Loss (Net)	-	460.046	386.820	875.166	4.026.262	2.529.213	-	8.277.507
Interbank Money Market Placements	-	1.552.161	-	-	-	-	-	1.552.161
Available-for-sale Financial Assets								
(Net)	375.862	88.586	557.823	2.647.911	24.367.222	12.769.166	-	40.806.570
Loans	-	25.190.270	23.787.817	40.663.720	77.428.346	23.286.195	152.619	190.508.967
Held-to-maturity Investments (Net)	_	-	3.209.899	1.383.788	12.668.937	1.620.408	-	18.883.032
Other Assets	137.693	503.582	101.442	225.385	2.057.119	750.175	8.747.290	12.522.686
Total Assets	18.169.933	53.024.496	28.629.327	45.804.160	120.547.886	40.955.157	8.899.909	316.030.868
Liabilities								
Bank Deposits	1.163.106	8.775.288	2.539.344	482.203	-	-	-	12.959.941
Other Deposits	33.745.166	107.548.204	20.902.574	9.696.769	51.787	8	-	171.944.508
Borrowings	_	580.060	6.135.078	10.227.900	8.796.559	3.932.183	_	29.671.780
Funds from Interbank Money Market	_	6.650.640	1.761.351	2.848.179	14.507.812	1.515.058	_	27.283.040
Marketable Securities Issued (Net) (**)	_	1.499.934	4.450.149	644.810	4.279.281	4.879.974	_	15.754.148
Miscellaneous Payables	_	4.710.949	131.155	233.992	524.033	317.068	_	5.917.197
Other Liabilities (***)	_	1.820.266	708.607	1.996.214	6.261.608	1.289.053	40.424.506	52.500.254
Total Liabilities	34.908.272	131.585.341	36.628.258	26.130.067	34.421.080	11.933.344	40.424.506	316.030.868
Net Liquidity Excess/ (Gap)	(16.738.339)	(78.560.845)	(7.998.931)	19.674.093	86.126.806	29.021.813	(31.524.597)	
The English Process, (or b)	(1011001007)	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1710741070			(0110241077)	
Net Off-balance sheet Position	-	(395.318)	(377.879)	(50.929)	2.580.772	868.314	-	2.624.960
Financial Derivative Assets	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	244.498.265
Financial Derivative Liabilities	-	43.275.365	22.611.714	39.648.966	98.349.265	37.987.995	-	241.873.305
Non-cash Loans (****)	-	3.445.776	5.372.593	17.889.047	5.779.653	20.114.109	-	52.601.178
Prior Period - 31 December 2016								
Total Assets	19.822.198	48.564.413	24.857.698	39.495.381	95.422.815	39.522.814	5.139.374	272.824.693
Total Liabilities	29.242.876	107.925.447	30.619.370	28.374.839	31.730.909	12.555.594	32.375.658	272.824.693
Net Liquidity Gap	(9.420.678)	(59.361.034)	(5.761.672)	11.120.542	63.691.906	26.967.220	(27.236.284)	-
Net Off-balance sheet Position	-	201.527	(513.645)	562.108	2.315.237	1.332.727	-	3.897.954
Financial Derivative Assets	-	18.665.124	22.403.033	44.107.596	82.832.084	35.272.581	-	203.280.418
Financial Derivative Liabilities	-	18.463.597	22.916.678	43.545.488	80.516.847	33.939.854	-	199.382.464
Non-cash Loans (****)								

^(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column.

^(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

^[***] Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

^[****] Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

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Breakdown of liabilities due to their remaining contractual maturities:

	Up to 1				5 Years	
Current Period - 31 December 2017	Month	1-3 Months	3-12 Months	1-5 Years	and Over	Total
Liabilities						
Deposits	151.600.400	23.656.611	10.479.738	82.475	16	185.819.240
Funds borrowed from other financial institutions	468.389	6.417.418	10.439.813	9.956.980	4.159.807	31.442.407
Funds from interbank money market	6.676.609	1.847.044	3.236.516	15.176.936	1.688.923	28.626.028
Marketable Securities Issued (Net)	1.259.080	4.723.179	970.463	5.832.363	3.461.090	16.246.175

	Up to 1				5 Years	
Prior Period - 31 December 2016	Month	1-3 Months	3-12 Months	1-5 Years	and Over	Total
Liabilities						
Deposits	124.526.470	23.535.956	11.282.175	64.180	13	159.408.794
Funds borrowed from other financial institutions	356.924	5.933.922	9.612.076	11.323.402	5.311.036	32.537.360
Funds from interbank money market	6.181.570	330.862	3.940.518	12.857.764	3.335.945	26.646.659
Marketable Securities Issued (Net)	698.747	139.411	1.995.935	5.821.295	3.844.774	12.500.162

Breakdown of derivative instruments due to their remaining contractual maturities:

					5 Years
Current Period - 31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	38.509.904	19.316.519	35.743.578	39.513.485	6.282.312
- Outflow	(34.981.843)	(19.538.983)	(35.485.062)	(38.462.093)	(5.873.474)
Interest rate derivatives:					
- Inflow	20.575	128.597	516.873	1.842.466	874.125
- Outflow	(21.283)	(130.167)	(529.326)	(1.774.198)	(812.490)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	4.127	10.440	51.413	3.622.451	-
- Outflow	(20.158)	(41.800)	(181.991)	(2.967.916)	-
Interest rate derivatives:					
- Inflow	11.011	43.657	155.020	744.647	165.899
- Outflow	(12.565)	(55.728)	(151.060)	(655.238)	(167.641)
Total Inflow	38.545.617	19.499.213	36.466.884	45.723.049	7.322.336
Total Outflow	(35.035.849)	(19.766.678)	(36.347.439)	(43.859.445)	(6.853.605)

Prior Period - 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading	op to 1 month.		<u> </u>	, ,	
Foreign exchange derivatives:					
- Inflow	23.080.242	28.044.405	40.592.269	35.933.435	7.331.679
- Outflow	(22.143.294)	(27.278.946)	(40.259.576)	(34.810.360)	(6.574.162)
Interest rate derivatives:					
- Inflow	12.516	106.766	421.875	1.801.993	968.872
- Outflow	(8.102)	(99.474)	(393.605)	(1.653.698)	(876.187)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	4.321	3.317	29.464	3.450.987	-
- Outflow	(27.886)	(53.304)	(163.148)	(3.359.903)	-
Interest rate derivatives:					
- Inflow	1.744	28.421	76.920	546.199	228.568
- Outflow	(6.420)	(49.212)	(114.891)	(534.249)	(210.855)
Total Inflow	23.098.823	28.182.909	41.120.528	41.732.614	8.529.119
Total Outflow	(22.185.702)	(27.480.936)	(40.931.220)	(40.358.210)	(7.661.204)

Current Period

Prior Period

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VII. EXPLANATIONS ON LEVERAGE RATIO:

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2017, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,83% (31 December 2016: 8,21%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

b. Disclosure of Leverage ratio template:

		31 December 2017 (*)	31 December 2016(*)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including	302.498.411	
	collaterals)		256.291.887
2	(Assets deducted from Core capital)	(69.348)	(99.187)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	302.429.063	256.192.700
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	10.030.327	7.076.012
5	Potential credit risk amount of derivative financial assets and credit derivatives	3.966.227	3.978.805
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	13.996.554	11.054.817
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	4.676.303	2.715.734
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity		
7	(sum of lines 7 and 8)	4.676.303	2.715.734
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	124.637.498	97.124.440
11	[Correction amount due to multiplication with credit conversion rates]	[618.663]	(505.547)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	124.018.835	96.618.893
	Capital and total risk		
13	Core Capital	39.301.783	30.101.691
14	Total risk amount(sum of lines 3, 6, 9 and 12)	445.120.755	366.582.144
	Leverage ratio	·	<u> </u>
15	Leverage ratio	8,83	8,21
(+) TI			

^[*] Three months average values

VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Calculations of financial assets and liabilites at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

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	Ca	arrying Value		Fair Value
	Current Period	Prior Period	Current Period	Prior Period
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Financial Assets	259.867.509	222.300.863	256.723.544	223.614.369
Interbank Money Market Placements	1.552.161	-	1.551.010	-
Banks	8.116.779	9.972.809	8.110.019	9.970.442
Available-for-Sale Financial Assets (Net)	40.806.570	32.523.464	40.806.570	32.523.464
Held-to-Maturity Investments (Net)	18.883.032	17.976.682	19.082.300	17.931.986
Loans	190.508.967	161.827.908	187.173.645	163.188.477
Financial Liabilities	234.346.575	204.738.996	233.990.536	203.834.412
Bank Deposits	12.959.941	6.498.363	12.950.100	6.495.072
Other Deposits	171.944.508	152.379.829	171.895.026	152.404.481
Borrowings	29.671.780	30.066.936	29.180.324	29.123.857
Marketable Securities Issued (Net)	13.853.149	10.617.494	14.047.889	10.634.628
Miscellaneous Payables	5.917.197	5.176.374	5.917.197	5.176.374

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level).
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level).
- c) Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank according to the foregoing principles is given in the table below:

Current Period - 31 December 2017	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	-	-	-	-
- Trading Derivative Financial Assets	2.328	8.275.179	-	8.277.507
- Other Marketable Securities	-	-	-	-
Available-For-Sale Financial Assets				
- Government Debt Securities	36.816.619	-	-	36.816.619
- Share Certificates	-	84.865	-	84.865
- OtherMarketable Securities	3.754.049	138.027	-	3.892.076
Hedging Derivative Financial Assets	-	1.134.854	-	1.134.854
Loans	-	187.173.645	-	187.173.645
Held to Maturity Investments (Net)				
- Government Debt Securities	15.592.016	-	-	15.592.016
- Other Marketable Securities	3.490.284	-	-	3.490.284
Total Assets	59.655.296	196.806.570	-	256.461.866
Trading Derivative Financial Liabilities	186	5.520.067	-	5.520.253
Hedging Derivative Financial Liabilities	-	74.911	-	74.911
Deposits	-	184.845.126	-	184.845.126
Funds Borrowed	-	29.180.324	-	29.180.324
Funds from Interbank Money Market	-	26.347.282	-	26.347.282
Securities Issued (Net)		14.047.889		14.047.889
Total Liabilities	186	260.015.599	-	260.015.785

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Prior Period - 31 December 2016	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	=	=	-	-
- Share Certificates	-	=	-	-
- Trading Derivative Financial Assets	2.642	7.723.069	-	7.725.711
- Other Marketable Securities	-	=	-	-
Available-For-Sale Financial Assets				
- Government Debt Securities	29.240.863	-	-	29.240.863
- Share Certificates	-	54.344	-	54.344
- OtherMarketable Securities	3.047.718	167.707	-	3.215.425
Hedging Derivative Financial Assets	-	806.736	-	806.736
Loans	-	163.188.477	-	163.188.477
Held to Maturity Investments (Net)				
- Government Debt Securities	15.204.839	-	-	15.204.839
- Other Marketable Securities	2.727.147	-	-	2.727.147
Total Assets	50.223.209	171.940.333	-	222.163.542
Trading Derivative Financial Liabilities	4.388	4.509.420	-	4.513.808
Hedging Derivative Financial Liabilities	=	98.645	-	98.645
Deposits	=	158.899.553	-	158.899.553
Funds Borrowed	-	29.123.857	-	29.123.857
Funds from Interbank Money Market	=	24.280.273	-	24.280.273
Securities Issued (Net)	=	10.634.628	-	10.634.628
Total Liabilities	4.388	227.546.376	-	227.550.764

As explained in the note of VII-b of the Third Section, share certificates classified as available-for-sale are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably.

There are no transfers between the 1st and the 2nd levels in the current year.

IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal Rating-Based (IRB) approach, are not presented.

a. Explanations on Risk Management and Risk Weighted Amount (RWA)

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective risk management within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

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The Board of Directors regularly reviews and approves Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

Overview of RWA:

		Rick Wein	Risk Weighted Amount			
		Current Period	Prior Period	requirement Current Period		
		31 December 2017	31 December 2016	31 December 2017		
1	Credit risk (excluding counterparty credit risk) (CCR)	222.052.846	196.399.409	17.764.228		
2	Standardized approach (SA)	222.052.846	196.399.409	17.764.228		
3	Internal rating-based (IRB) approach	-	-	-		
4	Counterparty credit risk	15.404.555	13.006.972	1.232.364		
5	Standardized approach for counterparty credit risk (SA-CCR)	15.404.555	13.006.972	1.232.364		
6	Internal model method (IMM)	-	-	-		
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-		
8	Investments made in collective investment companies – look-through approach	-	-	-		
9	Investments made in collective investment companies – mandate-based approach	277.987	212.244	22.239		
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-		
11	Settlement risk	624	75	50		
12	Securitization positions in banking accounts	-	_	-		
13	IRB ratings-based approach (RBA)	-	-	-		
14	IRB Supervisory Formula Approach (SFA)	-	-	-		
15	SA/simplified supervisory formula approach (SSFA)	-	-	-		
16	Market risk	4.646.252	3.621.138	371.700		
17	Standardized approach (SA)	4.646.252	3.621.138	371.700		
18	Internal model approaches (IMM)	-	-	-		
19	Operational Risk	18.408.659	16.506.284	1.472.693		
20	Basic Indicator Approach	18.408.659	16.506.284	1.472.693		
21	Standard Approach	-	-	-		
22	Advanced measurement approach	-	-	-		
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	_	-		
24	Floor adjustment	-	-	-		
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	260.790.923	229.746.122	20.863.274		

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b. Linkages between financial statements and regulatory exposures:

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

		Carrying values of items				
Company Pariod 24 42 2047	Carrying values as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to the market risk	Not subject to capital requirements or subject to deduction
Current Period - 31.12.2017	(*)	framework	framework	framework	framework (**)	from capital
Assets	05.070.477	05.070.177				
Cash and balances at central bank	35.363.166	35.363.166	- 0.077.507	-	0.000.000	-
Financial assets held for trading	8.277.507	-	8.277.507	-	3.339.953	
Financial assets designated at fair value through profit						
orloss	0.11/.770	- 0.11/770	-	-	-	-
Banks	8.116.779	8.116.779	-	=	-	•
Receivables from money markets	1.552.161	1.552.161	-	=		
Available for sale financial assets (net)	40.806.570	36.754.888	-	=	4.031.647	20.035
Loans and receivables	190.508.967	190.502.446	-	-	-	6.521
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	18.883.032	18.883.032	-	-	-	-
Investments in associates (net)	3.923	3.923	-	-	-	-
Investments in subsidiaries (net)	4.133.098	4.133.098	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables		-	-	-	-	-
Derivative financial assets held for hedges	1.134.854		1.134.854	-	-	
Tangible assets (net)	3.416.438	3.398.106	-	-	-	18.332
Intangible assets (net)	471.650	-	-	-	-	471.650
Investment properties (net)	-	-	-	-	-	-
Tax assets	9.075	9.075	-	-	-	-
Non-current assets and disposal groups classified as						
held for sale (net)	57.520	57.520		-	-	
Other assets	3.296.128	3.296.128		-		-
Total assets	316.030.868	302.070.322	9.412.361	-	7.371.600	516.538
Liabilities						
Deposits	184.904.449	-	-	-	-	184.904.449
Derivative financial liabilities held for trading	5.520.253	-	5.520.253	-	2.450.482	5.520.253
Loans	29.671.780	-	-	-	-	29.671.780
Debt to money markets	27.283.040	-	27.283.040	-	-	27.283.040
Debt securities in issue	13.853.149	-	-	-	-	13.853.149
Funds	-	-	-	-	-	
Various debts	5.917.197	-	-	-	-	5.917.197
Other liabilities	1.101.637	-	-	-	-	1.101.637
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	5.899	-	-	-	-	5.899
Derivative financial liabilities held for hedges	74.911	-	74.911	-	-	74.911
Provisions	3.791.281	-	-	-	-	3.791.281
Tax liability	1.581.767	-	-	-	-	1.581.767
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	1.900.999	-	-	-	-	1.900.999
Equity	40.424.506	_	_	-	_	40.424.506
Total liabilities	316.030.868	_	32.878.204	_	2.450.482	316.030.868

^(*) Unconsolidated financial statements of Bank are stated.

^(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

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			Carrying values of items				
Prior Period - 31.12.2016	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital	
Assets	05.040.050	05 040 050					
Cash and balances at central bank	35.012.272 7.725.711	35.012.272	7.725.711	-	- 0.000 0.47	-	
Financial assets held for trading Financial assets designated at fair value through profit	7.725.711	-	7.725.711	-	2.828.947	-	
rnancial assets designated at fair value through profit or loss							
or loss Banks	9.972.809	9.972.809	-	-	-	-	
Receivables from money markets	7.772.007	7.772.007	-	-	-	-	
Available for sale financial assets (net)	32.523.464	29.851.615	-	-	2.643.089	28.760	
Loans and receivables	161.827.908	161.817.083	-	-	2.043.007	10.825	
-actoring receivables	101.027.700	101.017.003	_	-	-	10.023	
Held to maturity investments (net)	17.976.682	17.961.263	_		15.419		
nvestments in associates (net)	3.923	3.923	_		13.417		
nvestments in associates (net)	1.525.941	1.525.941					
nvestments in joint ventures (net)	1.020.741	1.020.741	_	_	_	_	
Leasing receivables	_	_	_	_	_	_	
Derivative financial assets held for hedges	806.736	_	806.736	_	_		
angible assets (net)	875.202	847.941	-	_	_	27.26	
ntangible assets (net)	356.672	-	_	_	_	356.672	
nvestment properties (net)	-	-	_	-	-	-	
ax assets	14.295	14.295	_	-	-	-	
Non-current assets and disposal groups classified as							
neld for sale (net)	42.343	42.324	-	-	-	19	
Other assets	2.352.512	2.352.512	-	-	-		
Total assets	271.016.470	259.401.978	8.532.447	-	5.487.455	423.537	
iabilities							
Deposits	158.878.192	-	-	-	-	158.878.192	
Perivative financial liabilities held for trading	4.513.808	-	4.513.808	-	2.236.153	4.513.808	
oans	30.066.936	-	-	-	-	30.066.936	
Debt to money markets	25.383.017	=	25.383.017	=	=	25.383.017	
Debt securities in issue	10.617.494	=	-	=	=	10.617.494	
unds	=	=	-	=	=	-	
arious debts	5.176.374	-	-	-	-	5.176.374	
Other liabilities	1.399.996	-	-	-	-	1.399.996	
actoring debts	-	-	-	-	-		
lebts from leasing transactions	28.321	-	-	-	-	28.321	
Perivative financial liabilities held for hedges	98.645	-	98.645	-	-	98.645	
3	3.516.125	-	-	-	-	3.516.125	
Provisions	/00.000		_	-	-	682.980	
Provisions Fax liability	682.980	-					
Provisions ax liability Liabilities included in disposal groups classified as held	682.980	-					
Provisions Fax liability Liabilities included in disposal groups classified as held for sale (net)	682.980	-	-	-	-	-	
Provisions Fax liability Liabilities included in disposal groups classified as held for sale (net) Subordinated debts Equity	682.980 - - 30.654.582	-	-	-	-	- - 30.654.582	

^(*) Unconsolidated financial statements of Bank are stated.

^(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

Items

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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current Period - 31.12.2017	Total	Items subject to credit risk framework	Items subject to securitisation framework	subject to counterparty credit risk framework	Items subject to market risk framework
1	Asset carrying value amount under scope of regulatory consolidation	315.514.330	302.070.322	-	9.412.361	7.371.600
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	32.878.204	(2.450.482)
3	Total net amount under regulatory scope of consolidation	315.514.330	302.070.322	-	42.290.565	4.921.118
4	Off-balance sheet amounts	357.753.033	32.424.231	-	-	-
5	Differences in valuations		-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7	Differences due to consideration of provisions		4.380.388	-	-	-
8	Differences due to prudential filters		-	-	-	(274.867)
9	Differences due to risk reduction		(5.389.700)	-	(23.890.430)	-
10	Exposure amounts considered for regulatory		333.485.241	-	18.400.135	4.646.251

[*] The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

	Prior Period - 31.12.2016	Total	Items subject to credit risk framework	Items subject to securitisation framework	subject to counterparty credit risk framework	Items subject to market risk framework
1	Asset carrying value amount under scope of regulatory consolidation	270.592.933	259.401.978	_	8.532.447	5.487.455
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	(29.995.470)	(2.236.153)
3	Total net amount under regulatory scope of consolidation	270.592.933	259.401.978	_	38.527.917	7.723.608
4	Off-balance sheet amounts	304.618.317	32.927.226	-	-	-
5	Differences in valuations		-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7	Differences due to consideration of provisions		-	-	-	-
8	Differences due to prudential filters		-	-	-	(4.102.470)
9	Differences due to risk reduction		(755.064)	-	(22.923.619)	-
10	Exposure amounts considered for regulatory		291.574.140	-	15.604.298	3.621.138
(4.)						

(*) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

- 3. Explanations of differences between accounting and regulatory exposure amounts:
- a) Differences between accounting and regulatory exposure amounts

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

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b) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

c. Credit risk explanations:

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Department conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

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2. Credit quality of assets:

		Gross carrying values of	of (according to TAS)		
		Defaulted	Non-defaulted	Allowances/	
	Current Period 31.12.2017	exposures	exposures	impairements	Net values
1	Loans	4.532.711	190.356.348	6.880.509	188.008.550
2	Debt Securities	-	59.313.740	62.671	59.251.069
3	Off-balance sheet explosures	180.677	111.191.040	131.983	111.239.734
4	Total	4.713.388	360.861.128	7.075.163	358.499.353

		Gross carrying values of	of (according to TAS)		
		Defaulted	Non-defaulted	Allowances/	
	Prior Period 31.12.2016	exposures	exposures	impairements	Net values
1	Loans	4.267.191	161.672.938	6.610.538	159.329.591
2	Debt Securities	-	50.220.726	54.947	50.165.779
3	Off-balance sheet explosures	198.157	101.620.937	205.654	101.613.440
4	Total	4.465.348	313.514.601	6.871.139	311.108.810

3. Changes in stock of defaulted loans and debt securities:

		Current Period	Prior Period
		31.12.2017	31.12.2016
1	Defaulted loans and debt securities at end of the previous		
	reporting period	4.465.348	3.532.825
2	Loans and debt securities that have defaulted since the last reporting		
	period	1.897.129	2.120.026
3	Returned to non-defaulted status	68.363	24.803
4	Amounts written off	727.153	469.585
5	Other changes	853.573	693.115
6	Defaulted loans and debt securities at end of the reporting period		
	(1+2-3-4±5) Definitions	4.713.388	4.465.348

- 4. Additional disclosure related to the credit quality of assets:
- a) Definitions of overdue and provision allocated receivables are presented in Note II-o of Section Four:
- b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2017.

- c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of SectionThree:
- d) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enchance customer's ability to repay the loan. Besides, apart from credit risk, it involves changes in the contractual conditions with the demand of customer. While Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and outstanding maturity:

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Breakdown by geographical area:

	Current Period 31.12.2017	Prior Period 31.12.2016
Domestic	184.912.055	156.356.902
European Union Countries	4.915.168	4.771.616
OECD Countries (*)	3.710	2.075
Off-Shore Banking Regions	-	2
USA, Canada	23.505	5.635
Other	501.910	536.708
Total	190.356.348	161.672.938

(*)OECD Countries other than EU countries, USA and Canada.

Breakdown by sector

	Current Period	Prior Period
	31.12.2017	31.12.2016
Agricultural	369.981	162.329
Farming and raising livestock	251.972	84.875
Forestry	106.340	77.099
Fishing	11.669	355
Manufacturing	40.280.727	35.705.685
Mining	1.033.545	1.584.514
Production	25.106.013	20.820.393
Electricity, Gas, Water	14.141.169	13.300.778
Construction	25.950.568	18.947.430
Services	70.963.794	57.867.537
Wholesale and Retail Trade	28.828.149	23.070.094
Hotel, Food, Beverage Services	4.345.953	3.888.003
Transportation and	9.477.783	7.914.134
Telecommunication	7.4/7./03	7.714.134
Financial Institutions	24.138.559	18.691.210
Real Estate and Lending Services	519.587	1.365.815
Self employment Service	573.440	564.786
Education Service	624.867	387.134
Health and social Services	2.455.456	1.986.361
Other	52.791.278	48.989.957
Total	190.356.348	161.672.938

Breakdown by outstanding maturity:

Up to 1		3 – 12		5 Years	
Month	1 - 3 Months	Months	1 - 5 Years	and Over	Total
25.190.270	23.787.817	40.663.720	77.428.346	23.286.195	190.356.348
Up to 1		3 – 12		5 Years	
Month	1 - 3 Months	Months	1 - 5 Years	and Over	Total
22.465.761	23.621.766	35.090.090	58.967.343	21.527.978	161.672.938
	<u>Month</u> 25.190.270 Up to 1 <u>Month</u>	Month 1 - 3 Months 25.190.270 23.787.817 Up to 1 Month Month 1 - 3 Months	Month 1 - 3 Months Months 25.190.270 23.787.817 40.663.720 Up to 1 3 - 12 Month 1 - 3 Months Months	Month 1 - 3 Months Months 1 - 5 Years 25.190.270 23.787.817 40.663.720 77.428.346 Up to 1 Month 3 - 12 Months 1 - 5 Years	Month 1 - 3 Months Months 1 - 5 Years and Over 25.190.270 23.787.817 40.663.720 77.428.346 23.286.195 Up to 1

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f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

	Current Period	-31.12.2017	Prior Period-31.12.2016			
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions		
Domestic	4.531.507	4.378.888	4.266.137	4.111.167		
European Union Countries	669	669	649	649		
OECD Countries (*)	-	-	-	-		
Off-Shore Banking Regions	30	30	3	3		
USA, Canada	119	119	81	81		
Other	386	386	321	321		
Total	4.532.711	4.380.092	4.267.191	4.112.221		

^(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Per	riod-31.12.2017	Prior Period-31.12.2016			
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions		
Agricultural	12.380	12.380	11.276	11.276		
Farming and raising						
livestock	9.253	9.253	9.971	9.971		
Forestry	2.397	2.397	1.246	1.246		
Fishing	730	730	59	59		
Manufacturing	579.096	579.096	381.020	381.020		
Mining	33.009	33.009	26.672	26.672		
Production	532.043	532.043	346.738	346.738		
Electricity, Gas, Water	14.044	14.044	7.610	7.610		
Construction	248.548	248.548	144.750	144.750		
Services Wholesale and Retail	1.497.661	1.345.042	1.278.472	1.123.502		
Trade Hotel,Food,Beverage	1.055.767	1.055.767	874.098	874.098		
Services Transportation and	273.096	120.477	264.419	109.449		
Telecommunication	61.036	61.036	63.888	63.888		
Financial Institutions Real Estate and	13.579	13.579	2.444	2.444		
Lending Services Self employment	5.923	5.923	2.940	2.940		
Service	4.556	4.556	4.820	4.820		
Education Service Health and social	33.656	33.656	29.379	29.379		
Services	50.048	50.048	36.484	36.484		
Other	2.195.026	2.195.026	2.451.673	2.451.673		
Total	4.532.711	4.380.092	4.267.191	4.112.221		

As of 31 December 2017, Non Performing Loans written-off from Asset amounting to TL 727.153 (31 December 2016: 469.585).

g) Aging analysis for overdue receivables:

	Current Period	Prior Period
	31.12.2017	31.12.2016
30-60 days overdue	879.773	2.367.824
60-90 days overdue	572.404	740.243
Total	1.452.177	3.108.067

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h) Breakdown of restructured receivables based on whether or not provisions are allocated:

	Current Period	Prior Period
Restructured Receivables	31.12.2017	31.12.2016
Loans restructured from Standard Loans and Other Receivables	3.888.691	2.742.877
Loans restructured from Loans underFollow-up and Other Receivables	3.155.715	3.026.531
Loans restructured from Non-Performing Loans	142.062	177.871

General provision is allocated for the loans restructured from standard loans and loans under Follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

i) Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate.

Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party guarantor type and collateral.

5. Credit risk mitigation techniques - overview:

Cui	rent Period 31.12.2017	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	183.469.417	4.539.133	1.974.205	13.741.776	12.319.437	-	-
2	Debt Securities	59.251.069	-	-	-	-	-	-
3	Total	242.720.486	4.539.133	1.974.205	13.741.776	12.319.437	-	-
4	Of which defaulted	4.713.388	-	-	-	-	-	-

Pri	or Period 31.12.2016	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	159.080.405	249.186	242.042	-	-	-	-
2	Debt Securities	50.165.779	-	-	-	-	-	-
3	Total	209.246.184	249.186	242.042	_	_	-	-
4	Of which defaulted	4.431.237	-	-	-	-	-	-

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6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.

7. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

		Exposures before credit		Exposures			
	Current Period - 31.12.2017	conversion fa	ctor and CRM	conversion fa	ctor and CRM	RWA and R	WA density
		On-balance	Off-balance	On-balance	Off-balance		
		sheet	sheet	sheet	sheet		
	Asset classes	amount	amount	amount	amount	RWA	RWA density
1	Exposures to central governments or central banks	84.707.318	4.034.841	84.707.317	140.882	25.418.515	29,96%
2	Exposures to regional governments or local authorities	-	275	-	55	28	50,91%
3	Exposures to public sector entities	7.083	23.763	7.083	4.892	11.975	100,00%
4	Exposures to multilateral development banks	=	=	=	=	=	=
5	Exposures to international organisations	=	=	=	=	=	=
6	Exposures to institutions	17.132.991	58.154.028	17.132.990	16.221.652	18.050.472	54,12%
7	Exposures to corporates	111.790.157	57.444.903	111.154.768	29.661.363	130.094.809	92,39%
8	Retail exposures	53.332.871	34.873.429	52.983.438	3.893.728	38.701.163	68,04%
9	Exposures secured by residential property	12.825.658	592.428	12.823.162	246.873	4.570.820	34,97%
10	Exposures secured by commercial real estate	10.563.610	999.369	10.541.614	654.912	7.377.523	65,89%
11	Past-due loans	152.619	=	152.619	=	152.619	100,00%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	=
13	Exposures in the form of covered bonds	=	=	=	=	=	=
	Exposures to institutions and corporates with a short-term						
14	credit assessment	=	=	=	=	=	=
	Exposures in the form of units or shares in collective						
15	investment undertakings (CIUs)	277.987	81	277.988	12	277.999	100,00%
16	Other assets	7.045.133	-	7.045.133	-	4.745.756	67,36%
17	Investments in equities	4.234.896	-	4.234.896	-	4.234.896	100,00%
18	Total	302.070.323	156.123.117	301.061.008	50.824.369	233.636.575	66,40%

		Exposures b		Exposures		RWA and RWA density		
	Prior Period - 31.12.2016	conversion fa		conversion fa		RWA and R	WA density	
		On-balance	Off-balance	On-balance	Off-balance			
		sheet	sheet	sheet	sheet			
	Asset classes	amount	amount	amount	amount	RWA	RWA density	
1	Exposures to central governments or central banks	76.062.018	3.641.222	76.062.018	72.683	25.386.083	33,34%	
2	Exposures to regional governments or local authorities	=	250	=	50	25	50,00%	
3	Exposures to public sector entities	36.007	21.890	36.006	5.947	41.953	100,00%	
4	Exposures to multilateral development banks	-	-	-	-	=	-	
5	Exposures to international organisations	=	=	=	=	=	=	
6	Exposures to institutions	17.487.358	67.534.108	17.487.358	21.930.526	16.498.554	41,86%	
7	Exposures to corporates	93.797.798	42.897.460	93.745.169	21.572.155	112.207.650	97,30%	
8	Retail exposures	46.326.371	32.522.909	46.142.581	3.796.036	37.453.963	75,00%	
9	Exposures secured by residential property	11.138.435	172.492	11.132.846	67.456	3.920.106	35,00%	
10	Exposures secured by commercial real estate	8.944.111	909.766	8.944.069	558.569	6.154.894	64,77%	
11	Past-due loans	154.970	-	154.970	-	154.970	100,00%	
12	Higher-risk categories by the Agency Board	-	235	-	-	=	-	
13	Exposures in the form of covered bonds	=	-	=	-	=	=	
	Exposures to institutions and corporates with a short-term							
14	credit assessment	-	-	-	-	-	-	
	Exposures in the form of units or shares in collective							
15	investment undertakings (CIUs)	212.244	248.632	212.244	15.089	227.332	100,00%	
16	Other assets	3.645.626	-	3.645.626	-	1.833.274	50,29%	
17	Investments in equities	1.597.040		1.597.040		1.597.040	100,00%	
18	Total	259.401.978	147.948.964	259.159.927	48.018.511	205.475.843	66,89%	

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8. Standardised Approach – Exposures by asset classes and risk weights:

	Current Period -31.12.2017 Assett classes/ Risk weight	0%	10%	20%	35%	50% (*)	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
1	Exposures to central					30.000					weighte	
	governments or central banks	59.246.507	-	228.972	-	-	-	25.372.720	-	-	-	84.848.199
2	Exposures to regional					55						55
	governments or local authorities	-	-	-	-	33	-	-	-	-	-	33
3	Exposures to public sector							11.975				11.975
	entities	-	-	-	-	-	-	11.773	-	-	-	11.773
4	Exposures to multilateral											
	development banks											
5	Exposures to international	_	_	_	_	_	_	_	_	_	_	_
	organisations											
6	Exposures to institutions	19.076	-	10.390.060	-	13.946.092	-	8.999.414	-	-	-	33.354.642
7	Exposures to corporates	842.156	-	932.059	-	4.663.391		134.378.525	-	-	-	140.816.131
8	Retail exposures	-	-	-	-	-	56.877.167	-	-	-	-	56.877.166
9	Exposures secured by residential	-	-	-	-	-	11.625.661	1.444.375	-	-	-	13.070.035
	property											
10	Exposures secured by	_	_	_	_	_	1.343.625	9.852.901	_	_	_	11.196.526
	commercial real estate							450 /40				450 (40
11	Past-due loans	-	-	-	-	-	-	152.619	-	-	-	152.619
12	Higher-risk categories by the	-	-	-	-	-	-	-	-	-	-	-
10	Agency Board											
13	Exposures in the form of covered	-	-	-	-	-	-	-	-	-	-	-
1/	bonds											
14	Exposures to institutions and											
	corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or											
10	shares in collective investment							278.000				278.000
	undertakings (CIUs)	-	-	-	-	-	-	270.000	-	-	-	270.000
16	Investments in equities							4.234.896				4.234.896
17	Other assets	2.266.139	_	41.548	-	-	-	4.737.446	-	_	-	7.045.133
18	Total	62.373.878		11.592.639		18.609.538	69.846.453					351.885.377
10	IVIAL	02.573.070		11.072.037		10.007.000	07.040.403	107.402.070				331.003.377

(*)Secured by real estate

[**]Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

	Prior Period -31.12.2016	0%	10%	20%	35%	E00/ (+)	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
	Assett classes/ Risk weight Exposures to central	U76	10%	20%	30%	50% (*)	/5%	100%	150%	200%	weights	(**)
- 1	governments or central banks	28 830 466		163 991		50 677 979		14.295				76.134.701
2	Exposures to regional	20.030.400	_	103.771	_	30.077.777	_	14.273	_	_	_	70.134.701
2	governments or local authorities	_	_	_	_	50	_	_	_	_	_	50
3	Exposures to public sector					00						
	entities	4.088	-	_	_	_	_	41.953	-	-	_	41.953
4	Exposures to multilateral											
	development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international											
	organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	18.681.545	-	11.022.602	-	28.167.166	-	210.450	-	-	-	39.417.884
7	Exposures to corporates	2.184.915	-	182.913	-	3.620.143	-	110.348.093	5.123	-	-	115.317.324
8	Retail exposures	358.380	-	-	-	-	49.938.617	-	-	-	-	49.938.617
9	Exposures secured by residential											
	property	5.588	-	-	11.200.302	-	-	-	-	-	-	11.200.302
10	Exposures secured by											
	commercial real estate	43	-	-	-	6.695.488	-	2.807.150	-	-	-	9.502.638
11	Past-due loans	-	-	-	-	-	-	154.970	-	-	-	154.970
12	Higher-risk categories by the											
	Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered											
	bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and											
	corporates with a short-term											
	credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or											
	shares in collective investment											
	undertakings (CIUs)	233.511	-	-	-	-	-	227.333	-	-	-	227.333
16	Investments in equities	-	-	-	-	-	-	1.597.040	-	-	-	1.597.040
17	Other assets	1.699.801	-	140.688		<u>-</u>		1.805.137		-	-	3.645.626
18	Total	51.998.337	-	11.510.194	11.200.302	89.160.826	49.938.617	117.206.421	5.123	-	-	307.178.438

(*)Secured by real estate

^(**)Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

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d. Counterparty Credit Risk (CCR) Explanations:

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart fron banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined seperately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewd and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CKR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

- -Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.
- -It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

-In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.

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-In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

2. Analysis of counterparty credit risk exposure by approach:

Current Period - 31.12.2017	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)	9.305.562	1.693.697	-	1,4	10.999.259	7.874.572
Internal Model Method (for derivatives, Repo Transactions, Mark	etable					
Securities or EMTIA lending or borrowing transactions, transacti						
2 a long settlement time, Marketable Security transactions with cr	edit) -	-	-	-	-	-
Simple Approach for credit risk mitigation (for derivatives, Repo						
Transactions, Marketable Securities or EMTIA lending or borrow	5					
transactions, transactions with a long settlement time, Marketab	ole					
3 Security transactions with credit)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for derivative	•					
Transactions, Marketable Securities or EMTIA lending or borrow	5					
transactions, transactions with a long settlement time, Marketab	ote				7.400.876	3.431.168
4 Security transactions with credit)	-	-	-	-	7.400.876	3.431.168
VaR for for derivatives, Repo Transactions, Marketable Securities EMTIA lending or borrowing transactions, transactions with a lor						
5 settlement time, Marketable Security transactions with credit	ıy _	_	_		7.400.876	3.431.168
Settlement time, Marketable Security transactions with credit Total					7.400.070	11.305.740

(*) Effective Exp	cted Positive Exposure
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	Prior Period - 31.12.2016	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives)	8.317.863	4.160.056	-	1,4	12.477.919	7.445.180
	Internal Model Method (for derivatives, Repo Transactions, Marketable						
0	Securities or EMTIA lending or borrowing transactions, transactions with						
2	a long settlement time, Marketable Security transactions with credit) Simple Approach for credit risk mitigation (for derivatives, Repo	-	-	-	-	-	-
	Transactions, Marketable Securities or EMTIA lending or borrowing						
	transactions, transactions with a long settlement time, Marketable						
3	Security transactions with credit)	-	-	-	-	-	-
	Comprehensive Approach for credit risk mitigation (for derivatives, Repo						
	Transactions, Marketable Securities or EMTIA lending or borrowing						
	transactions, transactions with a long settlement time, Marketable						
4	Security transactions with credit)	-	-	-	-	3.126.379	1.419.010
	VaR for for derivatives, Repo Transactions, Marketable Securities or						
	EMTIA lending or borrowing transactions, transactions with a long						
5	settlement time, Marketable Security transactions with credit	-	-	-	-	3.126.379	1.419.010
6	Total						8.864.190

(*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

		Current Period 31.12.2017		Prior Period 31.12.201	
		Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge				
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital charge	10.999.259	4.091.182	12.477.919	4.137.494
4	Total subject to the CVA capital charge	10.999.259	4.091.182	12.477.919	4.137.494

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4. Standardised approach – CCR exposures by regulatory portfolio and risk weights:

Current Period - 31.12.2017

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure*
Regulatory portfolia									
Claims from central governments and central banks	91.013	-	-	-	-	22.036	-	-	22.036
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial									
entity	-	-	-	-	-	148	-	-	148
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	1.618.513	11.148.194	-	10.225	-	-	5.908.024
Corporates	126.252	-	-	6.095	-	5.356.958	-	-	5.360.005
Retail portfolios	-	-	-	-	20.698	-	-	-	15.524
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board									
of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial									
intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective									
investment institutions	-	-	-	-	-	3	-	-	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	217.265	-	1.618.513	11.154.289	20.698	5.389.370	-	-	11.305.740

^[*]Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

[**]Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

Prior Period - 31.12.2016

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure*
Regulatory portfolia									
Claims from central governments and central banks	50.214	-	=	=	-	=	-	-	=
Claims from regional and local governments	-	-	-	=.	-	-	-	-	-
Claims from administration and non commercial entity	=	-	=	=	-	1.289	-	-	1.289
Claims from multilateral development banks	-	-	=	=	-	-	-	-	-
Claims from international organizations	-	-	-	=.	-	-	-	-	-
Claims from institutions	-	-	1.977.399	9.963.895	-	2.612	-	-	5.380.039
Corporates	110.355	-	9	9.953	-	3.430.748	-	-	3.435.726
Retail portfolios	=	-	=	=	42.742	=	-	-	32.057
Claims on landed real estate	-	-	=	=	-	-	-	-	=
Past due loans	-	-	-	=.	-	-	-	-	-
Claims which are determined as high risk by the board									
of BRSA	-	-	-	=.	-	-	-	-	-
Mortgage securities	-	-	=	=	-	-	-	-	=
Securitization positions	-	-	-	=.	-	-	-	-	-
Claims from corporates, banks and financial									
intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective									
investment institutions	-	-	-	=.	-	15.079	-	-	15.079
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	160.569	-	1.977.408	9.973.848	42.742	3.449.728	-	-	8.864.190

^[*]Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

^[**]Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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- 5. Composition of collateral for CCR exposure: Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.
- 6. Credit derivatives exposures:

	Current Per	riod - 31.12.2017	Prior Pe	riod - 31.12.2016
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	-	18.700	-	-
Index credit default swaps	-	-	-	-
Total return swaps	6.127.434	4.541.941	6.635.216	4.931.513
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	6.127.434	4.560.641	6.635.216	4.931.513
Fair values				
Positive fair value (asset)	1.581.610	1.581.610	1.643.573	1.643.573
Negative fair value (liability)	=	-	=	-

7. Exposures to central counterparties (CCP):

		Current Period -	31.12.2017	Prior Period - 31	.12.2016
-		Exposure at		Exposure at default	
		default (post-CRM)	RWA	(post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		7.633		5.288
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	193.899	7.618	264.211	5.284
3	(i) OTC Derivatives	193.899	7.618	264.211	5.284
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin				
9	Pre-funded default fund contributions	6.519	15	1.964	4
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)	-	-	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

e. Securitization explanations: The Bank has no securitization transactions.

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two

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most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

The following table indicates the details of the market risk calculation as of 31 December 2016, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

	Currer	nt Period - 31.12.2017	Prior Pe	riod - 31.12.2016
		RWA		RWA
	Outright products			
1	Interest rate risk (general and specific)	2.	782.725	1.954.074
2	Equity risk (general and specific)		-	-
3	Foreign exchange risk	1.	783.014	1.608.601
4	Commodity risk		-	-
	Options			
5	Simplified approach		-	-
6	Delta-plus method		80.513	58.463
7	Scenario approach		-	-
8	Securitisation		-	-
9	Total	4.6	646.252	3.621.138

Outright products refer to positions in products that are not optional.

g. Explanations on operational risk:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2017 is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2017 is calculated once a year by using the gross income of the Bank in 2014, 2015 and 2016.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

				Total/Positive GI		
	31.12.2014	31.12.2015	31.12.2016	year number	Ratio (%)	Total
Gross income Amount subject to Operational Risk	8.572.601	9.666.236	11.215.018	3	15	1.472.693
(Amount*12,5)						18.408.659

h. Interest rate risk related to banking book:

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

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Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality are considered under interest rate risk scope.

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

Calculation of the interest rate risk derived from banking books is presented below:

	Applied Shock	Gains /	Gains / Shareholders' Equity -
Currency	(+/- x basis points)	Losses	Losses/ Shareholders' Equity
TL	(400)	4.708.734	10,61%
TL	500	(4.918.261)	(11,08%)
USD	(200)	(264.553)	(0,60%)
USD	200	270.187	0,61%
EURO	(200)	94.822	0,21%
EUR0	200	(468.449)	(1,05%)
Total (for negative shocks)		4.539.003	10,22%
Total (for positive shocks)		(5.116.523)	(11,52%)

XI. EXPLANATIONS ON HEDGE TRANSACTIONS:

The Bank hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest rate swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate available-for-sale financial assets.

The Bank hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Bank also applies fair value hedge against currency risk resulting from investments abroad. As long as the subject fair value hedge transaction is effective, fair value changes of the hedged item are reflected to income statement.

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As of 31 December 2017, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	C	urrent Period 31.12.2017	l	P ;		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	973.630	-	2.497.225	682.966	-
-FC	26.913.498	161.224	74.911	20.737.803	123.770	98.645
Total	29.410.723	1.134.854	74.911	23.235.028	806.736	98.645

1. Explanations on Fair Value Hedge:

Current Period: 31.12.2017

Hedging			Fair Value Difference of	Fair Value Difference of	Ineffective Portion
Instrument	Hedged Item	Risk Exposure	Hedging Instrument	Hedged Items (*)	(**)
	Fixed interest rate FC				
Interest Rate	available-for-sale				
Swap	financial assets	Interest rate risk	(70.981)	63.778	(7.203)
	Fixed interest rate TL				
Cross-currency	Mortgage Loans,	Interest rate and			
swap	FC borrowings	currency risk	1.115.949	(1.104.587)	11.362

^(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

Prior Period: 31.12.2016

Hedging	Hadrad Barr	Diek Eyneeure		Fair Value Difference of	Ineffective Portion
Instrument	Hedged Item	Risk Exposure	Hedging Instrument	Hedged Items (*)	(**)
	Fixed interest rate FC				
Interest Rate	available-for-sale				
Swap	financial assets	Interest rate risk	(94.580)	89.557	(5.023)
	Fixed interest rate TL				
Cross-currency	Mortgage Loans,	Interest rate and			
swap	FC borrowings	currency risk	784.031	(776.488)	7.543

^(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

The Bank also applies fair value hedge strategy against the foreign currency risk arising from share premiums and paid-in-capital of Akbank AG, one of Bank's subsidiaries, amounting to EUR 320 Million. EUR 320 Million of syndication loans used by the Bank have been determined as "hedging instruments".

As of 31 December 2017 fair value hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below

- As of 31 December 2017, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 15.256 (31 December 2016: TL 12.845).

^(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

^(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

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2. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging ins	strument FV	Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net
			Assets	Liabilities			
	Floating-rate	Cash Flow risk due					
	long Term FC	to changes in					
Interest Rate	funds	interest rate of					
Swap	borrowed	funds	131.448	-	12.793	(22.824)	215

As of 31 December 2017 cash flow hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 December 2017, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (18.772) (31 December 2016: TL [43.584]).

XII. EXPLANATIONS ON BUSINESS SEGMENTS:

The Bank operates in three main business segments including consumer banking, commercial banking, SME banking, and corporate-investment and private banking with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

Consumer banking offers a variety of retail services such as deposit accounts, consumer loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate banking, commercial banking and SME banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions. Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

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Information on business segments as of 31 December 2017 and 31 December 2016 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

		Commercial Banking,			
	Consumer Banking	SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period - 31 December 2017					
Operating Income	4.431.311	6.408.593	1.204.424	1.580.185	13.624.513
Profit from Operating Activities	1.908.223	4.428.191	968.166	(154.908)	7.149.672
Income from Subsidiaries	-	-	-	1.822	1.822
Income/(loss) from investments in subsidiaries					
consolidated based on equity method	-	-	-	365.117	365.117
Profit before Tax	1.908.223	4.428.191	968.166	212.031	7.516.611
Corporate Tax	-	-	-	(1.477.542)	(1.477.542)
Minority Shares	-	-	-	-	=
Net Profit for the Period	1.908.223	4.428.191	968.166	(1.265.511)	6.039.069
Segment Assets	53.929.605	157.464.085	87.767.727	=	299.161.417
Investments in Associates	-	-	-	-	4.137.021
Undistributed Assets	-	-	-	-	12.732.430
Total Assets	-	-	-	-	316.030.868
Segment Liabilities	94.762.137	85.190.850	85.734.750	-	265.687.737
Undistributed Liabilities	-	-	-	-	9.918.625
Shareholders' Equity	=	=	=	=	40.424.506
Total Liabilities	-	-	=	-	316.030.868
Other Segment Items					
Capital Investment	-	-	-	473.075	473.075
Amortization	(21.112)	(16.823)	-	(233.256)	(271.191)
Non-cash Other Income-Expense	(284.443)	(113.985)	(54.107)	(1.370.040)	(1.822.575)

		Commercial Banking, SME Banking,			
	Consumer Banking	Corporate-Investment and	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period - 31 December 2016					
Operating Income	4.248.437	5.976.327	1.074.902	872.267	12.171.933
Profit from Operating Activities	1.574.410	3.843.123	850.302	(591.763)	5.676.072
Income from Subsidiaries	=	=	=	715	715
Income/(loss) from investments in subsidiaries					
consolidated based on equity method	-	-	-	347.546	347.546
Profit before Tax	1.574.410	3.843.123	850.302	(243.502)	6.024.333
Corporate Tax	=	=	=	(1.203.878)	(1.203.878)
Minority Shares	-	-	-	-	=
Net Profit for the Period	1.574.410	3.843.123	850.302	(1.447.380)	4.820.455
Segment Assets	50.388.066	130.338.728	78.035.997	-	258.762.791
Investments in Associates	=	-	=	=	3.338.087
Undistributed Assets	=	-	=	=	10.723.815
Total Assets	=	=	=	=	272.824.693
Segment Liabilities	83.888.360	74.548.153	73.883.113	=	232.319.626
Undistributed Liabilities	-	-	-	-	8.129.409
Shareholders' Equity	-	-	-	-	32.375.658

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Total Liabilities	-	-	-	-	272.824.693
Other Segment Items					
Capital Investment	-	-	-	439.784	439.784
Amortization	(28.773)	(22.036)	-	(164.116)	(214.925)
Non-cash Other Income-Expense	(543.165)	(840.898)	(109.719)	(723.476)	(2.217.258)

SECTION FIVE INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash equivalents and the account of the CBRT:

	(31 D	Prior Period 31 December 2016		
	TL	FC	TL	FC
Cash/Foreign Currency	1.427.722	735.952	1.135.289	559.565
The CBRT (*)	7.033.859	26.021.620	4.228.312	28.943.471
Other (**)	1	144.012	1	145.634
Total	8.461.582	26.901.584	5.363.602	29.648.670

^(*) Precious metal account amounting to TL 5.118.058 are included in FC (31 December 2016: TL 734.867).

2. Information related to the account of the CBRT:

	C		Prior Period		
	31 D	31 D	31 December 2016		
	TL	FC	TL	FC	
Unrestricted Demand Deposits	1.647	-	1.530	-	
Unrestricted Time Deposits	3.080.092	-	-	5.173.596	
Restricted Time Deposits	-	-	-	-	
Reserve Requirement	3.952.120	26.021.620	4.226.782	23.769.875	
Total	7.033.859	26.021.620	4.228.312	28.943.471	

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT pays interest on reserve balances held in TL and USD.

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities).

b. Information on financial assets at fair value through profit or loss:

- 1. As of 31 December 2017, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2016: None) or given as collateral/blocked (31 December 2016: None).
- 2. Table of positive differences related to trading derivative financial assets:

	3	Current Period 1 December 2017		Prior Period I December 2016
	TL	FC	TL	FC
Forward Transactions	421.168	-	471.979	-
Swap Transactions	5.098.770	2.555.045	3.816.920	3.174.223

^(**) Precious metal account amounting to TL 102.465 are included in FC (31 December 2016: TL 4.947).

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Total	5.551.804	2.725.703	4.315.883	3.409.828
Other	-	-	-	-
Options	31.866	170.658	26.984	235.605
Futures Transactions	-	-	-	-

c. Information on banks account:

1. Information on banks account:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	10.397	1.468.750	147.485	2.502.619
Foreign	-	6.637.632	306.818	7.015.887
Head Quarters and Branches Abroad	-	-	-	-
Total	10.397	8.106.382	454.303	9.518.506

2. Information on foreign banks account:

	Unrestr	icted Amount	Restricte	Restricted Amount (**)		
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016		
European Union Countries	1.517.919	1.604.802	4.071.661	5.136.317		
USA, Canada	589.738	566.740	431.048	-		
OECD Countries (*)	12.789	9.974	-	-		
Off-Shore Banking Regions	-	17	-	15		
Other	6.317	4.738	8.160	102		
Total	2.126.763	2.186.271	4.510.869	5.136.434		

^(*) OECD Countries other than EU countries, USA and Canada.

d. Information on available-for-sale financial assets:

1. As of 31 December 2017, available-for-sale financial assets subject to repurchase agreements amounting to TL 18.926.124 (31 December 2016: TL 15.149.322); and those given as collateral/blocked amounting to TL 2.586.927 (31 December 2016: TL 1.234.185).

2. Information on available-for-sale financial assets:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Debt Securities	41.508.616	33.347.272
Quoted at Stock Exchange (*)	41.369.497	33.179.565
Unquoted at Stock Exchange	139.119	167.707
Share Certificates	97.875	67.176
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	97.875	67.176
Impairment Provision (-)	799.921	890.984
Total	40.806.570	32.523.464

^(*) Investment funds are included.

e. Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	Cash	Non-cash	Cash Non-cash	

^[**] Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

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Total	5.673.725	923.699	4.634.760	900.600
Loans Granted to Employees	113.133	-	105.759	_
Indirect Loans Granted to Shareholders	5.560.592	923.453	4.529.001	900.355
Real Person Shareholders	-	-	-	-
Corporate Shareholders	-	246	-	245
Direct Loans Granted to Shareholders	-	246	-	245

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard Loans and Other Receivables			ther Receivablese Monitoring	es under	
	Loans and Other Receivables (Total)	Loans and Re with Revised		Loans and Other Receivables (Total)	Loans and R with Revise	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Non-specialized Loans	179.085.690	3.888.691	-		11.270.658	3.155.715
Loans given to enterprises	27.235.978	783.747	-		1.660.787	1.276.524
Export Loans	7.340.246	155.818	-		99.103	82.104
Import Loans	-	_	-		-	-
Loans Given to						
Financial Sector	8.587.079	7.670	_		-	-
Consumer Loans	30.865.479	583.612	=		1.259.705	701.935
Credit Cards	13.575.879	428.493	_		473.047	331.850
Other	91.481.029	1.929.351	_		7.778.016	763.302
Specialized Loans	=	-	-		=	-
Other Receivables	=	=	-		=	=
Total	179.085.690	3.888.691	-		11.270.658	3.155.715

The Bank has a cash loan exposure with a principal balance of USD 1.685 billion included accured interest related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have been continuing among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified "loans and other receivables" under close monitoring as of 31 December 2017.

	Standard loans and other	Loans and other receivables
Number of Extension	receivables	under close monitoring
Extended by 1 or 2 times	3.709.773	2.468.960
Extended by 3,4 or 5 times	175.383	684.888
Extended by more than 5 times	3.535	1.867
Total	3.888.691	3.155.715

		Loans and other receivables
	Standard loans and other	under
Extension periods	receivables	close monitoring
0 - 6 Months	788.255	448.951
6 - 12 Months	183.447	245.505
1 - 2 Years	690.857	623.165
2 - 5 Years	1.211.355	1.533.257

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Total	3 888 691	3.155.715
5 Years and over	1.014.777	304.837

3. Breakdown of loans according to their maturities:

	Standard Loans an	d Other Receivables	Loans an	d Receivables Under Close Monitoring
_	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other				
Receivables	48.928.378	732.100	855.925	503.028
Non-Specialized Loans	48.928.378	732.100	855.925	503.028
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans				
and Other Receivables	130.157.312	3.156.591	10.414.733	2.652.687
Non-Specialized Loans	130.157.312	3.156.591	10.414.733	2.652.687
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	179.085.690	3.888.691	11.270.658	3.155.715

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4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

		Medium and	
Current Period - 31.12.2017	Short-term	Long-term	Total
Consumer Loans-TL	716.767	30.274.352	30.991.119
Mortgage Loans	7.443	13.217.359	13.224.802
Automotive Loans	3.517	251.107	254.624
Consumer Loans	705.807	16.805.886	17.511.693
Other	-	-	-
Consumer Loans- Indexed to FC	<u>-</u>	4.382	4.382
Mortgage Loans	-	3.778	3.778
Automotive Loans	-	-	-
Consumer Loans	-	604	604
Other	-	-	-
Consumer Loans-FC	-	_	_
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	_	_	_
Other	_	_	_
Consumer Credit Cards-TL	10.791.056	605.582	11.396.638
With Installment	4.455.077	602.801	5.057.878
Without Installment	6.335.979	2.781	6.338.760
Consumer Credit Cards-FC	12.439	2.701	12.439
With Installment	-	_	12.407
Without Installment	12,439	_	12.439
Personnel Loans-TL	4.504	62.087	66.591
Mortgage Loans	4.504	3.904	3.904
Automotive Loans	_	54	54
Consumer Loans	4.504	58.129	62.633
Other	4.304	30.127	02.033
Personnel Loans- Indexed to FC	-	-	-
	<u>-</u>	-	-
Mortgage Loans Automotive Loans	-	-	-
Consumer Loans	-	-	-
	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other		-	
Personnel Credit Cards-TL	46.298	27	46.325
With Installment	18.202	27	18.229
Without Installment	28.096	-	28.096
Personnel Credit Cards-FC	217	-	217
With Installment	-	-	-
Without Installment	217	-	217
Credit Deposit Account-TL (Real Person)	1.063.092	-	1.063.092
Credit Deposit Account-FC (Real Person)	_	_	
Total Consumer Loans	12.634.373	30.946.430	43.580.803

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		Medium and	
Prior Period - 31.12.2016	Short-term	Long-term	Total
Consumer Loans-TL	453.953	27.962.936	28.416.889
Mortgage Loans	8.491	13.548.749	13.557.240
Automotive Loans	5.413	372.723	378.136
Consumer Loans	440.049	14.041.464	14.481.513
Other	-	-	-
Consumer Loans- Indexed to FC	-	10.708	10.708
Mortgage Loans	-	9.601	9.601
Automotive Loans	-	-	-
Consumer Loans	-	1.107	1.107
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other -			-
Consumer Credit Cards-TL	9.862.772	747.868	10.610.640
With Installment	4.152.291	745.705	4.897.996
Without Installment	5.710.481	2.163	5.712.644
Consumer Credit Cards-FC	9.319	-	9.319
With Installment	-	-	-
Without Installment	9.319	-	9.319
Personnel Loans-TL	2.966	62.162	65.128
Mortgage Loans	-	3.000	3.000
Automotive Loans	-	147	147
Consumer Loans	2.966	59.015	61.981
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	- -
Personnel Credit Cards-TL	40.491	38	40.529
With Installment	16.120	38	16.158
Without Installment	24.371	-	24.371
Personnel Credit Cards-FC	102	-	102
With Installment	-	-	100
Without Installment	102	-	102
Credit Deposit Account-TL (Real Person)	938.942	-	938.942
Credit Deposit Account-FC (Real Person)	- 44.000 7.7		
Total Consumer Loans	11.308.545	28.783.712	40.092.257

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With Installment Without Installment

Total

Credit Deposit Account-TL (Legal Person)

Credit Deposit Account-FC (Legal person)

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		Medium and	
Current Period - 31.12.2017	Short-term	Long-term	Total
Commercial Installment Loans-TL	1.119.222	16.749.813	17.869.035
Mortgage Loans	14.390	3.147	17.537
Automotive Loans	54.110	30	54.140
Consumer Loans	1.050.722	16.746.636	17.797.358
Other	-	-	-
FC Indexed Commercial Installment Loans	42.260	505.766	548.026
Mortgage Loans	-	1.422	1.422
Automotive Loans	3.424	-	3.424
Consumer Loans	38.836	504.344	543.180
Other	-	-	-
Commercial Installment Loans-FC	192	130.514	130.706
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	192	130.514	130.706
Other	-	-	-
Corporate Credit Cards-TL	2.590.251	144	2.590.395
With Installment	1.143.897	54	1.143.951
Without Installment	1.446.354	90	1.446.444
Corporate Credit Cards-FC	2.912	-	2.912
With Installment	=	=	=
Without Installment	2.912	-	2.912
Credit Deposit Account-TL (Legal Person)	745.285	_	745.285
Credit Deposit Account-FC (Legal person)	-	-	_
Total	4.500.122	17.386.237	21.886.359
Dalam Danied 04.40.0047	Chart tarm	Medium and	Tatal
Prior Period - 31.12.2016	Short-term	Long-term	Total 7.448.242
Commercial Installment Loans-TL	1.111.879	6.336.363	
Mortgage Loans	2.111	8.541	10.652
Automotive Loans	47.976	2.097	50.073
Consumer Loans	1.061.792	6.325.725	7.387.517
Other	39.970	166.395	206.365
FC Indexed Commercial Installment Loans	39.970		
Mortgage Loans	- / 20/	3.040	3.040
Automotive Loans	6.296	1.056	7.352
Consumer Loans	33.674	162.299	195.973
Other	-	450 (0)	450 (00
Commercial Installment Loans-FC	84	153.604	153.688
Mortgage Loans	-	-	-
Automotive Loans	-	-	150 (00
Consumer Loans	84	153.604	153.688
Other	-		- 4
	2.157.063	127	2.157.190
Corporate Credit Cards-TL		22	
With Installment	952.803	80	952.883
•		80 47	

1.436

6.656.489

726.714

4.037.146

1.436

726.714

10.693.635

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6. Loans according to types of borrowers:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Public	763.867	1.199.186
Private	189.592.481	140.416.984
Total	190.356.348	141.616.170

7. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Domestic Loans	184.926.408	156.357.208
Foreign Loans	5.429.940	5.315.730
Total	190.356.348	161.672.938

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 December 2017	Prior Period 31 December 2016
Direct Loans Granted to Investments in Associates and Subsidiaries Indirect Loans Granted to Investments in Associates and	346.273	414.469
Subsidiaries	-	-
Total	346.273	414.469

9. Specific provisions accounted for loans:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Loans and Other Receivables with Limited Collectibility	579.034	587.401
Loans and Other Receivables with Doubtful Collectibility	650.121	815.140
Uncollectible Loans and Receivables	3.150.937	2.709.680
Total	4.380.092	4.112.221

^{10.} Information on non-performing loans (Net):

10 (i). Information on non-performing loans restructured or rescheduled and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible
	Receivables with	Receivables with	Loans and Other
	Limited Collectibility	Doubtful Collectibility	Receivables
Current Period: 31 December 2017			_
(Gross Amounts Before Specific Provisions)	31.483	39.558	71.021
Restructured Loans and Other Receivables	31.483	39.553	70.643
Rescheduled Loans and Other Receivables	-	5	378
Prior Period: 31 December 2016			
(Gross Amounts Before Specific Provisions)	38.292	63.415	76.164
Restructured Loans and Other Receivables	36.475	62.859	74.909
Rescheduled Loans and Other Receivables	1.817	556	1.255

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10 (ii). Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible
	Receivables with	Receivables with	Loans and Other
	imited CollectibilityDo	oubtful Collectibility	Receivables
Prior Period End Balance: 31 December 2016	587.401	815.140	2.864.650
Additions (+)	1.877.909	17.109	19.591
Transfers from Other Categories of Non-Performing Loans (+)	-	1.641.883	1.554.399
Transfers to Other Categories of Non-Performing Loans (-)	1.641.883	1.554.399	-
Collections (-)	243.199	265.893	412.844
Write-offs (-) (*)	1.194	3.719	722.240
Corporate and Commercial Loans	73	1.440	184.671
Consumer Loans	737	1.424	218.831
Credit Cards	384	855	318.738
Other	-	-	=
Balance at the End of the Period	579.034	650.121	3.303.556
Specific Provisions (-)	579.034	650.121	3.150.937
Net Balance at Balance Sheet (**)	-	-	152.619

^(*) TL 709 million (in full TL amount) portion of the Bank's non-performing loan portfolio, for which in the previous periods 100% provision is reserved, has been sold at a price of TL 39 million (in full TL amount) to 4 companies, Istanbul Varlık Yönetimi A.Ş., Efes Varlık Yönetimi A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

10 (iii). Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group	
	Loans and Other Receivables with	Loans and Other Receivables with	Uncollectible Loans and Other	
	Limited Collectibility	Doubtful Collectibility	Receivables	
Current Period: 31 December 2017				
Balance at the End of the Period	17.562	28.123	405.791	
Specific Provision (-)	17.562	28.123	277.527	
Net Balance on Balance Sheet	-	-	128.264	
Prior Period: 31 December 2016				
Balance at the End of the Period	54.196	56.434	245.869	
Specific Provision (-)	54.196	56.434	114.793	
Net Balance at Balance Sheet	-	-	131.076	

Non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

^(**)The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 204 million, (in full TL amount) for an amount of TL 51 million (in full TL amount).

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10 (iv). Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible
	Receivables with	Receivables with	Loans and Other
	Limited Collectibility	Doubtful Collectibility	Receivables
Current Period (Net): 31 December 2017			
Loans granted to corporate entities and			
real persons (Gross)	579.034	650.121	3.303.556
Specific Provision Amount (-)	579.034	650.121	3.150.937
Loans granted to corporate entities and			
real persons (Net)	-	-	152.619
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	_
Other Loans and Advances Receivables (Gross)	-	-	_
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2016			
Loans granted to corporate entities and			
real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and			
real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	_	-	

^{11.} Information on the collection policy of non-performing loans and other receivables:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

12. Information on the write-off policy:

Write-off policy of the Bank for receivables under follow-up is to retire the receivables from assets in case of verification of the inability of collection through the legal follow-up process.

f. Held-to-maturity investments:

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked:

		Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC	
Given as collateral/blocked	116.330	1.842.301	113.540	2.122.032	
Subject to repurchase agreements	4.089.705	8.110.245	3.625.467	7.110.699	
Total	4.206.035	9.952.546	3.739.007	9.232.731	

2. Information on held-to-maturity government debt securities:

	Current Period	Prior Period	
	31 December 2017	31 December 2016	
Government Bonds	13.596.948	13.091.052	
Treasury Bills	-	-	
Other Government Debt Securities	2.546.431	2.370.665	
Total	16.143.379	15.461.717	

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3. Information on held-to-maturity investments:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Debt Securities	19.132.124	18.150.475
Quoted at Stock Exchange	19.132.124	18.150.475
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	249.092	173.793
Total	18.883.032	17.976.682

4. The movement of investment securities held-to-maturity:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Balance at the Beginning of the Period	17.976.682	10.688.242
Foreign Currency Differences on Monetary Assets	1.223.819	1.269.337
Purchases During Year (*)	226	5.882.032
Disposals Through Sales and Redemptions (-)	765.997	130.051
Impairment Provision (-)	75.298	100.753
Change in Amortized Cost	523.600	367.875
Balance at the End of the Period	18.883.032	17.976.682

[*] Due to the change of intention, the Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the prior year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD 1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

g. Information on investments in associates (Net):

1. Information about investments in associates:

		Bank's share percentage-		
	Title	Address (City / Country)	If different voting percentage (%)	Bank's risk group share percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	9,98	9,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09

2. Main financial figures of associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements dated 30 September 2017.

			Total		Income from	Current		
	Total	Shareholders'	Fixed	Interest	Marketable	Period Profit/	Prior Period	Fair
	Assets	Equity	Assets	Income	Securities Portfolio	Loss	Profit/Loss	Value
1	80.677	46.880	47.322	1.043	-	6.983	14.517	-
2	259.153	175.797	172.993	4.049	95	36.919	16.458	

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3. Movement schedule of investments in associates:

	Current Period 31 December 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

h. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.S.	Akbank AG
Paid in Capital	235.007	46.802	10.534	740.648
Share Premium	_	-	-	-
Reserves	567.939	61.081	13.834	2.023.010
Gains recognized in equity as per TAS	-	(1.877)	(233)	-
Profit/Loss	56.786	126.521	34.282	218.727
- Net Current Period Profit	56.786	55.812	33.818	218.727
- Prior Year Profit/Loss	-	70.709	464	-
Development Cost of Operating Lease (-)	29	1.156	-	255
Remaining other intangible assets after offset with the				
related deferred tax liability excluding mortgage				
servicing rights	1.507	2.021	51	1.551
Total Common Equity	858.196	229.350	58.366	2.980.579
Total Additional Tier I Capital	-	-	-	-
Portion of Goodwill and Other Intangible Assets and				
Related Deferred Tax Liabilities not deducted from the				
Common Equity as per the 1st Clause of Provisional				
Article 2 of the "Regulation on the Equity of Banks" (-)	377	505	13	388
Total Tier I Capital	857.819	228.845	58.353	2.980.191
Tier II Capital	53.425	-	-	-
CAPITAL	911.244	228.845	58.353	2.980.191
Deductions from Capital	-	-	-	-
TOTAL CAPITAL	911.244	228.845	58.353	2.980.191

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

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- 2. Accounting method used for the valuation of subsidiaries: Disclosed in Note III of Section Three.
- 3. Information on subsidiaries:

	Title	Address (City / Country)	Percentage-If Different Voting Percentage (%)	Group Share Percentage (%)
1	Ak Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	99,99
2	Ak Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	100,00
3	Ak Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	100,00
4	Akbank AG	Frankfurt/Germany	100,00	100,00

4. The financial figures have been obtained from the financial statements as at 31 December 2017 prepared in accordance with local regulations.

Income from

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.688.224	859.897	78.420	434.665	-	56.786	113.988	-
2	1.499.233	232.527	10.274	135.122	31.089	55.812	31.633	-
3	69.452	58.417	756	5.366	16	33.818	27.358	-
4	22.907.715	2.982.385	2.915	772.020	76.170	218.727	161.093	_

5. Movement schedule of subsidiaries:

	Current Period 31 December 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	3.334.164	2.679.977
Movements During the Period		
Additions (*)	6.455	-
Bonus Shares and Contributions to Capital (*)	1.545	-
Dividends from Current Year Income	365.117	347.546
Sales/Liquidation (**)	2.243	-
Revaluation Increase (***)	423.574	306.641
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	4.133.098	3.334.164
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

^(*) Amounts arises from the capital of Ak Portföy Yönetimi A.Ş is increased by TL 8.000 including TL 6.455 in cash and 1.545 TL from internal sources.

^[**] The amount represents the liquidation of Akbank (Dubai) Limited which is %100 subsidiary of the Bank.

^(***) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

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6. Sectoral information on financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Subsidiaries	31 December 2017	31 December 2016
Banks	2.982.385	2.261.599
Insurance Companies	-	
Factoring Companies	-	
Leasing Companies	859.897	802.821
Finance Companies	-	
Other Financial Subsidiaries	290.816	269.744

^{7.} Subsidiaries quoted to a stock exchange: None.

i. Information on finance lease receivables (Net): None.

j. Information on the Hedging Derivative Financial Assets:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	973.630	29.776	682.966	29.432
Cash Flow Hedge	-	131.448	-	94.338
Net Investment Hedge in a foreign operation	-	-	-	_
Total	973.630	161.224	682.966	123.770

k. Information on property and equipment:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January '2017. The revaluation difference amounting to TL 2.465.549 is shown under "Investment Properties Revaluation" in the below table.

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2016		· ····································		
Cost	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation(-)	336.058	775.016	-	1.111.074
Net Book Value	509.024	363.795	2.383	875.202
Current Period End: 31 December 2017				
Net Book Value at the Beginning of the Period	509.024	363.795	2.383	875.202
Additions	5.392	180.381	52.980	238.753
Investment Properties Revaulation differences	2.465.549	-	-	2.465.549
Transferred	9.262	-	(9.262)	_
Disposals (-), net	9.283	463	-	9.746
Depreciation (-)	29.551	122.296	-	151.847
Impairment	(1.473)	-	-	(1.473)
Cost at Period End	3.064.583	1.282.602	46.101	4.393.286
Accumulated Depreciation at Period End (-)	115.663	861.185	-	976.848
Closing Net Book Value	2.948.920	421.417	46.101	3.416.438

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	lmama assabila a	Other Tangible	Construction in	Total
Daise Danied End. 04 Dasseshar 0045	Immovables	Fixed Assets	Progress	Total
Prior Period End: 31 December 2015				
Cost	843.356	976.094	1.656	1.821.106
Accumulated Depreciation(-)	324.221	706.484	-	1.030.705
Net Book Value	519.135	269.610	1.656	790.401
Current Period End: 31 December 2016				
Net Book Value at the Beginning				
of the Period	519.135	269.610	1.656	790.401
Additions	10.751	202.332	5.663	218.746
Transferred	4.936	-	(4.936)	-
Disposals (-), net	4.922	791	-	5.713
Depreciation (-)	20.876	107.356	-	128.232
Impairment	-	-	-	-
Cost at Period End	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation at				
Period End (-)	336.058	775.016	-	1.111.074
Closing Net Book Value	509.024	363.795	2.383	875.202

As of 31 December 2017, net book value of the tangible fixed assets obtained by financial leasing is TL 80.315 (31 December 2016: TL 129.597).

l. Information on intangible assets:

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cost	1.022.162	787.840
Accumulated Amortization (-)	550.512	431.168
Net Book Value	471.650	356.672

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2017	Prior Period 31 December 2016
Opening Balance Net Book Value	356.672	220.664
Additions	234 322	221.038
Disposals (-), net	-	-
Depreciation (-)	119.344	85.030
Closing Net Book Value	471.650	356.672

m. Information on the investment properties: None.

n. Information on deferred tax asset:

As of 31 December 2017, the Bank has no deferred tax asset (31 December 2016: TL 14.295). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

Deferred tax assets and liabilities which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation are netted-off and accounted. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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	Accumulated tem	porary differences	Deferred tax assets/(liabilities)		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	
Employee benefits	290.127	219.388	65.857	43.878	
Other	305.769	277.630	61.927	55.525	
Differences between book value and tax base					
of property, plant and equipment	(584.033)	[246.191]	(122.011)	(49.238)	
Differences between book value and tax base					
of financial assets	(1.180.504)	(806.876)	(225.979)	(160.713)	
Investment Properties Revaulation					
differences	(2.465.549)	-	(162.883)	-	
Deferred Tax Asset/(Liabilities) Net			(383.089)	(110.548)	

o. Information on property and equipment held for sale and related to discontinued operations:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cost	57.687	43.135
Accumulated Depreciation (-)	167	792_
Net Book Value	57.520	42.343

	Current Period 31 December 2017	Prior Period 31 December 2016
Opening Balance Net Book Value	42.343	179.537
Additions	53.020	38.167
Disposals (-), net	37.683	173.698
İmpairment (-)	160	-
Depreciation (-)	-	1.663
Closing Net Book Value	57.520	42.343

p. Information on other assets:

Other assets amounting to TL 3.296.128 (31 December 2016: TL 2.352.512) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

- 1. Information on maturity structure of the deposits: There are no seven-day notification deposits.
- 1 (i). Current Period 31 December 2017:

		Up to 1	1 – 3	3 – 6	6 Months	1 Year	Deposits	
	Demand	Month	Months	Months	- 1 Year	and Over	Cumulative	Total
Saving Deposits	8.420.445	15.472.883	32.001.233	492.256	646.290	637.816	33.627	57.704.550
Foreign Currency Deposits	14.213.272	20.401.859	33.793.676	2.139.009	5.715.390	2.902.640	1.760	79.167.606
Residents in Turkey	13.491.870	19.567.456	31.542.596	1.169.908	996.303	1.221.898	1.559	67.991.590
Residents Abroad	721.402	834.403	2.251.080	969.101	4.719.087	1.680.742	201	11.176.016
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	341.451
Commercial Deposits	9.232.735	7.603.171	11.902.838	242.478	802.779	283.133	-	30.067.134
Other Institutions Deposits	236.190	234.207	2.501.398	22.089	65.272	153.181	-	3.212.337
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	1.451.430
Interbank Deposits	1.163.106	3.869.188	5.910.179	1.424.671	561.893	30.904	-	12.959.941
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	16.512	3.594.148	192.524	6.134	-	-	-	3.809.318
Foreign Banks	352.114	275.040	5.717.655	1.418.537	561.893	30.904	-	8.356.143
Participation Banks	794.480	-	-	-	-	-	-	794.480
Other	-	-	-	-	-	-	-	-
Total	34.908.272	47.597.764	86.123.913	4.324.029	7.907.235	4.007.849	35.387	184.904.449

1 (ii). Prior period - 31 December 2016:

		Up to 1	1 – 3	3 – 6	6 Months	1 Year	Deposits	
	Demand	Month	Months	Months	- 1 Year	and Over	Cumulative	Total
Saving Deposits	8.069.435	13.958.692	25.950.507	593.510	682.811	639.454	54.663	49.949.072
Foreign Currency Deposits	11.170.126	15.925.631	30.815.869	5.519.501	2.866.984	2.199.505	3.038	68.500.654
Residents in Turkey	9.965.963	15.443.569	28.865.723	2.404.703	1.205.106	1.331.350	2.950	59.219.364
Residents Abroad	1.204.163	482.062	1.950.146	3.114.798	1.661.878	868.155	88	9.281.290
Public Sector Deposits	293.278	17.272	46.506	20.012	2.006	51	-	379.125
Commercial Deposits	7.453.263	7.758.469	8.007.039	990.784	2.215.840	476.238	-	26.901.633
Other Institutions Deposits	273.469	382.938	2.498.253	1.081.325	1.017.328	229.385	-	5.482.698
Precious metals Deposits	1.079.125	-	3.952	-	80.519	3.051	-	1.166.647
Interbank Deposits	904.180	356.260	4.524.230	297.372	365.039	51.282	-	6.498.363
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.462	213.948	10.650	-	30.070	4.288	-	273.418
Foreign Banks	194.047	142.312	4.513.580	297.372	334.969	46.994	-	5.529.274
Participation Banks	695.671	-	-	-	-	-	-	695.671
Other	-	-	-	-	-	-	_	<u>-</u>
Total	29.242.876	38.399.262	71.846.356	8.502.504	7.230.527	3.598.966	57.701	158.878.192

2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund:

	Under the Guara Insurar	•	Exceeding the Limit of Deposit Insurance		
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016	
Saving Deposits	24.508.782	22.883.007	33.195.768	27.066.065	
Foreign Currency Saving Deposits	8.512.809	6.941.623	36.271.768	31.775.332	
Other Deposits in the Form of Saving Deposits	736.725	557.174	594.201	499.777	
Foreign Branches' Deposits under Foreign Authorities' Insurance Off-shore Banking Regions' Deposits under Fore	- ign	-	-	-	
Authorities' Insurance	-	-	-	_	

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3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 31 December 2017	Prior Period 31 December 2016
Foreign Branches' Deposits and other accounts	1.381	2.891
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits		
of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of		
Directors, CEO and Vice Presidents and Deposits of their Mother, Father,		
Spouse and Children in care	926.384	858.961
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived		
from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated		
26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-		
shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	C 31 De	Prior Period 31 December 2016		
	TL	FC	TL	FC
Forward Transactions	454.410	-	409.197	_
Swap Transactions	3.720.136	1.103.494	3.220.123	594.716
Futures Transactions	-	-	-	-
Options	2.808	239.405	12.254	277.518
Other	-	-	-	-
Total	4.177.354	1.342.899	3.641.574	872.234

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2017		Prior Peri 31 December 20	
	TL	FC	TL	FC
Borrowings from the CBRT	-	474.031	-	-
From Domestic Banks and Institutions	235.654	356.043	177.224	285.261
From Foreign Banks, Institutions and Funds	-	28.606.052	-	29.604.451
Total	235.654	29.436.126	177.224	29.889.712

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	31 🛭	31 December 2017		ecember 2016
	TL	FC	TL	FC
Short-term	232.686	1.268.291	175.931	1.800.256
Medium and Long-term	2.968	28.167.835	1.293	28.089.456
Total	235.654	29.436.126	177.224	29.889.712

3. The liabilities providing the funding sources of the Bank are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Bank and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Bank.

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d. Information on securities issued (Net):

		Current Period 31 December 2017		Prior Period ecember 2016
	TL	FC	TL	FC
Bank bills	3.783.736	-	484.661	_
Bonds	2.328.773	7.740.640	1.220.933	8.911.900
Total	6.112.509	7.740.640	1.705.594	8.911.900

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 1.101.637 (31 December 2016: TL 1.399.996) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements:

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which cause significant commitments for the Bank.

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	Gross	Net	Gross	Net
Less Than 1 Year	7.504	5.899	30.351	22.547
Between 1-4 Years	-	-	7.363	5.774
More Than 4 Years	-	-	-	_
Total	7.504	5.899	37.714	28.321

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	74.911	-	98.645
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	74.911	-	98.645

h. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
	31 December 2017	31 December 2016
General Provisions	2.654.011	2.923.525
Provisions for Group I. Loans and Receivables	984.882	885.511
Provisions for Group II. Loans and Receivables	121.358	79.929
Provisions for Non-cash Loans	64.229	59.185
Other	1.483.542	1.898.900

As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion over the minimum provision ratios (31 December 2016: 1.8 billion) is included in the "Other" line on the table above.

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2. Information on reserves for employee rights:

	Current Period	Prior Period
Balance Sheet Obligations for:	31 December 2017	31 December 2016
- Post-employment benefits (pension and medical)	-	
- Reserve for employment termination benefits	204.276	141.764
- Reserve for unused vacation	85.851	77.624
Total	290.127	219.388

As explained in Note 2(ii) below, there is no liability that needs to be accounted under the balance sheet since the Fund's fair value compensates for defined benefit obligations as explained in Note 2(ii).

	Current Period	Prior Period
Income Statement Charge for:	31 December 2017	31 December 2016
- Post-employment benefits (pension and medical)	(204.575)	(175.248)
- Reserve for employment termination benefits	(45.215)	(48.737)
- Reserve for unused vacation	(8.228)	(12.648)
Total	(258.018)	(236.633)

The charge for the post-employment benefits represents the cash payments, which represent the employer's contribution determined by the Social Security Law no: 506 and additional 2% contribution of the employer. The employer's contribution amounting to TL 204.575 (31 December 2016: TL 175.248) during the year has been included in employee costs under operating expenses.

2 (i). Employment termination benefits and unused vacation rights:

According to Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The compensation amount equals to one month's salary of an employee for each year of service, but this amount is limited up to severance limit decided by law. This liability is not subject to any funding legally and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period	Prior Period	
	31 December 2017	31 December 2016	
Discount Rate (%)	4,00	3,64	
Rate for the Probability of Retirement (%)	94,45	94,07	

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.001,76 (1 January 2017: TL 4.426,16) effective from 1 January 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Prior Period Closing Balance	141.764	122.202
Recognized as an Expense During the Period	44.091	48.737
Actuarial Loss / (Gain)	53.168	18.224
Paid During the Period	(34.747)	(47.399)
Balance at the End of the Period	204.276	141.764

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As of 31 December 2017, the Bank has allocated vacation liability amounting to TL 85.851 (31 December 2016: TL 77.624).

2 (ii). Post-employment benefits:

The Bank's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Accordingly, as of 31 December 2017, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 487.493 (31 December 2016: TL 317.813) amounts to TL 342.485 (31 December 2016: TL 209.1731.

	Current Period 31 December 2016	Prior Period 31 December 2016
Present value of funded obligations	(1.275.192)	(1.184.939)
- Pension benefits transferrable to SSI	(1.757.542)	(1.635.774)
- Post-employment medical benefits transferrable to SSI	969.843	768.218
- Other non-transferrable benefits	(487.493)	(317.383)
Fair value of plan assets	1.551.402	1.394.112
Surplus	276.210	209.173

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

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate	31 December 2017	31 December 2016
- Pension benefits transferrable to SSI	% 9,80	9,80%
- Post-employment medical benefits transferrable to SSI	% 9,80	9,80%
- Other non-transferrable benefits	% 4,21	4,49%

Mortality rate

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 17 years for men and 23 years for women.

The movement in the fair value of plan assets of the year is as follows:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Prior period end	1.394.112	1.288.959
Actual return on plan assets	238.028	198.804
Employer contributions	204.575	175.248
Employee contributions	174.371	149.708
Benefits paid	(459.684)	(418.607)
Period end	1.551.402	1.394.112

Plan assets are comprised as follows:

Current Period 31 December 2017		Prior Period 31 December 2016		
Bank placements	977.331	63%	999.280	72%
Property and equipment	18.242	1%	19.135	1%
Marketable securities and share certificates	397.520	26%	279.076	20%
Other	158.309	10%	96.621	7%
Period end	1.551.402	100%	1.394.112	100%

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3. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2017, the provision related to foreign currency differences of foreign indexed loans amounts to TL 24.016 (31 December 2016: TL 1.741), which is offset with the balance of foreign currency indexed loans in these financial statements.

4. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2017 is amounting to TL 67.754 (31 December 2016: TL 73.086).

- 5. Information on other provisions:
- 5 (i).Information on free provision for possible risks: TL 700.000 (31 December 2016: TL 200.000).

The Bank recognized free provision amounting to TL 200.000 in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and financial markets.

5 (ii). Information on provisions for banking services promotion:

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 69.284 (31 December 2016: TL 89.968).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVIII of Section Three. As of 31 December 2017, the corporate tax liability after the deduction of temporary taxes paid is TL 814.395 (31 December 2016: TL 359.942).

1 (i). Information on taxes payable:

	Current Period 31 December 2017	Prior Period 31 December 2016
Corporate Taxes Payable	814.395	359.942
Taxation on Marketable Securities	145.567	112.225
Property Tax	1.811	1.798
Banking Insurance Transaction Tax (BITT)	124.886	103.922
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	9.608	6.664
Other	86.743	55.055
Total	1.183.010	639.606

1 (ii). Information on premium payables:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Social Security Premiums – Employee	4	4
Social Security Premiums – Employer	14	13
Bank Social Aid Pension Fund Premium- Employee	109	97
Bank Social Aid Pension Fund Premium – Employer	150	134
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2.094	1.808
Unemployment Insurance – Employer	4.187	3.617
Other	35	5
Total	6.593	5.678

2. Information on deferred tax liability:

As of 31 December 2017, Turkish Lira deferred tax liability of the Bank is TL 392.164 (31 December 2016: 124.843 TL). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

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j. Information on subordinated loan:

	Current Period 31 December 2017		Prior Period 31 December 2010	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.900.999	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	1.900.999	-	-

Explanation about the subordinated loans is given in Note I-b of Section Four.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Common Stock	4.000.000	4.000.000
Preferred Stock	-	-

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Share Capital	4.000.000	10.000.000

In the Ordinary General Assembly Meeting of the Bank, which was held on 28 March 2017, amendment to the articles of association regarding the increase of the upper limit of registered capital from TL 8.000.000 to TL 10.000.000 is accepted and the registration process has been completed as of 29 March 2017.

- 3. Information on the share capital increases during the period and their sources: None.
- 4. Information on share capital increases from capital reserves during the current period: None.
- 5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
- 6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators;

The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Bank continues to its operations with strong shareholders' equity.

- 7. Information on privileges given to shares representing the capital: None.
- 8. Information on marketable securities value increase fund:

	Current Period 31 December 2017			Prior Period cember 2016
	TL	FC	TL	FC
From Investments in Associates,				
Subsidiaries, and Joint Ventures (*)	693.786	1.248.097	543.618	885.715
Valuation Difference	(600.631)	(176.503)	(587.935)	(569.830)
Foreign Currency Differences	-	-	-	-
Total	93.155	1.071.594	(44.317)	315.885

[*]Refers to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note of III of the Section Three.

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Explanations on off-balance sheet commitments:

- 1. Type and amount of irrevocable commitments: TL 10.596.665 asset purchase commitments (31 December 2016: TL 16.705.913). TL 18.431.137 commitments for credit card limits (31 December 2016: TL 17.397.602). TL 6.679.928 commitments for cheque books (31 December 2016:TL 6.200.426)
- 2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Bank has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Bank Acceptance Loans	3.758.102	3.583.229
Letters of Credit	6.866.251	5.188.852
Other Guarantees and Warranties	6.917.341	4.600.795
Total	17.541.694	13.372.876

2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Revocable Letters of Guarantee	1.279.965	984.154
Irrevocable Letters of Guarantee	19.276.192	13.700.319
Letters of Guarantee Given in Advance	4.148.237	3.179.535
Guarantees Given to Customs	2.483.061	2.634.770
Other Letters of Guarantee	7.872.029	6.753.908
Total	35.059.484	27.252.686

3. Information on non-cash loans:

3 (i). Total amount of non-cash loans:	Current Period	Prior Period
	31 December 2017	31 December 2016
Non-cash Loans Given against Cash Loans	7.958.951	5.574.735
With Original Maturity of 1 Year or Less Than 1 Year	3.949.119	2.778.785
With Original Maturity of More Than 1 Year	4.009.832	2.795.950
Other Non-cash Loans	44.642.227	35.050.827
Total	52.601.178	40.625.562

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3 (ii). Information on sectoral risk concentrations of non-cash loans:

	3	Current Period 31 December 2017					Period nber 2016	
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	21.092	0,09	4.087	0,01	13.071	0,08	2.486	0,01
Farming and Raising Livestock	2.708	0,01	-	-	1.812	0,01	-	-
Forestry	18.315	0,08	4.087	0,01	11.257	0,07	2.486	0,01
Fishing	69	-	-	-	2	0,00	-	-
Manufacturing	4.996.328	23,05	10.156.107	32,84	4.265.398	26,68	7.586.757	30,80
Mining	70.864	0,33	207.204	0,67	91.055	0,57	96.606	0,39
Production	3.840.158	17,71	9.029.452	29,20	3.453.922	21,60	6.141.237	24,93
Electric, Gas and Water	1.085.306	5,01	919.451	2,97	720.421	4,51	1.348.914	5,48
Construction	3.435.621	15,85	3.070.140	9,93	2.412.743	15,09	2.432.380	9,87
Services	12.287.679	56,68	12.143.399	39,28	8.680.853	54,29	12.181.103	49,44
Wholesale and Retail Trade	7.380.034	34,04	7.723.986	24,98	5.669.264	35,46	6.552.920	26,60
Hotel, Food and Beverage Services	125.106	0,58	113.685	0,37	89.544	0,56	62.510	0,25
Transportation and Telecommunication	416.071	1,92	424.623	1,37	323.449	2,02	990.615	4,02
Financial Institutions	4.028.333	18,58	3.721.885	12,04	2.359.778	14,76	4.437.295	18,01
Real Estate and Leasing Services	7.489	0,03	28.207	0,09	4.367	0,03	83	-
Self-Employment Services	20.890	0,10	5.078	0,02	7.080	0,04	5.430	0,02
Education Services	32.167	0,15	15.056	0,05	11.917	0,07	2.606	0,01
Health and Social Services	277.589	1,28	110.879	0,36	215.454	1,35	129.644	0,53
Other	938.496	4,33	5.548.229	17,94	617.458	3,86	2.433.313	9,88
Total	21.679.216	100,00	30.921.962	100,00	15.989.523	100,00	24.636.039	100,00

3 (iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group	<u> </u>
	TL	FC	TL	FC
Non-Cash Loans	21.504.150	30.712.526	175.066	209.436
Letters of Guarantee	18.715.099	16.027.517	107.432	209.436
Bank Acceptances	198	3.757.904	-	-
Letters of Credit	7.257	6.858.994	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	10.757	-	-
Other Commitments and Contingencies	2.781.596	4.057.354	67.634	-

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b. Information on derivative transactions:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	288.447.344	225.557.206
FC Trading Forward Transactions	30.187.903	25.778.446
Trading Swap Transactions	218.488.182	170.896.335
Futures Transactions	-	-
Trading Option Transactions	39.771.259	28.882.425
Interest Related Derivative Transactions (II)	153.664.448	141.545.928
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	92.830.124	83.963.392
Interest Rate Options	60.834.324	57.582.536
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	14.849.056	12.324.720
A. Total Trading Derivative Transactions (I+II+III)	456.960.848	379.427.854
Types of Hedging Transactions		
Fair Value Hedges	15.057.711	18.276.690
Cash Flow Hedges	14.353.012	4.958.338
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	29.410.723	23.235.028
Total Derivative Transactions (A+B)	486.371.571	402.662.882

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2017, none (31 December 2016: none).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 60.831 (31 December 2016: 60.058 TL) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

2. Contingent Assets:

None.

e. Explanations on the activities carried out on behalf and account of other persons:

The policy is explained on note IX in Section Four.

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	Cu	rrent Period	l	Prior Period	
	31 De	cember 2017	31 December 2016		
	TL	FC	TL	FC	
Short-term Loans	5.383.202	92.002	4.726.973	73.922	
Medium and Long-term Loans	10.097.958	2.814.898	7.446.316	2.265.127	
Interest on Loans Under Follow-Up	35.824	-	25.548	-	
Premiums Received from the Resource					
Utilization Support Fund	-	-	-	-	
Total	15.516.984	2.906.900	12.198.837	2.339.049	

^(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
From the CBRT	111.157	1.458	-	7.051
From Domestic Banks	19.509	15.608	37.086	9.415
From Foreign Banks	5.779	69.103	2.172	25.853
From Headquarters and Branches Abroad	-	-	-	
Total	136.445	86.169	39.258	42.319

3. Information on interest income on marketable securities:

	Current Period 31 December 2017		Prior Peri 31 December 20	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	24	1
From Financial Assets at Fair Value through				
Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2.421.860	644.092	1.772.078	712.496
From Held-to-Maturity Investments	643.676	438.987	424.649	213.315
Total	3.065.536	1.083.079	2.196.751	925.812

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. For the valuation of related securities Bank uses an index, which is calculated by considering estimated inflation rate on balance sheet date. Related inflation rate is updated during the year when necessary. As of 31 December 2017 the valuation index of related securities based on actual coupon rates and the change between reference inflation rate at the issue date and inflation index at the reporting date

4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Interests Received From Investments in		
Associates and Subsidiaries	37.886	40.492

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b. Information on interest expense:

1. Information of interest expense on borrowings (*):

	Current Period 31 December 2017		Prior Perio 31 December 201	
	TL	FC	TL	FC
Banks	13.470	676.557	11.466	477.226
The CBRT	-	-	-	-
Domestic Banks	12.685	4.538	11.441	2.235
Foreign Banks	785	672.019	25	474.991
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	73.698	-	29.399
Total	13.470	750.255	11.466	506.625

^(*) Fee and commission expense from cash loans are included.

2. Information on interest expense given to associates and subsidiaries:

	Current Period	Prior Period
	31 December 2017	31 December 2016
To Associates and Subsidiaries	72.597	65.840

3. Information on interest expense given to securities issued:

	Cur	Prior Period		
	31 Dec	ember 2017	31 Decer	nber 2016
	TL	FC	TL	FC
Interest expense on securities issued	349.524	528.287	277.117	383.317

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

			Tim	e Deposits			
	Demand	Up to 1	Up to 3	Up to 6	Up to 1	1 Year	
Current Period- 31.12.2017	Deposits	Month	Months	Months	Year	and Over	Total
TL							
Bank Deposits	1.281	130.602	108.071	4.284	258	76	244.572
Saving Deposits	-	1.687.188	3.357.899	62.494	59.565	69.099	5.236.245
Public Sector Deposits	-	9.937	3.135	477	85	5	13.639
Commercial Deposits	-	904.076	1.315.840	103.765	101.197	59.008	2.483.886
Other Deposits	5	62.938	237.709	44.220	110.951	24.024	479.847
Total	1.286	2.794.741	5.022.654	215.240	272.056	152.212	8.458.189
FC	285	522.005	879.456	131.686	91.353	53.638	1.678.423
Foreign Currency Deposits	-	493.452	818.716	114.751	82.989	52.743	1.562.651
Bank Deposits	285	28.553	60.735	16.935	7.446	520	114.474
Precious Metals Deposits	-	-	5	-	918	375	1.298
Total	285	522.005	879.456	131.686	91.353	53.638	1.678.423
Grand Total	1.571	3.316.746	5.902.110	346.926	363.409	205.850	10.136.612

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

			Tim	ne Deposits			
	Demand	Up to 1	Up to 3	Up to 6	Up to 1	1 Year	
Prior Period - 31.12.2016	Deposits	Month	Months	Months	Year	and Over	Total
TL							
Bank Deposits	226	64.755	102.791	3.166	2.633	288	173.859
Saving Deposits	-	1.230.503	2.640.043	54.950	55.059	63.006	4.043.561
Public Sector Deposits	-	6.309	4.027	1.446	161	42	11.985
Commercial Deposits	-	722.544	852.084	254.009	197.865	37.721	2.064.223
Other Deposits	4	64.207	242.383	63.284	73.440	20.278	463.596
Total	230	2.088.318	3.841.328	376.855	329.158	121.335	6.757.224
FC							
Foreign Currency Deposits	-	312.616	544.458	86.705	42.486	28.174	1.014.439
Bank Deposits	55	8.167	40.511	43.213	12.771	804	105.521
Precious Metals Deposits	-	-	1	-	500	218	719
Total	55	320.783	584.970	129.918	55.757	29.196	1.120.679
Grand Total	285	2.409.101	4.426.298	506.773	384.915	150.531	7.877.903

c. Information on dividend income:

	Current Period 31 December 2017	Prior Period 31 December 2016
From Trading Financial Assets	-	-
From Financial Assets at Fair Value Through Profit or Loss	-	-
From Available-for-Sale Financial Assets	345	59
Other (*)	1.477	656
Total	1.822	715

d. Information on trading profit/loss (Net):

	Current Period	Prior Period
	31 December 2017	31 December 2016
Profit	603.197.823	3.181.808.738
Income From Capital Market Transactions	417.772	785.522
Income From Derivative Financial Transactions (*)	13.644.861	10.267.443
Foreign Exchange Gains	589.135.190	3.170.755.773
Loss (-)	603.625.557	3.180.861.289
Loss from Capital Market Transactions	225.480	628.802
Loss from Derivative Financial Transactions (*)	14.583.823	9.177.708
Foreign Exchange Loss	588.816.254	3.171.054.779
Total (Net)	(427.734)	947.449

^(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 160.886 (31 December 2016: TL 608.894).

e. Explanations on other operating income:

Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

f. Provision expenses related to loans and other receivables of the Bank:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Specific Provisions for Loans and Other Receivables	1.545.676	1.790.722
III. Group Loans and Receivables	580.052	588.940
IV. Group Loans and Receivables	651.253	816.495
V.Group Loans and Receivables	314.371	385.287
General Provision Expenses	230.486	378.823
Free Provision Expense for Possible Risks	500.000	-
Marketable Securities Impairment Expense	13	1
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	13	1
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	37.057	46.374
Total	2.313.232	2.215.920

g. Information related to other operating expenses:

mior mation related to other operating expenses.	Current Period	Prior Period
	31 December 2017	31 December 2017
Personnel Expenses	1.859.304	1.702.143
Reserve for Employee Termination Benefits	9.343	1.338
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	1.473	-
Depreciation Expenses of Fixed Assets	151.847	128.232
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	119.344	85.030
Impairment Expenses of Equity Participations for which		
Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	160	-
Depreciation Expenses of Assets Held for Resale	-	1.663
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.936.038	1.710.865
Operational Leasing Expenses	197.515	180.230
Maintenance Expenses	30.829	25.475
Advertisement Expenses	135.836	127.825
Other Expenses	1.571.858	1.377.335
Loss on Sales of Assets	731	23
Other(*)	583.369	650.647
Total	4.661.609	4.279.941

^(*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 27.819 (31 December 2016: TL 93.380).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

h. Information on profit/(loss) from continued and discontinued operations before tax:

The Bank's income before tax consists of net interest income amounting to TL 10.544.977, net fees and commission income amounting to TL, 2.744.763 and the amount of other operating expense is TL 4.661.609.

The Bank has no discontinued operations.

i. Information on tax provision of continued and discontinued operations:

As of 31 December 2017, the Bank has a current tax expense of TL 1.436.074 and deferred tax income of TL 41.468. The amount of deferred tax income that occurred due to the temporary differences is TL 23.033 and deferred tax expense is TL 139.455; the amounts of deferred tax income occurred due to the closing of temporary differences is TL 132.989 and deferred tax expense is TL 58.036.

The Bank has no discontinued operations.

j. Explanations on current period net profit and loss of continued and discontinued operations:

Net profit of the Bank is TL 6.039.069.

The Bank has no discontinued operations.

k. Explanations on current period net profit and loss:

- 1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Bank for the current period: None.
- 2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there is a possibility that the profit and loss for the current or the following periods will be impacted: None.

l. Other figures on profit and loss statement:

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.S.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

a. Information on distribution of profit:

The Ordinary General Assembly Meeting of the Parent Bank was held on 28 March 2017 In the Ordinary General Assembly, it was resolved to distribute a TL 4.528.712 cash dividend over the TL 900.000 net unconsolidated income from 2016 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer TL 139.885 to other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

b. Information on hedge funds:

Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XI of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2017, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL (-) 15.886 (31 December 2016: TL (-) 34.867).

c. Information on available-for-sale financial assets:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed of or impaired.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

Information on cash and cash equivalents:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cash	3.323.769	2.427.096
Cash, Foreign Currency and Other	1.835.542	1.409.682
Demand Deposits in Banks (*)	1.488.227	1.017.414
Cash Equivalents	9.090.155	3.725.376
Interbank Money Market Placements	-	-
Time Deposits in Banks	9.043.415	3.697.688
Marketable Securities	46.740	27.688
Total Cash and Cash Equivalents	12.413.924	6.152.472

^(*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cash	4.266.470	3.323.769
Cash, Foreign Currency and Other	2.205.222	1.835.542
Demand Deposits in Banks (*)	2.061.248	1.488.227
Cash Equivalents	6.668.762	9.090.155
Interbank Money Market Placements	1.544.270	-
Time Deposits in Banks	5.117.991	9.043.415
Marketable Securities	6.501	46.740
Total Cash and Cash Equivalents	10.935.232	12.413.924

^(*) The restricted demand accounts are not included.

a. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to (-) TL 3.734.523 (31 December 2016: TL (-)5.453.709) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

Date of Desired

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 4.278.411 (31 December 2016: TL 2.165.730) consists mainly of changes in miscellaneous payables and other liabilities.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 685.442 (31 December 2016: TL 1.435.203).

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

Information on the volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Current Period – 31 December 2017:

Bank's Risk Group	and J	in Associates, Subsidiaries oint Ventures Partnerships)	Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	414.469	254.251	4.529.001	900.600	-	-
Balance at the End of the Period	346.273	274.819	5.560.592	923.699	-	-
Interest and Commission Income Received	37.886	107	486.601	3.633	-	-

According to the German deposit insurance law, the Bank has given a "letter of undertaking" to the German Banking Institute related to Akbank AG, a subsidiary of the Bank. This letter of undertaking amounts to TL 8.772.428 as of 31 December 2017 (31 December 2016: TL 7.392.590).

2. Prior Period - 31 December 2016:

Bank's Risk Group		n Associates, Subsidiaries oint Ventures Partnerships)	Direct and Shareh of the	olders	Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						_
Balance at the Beginning of the Period	619.370	190.178	3.367.840	0 1.447.302	-	-
Balance at the End of the Period	414.469	254.251	4.529.00	1 900.600	-	-
Interest and Commission Income Received	40.492	53	369.50	7 4.256	-	_

3. Information on deposits of the Bank's risk group:

Bank's Risk Group	and J	in Associates, Subsidiaries oint Ventures Partnerships)	Direct and Indirect Shareholders of the Bank		Other Real a Legal Persons ti have been includ in the Risk Gro	
	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016
Balance at the Beginning of the						_
Period	730.658	451.485	2.172.759	2.102.609	2.315.646	2.181.203
Balance at the End of the Period	836.532	730.658	3.074.694	2.172.759	2.311.399	2.315.646
Interest expense on Deposits	72.597	65.840	216.544	232.402	188.295	153.684

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Sharehol of the B	lders	Other Real and Legal Persons that have been included in the Risk Group		
	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 0 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016	
Transactions at Fair Value							
Through Profit or Loss							
Beginning of the Period	2.477.406	504.268	10.110.973	3.501.482	-	-	
Balance at the End of the Period	3.501.130	2.477.406	13.638.708	10.110.973	-	-	
Total Income/Loss	(9.050)	6.638	(35.253)	27.091	-	-	
Transactions for Hedging Purposes							
Beginning of the Period	-	-	-	-	-	-	
Balance at the End of the Period	-	_	-	-	-	-	
Total Income/Loss	-	-	-	-	-	-	

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 December 2017, the net exposure for investments in associates and subsidiaries is TL 29.021 (31 December 2016: TL 17.387). For direct and indirect shareholders of the Bank TL (153.254) (31 December 2016: TL 34.978).

5. Information regarding benefits provided to the Bank's key management:

As of 31 December 2017 benefits provided to the Bank's key management amounting to TL 31.385 (31 December 2016: TL 25.992).

VIII. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	800	13.871			
			Country of Incorporation		
Foreign					
Representation Office	-	-	-		Statutory
				Total Assets	Share Capital
Foreign Branch Off-shore Banking	-	-	-	-	-
Region Branches	1	13	Malta	46.628.065	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2017, the Bank has opened 9 domestic branches and closed up 49 domestic branches.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Head Office has been authorized by The Board of Directors of the Bank to establish a new joint-stock company with the capital of TL 12.000.000 (full TL amount) which Bank shall have 100% ownership and title of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. that operates in İstanbul, to make the necessary applications regarding establishment of the company and to obtain legal permissions and to performance all other transactions.

TL 774 million (in full TL princiopal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies Efes Varlık Yönetimi A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

SECTION SIX OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

None

SECTION SEVEN EXPLANATIONS ON AUDIT REPORT

I. EXPLANATIONS ON AUDIT REPORT

The unconsolidated financial statements for the period ended 31 December 2017 have been reviewed by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2018 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

AKBANK T.A.Ş.

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 31 DECEMBER 2017 TOGETHER WITH AUDIT REPORT

(Convenience translation of publicly announced consolidated financial statements, related disclosures and auditor's review report originally issued in Turkish, See Note. I.b of Section three)

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akbank T.A.Ş.;

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2017, consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the basis for the qualified opinion paragraph below, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As mentioned in Section Five Part II h.5 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2017 include a free provision amounting to TL 700.000 thousand which consist of TL 500.000 thousand provided in the current year and TL 200.000 thousand recognized in prior years by the Bank management considering the circumstances that may arise from possible changes in the economy and market conditions.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Impairment of loans and receivables

The Group has total provision for impairment of TL 7.066.963 thousands in respect to loans and receivables of TL 213.858.481 which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2017. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-c, section V part I-e and section V part II-h in the accompanying consolidated financial statements as at 31 December 2017.

The reason we focused on this area during our audit is; the size of loans and receivables, the importance of their classification in accordance with the relevant legislation and estimation of impairment provision related to these loan and receivables. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

Valuation of Pension Fund Obligations

Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b in the accompanying consolidated financial statements as at 31 December 2017.

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external actuaries for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as transferrable social benefits, discount rates, salary increases, demographic assumptions used in the valuation of pension obligations and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

How Our Audit Addressed the Key Audit Matter

Within our audit procedures, we assessed and tested the design and operating effectiveness of controls applied by the Group with respect to classification of loans and receivables and estimation of impairment inline with the framework of the relevant legislation. We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. In addition, we have tasted the appropriateness of specific provision calculation made for non-performing loans in line with the relevant legislation. For the portfolio of loans subject to the general provision we have examined the appropriateness of the general provision established in line with the related rules and other notifications made by the BRSA. Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets

Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

4. Other Matter

The consolidated financial statements of the Bank and its consolidated subsidiaries as at 31 December 2016 were audited by another auditor, whose report dated 31 January 2017 expressed a qualified opinion for the related consolidated financial statements for the inclusion of a general reserve for possible risks amounting to TL 200.000 thousands, provided by the Bank management and carried forward from 2014, in consideration of circumstances that may arise from possible changes in the economy and market conditions.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and
 perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our
 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may
 involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

- 1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
- 2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve Serbest Muhasebeci Məli Müşavirlik A.Ş.

Talar Gül, SMMM

Partner

Istanbul, 31 January 2018

THE CONSOLIDATED FINANCIAL REPORT OF **AKBANK T.A.Ş. AS OF 31 DECEMBER 2017**

: Sabancı Center 34330, 4. Levent / İstanbul Address

Telephone : (0 212) 385 55 55 : (0 212) 319 52 52 Fax : www.akbank.com Website

: http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx E-mail

The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

Section One GENERAL INFORMATION ABOUT THE PARENT BANK

Section Two CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK

EXPLANATIONS ON ACCOUNTING POLICIES **Section Three**

Section Four INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS **Section Five**

Section Six OTHER EXPLANATIONS

Section Seven INDEPENDENT AUDIT REPORT

Investments in associates, joint ventures and subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Investments in Associates	Joint Ventures
1.	Ak Finansal Kiralama A.Ş.	-	-
2.	Ak Yatırım Menkul Değerler A.Ş.	-	-
3.	Ak Portföy Yönetimi A.Ş.	-	-
4.	Akbank AG	-	-

A.R.T.S. Ltd., which is not subsidiary of the Bank but over which the Bank has 100% controlling power, has been included in the consolidation due to the reason that this company is "Structured Entity".

The accompanying reviewed consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related appendices and interpretations on these, and have been independently audited.

31 January 2018

Suzan SABANCI DİNCER Chairman of the

Board of Directors

Hayri CULHACI

Head of the

Audit Committee

S.Yaman TÖRÜNER Member of the

Audit Committee S. Hakan BİNBASGİL

CFO

Türker TUNALI Executive Vice

President

Zevnep TERZİOĞLU Senior Vice

President

Contact information of the personnel in charge of addressing questions regarding this financial report:

: Zeynep TERZİOĞLU / Senior Vice President Name-Surname / Title

Phone No : (0 212) 385 55 55 Fax No : (0 212) 325 12 31

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank", "the Parent Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ["BIST"] since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 December 2017, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2016: 51%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Honorary Chairman:	Erol SABANCI	Honorary Chairman,	Undergraduate
Board Member, Consultant:		Board Member and Consultant	
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO CEO	Graduate
Head of Internal Audit:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
Executive Vice Presidents:	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate, Investment and Private Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Hasan Recai ANBARCI	Credit Allocation	Graduate
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Ali Batu KARAALİ	Treasury	Graduate
	Şahin Alp KELER	Private Banking and Investment Transactions	PhD
Internal Audit Committee:	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Parent Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.S.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Ilker Altıntaş has been assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017.

As of July 12, 2017, Cem Mengi, Executive Board Member of the Bank, resigned from his position. On the same date, Ahmet Fuat Ayla, Executive Vice President responsible for the Credit Allocation Business Unit has been elected to replace the position of Cem Mengi. This election will be submitted for approval to the upcoming General Assembly. It has been also decided that Hasan Recai Anbarcı is appointed as the Executive Vice President responsible for the Credit Allocation Business Unit, which has been vacated from Ahmet Fuat Ayla.

Mehmet Hakan Tugal has been assigned as Executive Vice President responsible of Commercial Banking Unit instead of Kaan Gür who has resigned from his position on 15 September 2017.

Türker Tunalı has been assigned as Executive Vice President responsible of Financial Coordination Unit instead of Atıl Özus who has resigned from his position on 17 October 2017.

Ali Batu Karaali has been assigned as Executive Vice President responsible of Treasury Unit instead of Kerim Rota who has resigned from his position on 5 December 2017

As of 2 January 2018, Alp Keler has been assigned as Executive Vice President responsible of newly established Private Banking and Investment Transactions Unit.

IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE BANK:

	Share Amounts	Share	Paid-in Capital	Unpaid
Name/Commercial Title	(Nominal)	Percentages	(Nominal)	Portion
Hacı Ömer Sabancı Holding A.Ş.	1.630.021	40,75 %	1.630.021	-

V. INFORMATION ON THE BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment and private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. As of 31 December 2017, the Bank has 800 branches dispersed throughout the country and 1 branch operating abroad (31 December 2016: 840 branches and 1 branch operating abroad). As of 31 December 2017, the Bank the Bank has 13.884 employees (31 December 2016: 13.843).

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş. with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

As at 31 December 2017, the Group employed 14.253 people (31 December 2016: 14.218).

VI. A SHORT EXPLANATION ON THE DIFFERENCES BETWEEN THE COMMUNIQUE ON CONSOLIDATED FINANCIAL STATEMENT REPORTING AND THE CONSOLIDATION PROCEDURES REQUIRED BY TURKISH ACCOUNTING STANDARDS AND ABOUT INSTITUTIONS THAT ARE SUBJECT TO FULL CONSOLIDATION, PROPORTIONAL CONSOLIDATION, BY WAY OF DEDUCTION FROM CAPITAL OR THOSE THAT ARE SUBJECT TO NONE:

The Bank sees no difference between the Communiqué on Consolidated Financial Reporting and the consolidation procedures required by Turkish Accounting Standards. Information in regards to consolidated subsidiaries and consolidation methods are given in Section III. Note III.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF CAPITAL BETWEEN PARENT BANK AND ITS SUBSIDIARIES AND REPAYMENT OF DEBTS:

None.

SECTION TWO - CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira (TL)).

L. CASH AND BALANCES WITH CENTRAL BANK FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net) Trading Financial Assets 1.1. Government Debt Securities 2.1.3 Trading Derivative Financial Assets 2.1.4 Other Marketable Securities 2.1.5 Trading Derivative Financial Assets 2.1.6 Other Marketable Securities 2.1.7 Financial Assets at Fair Value through Profit or Loss 3.1 Government Debt Securities 3.2 Equity Securities 3.2 Loans 3.2 Other Marketable Securities 3.3 Other Marketable Securities 4.4 Interbank Money Market Placements 4.5 Istanbul Stock Exchange Money Market Placements 4.6 Receivables from Reverse Repurchase Agreements 4.7 AVALABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 6.1.1 Loans and Receivables 6.1.2 Government Debt Securities 6.2 Loans under Follow-up 6.3 Specific Provisions (-) 7 FACTORING RECEIVABLES 7 IT AUGUST (Net) 7 IN TRADE OF THE O	Note [Section Five] (I-a) (I-b)	TL 8.461.584 5.433.943 5.433.943 9.525 23.431 5.394.053 6.934	(31/12/2017) FC 26.901.592 2.921.996 2.921.996	Total 35.363.176 8.355.939 8.355.939 9.525	5.363.604 4.264.928 4.264.928	(31/12/2016) FC 29.648.681 3.419.931 3.419.931	Total 35.012.285 7.684.859 7.684.859
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net) 2.1.1 Government Debt Securities 2.1.2 Equity Securities 2.1.3 Trading Derivative Financial Assets 2.1.4 Other Marketable Securities 2.1.5 Financial Assets at Fair Value through Profit or Loss 2.2.6 Financial Assets at Fair Value through Profit or Loss 2.2.1 Government Debt Securities 2.2.2 Loans 2.2.3 Loans 2.2.4 Other Marketable Securities 3.3 Other Marketable Securities 3.4 Interbank Money Market Placements 4.1 Interbank Money Market Placements 4.2 Islanbut Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 Receivables from Reverse Repurchase Agreements 4.5 Government Debt Securities 4.6 Government Debt Securities 4.7 Loans and Receivables 4.8 Loans and Receivables 4.9 Comment Debt Securities 4.1 Loans to Bank's Risk Group 4.1 Government Debt Securities 4.1 Loans to Bank's Risk Group 4.1 Loans under Follow-up 5.2 Government Debt Securities 4.3 Specific Provisions [-] 4.4 Loans under Follow-up 5.5 Specific Provisions [-] 4.5 Loans under Follow-up 5.7 Specific Provisions [-] 4.7 Loans Receivables	(I-a)	8.461.584 5.433.943 5.433.943 9.525 23.431 5.394.053	26.901.592 2.921.996 2.921.996	35.363.176 8.355.939 8.355.939 9.525	5.363.604 4.264.928 4.264.928	29.648.681 3.419.931	35.012.285 7.684.859
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net) 2.1.1 Trading Financial Assets 2.1.2 Equity Securities 2.1.3 Trading Derivative Financial Assets 2.1.4 Other Marketable Securities 2.1.5 Financial Assets 2.1.6 Overnment Debt Securities 2.1.7 Government Debt Securities 2.2.1 Government Debt Securities 2.2.2 Equity Securities 2.2.3 Loans 2.2.4 Other Marketable Securities 2.2.5 Loans 2.2.4 Other Marketable Securities 3.2.5 Other Marketable Securities 3.2.6 Interbank Money Market Placements 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 Receivables from Reverse Repurchase Agreements 4.5 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 6.5 Loans to Bank's Risk Group 6.6 Government Debt Securities 6.7 Loans to Bank's Risk Group 6.8 Specific Provisions [-] 6.9 Loans under Follow-up 5 Specific Provisions [-] 6.7 FACTIONION SECETIVABLES		5.433.943 5.433.943 9.525 23.431 5.394.053	2.921.996 2.921.996	8.355.939 8.355.939 9.525	4.264.928 4.264.928	3.419.931	7.684.859
7. Trading Financial Assets 8. Government Debt Securities 9.1.1 Government Debt Securities 9.1.2 Equity Securities 9.1.3 Trading Derivative Financial Assets 9.1.4 Other Marketable Securities 9.1.5 Government Debt Securities 9.1.6 Government Debt Securities 9.1.7 Government Debt Securities 9.1.8 Government Debt Securities 9.1.8 Government Debt Securities 9.1.8 Government Debt Securities 9.1.9 Government Debt Securities 9.1.1 Interbank Money Market Placements 9.1.2 Interbank Money Market Placements 9.1.2 Government Debt Securities 9.1.3 Government Debt Securities 9.1.4 Equity Securities 9.1.5 Government Debt Securities 9.1.6 Loans and Receivables 9.1.7 Loans and Receivables 9.1.8 Government Debt Securities 9.1.9 Government Debt Securities 9.1.1 Loans and Receivables 9.1.2 Government Debt Securities 9.1.3 Other 9.1.3 Government Debt Securities 9.1.4 Loans under Follow-up 9.1.5 Specific Provisions (-) 9.1.6 Government Debt Securities 9.1.7 Loans under Follow-up 9.1.8 Government Debt Securities 9.1.9 Loans under Follow-up 9.1.9 Specific Provisions (-) 9.1.1 Factorentee Securities 9.1.2 Loans under Follow-up 9.1.3 Specific Provisions (-) 9.1.4 Factorentee Securities		5.433.943 9.525 23.431 5.394.053	2.921.996 - -	8.355.939 9.525	4.264.928		
2.1.2 Equity Securities 2.1.3 Trading Derivative Financial Assets 2.1.4 Other Marketable Securities 2.2. Financial Assets at Fair Value through Profit or Loss 2.2. Government Debt Securities 2.2.2 Loans 2.2.3 Loans 2.2.4 Other Marketable Securities 3.1 Loans 3.2.5 MoNEY MARKETS 4.1 Interbank Money Market Placements 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4. Receivables from Reverse Repurchase Agreements 4.5 Equity Securities 5.6 Government Debt Securities 5.7 Other Marketable Securities 5.8 Other Marketable Securities 5.9 Other Marketable Securities 5.1 Loans and Receivables 6.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.3 Other Government Debt Securities 6.4 Loans under Follow-up 5 pecific Provisions [-] VI. FACTORING RECEIVABLES		23.431 5.394.053	-		0.075		7.004.037
2.1.3 Trading Derivative Financial Assets 2.1.4 Other Marketable Securities 2.2.5 Financial Assets at Fair Value through Profit or Loss 3.2.6 Government Debt Securities 3.2.7 Other Marketable Securities 3.2.8 Other Marketable Securities 3.8 MONEY MARKETS 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 NAVILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 5.5 Loans to Bank's Risk Group 6.5.1 Const to Bank's Risk Group 6.5.2 Loans under Follow-up 5.5.3 Specific Profitor Receivables 5.4 Loans under Follow-up 5.5 Specific Profitor Receivables 5.5 Specific Profitor Receivables 5.6 Loans under Follow-up 5.7 Specific Profitor Receivables 5.7 Loans under Follow-up 5.8 Specific Profitor Receivables 5.9 Specific Profitor Receivables		5.394.053			9.865	-	9.865
2.1.4 Other Marketable Securities 2.2.1 Financial Assets at Fair Value through Profit or Loss 2.2.2 Equity Securities 2.2.3 Loans 2.2.4 Other Marketable Securities 3.2.4 Other Marketable Securities 3.2.4 Other Marketable Securities 3.2.4 Interbank Money Market Placements 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 5.5 Loans and Receivables 6.6 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] 7 Interpretables 6.3 Specific Provisions [-] 7 Interpretables 6.4 Loans under Follow-up 6.5 Specific Provisions [-] 7 Interpretables 6.5 Specific Provisions [-] 7 Interpretables 6.6 Specific Provisions [-] 7 Interpretables 6.7 Interpretables 6.8 Specific Provisions [-] 7 Interpretables 6.9 Specific Provisions [-] 8 Interpretables 6 Interpretables 6 Interpretables 6 Interpr				23.431	7.268	-	7.268
2.2 Financial Assets at Fair Value through Profit or Loss 2.2.1 Government Debt Securities 2.2.2 Equity Securities 2.2.3 Loans 2.2.4 Other Marketable Securities 11. BANKS 11. MONEY MARKETS 11. Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 Interbank Money Market Placements 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] 7 VII. FACTORING RECEIVABLES		6.934	2.921.996	8.316.049	4.201.007	3.419.931	7.620.938
2.2.1 Government Debt Securities 2.2.2 Equity Securities 2.2.3 Loans 2.4.4 Other Marketable Securities 11. BANKS 1V. MONEY MARKETS 1.1 Interbank Money Market Placements 1.2 Istanbul Stock Exchange Money Market Placements 1.3 Receivables from Reverse Repurchase Agreements 1.4.1 Interbank Money Market Placements 1.5.2 Government Debt Securities 1.5.3 Other Marketable Securities 1.5.4 Constant Receivables 1.5.5 Other Marketable Securities 1.5.6 Covernment Debt Securities 1.5.7 Covernment Debt Securities 1.5.8 Covernment Debt Securities 1.5.9 Covernment Debt Securities 1.5.1 Coans to Bank's Risk Group 1.5.1 Coans under Follow-up 1.5 Specific Provisions [-] 1.5 Factorione Receivables 1.5 Covernor Receivables 1.5 Cove		=	-	6.934	46.788	-	46.788
2.2.2 Equity Securities 2.2.3 Loans 2.2.4 Other Marketable Securities III. WONEY WARKETS 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4.3 Receivables from Reverse Repurchase Agreements 4.5 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 6.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] 7 UI. FACTORING RECEIVABLES			-	-	-	-	-
2.2.3 Loans 2.2.4 Other Marketable Securities III. BANKS IV. MONEY MARKETS III. Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements V. AVALABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 6.2 Government Debt Securities 7.1 LOANS and RECEIVABLES 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Profisions [-] VII. FACTORIONE RECEIVABLES		-	-	-	-	-	-
2.2.4 Other Marketable Securities BANKS III. WMONEY MARKETS 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 Receivables from Reverse Repurchase Agreements 4.5 Receivables from Reverse Repurchase Agreements 4.7 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.2 Government Debt Securities 5.3 Other Marketable Securities 5.4 Loans and Receivables 6.6 Loans and Receivables 6.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.3 Other 6.4 Loans under Follow-up 6.5 Specific Provisions [-] VII. FACTORING RECEIVABLES					-	-	-
III. BANKS IV. MONEY MARKETS 4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities VI. LOANS and RECEIVABLES 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		_	_	_	_	_	_
4.1 Interbank Money Market Placements 4.2 Istanbul Stock Exchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 4.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.2 Government Debt Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 6.1 Loans and Receivables 6.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.3 Other 6.4 Loans under Follow-up 6.5 Specific Provisions [-] 7 U. FACTORING RECEIVABLES	(I-c)	289.699	9.740.030	10.029.729	150.527	10.235.651	10.386.178
4.2 Istanbul Stock Éxchange Money Market Placements 4.3 Receivables from Reverse Repurchase Agreements 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 7. LOANS and RECEIVABLES 6.1.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) 7. FACTORING RECEIVABLES		1.552.346		1.552.346	37		37
4.3 Receivables from Reverse Repurchase Agreements 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities 6.1 Loans and Receivables 6.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1 Loans in Bank's Risk Group 6.1.2 Loans under Follow-up 6.2 Specific Provisions [-] 7. FACTORING RECEIVABLES		185	-	185	37	-	37
V. AVAILABLE-FOR-SALE FINANCIAL ASSÉTS (Net) 5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities VI. LOANS and RECEIVABLES 6.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		1.552.161	-	1.552.161	-	-	-
5.1 Equity Securities 5.2 Government Debt Securities 5.3 Other Marketable Securities VI. LOANS and RECEIVABLES 6.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		-	-	-	-	-	-
Section Specifies	(I-d)	23.452.703	19.377.085	42.829.788	18.145.438	16.661.619	34.807.057
5.3 Other Marketable Securities VI. LOANS and RECEIVABLES 6.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		13.013	85.027	98.040	12.836	54.505	67.341
VI. LOANS and RECEIVABLES 6.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] VII. FACTORING RECEIVABLES		23.159.176	13.657.443	36.816.619	17.912.731	11.328.132	29.240.863
6.1 Loans and Receivables 6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] VII. FACTORING RECEIVABLES	(i-e)	280.514 134.438.198	5.634.615 75.040.191	5.915.129 209.478.389	219.871 108.979,221	5.278.982 69.914.012	5.498.853 178.893.233
6.1.1 Loans to Bank's Risk Group 6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES	(i-e)	134.438.178	75.040.191	209.325.770	108.824.251	69.914.012	178.738.263
6.1.2 Government Debt Securities 6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] VII. FACTORING RECEIVABLES	(VII)	3.676.732	1.929.246	5.605.978	3.469.677	1.122.120	4.591.797
6.1.3 Other 6.2 Loans under Follow-up 6.3 Specific Provisions [-] VII. FACTORING RECEIVABLES	*****	-		-	-	-	-
6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		130.608.847	73.110.945	203.719.792	105.354.574	68.791.892	174.146.466
6.3 Specific Provisions (-) VII. FACTORING RECEIVABLES		4.532.711	_	4.532.711	4.267.191	-	4.267.191
		4.380.092	-	4.380.092	4.112.221	-	4.112.221
VIII. HELD-TO-MATURITY SECURITIES (Net)		-	-	-	-	-	-
	(I-f)	5.995.041	12.887.991	18.883.032	5.485.602	12.491.268	17.976.870
8.1 Government Debt Securities		5.995.041	10.148.338	16.143.379	5.485.602	9.976.303	15.461.905
8.2 Other Marketable Securities			2.739.653	2.739.653		2.514.965	2.514.965
IX. INVESTMENTS IN ASSOCIATES (Net) 9.1 Associates Consolidated Based on Equity Method	(I-g)	3.923	-	3.923	3.923	-	3.923
9.1 Associates Consolidated Based on Equity Method 9.2 Associates Unconsolidated		3.923	-	3.923	3.923	-	3.923
9.2.1 Financial Investments in Associates		3.723	-	3.723	3.723	-	3.723
9.2.2 Non-Financial Investments in Associates		3.923		3.923	3.923		3.923
X. SUBSIDIARIES (Net)	(I-h)	0.720		0.720	0.725	_	0.720
10.1 Unconsolidated Financial Subsidiaries		_	-	_	_	_	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures							
XII. FINANCIAL LEASE RECEIVABLES (Net)	(1-1)	1.530.515	4.334.903	5.865.418	1.202.964	3.805.636	5.008.600
12.1 Financial Lease Receivables 12.2 Operating Lease Receivables		1.856.087	4.885.676	6.741.763	1.528.271	4.334.700	5.862.971
12.2 Operating Lease Receivables 12.3 Other		-	-	-	-	-	-
12.4 Unearned Income [-]		325.572	550.773	876.345	325.307	529.064	854.371
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-j)	973.630	162.654	1.136.284	682,966	124,908	807.874
13.1 Fair Value Hedge	- 1	973.630	31.206	1.004.836	682.966	30.570	713.536
13.2 Cash Flow Hedge			131.448	131.448	-	94.338	94.338
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-k)	3.418.021	7.895	3.425.916	878.932	2.428	881.360
XV. INTANGIBLE ASSETS (Net)	(1-1)	476.470	2.072	478.542	360.570	957	361.527
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		476.470	2.072	478.542	360.570	957	361.527
XVI. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	44.015	-	
XVII. TAX ASSET		28.148	9.377	37.525	11.942	14.392	26.334
17.1 Current Tax Asset	0.5	20.1/0	0.222	27 525	2.561	1/ 202	2.561
17.2 Deferred Tax Asset XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE	(I-n)	28.148	9.377	37.525	9.381	14.392	23.773
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	133.515	_	133,515	74,188	_	74.188
18.1 Held for Sale Purpose	(1-0)		-			-	
18.2 Related to Discontinued Operations		133 515	_	133 515	7/, 188	_	7/, 199
XIX. OTHER ASSETS		133.515	-	133.515	74.188	-	74.188
	(I-p)	133.515 - 1.754.630	2,281,805	133.515 - 4.036.435	74.188 - 1.186.816	1.389.682	74.188 - 2.576.498
TOTAL ASSETS	(I-p)	-	2.281.805	-	-	1.389.682	-

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

AKBANK T.A.Ş. I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)

	LIABILITIES	Note	_	CURRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016) FC	T-1-1
ī.	DEPOSITS	(Section Five) (II-a)	7L 92.792.353	FC 108.663.175	Total 201.455.528	TL 84.428.188	89.539.616	Total 173.967.804
1.1	Deposits of Bank's Risk Group	(VII)	2.265.188	3.120.932	5.386.120	2.430.241	2.058.194	4.488.435
1.2	Other	(411)	90.527.165	105.542.243	196.069.408	81.997.947	87.481.422	169.479.369
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-Б)	4.170.579	1,253,249	5,423,828	3.648.925	950.922	4,599,847
III.	FUNDS BORROWED	(II-c)	375.074	33.252.125	33.627.199	421.737	31.882.549	32,304,286
IV.	MONEY MARKETS		4.516.895	24.840.903	29.357.798	5.725.625	21.594.417	27.320.042
4.1	Funds from Interbank Money Market		507.522	-	507.522	1.222.174	-	1.222.174
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	55.199	-	55.199
4.3	Funds Provided Under Repurchase Agreements		4.009.373	24.840.903	28.850.276	4.448.252	21.594.417	26.042.669
٧.	SECURITIES ISSUED (Net)	(II-d)	7.137.270	8.717.955	15.855.225	2.556.267	9.977.034	12.533.301
5.1	Bills		4.012.498	-	4.012.498	776.911	-	776.911
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		3.124.772	8.717.955	11.842.727	1.779.356	9.977.034	11.756.390
VI.	FUNDS		-	•	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		4.911.265	1.729.825	6.641.090	3.966.117	1.413.354	5.379.471
VIII.	OTHER LIABILITIES	(II-e)	940.960	237.400	1.178.360	1.249.388	187.509	1.436.897
IX.	FACTORING PAYABLES	44.	-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-		W. 044	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	74.911	74.911	-	98.991	98.991
11.1	Fair Value Hedge		-	74.911	74.911	-	98.645	98.645
11.2	Cash Flow Hedge		-	-	-	-	346	346
11.3	Foreign Net Investment Hedge							
XII.	PROVISIONS	(II-h)	2.896.523	964.423	3.860.946	2.678.915	878.986	3.557.901
12.1	General Loan Loss Provisions		1.736.416	950.455	2.686.871	2.069.292	858.453	2.927.745
12.2	Restructuring Provisions		200 700	1/1	200.052	007.001	- 0/1	
12.3	Reserve for Employee Benefits		300.792	161	300.953	227.221	861	228.082
12.4 12.5	Insurance Technical Provisions (Net) Other Provisions		859.315	13.807	873.122	382.402	19.672	402.074
XIII.	TAX LIABILITY	60.0	1.432.408	188.093	1.620.501	692.521	117.495	810.016
13.1	Current Tax Liability	(II-i)	1.040.244	97.421	1.137.665	567.678	14.619	582.297
13.1	Deferred Tax Liability		392.164	90.672	482.836	124.843	102.876	227.719
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE		372.104	70.072	402.030	124.043	102.070	227.717
AIV.	AND RELATED TO DISCONTINUED OPERATIONS		_	_	_	_	_	_
14.1	Held for Sale Purpose							
14.2	Related to Discontinued Operations		_				_	_
XV.	SUBORDINATED LOANS	(II-j)		1,900,999	1,900,999	_	_	_
XVI.	SHAREHOLDERS' EQUITY	(II-k)	40,688,789	(75.217)	40.613.572	33.014.327	(522,060)	32,492,267
16.1	Paid-in capital	(11 14)	4.000.000		4.000.000	4.000.000		4.000.000
16.2	Capital Reserves		4.171.089	(75.217)	4.095.872	2.122.151	(522.060)	1.600.091
16.2.1	Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		(600.631)	[169.489]	(770.120)	[587.935]	[573.267]	[1.161.202]
16.2.4	Property and Equipment Revaluation Differences		2.343.606	5.356	2.348.962	47.106	-	47.106
16.2.5	Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6			-	-	-	-	-	-
16.2.7	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		3.895	-	3.895	3.895	-	3.895
16.2.8	Hedging Funds (Effective portion)		(565.520)	88.916	[476.604]	[373.697]	51.207	[322.490]
16.2.9	Value Increase of							
	Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		1.289.739	-	1.289.739	1.332.782	-	1.332.782
16.3	Profit Reserves		25.744.393	-	25.744.393	21.492.133	-	21.492.133
16.3.1	Legal Reserves		1.469.241	-	1.469.241	1.386.657	-	1.386.657
16.3.2			-	-	-	-	-	-
16.3.3	Extraordinary Reserves		22.724.398	=	22.724.398	19.199.849	=	19.199.849
16.3.4			1.550.754	=	1.550.754	905.627	=	905.627
16.4	Income or (Loss)		6.773.168	-	6.773.168	5.399.913	-	5.399.913
16.4.1	Prior Periods' Income or (Loss)		752.895	-	752.895	545.745	-	545.745
16.4.2	Current Period Income or (Loss)		6.020.273	-	6.020.273	4.854.168	-	4.854.168
16.5	Minority Interest	(11-1)	139	-	139	130	-	130
						138.382.010		294,500,823
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		159,862,116	181.747.841	341.609.957		156.118.813	

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

AKBANK T.A.Ş. II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017 (Amounts are expressed in thousands of Turkish Lira (TLI).

		Note		URRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)	
A OFF-RA	ALANCE SHEET COMMITMENTS (I+II+III)	(Section Five)	TL 179.669.683	FC 414.581.289	Total 594.250.972	TL 147.851.229	FC 356.210.504	Total 504.061.733
l.	GUARANTEES AND WARRANTIES	(III-a-2, 3)	21.647.854	30.315.941	51.963.795	15.976.452	24.370.684	40.347.136
1.1	Letters of Guarantee	****	18.791.169	16.142.039	34.933.208	13.721.435	13.430.357	27.151.792
1.1.1	Guarantees Subject to State Tender Law		492.470	2.884.919	3.377.389	388.011	2.543.143	2.931.154
1.1.2	Guarantees Given for Foreign Trade Operations		18.298.699	3.297.312 9.959.808	3.297.312 28.258.507	13.333.424	3.219.372 7.667.842	3.219.372 21.001.266
1.1.3	Other Letters of Guarantee Bank Acceptances		18.278.677	3.757.904	3.758.102	13.333.424	3.583.229	3.583.229
1.2.1	Import Letter of Acceptance		198	3.757.904	3.758.102	-	3.583.229	3.583.229
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		7.257	6.927.068	6.934.325	260	5.232.516	5.232.776
1.3.1	Documentary Letters of Credit Other Letters of Credit		7.257	6.357.468 569.600	6.364.725 569.600	260	4.722.556 509.960	4.722.816 509.960
1.4	Prefinancing Given as Guarantee		-	307.000	307.000	-	307.700	307.700
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	10.757	10.757	-	10.0/0	10.0/0
1.7 1.8	Factoring Guarantees Other Guarantees		28.469	10.757 3.466.915	10.757 3.495.384	38.726	18.849 2.086.153	18.849 2.124.879
1.9	Other Collaterals		2.820.761	11.258	2.832.019	2.216.031	19.580	2.235.611
II.	COMMITMENTS	(III-a-1)	39.587.905	11.764.500	51.352.405	41.336.640	13.619.711	54.956.351
2.1	Irrevocable Commitments		38.813.809	11.625.354	50.439.163	40.690.428	13.304.259	53.994.687
2.1.1	Asset Purchase Commitments		2.668.087	7.928.578	10.596.665	7.444.452	9.261.461	16.705.913
2.1.2 2.1.3	Deposit Purchase and Sales Commitments Share Capital Commitments to Associates and Subsidiaries			-	-			-
2.1.3	Loan Granting Commitments		7.108.285	3.694.692	10.802.977	6.195.974	4.040.927	10.236.901
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-		-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		6.679.928	-	6.679.928	6.200.426	-	6.200.426
2.1.8	Tax and Fund Liabilities from Export Commitments		5.586 18.431.137	-	5.586 18.431.137	4.526	-	4.526
2.1.7	Commitments for Credit Card Limits Commitments for Credit Cards and Banking Services Promotions		66.262	-	66.262	17.397.602 121.979	-	17.397.602 121.979
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		3.854.524	2.084	3.856.608	3.325.469	1.871	3.327.340
2.2	Revocable Loan Counting Commitments		774.096	139.146	913.242	646.212	315.452	961.664
2.2.1	Revocable Loan Granting Commitments Other Revocable Commitments		684.444 89.652	139.146	684.444 228.798	527.125 119.087	315.452	527.125 434.539
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	118.433.924	372.500.848	490.934.772	90.538.137	318.220.109	408.758.246
3.1	Hedging Derivative Financial Instruments	,	2.497.225	27.012.330	29.509.555	2.497.225	20.894.823	23.392.048
3.1.1	Fair Value Hedges		2.497.225	12.659.318	15.156.543	2.497.225	15.885.640	18.382.865
3.1.2	Cash Flow Hedges		-	14.353.012	14.353.012	-	5.009.183	5.009.183
3.1.3 3.2	Foreign Net Investment Hedges Trading Derivative Financial Instruments		115.936.699	345.488.518	461.425.217	88.040.912	297.325.286	385.366.198
3.2.1	Forward Foreign Currency Buy/Sell Transactions		12.282.414	17.635.529	29.917.943	9.200.025	16.578.421	25.778.446
3.2.1.1	Forward Foreign Currency Transactions-Buy		5.985.150	8.969.994	14.955.144	3.360.716	9.502.584	12.863.300
3.2.1.2	Forward Foreign Currency Transactions-Sell		6.297.264	8.665.535	14.962.799	5.839.309	7.075.837	12.915.146
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		86.592.072	229.461.255	316.053.327	67.936.685	192.861.386	260.798.071
3.2.2.1 3.2.2.2	Foreign Currency Swap-Buy Foreign Currency Swap-Sell		32.237.645 51.016.127	80.929.409 57.681.478	113.167.054 108.697.605	35.263.207 29.765.278	52.719.664 57.044.998	87.982.871 86.810.276
3.2.2.3	Interest Rate Swap-Buy		1.669.150	45.425.184	47.094.334	1.454.100	41.548.362	43.002.462
3.2.2.4	Interest Rate Swap-Sell		1.669.150	45.425.184	47.094.334	1.454.100	41.548.362	43.002.462
3.2.3	Foreign Currency, Interest Rate and Securities Options		16.974.837	83.630.054	100.604.891	10.848.869	75.616.092	86.464.961
3.2.3.1	Foreign Currency Options-Buy		7.744.739	11.982.227	19.726.966	5.594.038	8.759.955	14.353.993
3.2.3.2	Foreign Currency Options-Sell Interest Rate Options-Buy		9.230.098	10.813.503 30.417.162	20.043.601 30.417.162	5.254.831	9.273.601 28.791.268	14.528.432 28.791.268
3.2.3.4	Interest Rate Options-Sell		-	30.417.162	30.417.162		28.791.268	28.791.268
3.2.3.5	Securities Options-Buy		_		-	_	20.771.200	20.771.200
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 3.2.5	Foreign Currency Futures-Sell Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		_	-	-	_	_	_
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		87.376	14.761.680	14.849.056	55.333	12.269.387	12.324.720
	DY AND PLEDGES RECEIVED (IV+V+VI)		730.313.032	217.860.085	948.173.117	605.782.406	194.315.315	800.097.721
IV. 4.1	ITEMS HELD IN CUSTODY Customer Fund and Portfolio Balances		47.355.366	12.571.070	59.926.436 4.342.487	38.200.062 3.505.508	9.892.470	48.092.532 3.505.508
4.1	Investment Securities Held in Custody		15.331.148	1.062.605	16.393.753	13.745.747	1.126.900	14.872.647
4.3	Cheques Received for Collection		21.906.910	1.675.367	23.582.277	16.330.556	1.218.160	17.548.716
4.4	Commercial Notes Received for Collection		5.293.887	2.661.455	7.955.342	4.135.405	1.799.253	5.934.658
4.5	Other Assets Received for Collection		-	-	-	=	-	-
4.6 4.7	Assets Received for Public Offering Other Items Under Custody		494.037	7.158.540	7.652.577	482.846	5.748.157	6.231.003
4.7	Custodians		4/4.03/	7.130.340	7.032.377	402.040	5.740.137	0.201.000
V.	PLEDGES RECEIVED		154.062.256	70.259.533	224.321.789	134.780.657	67.444.634	202.225.291
5.1	Marketable Securities		1.533.214	570.101	2.103.315	301.052	514.939	815.991
5.2	Guarantee Notes		1.061.747	555.781	1.617.528	975.905	667.148	1.643.053
5.3 5.4	Commodity		=	25.310	25.310	65.766 9.931	24.531 2.304	90.297 12.235
5.5	Warranty Immovables		114.165.824	50.890.890	165.056.714	99.808.370	49.799.045	149.607.415
5.6	Other Pledged Items		37.301.471	18.217.451	55.518.922	33.617.244	16.409.120	50.026.364
5.7	Pledged Items-Depository		-	-	-	2.389	27.547	29.936
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTEES		528.895.410	135.029.482	663.924.892	432.801.687	116.978.211	549.779.898
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		909.982.715	632.441.374	1.542.424.089	753.633.635	550.525.819	1.304.159.454

 $\label{thm:company} The accompanying explanations and notes form an integral part of these financial statements.$

AKBANK T.A.Ş. II. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

Interest nicome	-31/12/2016] 18.961.635 15.053.409 222.852 106.906 22.938 3.189.980 11.287 2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
Interest on Loans	15.053.409 222.852 106.906 22.938 3.189.980 11.287 2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.2	222.852 106.906 22.938 3.189.980 11.287 2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.3	106.906 22.938 3.189.980 11.287 2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.1	22.938 3.189.980 11.287 - 2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.5	3.189,980 11.287 2.540,729 637,964 322,607 42,943 10.471,166 8.047,471 598,231 1.000,344 791,182 33,938 8.490,469 2.569,397 3.111,647 202,294 2,909,353
1.5.1 Trading Financial Assets 6.866 1.5.2 Financial Assets at Fair Value Through Profit or Loss 3.130.538 1.5.3 Available-for-sale Financial Assets 3.130.538 1.5.4 Held- to- maturity Investments 1.082.679 1.6 Financial Lease Income 412.127 1.7 Other Interest Income 33.853 1. INTEREST EXPENSE (IV-b) 13.096.669 1.1 Interest on Deposits (IV-b-4) 10.337.683 1.2 Interest on Funds Borrowed (IV-b-1) 856.081 1.2 Interest on Funds Borrowed (IV-b-1) 856.081 1.2 Interest on Securities Issued (IV-b-3) 1.071.253 2.3 Interest Expense on Money Market Transactions (IV-b-3) 1.071.253 2.5 Other Interest Expenses 44.975 1.1 INTEREST INCOME (I-II) 11.292.799 1.2 V. NET FEES AND COMMISSIONS INCOME 2.961.964 4.1 Fees and Commissions Received 3.684.347 4.1.1 Non-cash Loans 262.864 4.1.2 Other 3.421.483 4.2.1 Other Loans 1.338 4.2.2 Other 2.2.5 4.3 Other Loans 1.338 4.2.2 Other 2.2.5 5.3 OUNDEND INCOME (IV-c) 2.658 7.1 TRADING INCOME/ILOSS (Net) (IV-d) (E29.945) 6.3 Foreign Exchange Gains / (Losses) on Securities 2.280.99 6.4 Gains / (Losses) on Derivative Financial Transactions (IV-d) (E29.945) 7.1 V. DIMOEND INCOME (IV-d) (IV-d) (IV-d) 8.2 V. DIMOEND INCOME (IV-d) (IV-d) (IV-d) 8.3 V. DIMOEND FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-d) (IV-d)	2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.5.2 Financial Assets at Fair Value Through Profit or Loss 1.5.3 Available-for-sale Financial Assets 3.130.538 1.082.679 1.5.4 Held- to- maturity Investments 1.082.679 1.5.4 Held- to- maturity Investments 412.127 1.5.4 Held- to- maturity Investments 412.127 1.5.4 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 1.5.5 Held- to- maturity Investments 412.127 Held- to- maturity Investments 412.127 Held- to- maturity Investments 412.127 Held- to- maturity Investments 422.127 Held- to- matu	2.540.729 637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.5.3	637.964 322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.6	322.607 42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.6	42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
1.1	42.943 10.471.166 8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
2.1	8.047.471 598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
2.1 Interest on Deposits (IV-b-4) 10.337.683 1.2 Interest Expense on Money Market Transactions 1786.677 17.2 1	598.231 1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
2.2 Interest on Funds Borrowed (IV-b-1) 856.081 2.3 Interest Expense on Money Market Transactions 786.677 786.	1.000.344 791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
Interest on Securities Issued (IV-b-3) 1.071.253	791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
Interest on Securities Issued (IV-b-3) 1.071.253	791.182 33.938 8.490.469 2.569.397 3.111.647 202.294 2.909.353
2.5	8.490.469 2.569.397 3.111.647 202.294 2.909.353
III. NET INTEREST INCOME (I - II)	2.569.397 3.111.647 202.294 2.909.353
IV. NET FEES AND COMMISSIONS INCOME 2.961.964 4.1 Fees and Commissions Received 3.684.347 4.1.1 Non-cash Loans 262.864 4.1.2 Other 3.421.483 4.2.1 Non-cash Loans 1.338 4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529.945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (IV-d) 388.320 6.3 Foreign Exchange Gains / (Losses) 388.320 VIII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III-IV-V+V+VI+VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-e) 2.441.912 X. OTHER OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XIII. EXCESS AMOUNT RECORDED IX-POPERATING INCOME/(LOSS) (VIII-IX-X) - XIII. INCOME/(LOSS) ON NET MONETARY POSI	3.111.647 202.294 2.909.353
4.1.1 Non-cash Loans 262.864 4.1.2 Other 3.421.483 4.2 Fees and Commissions Paid 722.383 4.2.1 Non-cash Loans 1.338 4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529.945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (IV-d) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (IIII-IV-VY-VI-VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XIII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	202.294 2.909.353
4.1.1 Non-cash Loans 262.864 4.1.2 Other 3.421.483 4.2 Fees and Commissions Paid 722.383 4.2.1 Non-cash Loans 1.338 4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529.945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (IV-d) 1.46.364 6.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (IIII-IV-VY-VI-VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XIII. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	2.909.353
4.2.1 Fees and Commissions Paid 722.383 4.2.1 Non-cash Loans 1.338 4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529.945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (I1.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VIII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) 11.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XIII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	
4.2.1 Fees and Commissions Paid 722.383 4.2.1 Non-cash Loans 1.338 4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529.945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (1.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VIII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. OTHER OPERATING INCOME (III+IV+V+VI+VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XIII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	
4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529,945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (I.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VIII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	542.250
4.2.2 Other 721.045 V. DIVIDEND INCOME (IV-c) 2.658 VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529,945) 6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (I.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VIII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	975
VI. TRADING INCOME/(LOSS) (Net) (IV-d) (529,945) 6.1 Trading Gains / (Losses) on Securities 228,099 6.2 Gains / (Losses) on Derivative Financial Transactions (1,146,364) 6.3 Foreign Exchange Gains / (Losses) 388,320 VII. OTHER OPERATING INCOME (IV-e) 1,247,964 VIII. TOTAL OPERATING INCOME (IIII-IV-V-VI-VIII) 14,975,440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2,441,912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4,879,293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7,654,235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	541.275
6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (1.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	2.658
6.1 Trading Gains / (Losses) on Securities 228.099 6.2 Gains / (Losses) on Derivative Financial Transactions (1.146.364) 6.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	945.980
ASS	185.446
0.3 Foreign Exchange Gains / (Losses) 388.320 VII. OTHER OPERATING INCOME (IV-e) 1.247.964 VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	997.049
VIII. TOTAL OPERATING INCOME (IIII+IV+V+VI+VIII) 14.975.440 IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED - AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	(236.515)
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) (IV-f) 2.441.912 X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD XIV. INCOME/(LOSS) ON NET MONETARY POSITION	907.467
X. OTHER OPERATING EXPENSES (-) (IV-g) 4.879.293 XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	12.915.971
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) 7.654.235 XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER - XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	2.250.176
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	4.464.913
AS INCOME AFTER MERGER XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	6.200.882
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD - XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	
XIV. INCOME/(LOSS) ON NET MONETARY POSITION -	-
	-
	-
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI++XIV) (IV-i) 7.654.235	6.200.882
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±) (IV-j) 1.633.953	1.346.703
16.1 Current Tax Provision 1.654,953	1.069.329
16.2 Deferred Tax Provision (21.000)	277.374
XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI) 6.020.282	4.854.179
XVIII. INCOME FROM DISCONTINUED OPERATIONS -	-
18.1 Income from Non-current Assets Held for Sale -	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures -	=
18.3 Income from Other Discontinued Operations -	=
XIX. EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
19.1 Expenses for Non-current Assets Held for Sale -	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures -	-
19.3 Expenses for Other Discontinued Operations -	-
XX. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
21.1 Current Tax Provision -	-
21.2 Deferred Tax Provision -	-
XXII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	_
XXIII. NET INCOME/(LOSS) (XVII+XXIII) (IV-I) 6.020.282	
23.1 Income/(Loss) from the Group 6.020.273	4.854.179
23.2 Income/(Loss) from Minority Interest (IV-h) 9	4.854.179 4.854.168
Earning/(Loss) per share (in TL full) 0,01505	

The accompanying explanations and notes form an integral part of these financial statements

AKBANK T.A.Ş.

IV. CONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

	INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD	PRIOR PERIOD
		(31/12/2017)	(31/12/2016)
ı.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM		
	AVAILABLE- FOR- SALE FINANCIAL ASSETS	488.853	(58.493)
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	2.465.549	
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	_
IV.	TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS	505.242	330.043
٧.	PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL		
	ASSETS (Effective Portion of Fair Value Changes)	59,390	120.375
VI.	PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL		
• • • •	ASSETS (Effective Portion) (*)	(252.032)	(175.200)
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS	((
VIII.	OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(53.804)	(20,240)
IX.	TAX RELATED TO VALUATION DIFFERENCES	(212.177)	26.712
Х.	NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II++IX)	3.001.021	223.197
XI.	CURRENT PERIOD INCOME / LOSS	6.020.282	4.854.179
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	20.994	[31,285]
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	[37.278]	[33.413]
11.3	Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(37.276)	(55.415)
11.3	Other	6.036.566	4.918.877
11.4	Other	0.030.300	4.710.0//
XII.	TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	9.021.303	5.077.376

^(*) Figure represents the effective part of the foreign exchange differences of the financial liabilities hedging the net investment risk of foreign investments as explained in Note II of Section Three.

 $\label{thm:company} The accompanying explanations and notes form an integral part of these financial statements.$

ANN 1-A.P., ONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017 Under the companyed in Industrial of Theories in 1911

	March Bands March Bands				Note (Section Five) Paid-in Capital	Adjustment to Share	Share	Share Cancellation Profits Le	Legal Reserves	Status Ex Reserves	Extraordinary Reserves	Other Current Period Reserves Net Income (Loss)		Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Bu Equipment fro Revaluation Ass Differences	Bonus Shares from Invest.in Ass., Subs. and J.V.	Val. Chan. in Prop. Hedging and Eq. HFS Purp./ Transactions Disc. Opr.	n. in Prop. IFS Purp./ Disc. Opr. Mino	Total Equity Except from Minority interest Minority interest		Total Shareholders' Equity
Communication Communicatio		Control cont	Ĥ	PRIOR PERIOD (31/12/2016)																		
Example Comparison Compar	Control to the control of the cont	Control cont		Begining Balance	700.000,4		1,700,000		1.336.311		16.772.396	510.020	3.229.357	402.833	[1.114.408]	47.106	3.895	[278.630]		28.014.772	119	28.014.891
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The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.

VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

		Note (Section Five)	CURRENT PERIOD (31/12/2017)	PRIOR PERIOD (31/12/2016)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities		3.769.706	897.733
1.1.1 1.1.2 1.1.3 1.1.4 1.1.5 1.1.6 1.1.7 1.1.8 1.1.9	Interest received Interest paid Dividend received Fees and commissions received Other income Collections from previously written-off loans and other receivables Payments to personnel and service suppliers Taxes paid Other	(VI-b)	22.341.368 (12.952.618) 2.658 3.790.203 (1.944.107) 967.336 (2.168.648) (1.610.854) (4.655.632)	17.675.360 (10.289.657) 2.658 3.176.253 (1.125.481) 767.018 (3.981.201) (1.689.898) (3.637.319)
1.2	Changes in operating assets and liabilities		(1.564.776)	1.528.879
1.2.1 1.2.2 1.2.3 1.2.4 1.2.5 1.2.6 1.2.7 1.2.8 1.2.9 1.2.10	Net decrease in trading securities Net (increase) / decrease in fair value through profit/(loss) financial assets Net (increase) / decrease in due from banks and other financial institutions Net (increase) / decrease in loans Net (increase) / decrease in other assets Net increase / (decrease) in bank deposits Net increase / (decrease) in other deposits Net increase / (decrease) in funds borrowed Net increase / (decrease) in payables Net increase / (decrease) in other liabilities	(VI-b)	24.143 - 3.530.251 (30.739.553) (7.011.209) 6.718.189 20.684.086 523.958 - 4.705.359	(23.688) - 4.617.730 (26.214.076) (10.844.593) (5.712.562) 30.067.290 7.320.176 - 2.318.602
I.	Net cash provided from banking operations		2.204.930	2.426.612
В.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(7.319.775)	2.368.197
2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9	Cash paid for acquisition of investments, associates and subsidiaries Cash obtained from disposal of investments, associates and subsidiaries Purchases of property and equipment Disposals of property and equipment Cash paid for purchase of investments available-for-sale Cash obtained from sale of investment securities Cash obtained from sale of investment securities Other		[483.470] 52.528 (17.616.415) 10.972.759 (226) 765.997 (1.010.948)	[445.363] 180.323 (7.902.570) 10.735.543 - 130.259 (329.995]
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
101.	Net cash provided from financing activities		4.299.418	[493.176]
3.1 3.2 3.3 3.4 3.5 3.6	Cash obtained from funds borrowed and securities issued Cash used for repayment of funds borrowed and securities issued Issued equity instruments Dividends paid Payments for finance leases Other		11.444.452 (6.245.034) - (900.000)	6.220.955 [6.114.131] - [600.000]
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(VI-b)	685.442	1.416.377
V.	Net increase in cash and cash equivalents (I+II+III+IV)		(129.985)	5.718.010
VI.	Cash and cash equivalents at beginning of the period	(VI-a)	12.827.451	7.109.441
VII.	Cash and cash equivalents at end of the period	(VI-a)	12.697.466	12.827.451

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

AKBANK T.A.Ş. VII. PROFIT APPROPRIATION STATEMENT

(Amounts are expressed in thousands of Turkish Lira (TL)).

		CURRENT PERIOD (31/12/2017)	PRIOR PERIOD (31/12/2016)
i.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	7.516.611	5.697.550
1.2	TAXES AND DUTIES PAYABLE	1.477.542	1.168.838
1.2.1	Corporate Tax (Income Tax)	1.436.074	921.532
1.2.2	Income Withholding Tax		
1.2.3	Other taxes and duties	41.468	247.306
A.	NET INCOME FOR THE YEAR (1.1-1.2)	6.039.069	4.528.712
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
В.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-[1.3+1.4+1.5)]	6.039.069	4.528.712
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	200.000
1.6.1	To Owners of Ordinary Shares	-	200.000
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares To Profit Sharing Bonds	-	-
	To Holders of Profit and (Loss) Sharing Certificates	-	
1.7	DIVIDENDS TO PERSONNEL (-)	_	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	700.000
1.9.1	To Owners of Ordinary Shares	-	700.000
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5 1.10	To Holders of Profit and (Loss) Sharing Certificates SECOND LEGAL RESERVES (-)	-	70.000
1.10	STATUTORY RESERVES (-)	-	70.000
1.12	EXTRAORDINARY RESERVES	_	3.418.827
1.13	OTHER RESERVES	_	-
1.14	SPECIAL FUNDS	-	139.885
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
	To Holders of Profit and (Loss) Sharing Certificates		_
2.4	DIVIDENDS TO PERSONNEL (-)	_	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (*)		
3.1	TO OWNERS OF ORDINARY SHARES	0,015	0,011
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,5	1,1
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	0,002
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	0,2
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)		-

^(*) Amounts are expressed in TL.

NOTES:

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

⁽¹⁾ Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.
(2) Profit appropriation is being done according to unconsolidated financial statements.

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SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION:

a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS which have entered into force as of 1 January 2017 have no material impact on the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The Group continues works in order to comply with TFRS 9 Financial Instruments Standard.

Disclosures of IFRS 9 Financial Instruments:

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and general hedge accounting.

The Bank will apply the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods.

Classification and measurement of financial assets

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and interest (SPPI).

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("FVTPL"), amortized cost or fair value through other comprehensive income ("FVOCI"). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

The combined application of the contractual cash flow characteristics and business models as at 1 January 2018 is expected to result in no major difference in the classification of financial assets when compared to the classification under TAS 39.

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Impairment of financial assets

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Part VII-c of Explanation on Accounting Policies will be changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. The primary impact is attributable to changes in the allowance for credit losses under the new impairment requirements and the related deferred taxes.

The Bank does not expect a significant impact in its impairment provisions for loans and other receivables with the adaptation of TFRS 9 at 1 January 2018.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of consolidated financial statements:

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2016 except for applying revaluation model in the properties in accordance with TAS 16 Plant and Equipment as explained in the note of I-k of the Fifth Section. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

d. Items Subject to different accounting policies in the preparation of consolidated financial statements:

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

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II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

The Group's core business activities include consumer banking, commercial banking, SME banking, and corporate-investment and private banking, foreign exchange, money markets, securities transactions [Treasury transactions] and international banking services. The Group performs financial leasing transactions through Ak Finansal Kiralama A.Ş. By nature the Group's activities are principally related to the use of financial instruments. As the main funding source, the Group accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Group's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Group's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Group's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish Lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves".

As of 31 December 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,7400 and TL 4,4773 for USD, EURO respectively.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

Consolidated financial statements are prepared in accordance with the "Turkish Financial Reporting Standard for Consolidated Financial Statements" ("TFRS 10") and "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette no.26340 dated 8 November 2006.

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income. Minority interests are presented in the consolidated balance sheet, in the shareholders' equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the Bank has 100% control power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements.

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Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Ak Portföy Yonetimi A.Ş was established on 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

Based on restructuring of Bank's foreign subsidiaries, Akbank NV and Akbank AG have merged in Akbank AG with the discontinuation of activities of Akbank N.V effective from 15 June 2012. Akbank AG operates in Germany, providing corporate, consumer and private banking services.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long term financing.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Bank are foreign currency interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). Although certain derivative transactions provide effective economic hedges under the Bank's risk management position, in accordance with TAS 39 they are treated as derivatives "Held-for-trading".

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is disclosed in "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

An embedded derivative shall be separated from host contract only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss

If an embedded derivative is separated, the host contract shall be accounted for under TAS 39 if it is a financial instrument, and in accordance with other appropriate standards if it is not a financial instrument.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". The Group ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group categorizes its financial assets as "Fair value through profit/loss", "Available for sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of the investment.

a. Financial assets at the fair value through profit or loss:

This category has two subcategories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition".

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming at short-term profit making.

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

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

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

b. Available-for-sale financial assets:

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

After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable securities valuation differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

c. Loans and Receivables:

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

The Parent Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA.

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and recorded as expense in the related year. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

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d. Held-to-maturity financial assets:

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

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

Available for sale and held to maturity securities portfolio of the Group include Consumer Price Indexed [CPI] Bonds. These securities are valued and accounted according to the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of two months ago. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS:

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest rate method" and its carrying value. In case an impairment occurs, the impairment amount is deducted from the carrying value of the asset and the impairment loss is recognized in profit and loss. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-c of Section Three.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Available-for-sale securities" and "Held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

The Group has no securities lending transactions.

XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS:

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

The Group has no discontinued operations.

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XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Group has no goodwill.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortized over three to fifteen years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA, is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings50 yearsVault5 yearsTransportation Vehicles5 yearsOther property and equipments2-7 years

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

Where the carrying amount of an asset is greater than its estimated "Net realizable value amount", it is written down to its "Net realizable value amount" and the impairment loss is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any impairment in value of the leased asset, an impairment loss is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

The Group provides specific provisions for financial lease receivables in accordance with the "Communiqué Regarding the Principles and Procedures for the Provisions Provided for Receivables by Financial Leasing, Factoring and Finance Companies" published in Official Gazette no. 28861, dated 24 December 2013. The Group provides general provisions for non-impaired financial lease receivables.

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Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

b. Retirement rights:

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

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the

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Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

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

With respect to that, according to the technical balance sheet report as at 31 December 2017 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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

The consolidated affiliates do not have the above mentioned retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other defined contribution plans.

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

In Turkey, corporate tax rate is 20%. This ratio will be applied as 22% for a period of three years, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The Corporate Tax rate is applied to tax base which is calculated by adding certain non deductable expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

Corporations are required to pay advance corporate tax quarterly on their corporate income with current rate. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years. On sales after December 5 of 2017, this rate is applied as 50% for immovable properties.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

Information on taxation in foreign associates are given below:

Akbank AG (Germany)

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15,825% since an additional solidarity tax of 5,5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 16% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is approximately 32%.

b. Deferred tax:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities will be measured by 20% tax rate.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax rate shall be measerued over general provision according to IFRS 9 articles from 1 January 2018.

Deferred tax assets and liabilities are presented on a net basis by considering the domestic and foreign branches' financial statements separately.

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Group. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2017.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

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XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2017 and 31 December 2016, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

- a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- c. for which discrete financial information is available.

Reporting according to the operational segments is presented in Note IX of Section Four.

XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 28 March 2017. In the Ordinary General Assembly, it was decided to distribute a TL 900.000 cash dividend over the TL 4.528.712 net income from 2016 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 139.885 to special funds account under other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

XXV. EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned.

	31 December 2017	31 December 2016
Net Profit for the Year	6.020.273	4.854.168
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01505	0,01214

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares issued in 2017 (2016: None).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411 are deemed as related parties. Transactions with related parties are presented in Note VII of Section Five.

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XXVII. CASH AND CASH EQUIVALENT ASSETS:

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVIII. RECLASSIFICATIONS:

In order to be consistent with the presentation of financial statements dated 31 December 2017, there are certain reclassifications made on income statement and cash flows statement dated 31 December 2016.

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SECTION FOUR INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. EXPLANATIONS ON EQUITY:

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 31 December 2017, total current year equity of the Group has been calculated as TL 44.617.132 (31 December 2016: 34.871.848), the capital adequacy ratio is 15,79 % (31 December 2016:14,16 %). This ratio is well above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

		Amounts related to
	Current Period 31 December 2017	treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL	OT December 2017	1/1/2014(/
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	25.744.393	
Gains recognized in equity as per TAS	2.348.962	
Profit	6.773.168	
Current Period Profit	6.020.273	
Prior Period Profit	752.895	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit		
for the period	3.895	
Minorities' Share	139	
Common Equity Tier 1 Capital Before Deductions	41.976.449	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	20.035	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance		
with TAS	1.446.064	
Improvement costs for operating leasing	19.772	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	339.037	423.796
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss		
amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of		
consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of		
consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks		
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside	-	
the scope of consolidation where the Bank lowns 10% or more of the issued common share capital		
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences		
Other items to be defined by the BRSA		
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	_	
Total Deductions From Common Equity Tier 1 Capital	1.824.908	
Total Common Equity Tier 1 Capital	40.151.541	
Total Common Equity Tier 1 Capital	40.101.041	

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	Current Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	=	
Debt instruments and premiums approved by BRSA Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)		
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns		
10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	_	
Other items to be defined by the BRSA	_	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital		
for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	84.759	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the		
Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	40.066.782	
TIER II CAPITAL	40.000.702	
Debt instruments and share issue premiums deemed suitable by the BRSA	1.870.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3) Provisions (Article 8 of the Regulation on the Equity of Banks)	2.686.871	
Tier II Capital Before Deductions	4.556.871	
Deductions From Tier II Capital	4,000,071	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	3	
declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	(-) -	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside		
the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common		
Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital Total Tier II Capital	4.556.871	
Total Capital (The sum of Tier I Capital and Tier II Capital)	44.623.653	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the		
Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	- / 501	
Other items to be defined by the BRSA (-) In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	6.521	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking,		
financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10%		
of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1		
capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common		
entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for		
the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the		
scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity,		
mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity		
Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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TOTAL CAPITAL		
Total Capital	44.617.132	
Total risk weighted amounts	282.611.034	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,21%	
Tier 1 Capital Adequacy Ratio	14,18%	
Capital Adequacy Ratio	15,79%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,28%	
a) Bank specific total common equity tier 1 capital ratio	1,25%	
b) Capital conservation buffer requirement	0,03%	
c) Systemic significant bank buffer ratio (**)	1,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on		
Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,21%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the		
bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less		
of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	395.911	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.686.871	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.686.871	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the		
Communiqué on the Calculation	_	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based		
Approach in accordance with the Communiqué on the Calculation	_	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	_	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	_	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	_	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	_	

^(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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	Prior Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	21,492,133	
Gains recognized in equity as per TAS	47.106	
Profit	5.399.913	
Current Period Profit	4.854.168	
Prior Period Profit	545.745	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit	545.745	
for the period	3.895	
Minorities' Share	130	
Common Equity Tier 1 Capital Before Deductions	34.049.069	
Deductions from Common Equity Tier 1 Capital	34.047.007	
	20.7/0	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance	1 500 /77	
with TAS	1.592.477	
Improvement costs for operating leasing	28.863	
Goodwill (net of related tax liability)	100 /5/	200 5/2
Other intangibles other than mortgage-servicing rights (net of related tax liability)	192.456	320.760
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss		
amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of		
consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of		
consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank lowns 10% or more of the issued common share capital	_	
Excess amount arising from mortgage servicing rights	_	
Excess amount arising from deferred tax assets based on temporary differences	_	
Other items to be defined by the BRSA		
Deductions to be defined by the BROAL Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital		
Total Deductions From Common Equity Tier 1 Capital	1.842.556	
Total Common Equity Tier 1 Capital	32.206.513	

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ADDITIONAL TIER I CAPITAL	0.7.00000010010	1,1,2014()
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3) Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	_	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with		
compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns		
10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial		
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital		
for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	128.304	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the		
Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier Capital (Tier Capital=Common Equity+Additional Tier Capital)	32.078.209	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	_	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.804.483	
Tier II Capital Before Deductions	2.804.483	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the condition	is	
declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank lowns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	(1)	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outsid		
the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common	C	
Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2.804.483	
Total Capital (The sum of Tier I Capital and Tier II Capital)	34.882.692	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19	
Other items to be defined by the BRSA (-)	10.825	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	10.023	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking,		
financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10%	, 0	
of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1		
capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance		
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common		
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for		
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds		
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the		
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Prior Period 31 December 2016	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	34.871.848	
Total risk weighted amounts	246.205.794	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,08%	
Tier 1 Capital Adequacy Ratio	13,03%	
Capital Adequacy Ratio	14,16%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	5,52%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on		
Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,12%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the		
bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less		
of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	451.915	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.927.745	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.804.483	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the		
Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based		
Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

^(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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b. Information about instruments that will be included in total capital calculation:

	Current Period 31 December 2017
Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1574750292 / US00972BAB53
	Subject to British Common Law and in terms of certain articles to Turkish
Governing law (s) of the instrument	Regulations. It is issued within the scope of the Debt Instruments Disclosure of
	the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting	1.870 million TL (in full TL amount)
date)	1.8/U million IL (in full IL amount)
Nominal value of instrument	1.870 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
	There is an early repayment option on 16.03.2022. The reimbursement amount is
Optional call date, contingent call dates and redemption amount	1.870 million TL (in full TL amount)
Subsequent call dates, if applicable	
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	Homeaniatatio
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	None
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: [i] its operating license is to be revoked and the Bank is liquidated or [ii] the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or [iii] it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type	In priority of receivables, it comes after the debt instruments which are non-
immediately senior to the instrument)	subordinated loans.
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the general provision and subordinated loans. In the calculation of Total Capital, general provision up to 1,25% of credit risk and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CREDIT RISK:

a. 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 risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

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

For daily treasury operations limit allocation and follow-up is performed by the Treasury Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired loans."

The Bank calculates general loan loss provision for "past due loans" and specific provision for "impaired loans" according to the Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note 2-o of Section Four.

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Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	90.436.890	80.669.019
Conditional and unconditional receivables from regional or local governments	275	275
Conditional and unconditional receivables from administrative bodies and non-commercial		
enterprises	30.846	70.149
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	71.203.471	77.230.498
Conditional and unconditional receivables from corporate	191.403.892	175.214.298
Conditional and unconditional receivables from retail portfolios	88.587.596	84.553.425
Conditional and unconditional receivables secured by mortgages	24.981.066	23.325.053
Past due receivables	282.232	231.965
Receivables defined under high risk category by BRSA	-	744
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	278.068	272.229
Equity security investments	101.958	87.914
Other receivables	7.832.116	7.218.336
Total	475.138.410	448.873.905

^[*] The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor

- **b.** Risk control limits exist that are placed against credit and market risk from of forward transaction and option agreements and other similar agreements. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.
- **c.** The risks of the forward, option and other similar type agreements are followed regulary and as deemed necessary based on the credit risk, the risks are tried to be minimized.
- **d.** Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed according to Group's credit risk management and follow-up principles. Relevant customer's financial status and commercial operations are constantly analyzed and payment schedule is closely monitored by related business segment. Monitoring continues until the receivables from the loans are completely collected.

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

e. The Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk concentration.

As seen in the Group's balance sheet, the ratio of loans under follow-up to total loans is as low as 2,1% (31 December 2016: 2,3%).

- f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 32% and 40% respectively (31 December 2016: 34% and 42%).
- 2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 62% and 75%. [31 December 2016: 66% and 78%].
- 3. The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 22% and 28% respectively. [31 December 2016: 23% and 29%].
- g. The Bank provided a general loan loss provision amounting to TL 2.686.871 (31 December 2016: TL 2.927.745).

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h. Information on loan types and provisions:

Current Period - 31 December 2017	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	153.613.754	30.865.479	13.575.879	198.055.112
Close Monitoring Loans	9.537.906	1.259.705	473.047	11.270.658
Loans Under Follow-up	2.191.560	1.279.565	1.061.586	4.532.711
Specific Provision (-)	2.038.941	1.279.565	1.061.586	4.380.092
Total	163.304.279	32.125.184	14.048.926	209.478.389

As of 31 December 2017, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 204 million.

Prior Period - 31 December 2016	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	132.696.769	27.894.782	12.128.729	172.720.280
Close Monitoring Loans	3.790.611	1.536.885	690.487	6.017.983
Loans Under Follow-up	1.639.126	1.396.806	1.231.259	4.267.191
Specific Provision (-)	1.484.156	1.396.806	1.231.259	4.112.221
Total	136.642.350	29.431.667	12.819.216	178.893.233

As of 31 December 2016, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 206 million.

i. Information on the movement of provision for loans and other receivables of the Bank:

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2017	1.484.156	1.396.806	1.231.259	4.112.221
Transferred during the period	1.078.619	476.021	362.320	1.916.960
Collection	(337.650)	(372.270)	(212.016)	(921.936)
Write-off (*)	(186.184)	(220.992)	(319.977)	(727.153)
31 December 2017	2.038.941	1,279,565	1.061.586	4,380,092

[*]TL 709 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to 4 companies İstanbul Varlık Yönetim A.Ş., Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. ve Final Varlık Yönetimi A.Ş. at a price of TL 39 million (in full TL amount.

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2016	868.775	1.184.274	1.172.961	3.226.010
Transferred during the period	929.529	637.906	513.936	2.081.371
Collection	(207.055)	(307.335)	(211.185)	(725.575)
Write-off (*)	(107.093)	(118.039)	(244.453)	(469.585)
31 December 2016	1.484.156	1.396.806	1.231.259	4.112.221

(*) TL 450,1 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 49,1 million (in full TL amount). Specific provision previously allocated for this amount, is shown under "Write-off" in the above table.

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j. Information on debt securities, treasury bills and other eligible bills:

	Trading Financial	Available-for-Sale	Held-to-Maturity	
Current Period - 31 December 2017	Assets (Net)	Financial Assets (Net)	Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
Aa1, Aa2, Aa3	-	192.304	-	192.304
A1, A2, A3	-	114.203	-	114.203
Baa1, Baa2, Baa3	-	671.056	-	671.056
Ba1	16.459	41.279.319	18.406.623	59.702.401
Ba2	-	196.879	476.409	673.288
Total	16.459	42.453.761	18.883.032	61.353.252
	Tradina			
	Trading Financial	Aveilable for Colo	Hald to Maturity	
Daisa Daaisal 24 Daasaahaa 201/		Available-for-Sale	Held-to-Maturity	Total
Prior Period - 31 December 2016	Assets (Net)	Financial Assets (Net)	Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
Aa1, Aa2, Aa3	-	132.700	-	132.700
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	2.073.074	-	2.073.074
Ba1	56.653	32.321.698	17.976.870	50.355.221
Ba2	-	-	-	_
Total	56.653	34.527.472	17.976.870	52.560.995

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k. Profile on significant risks in significant regions:

Current Period								Risk Categories (*)	ories (*)									
31 December 2017	-	7	9	7	ro.	9	7	8	6	10	11 1	12	13	14	15	16	17	Total
Domestic	86.930.039	22	17.212	ľ		12.495.657	155.945.615	57.774.085	24.111.784	282.232		١.			278.032	101.797	7.832.116	345.768.624
European Union Countries	1.932.778	1	00		1	41.985.122	6.033.973	21.141	171.352	,	1	,	,	,	1	161	1	50.144.535
OECD Countries(**)	•	1			1	1.630.303	1.093.289	3.676	2.053	1	1			,	1		1	2.729.321
Off- Shore Regions	1	1	'	1	1	134.290	134.190	187	266	,	1	,	ì	,	1	1	1	268.933
USA, Canada	1	1	'		1	2.924.127	112.450	7.779	2.196	,	1	,	ì	1	ı	ı	1	3.046.552
Other Countries	1.544.270	1	,		1	845.181	1.360.426	11.516	5.293	,	,	,	,	,	,	,	,	3.766.686
Investment and associates, subsidiaries and joint																		
ventures	1	1	'	1	1	1	1	1	1	1			ı		•	•	1	•
Undistributed Assets / Liabilities(***)	1		,	1		1	1	1	1	1	1				1	1	1	
Total	90.407.087	22	17.220	1	٠	60.014.680	164.679.943	57.818.384	24.292.944	282.232					278.032	101.958	7.832.116	405.724.651
Prior Period								Risk Categories (*)	ories (*)									
31 December 2016	1	2	3	7	2	9	7	8	6	10	11 1	12	13	14	15	16[****]	17	Total
Domestic	79.508.445	20	46.010		٠	12.607.632	129.426.842	50.588.970	20.687.819	220.140					460.842	71.098	3.896.437	297.514.285
European Union Countries	836.591	1	7		1	37.088.847	6.484.917	15.356	12.089	,	,		,		,	161	•	44.437.968
OECD Countries(**)	1	1	'	1	•	1.746.977	393.390	2.321	2.261	1	,	,	,		,	,	,	2.144.949
Off- Shore Regions	1	1	'		1	167.679	296.820	310	309	,	,	,	,	,	ı	1	1	465.118
USA, Canada	•	•	,			3.371.790	289.366	6.145	2.781	,	,				,	,	•	3.670.082
Other Countries		•	24	1	•	645.996	792.231	12.575	3.312			,	,		1	,	1	1.454.138
Investment and associates,																		
ventures	1	1	,	1	1	1	1		1	1	1		,		1		1	•
Undistributed Assets / Liabilities(***)	,	1				,	1	,	1	,	,				,	1	1	•
Total	80.345.036	20	46.041	٠	٠	55.628.921	137.683.566	50.625.677	20.708.571	220.140					460.842	71.259	3.896.437	349.686.540

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

<u>-</u>	Conditional and unconditional receivables from central governments and Central Banks	9.	Conditional and unconditional receivables secured by mortgages
2.	Conditional and unconditional receivables from regional or local governments	10.	Past due receivables
<i>ج</i> ن	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	11.	Receivables defined under high risk category by BRSA
4	Conditional and unconditional receivables from multilateral development banks	12.	Securities collateralized by mortgages
5.	Conditional and unconditional receivables from international organizations	13.	Securitization positions
9.	Conditional and unconditional receivables from banks and brokerage houses	14.	Short-term receivables from banks, brokerage houses and corporates
7.	Conditional and unconditional receivables from corporates	15.	Investments similar to collective investment funds
∞.	Conditional and unconditional receivables from retail portfolios	16.	Equity security transactions
		17.	Other receivables

 ^[**] EU countries, OECD countries other than USA and Consistent principle
 [***] Assets and liabilities that are not distributed according to a consistent principle
 [****] Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

l. Risk Profile according to sectors and counterparties:

							Ris	Risk Classifications (*)	itions (*)											
31 December 2017	-	2	3	4	2	9	7	8	6	10	11	12	13	14	15	16	17	4	윤	Total
Agricultural	-		2				79.997	333.747	89.826	07						1	1	494.262	9.354	503.616
Farming and raising livestock	-		D	,	,	1	55.088	229.992	68.205	079	1	,	,	,	,	,	1	346.546	6.785	353.331
Forestry				,	,	1	24.574	60.406	21.088	,	1	,	,	,	,	,	1	142.502	2.569	145.071
Fishing				,	,	1	335	4.346	533	,	1	,	,	,	,	,	1	5.214	1	5.214
Manufacturing	=======================================		228	,		1	54.262.766	5.409.384	3.279.569	15.033	1	,	1	,	1	,	1	28.353.600	34.613.391	62.966.991
Mining	1			,		1	1.420.580	152.731	95.186		1	,	1	,	1	,	1	687.431	981.066	1.668.497
Production	=======================================		225	,		1	35.517.602	5.125.745	3.027.418	14.643	1	,	1	,	1	,	1	22.533.739	21.151.905	43.685.644
Electricity, Gas, Water	1		e	,		1	17.324.584	130.908	156.965	390	1	,	1	,	1	,	1	5.132.430	12.480.420	17.612.850
Construction			71	,	,	1	28.046.855	2.507.700	3.727.479	256	1	,	,	,	,	,	1	16.222.119	18.060.242	34.282.361
Services	1.965	21	4.487	,	,	59.981.050	73.741.130	16.642.733	7.866.785	166.152	1	,	,	,	278.032	6.880	1	62.018.413	96.670.852	158.689.265
Wholesale and Retail Trade	09	10	145			,	25.679.179	13.512.589	4.954.613	12.383	1		,		,	,	1	35.441.256	8.717.723	44.158.979
Hotel, Food, Beverage Services	Э		33	,		1	3.658.648	675.202	1.204.706	152.623	1	,	,	,	,	1	1	2.980.895	2.710.320	5.691.215
Transportation and																				
Telecommunication	1.749		6	,	,	1	10.683.392	1.226.804	282.596	995	1	,	,	,	,	,	1	2.760.249	9.435.296	12.195.545
Financial Institutions	9	7	19			59.981.050	27.072.599	15.617	448.615	,	1		,		278.032	5.056	1	16.456.382	71.344.616	87.800.998
Real Estate and Lending Services			17			,	3.177.591	90.625	307.056	,	1		,		,	,	1	1.052.858	2.522.431	3.575.289
Self employment Service	,		34	,	,	1	567.948	139.486	40.064	,	1	,	,	,	,	,	1	261.386	486.146	747.532
Education Service	110		1.152	,	,		403.697	195.425	138.491		1	,	,	,	,	,	1	669.551	69.324	738.875
Health and social Services	37	37	3.078	,	,		2.498.076	786.985	490.644	151	1	,	,	,	,	1.824	1	2.395.836	1.384.996	3.780.832
Other	90.405.110	7	12.429			33.630	8.549.195	32.924.820	9.329.285	100.751	•	,	,	,		95.078	7.832.116	91.797.959	57.484.459	149.282.418
Total	280'207'06	22	17.220			60.014.680	164,679,943	57.818.384	26,292,944	282,232					278.032	101,958	7.832.116	198.886.353	206.838.298	405,724,651

<u>.</u>	Conditional and unconditional receivables from central governments and Central Banks	.6	Conditional and unconditional receivables secured by mortgages
2.	Conditional and unconditional receivables from regional or local governments	10.	Past due receivables
cri	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	11.	Receivables defined under high risk category by BRSA
4.	Conditional and unconditional receivables from multilateral development banks	12.	Securities collateralized by mortgages
Э	Conditional and unconditional receivables from international organizations	13.	Securitization positions
9.	Conditional and unconditional receivables from banks and brokerage houses	14.	Short-term receivables from banks, brokerage houses and corporates
7.	Conditional and unconditional receivables from corporates	15.	Investments similar to collective investment funds
∞.	Conditional and unconditional receivables from retail portfolios	16.	Equity security transactions
		17.	Other receivables

AKBANK T.A.Ş. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

							Ris	Risk Classifications (ations (*)											
31 December 2016	1	2	3	4	വ	9	7	8	6	10	11	12	11 12 13 14	14	15	16[**]	17	2	윤	Total
Agricultural	-	٠	5				43.943	210.738	47.007	36								300,466	1.264	301.730
Farming and raising livestock	-		ιΩ			•	32.428	124.707	30.559	36	,					•		187.639	64	187.736
Forestry				•			11.134	84.596	16.290		,		,					110.853	1.167	112.020
Fishing				•			381	1.435	158		,		,					1.974		1.974
Manufacturing	10		411		,	•	45.661.241	4.752.648	2.884.987	36.405		,	,	,			•	23.056.376	30.279.326	53.335.702
Mining	•	•		•			1.768.451	134.179	106.877		,				,	,	,	374.550	1.634.957	2.009.507
Production	10		408		1	1	27.640.406	4.534.933	2.748.772	36.405	,	,	,	,	ı	,	1	18.250.613	16.710.321	34.960.934
Electricity, Gas, Water	•		e		1	1	16.252.384	83.536	29.338	,	,	,	,	,	ı	,	1	4.431.213	11.934.048	16.365.261
Construction	•		99			•	24.323.055	1.999.196	2.109.801	5.806	,					•		11.657.470	16.780.453	28.437.923
Services	1.964	38	27.011			55.559.491	58.998.206	14.632.014	6.141.853	172.036	,				460.842	61.047		47.330.586	88.723.916	136.054.502
Wholesale and Retail Trade	54	10	1.367			•	18.680.498	11.674.834	4.338.139	16.839	,				,	•		27.600.374	7.111.367	34.711.741
Hotel, Food, Beverage Services	2		30	•		•	3.476.056	610.224	99.366	154.970	,					•		1.940.037	2.970.611	4.910.648
Transportation and																				
Telecommunication	1.749		6	•			9.712.810	1.172.599	236.078	197	,		,					2.173.028	8.950.414	11.123.442
Financial Institutions	m	e	20	•		55.558.038	21.877.463	26.100	121.780				,		460.842	59.223		11.983.279	66.120.193	78.103.472
Real Estate and Lending Services	•		15		1	1	2.649.642	92.681	130.558	,	,	,	,	,	,	,	1	677.784	2.195.112	2.872.896
Self employment Service	•		26		1	1	555.765	142.891	35.665	,	,	,	,	,	ı	,	1	222.739	511.608	734.347
Education Service	118		1.525		1	1	190.664	135.575	140.613	,	,	,	,	,	ı	,	1	400.101	68.394	468.495
Health and social Services	38	25	24.019			1.453	1.855.308	777.110	469.654	30	,					1.824		2.333.244	796.217	3.129.461
Other	80.343.061	12	18.549	•	1	69.430	8.657.121	29.031.081	9.524.923	5.857			,			10.212	3.896.437	74.092.993	57.463.690	131.556.683
Total	AEO 345 OR	50	170 97	١	•	55 A2R 921	137 683 566	50 425 477	20 708 571	220.140					278 UY7	71 259	289 K37	156 437 891	679 876 861	349 686 540

(**) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

- 2 6 4 6 9 7 8

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

m. Term distribution of risks with term structure:

	Time to Maturity						
31 December 2017				6-12			
Risk Categories	1 month	1-3 months	3-6 months	months	Over 1 year	Total	
Conditional and unconditional receivables from					•		
central governments and Central Banks	5.794.745	38.193.925	1.053.364	1.081.162	44.283.891	-	
Conditional and unconditional receivables from							
regional or local governments	-	-	-	-	55	-	
Conditional and unconditional receivables from							
administrative bodies and non-commercial							
enterprises	6.054	115	1.975	601	8.475	-	
Conditional and unconditional receivables from							
multilateral development banks	-	-	-	-	-	-	
Conditional and unconditional receivables from							
international organizations	-	-	-	-	-	-	
Conditional and unconditional receivables from							
banks and brokerage houses	13.842.759	4.379.087	4.038.150	3.804.020	33.950.664	=	
Conditional and unconditional receivables from							
corporates	10.135.433	10.827.604	14.921.678	24.168.704	104.626.524	-	
Conditional and unconditional receivables from							
retail portfolios	824.871	1.456.373	15.532.067	6.367.232	33.637.841	-	
Conditional and unconditional receivables	050 544	504.544		0.554.405	40.540.505		
secured by mortgages	353.746	581.541	1.031.445	2.776.487	19.549.725	-	
Past due receivables	-	-	-	-	=	282.232	
Receivables defined under high risk category by							
BRSA	=	=	=	=	=	=	
Securities collateralized by mortgages	=	=	=	=	=	=	
Securitization positions	=	=	=	=	=	=	
Short-term receivables from banks, brokerage							
houses and corporates	_	-	-	-	-	-	
Investments similar to collective investment funds	278.023				9		
	278.023 101.958	_	-	-	9	-	
Equity security investments Other Receivables	101.738	-	-	-	-	7.832.116	
Total	31.337.589	55.438.645	36.578.679	38.198.206	236.057.184	8.114.348	
TULAL	31.337.307	55.436.645	30.3/0.0/7	30.170.200	230.037.104	0.114.340	

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

n. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

T		1
Ratings to be matched	Credit Quality Degrees	Fitch
	1	AAA and AA-
	2	A+ and A-
Ratings of long-term	3	BBB+ and BBB-
credits	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
	1	F1+ and F1
	2	F2
Ratings of short-term	3	F3
credits	4	Below F3
	5	
	6	
	1	AAA and AA-
	2	A+ and A-
Long-term securitization position ratings	3	BBB+ and BBB-
position ratings	4	BB+ and BB-
	5	B+ and below
	1	F1+ and F1
Short-term securitization	2	F2
position ratings	3	F3
	Others	Below F3
	1	AAA and AA-
	2	A+ and A-
Matchings regarding collective investment	3	BBB+ and BBB-
collective investment institutes	4	BB+ and BB-
matitutes —	5	B+ and B-
	6	CCC+ and below

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Risk amounts according to risk weights:

31.12.2017	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights									20070	200.0	120070	
Amount Before Credit Risk	67.185.686	-	13.746.305	-	41.416.483	70.793.819	212.576.670	5.688	_	-	-	6.521
Amount After Credit	75 575 (0)		11 001 //7	10.050.707	07 //5 /01	E4 077 070	10//7/1/0	F /00				/ 501
Risk Mitigation	75.575.696	-	11.901.447	13.059.486	27.645.421	51.977.079	194.476.163	5.688	-	-	-	6.521

o. Miscellaneous information regarding important sectors or counterparty type:

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired / provision allocated loans."

The Bank calculates general loan loss provision for "overdue loans" and specific provision for "impaired loans" in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made". The calculated general loan provision is shown under "impairment" column at the table below.

	Loans(*)			
31 December 2017		Past Due		
Sectors/Counterparties	Impaired Receivables	Receivables	Impairment	Specific Provision
Agricultural	12.380	1.045	10	12.380
Farming and raising livestock	9.253	925	9	9.253
Forestry	2.397	120	1	2.397
Fishing	730	-	-	730
Manufacturing	579.096	155.588	1.556	579.096
Mining	33.009	7.403	74	33.009
Production	532.043	98.482	985	532.043
Electricity, Gas, Water	14.044	49.703	497	14.044
Construction	248.548	195.017	1.950	248.548
Services	1.497.661	351.671	3.516	1.345.042
Wholesale and Retail Trade	1.055.767	251.180	2.512	1.055.767
Hotel, Food, Beverage Services	273.096	24.359	244	120.477
Transportation and Telecommunication	61.036	34.918	349	61.036
Financial Institutions	13.579	2.824	28	13.579
Real Estate and Lending Service	5.923	526	5	5.923
Self Employment Service	4.556	1.038	10	4.556
Education Service	33.656	787	8	33.656
Health and social services	50.048	36.039	360	50.048
Other	2.195.026	748.856	13.967	2.195.026
Total	4.532.711	1.452.177	20.999	4.380.092

^(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

04.0	Opening	Provisions provided during	Provision	Other Adjustments	Closing
31 December 2017	Balance	the period	Reversals(**)	(*)	Balance
Specific Provision	4.112.221	1.916.960	(921.936)	(727.153)	4.380.092
General Provisions	2.927.745	259.126	(500.000)	-	2.686.871

 $[\]cline{Presents}$ the Write-Offs and Sales from Loans under Follow-up portfolio.

^(**)The excess general provision reserve amounting to TL 500 million has been reversed and transferred into free provision as of 31 December 2017.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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r. Risk involved in counter-cyclical capital buffer calculation:

21	n۵	~	m	h۵	2	N 1	17

	0. 2000201	•	
Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	187.766.207	4.943.379	192,709,586
*		4.743.377	
Ireland	3.197.527	-	3.197.527
Holland	1.269.226	17.944	1.287.170
Great Britain	1.247.709	-	1.247.709
Russian Federation	769.239	-	769.239
Luxemburg	657.507	20	657.527
France	407.115	-	407.115
USA	389.556	675	390.231
Croatia	240.015	251	240.266
Egypt	176.572	-	176.572
Other	631.124	275	631.399

III. EXPLANATIONS ON CURRENCY RISK

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure.

Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Parent Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,7400	TL 4,4773
1.Day bid rate	TL 3,8104	TL 4,5478
2.Day bid rate	TL 3,8197	TL 4,5385
3.Day bid rate	TL 3,8029	TL 4,5116
4.Day bid rate	TL 3,8087	TL 4,5205
5.Day bid rate	TL 3,8113	TL 4,5171

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD :TL 3,8652 EURO :TL 4,5749

As of 31 December 2016;

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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Information related to Group's Currency Risk:

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets, general loan loss provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 31 December 2017	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	5.500.516	16.101.262	5.299.814	26.901.592
Banks	3.025.251	6.625.484	89.295	9.740.030
Financial Assets at Fair Value through Profit or Loss (Net)	557.550	2.278.107	86.339	2.921.996
Interbank Money Market Placements	-	-	-	_
Available-for-sale Financial Assets (Net)	2.949.103	15.825.745	602.237	19.377.085
Loans	39.720.323	39.751.787	79.707	79.551.817
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	_
Held-to-maturity Investments (Net)	3.443.374	9.444.617	-	12.887.991
Hedging Derivative Financial Assets	947	161.707	-	162.654
Tangible Assets (Net)	856	7.039	-	7.895
Intangible Assets (Net)	2.059	13	-	2.072
Other Assets	3.854.341	2.703.891	347	6.558.579
Total Assets	59.054.320	92.899.652	6.157.739	158.111.711
Liabilities				
	2 702 250	7 / 20 0 / 2	1.050.007	40 //0 400
Bank Deposits	3.783.259 40.133.549	7.628.843 52.917.469	1.050.006 3.150.049	12.462.108 96.201.067
Foreign Currency Deposits (**)				
Funds from Interbank Money Market	992.678	23.848.225	- / 051	24.840.903
Borrowings	11.494.584	21.753.490	4.051	33.252.125
Marketable Securities Issued (Net) (***)	45.283	10.399.840	173.831	10.618.954
Miscellaneous Payables	1.022.556	701.526	5.743	1.729.825
Hedging Derivative Financial Liabilities	1 00 / 055	74.911	-	74.911
Other Liabilities	1.084.255	508.584	99.871	1.692.710
Total Liabilities	58.556.164	117.832.888	4.483.551	180.872.603
Net on Balance Sheet Position	498.156	(24.933.236)	1.674.188	(22.760.892)
Net off-Balance Sheet Position (*)	124.378	25.986.201	(1.691.694)	24.418.885
Financial Derivative Assets	34.312.853	71.877.089	3.153.372	109.343.314
Financial Derivative Liabilities	34.188.475	45.890.888	4.845.066	84.924.429
Non-cash Loans	11.770.459	18.137.662	407.820	30.315.941
Prior Period - 31 December 2016				
Total Assets	52.054.227	97.959.465	1.623.901	151.637.593
Total Liabilities	50.248.734	101.834.814	3.698.872	155.782.420
Net on-Balance Sheet Position	1.805.493	(3.875.349)	(2.074.971)	(4.144.827)
Net off-Balance Sheet Position (*)	(247.988)	2.694.400	2.186.692	4.633.104
Financial Derivative Assets	23.610.103	54.216.249	3.126.154	80.952.506
Financial Derivative Liabilities	23.858.091	51.521.849	939.462	76.319.402
Non-cash Loans	9.300.574	14.739.107	331.003	24.370.684

^(*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

^(**) Of the Cash Equivalents and Central Bank and Other FC, TL 4.847.989 (31 December 2016: TL 739.794) of the foreign currency deposits TL 1.317.864 (31 December 2016: TL 1.166.647) and Bank Deposits Other FC of the TL 1.426 (31 December 2016:897 TL) are precious metal deposit account in demand.

^(***) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

Non-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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Currency risk sensitivity analysis:

The following table details the Parent Bank's sensitivity to a 10% change in exchange rates:

	Effect on Profit/Loss(*)				
Change in exchange rate	Current period	Prior period			
	31 December 2017	31 December 2016			
(+)10 %	91.810	98.241			
(_)10 %	(91 810)	[98 2/1]			

^(*) Presents amounts before Tax.

IV. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Group manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

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

						Non-	
	Up to 1	1 – 3	3 – 12	1 – 5	5 Years	Interest	
Current Period - 31 December 2017	Month	Months	Months	Years	and Over	Bearing	Total
Assets							
Cash Equivalents and Central Bank	22.746.114	-	-	-	-	12.617.062	35.363.176
Banks	1.717.994	715.305	8.190	-	-	7.588.240	10.029.729
Financial Assets at Fair Value Through Profit							
or Loss (Net)	2.129.012	601.972	997.618	3.118.746	1.271.347	237.244	8.355.939
Interbank Money Market Placements	1.552.346	-	-	-	-	-	1.552.346
Available-for-sale Financial Assets (Net)	2.741.826	4.194.516	11.749.801	16.282.390	7.485.228	376.027	42.829.788
Loans	47.002.505	29.609.725	53.475.551	69.485.600	9.752.389	152.619	209.478.389
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	18.883.032
Other Assets	1.485.306	1.267.210	1.286.805	3.910.183	948.012	6.220.042	15.117.558
Total Assets	81.923.983	40.243.369	70.141.009	101.694.398	20.415.964	27.191.234	341.609.957
Liabilities							
Bank Deposits	9.142.618	2.946.956	651.894	-	-	1.187.569	13.929.037
Other Deposits	110.630.292	21.596.675	14.287.831	6.693.448	596.050	33.722.195	187.526.491
Funds from Interbank Money Market	10.389.624	14.217.274	4.420.744	-	-	330.156	29.357.798
Miscellaneous Payables	564.066	523.969	439.295	106.715	-	5.007.045	6.641.090
Marketable Securities Issued (Net) (*)	1.531.445	4.873.764	2.104.041	4.367.000	4.879.974	-	17.756.224
Borrowings	2.970.947	22.192.051	6.386.128	1.822.433	255.640	-	33.627.199
Other Liabilities (**)	567.653	1.252.877	1.116.185	2.219.502	875.855	46.740.046	52.772.118
Total Liabilities	135.796.645	67.603.566	29.406.118	15.209.098	6.607.519	86.987.011	341.609.957
Balance Sheet Long Position	-	-	40.734.891	86.485.300	13.808.445	-	141.028.636
Balance Sheet Short Position	(53.872.662)	(27.360.197)	-	-	-	(59.795.777)	(141.028.636)
Off-balance Sheet Long Position	6.871.805	21.147.637	193.808	-	-	_	28.213.250
Off-balance Sheet Short Position	-	-	-	[19.495.499]	(5.994.678)	-	(25.490.177)
Total Position	(47.000.857)	(6.212.560)	40.928.699	66.989.801	7.813.767	(59.795.777)	2.723.073

^(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

^(**) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

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Prior Ported 24 Passerber 2017	Up to 1	1 - 3 Mantha	3 - 12 Martha	1 - 5	5 Years	Non- Interest	Total
Prior Period - 31 December 2016 Assets	Month	Months	Months	Years	and Over	Bearing	Total
Cash Equivalents and Central Bank	27.670.460				_	7.341.825	35.012.285
Banks	3.352.046	526.653	35.765	_	_	6.471.714	10.386.178
Financial Assets at Fair Value Through Profit	0.002.040	320.030	00.700			0.471.714	10.000.170
or Loss (Net)	1.429.587	3.240.326	1.778.638	831.953	397.087	7.268	7.684.859
Interbank Money Market Placements	37	0.240.020	1.770.000	-	-	7.200	37
Available-for-sale Financial Assets (Net)	2.728.783	3.812.803	10.226.314	12.060.817	5.698.755	279.585	34.807.057
Loans	48.869.828	23.856.332	44.775.558	52.007.808	9.228.737	154.970	178.893.233
Held-to-maturity Investments (Net)	2.280.482	576.857	1.788.154	11.961.634	1.369.743	-	17.976.870
Other Assets	1.618.679	1.607.946	1.304.507	2.044.110	290.805	2.874.257	9.740.304
Total Assets	87.949.902	33,620,917	59.908.936			17.129.619	294.500.823
Liabilities							
Bank Deposits	4.079.131	1.693.367	456.626	_	-	973.398	7.202.522
Other Deposits	93.336.342	23.513.023	15.107.142	6.063.731	470.442	28.274.602	166.765.282
Funds from Interbank Money Market	10.370.994	11.826.881	4.850.089	272.078	-	_	27.320.042
Miscellaneous Payables	232.555	281.232	593.932	209.928	70.024	3.991.800	5.379.471
Marketable Securities Issued (Net)	855.665	629.450	1.959.159	5.703.582	3.385.445	_	12.533.301
Borrowings	2.032.329	26.445.184	2.992.424	728.260	106.089	_	32.304.286
Other Liabilities (*)	589.218	1.255.622	2.170.074	870.686	248.617	37.861.702	42.995.919
Total Liabilities	111.496.234	65.644.759	28.129.446	13.848.265	4.280.617	71.101.502	294.500.823
Balance Sheet Long Position	-	-	31.779.490	65.058.057	12.704.510	_	109.542.057
Balance Sheet Short Position	[23.546.332]	(32.023.842)	_	-	-	(53.971.883)	(109.542.057)
Off-balance Sheet Long Position	=	26.563.269	3.978.071	-	-	-	30.541.340
Off-balance Sheet Short Position	-	-	-	(19.059.608)	[7.766.384]	-	(26.825.992)
Total Position	(23.546.332)	(5.460.573)	35.757.561	45.998.449	4.938.126	(53.971.883)	3.715.348

^(*) Shareholders' equity is presented under "Other liabilities" item in "Non-interest bearing".

b. Average interest rates for monetary financial instruments (%):

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 31 December 2017	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,50	-	7,83
Banks	0,10	1,79	-	16,21
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	16,16
Interbank Money Market Placements	-	-	-	14,21
Available-for-sale Financial Assets (Net)	2,47	4,20	3,09	12,48
Loans	3,73	5,93	4,24	14,55
Held-to-maturity Investments (Net)	3,62	4,11	-	13,22
Liabilities				
Bank Deposits	0,49	1,97	-	10,81
Other Deposits	1,02	2,76	0,41	10,52
Funds from Interbank Money Market	1,92	2,39	-	12,62
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,44	1,29	12,79
Borrowings	1,23	3,29	-	8,54

^(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

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Prior Period - 31 December 2016	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	0,75	-	5,31
Banks	0,19	2,24	-	12,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	12,27
Interbank Money Market Placements	-	-	-	9,84
Available-for-sale Financial Assets (Net)	2,38	3,71	3,79	9,52
Loans	3,66	5,07	4,27	13,04
Held-to-maturity Investments (Net)	3,62	4,05	-	9,82
Liabilities				
Bank Deposits	0,43	1,62	-	9,42
Other Deposits	1,13	2,45	0,07	8,78
Funds from Interbank Money Market	0,56	1,98	-	8,03
Miscellaneous Payables	-	_	-	-
Marketable Securities Issued (Net)	4,00	4,87	1,29	9,40
Borrowings	1,04	2,62	-	9,17

V. EXPLANATIONS ON EQUITY SECURITIES POSITION RISK DERIVED FROM BANKING BOOKS:

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

a) Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to loan/deposit ratio,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment.

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

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b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

c) Information on the Bank's funding strategy including the policies on funding types and variety of maturities:

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposits, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

e) Information on liquidity risk mitigation techniques:

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

f) Information on the use of stress tests:

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units.

g) General information on urgent and unexpected liquidity situation plans:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

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Liquidity Coverage Ratio:

		Rate of "Perc taken into a Implemented 1	count" not	Rate of "Percent into account" Total va	Implemented
	rent Period - 31.12.2017	TL+FC	FC	TL+FC	FC
HIGH	I QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets			57.356.860	35.189.011
CAS	H OUTFLOWS				
2	Retail and Customers Deposits	116.724.897	51.004.677	10.590.423	5.100.468
3	Stable deposits	21.641.340	-	1.082.067	-
4	Less stable deposits	95.083.557	51.004.677	9.508.356	5.100.468
5	Unsecured Funding other than Retail and Small Business Customers Deposits	68.389.435	39.408.225	35.901.299	20.625.619
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	64.160.093	39.014.358	32.976.990	20.231.814
8	Other Unsecured Funding	4.229.342	393.867	2.924.309	393.805
9	Secured funding	/2 270 /20	07 /7/ 11/	54.653	54.653
10	Other Cash Outflows Liquidity needs related to derivatives and market	63.378.622	37.476.116	55.384.349	29.841.706
11	valuation changes on derivatives transactions	54.500.292	28.995.136	54.500.292	28.995.136
12	Debts related to the structured financial products Commitment related to debts to financial markets	-	-	-	-
13	and other off balance sheet liabilities	8.878.330	8.480.980	884.057	846.570
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	687.407	-	34.370	-
15	Other irrevocable or conditionally revocable commitments	59.049.427	16.451.353	2.952.471	822.568
16	TOTAL CASH OUTFLOWS			104.917.565	56.445.014
CAS	H INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	16.928.994	6.286.740	10.858.602	5.049.374
19	Other contractual cash inflows	51.421.592	39.563.176	51.420.709	39.563.159
20	TOTAL CASH INFLOWS	68.350.586	45.849.916	62.279.311	44.612.533
				Upper limit ap	plied amounts
21	TOTAL HQLA STOCK			57.356.860	35.189.011
22	TOTAL NET CASH OUTFLOWS			42.638.254	14.201.746
23	Liquidity Coverage Ratio (%)			134,98	248,95

^(*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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		Rate of "Perc taken into a Implemented 1	ccount" not	Rate of "Percent into account" Total va	Implemented
Prio	r Period - 31.12.2016	TL+FC	FC	TL+FC	FC
HIG	H QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets			44.220.285	27.611.709
CAS	H OUTFLOWS				
2	Retail and Customers Deposits	95.843.696	40.420.913	8.614.548	4.042.091
3	Stable deposits	19.396.433	-	969.822	-
4	Less stable deposits	76.447.263	40.420.913	7.644.726	4.042.091
5	Unsecured Funding other than Retail and Small Business				
J	Customers Deposits	60.880.264	33.548.206	30.803.352	17.305.123
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	57.984.140	33.093.978	28.952.075	16.854.049
8	Other Unsecured Funding	2.896.124	454.228	1.851.277	451.074
9	Secured funding				
10	Other Cash Outflows	36.183.727	23.298.800	33.180.019	20.470.668
11	Liquidity needs related to derivatives and market	00.040.040	00 455 040	00.0/0.0/0	00 455 040
	valuation changes on derivatives transactions	32.849.260	20.157.913	32.849.260	20.157.913
12	Debts related to the structured financial products Commitment related to debts to financial markets	-	-	-	-
13	and other off balance sheet liabilities	3.334.467	3.140.887	330.759	312.755
14	Commitments that are unconditionally revocable at any time by				
14	the Bank and other contractual commitments	561.720	-	28.086	-
15	Other irrevocable or conditionally revocable commitments	52.151.420	16.101.047	2.607.571	805.052
16	TOTAL CASH OUTFLOWS			75.233.576	42.622.934
CAS	H INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.903.166	6.960.917	10.349.421	5.634.160
19	Other contractual cash inflows	30.532.866	22.223.618	30.532.362	22.223.331
20	TOTAL CASH INFLOWS	46.436.032	29.184.535	40.881.783	27.857.491
				Upper limit ap	plied amounts
21	TOTAL HQLA STOCK			44.220.285	27.611.709
22	TOTAL NET CASH OUTFLOWS			34.351.793	14.990.017
23	Liquidity Coverage Ratio (%)			129,12	187,06

^(*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 127% during the period and remain at a quite higher level that the legal lower limit.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 57% and securities issued by Treasury of Republic of Turkey by 39%. Funding sources are mainly distributed between individual and retail deposits by 63%, corporate deposits by 28%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 1%.

Cash outflow amounting to TL 2.920 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

Akbank AG, part of the consolidation group and has an effect on liquidity coverage ratio in respect of its size, is subject to legal liquidity ratio projected by regulatory authority situated in its business location. In respect of its long term deposit insurance and borrowing structure which is hard to withdraw before maturity because of legal regulations, consolidated liquidity coverage ratio is higher than unconsolidated ratio.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, liquidity coverage ratio is calculated for the last three months are presented below.

	Current Peri	od - 31.12.2017
	TL+FC	FC
October	135,57	249,01
November	127,11	233,99
December	142,25	263,84

	Prior Perio	d - 31.12.2016
	TL+FC	FC
October	122,85	149,72
November	120,89	220,90
December	143,62	190,56

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period - 31 December 2017	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 - 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								<u> </u>
Cash Equivalents and Central Bank	11.591.894	23.691.732	79.550	-	-	-	-	35.363.176
Banks	7.588.240	1.717.994	715.305	8.190	-	-	-	10.029.729
Financial Assets at Fair Value Through								
Profit or Loss (Net)	237.244	444.692	384.342	836.087	3.924.361	2.529.213	-	8.355.939
Interbank Money Market Placements	-	1.552.346	-	-	-	-	-	1.552.346
Available-for-sale Financial Assets								
(Net)	376.027	133.449	692.887	3.086.123	25.772.136	12.769.166	-	42.829.788
Loans	-	27.647.535	24.714.381	44.906.086	88.009.406	24.048.362	152.619	209.478.389
Held-to-maturity Investments (Net)	-	-	3.209.899	1.383.788	12.668.937	1.620.408	-	18.883.032
Other Assets	1.295.807	817.181	387.233	1.319.670	5.269.223	1.265.836	4.762.608	15.117.558
Total Assets	21.089.212	56.004.929	30.183.597	51.539.944	135.644.063	42.232.985	4.915.227	341.609.957
Liabilities								
Bank Deposits	1.187.569	8.969.327	3.119.827	652.314	-	-	-	13.929.037
Other Deposits	35.722.646	108.629.842	21.574.295	14.287.824	6.715.834	596.050	-	187.526.491
Borrowings	-	675.750	6.220.883	11.611.815	10.857.317	4.261.434	-	33.627.199
Funds from Interbank Money Market	-	7.612.073	2.423.016	2.969.683	14.837.968	1.515.058	-	29.357.798
Marketable Securities Issued (Net) (**)	-	1.531.445	4.873.764	2.104.041	4.367.000	4.879.974	-	17.756.224
Miscellaneous Payables	501.393	4.933.449	131.155	233.992	524.033	317.068	-	6.641.090
Other Liabilities (***)	108.676	1.866.847	718.305	2.069.043	6.106.622	1.289.053	40.613.572	52.772.118
Total Liabilities	37.520.284	134.218.733	39.061.245	33.928.712	43.408.774	12.858.637	40.613.572	341.609.957
Net Liquidity Excess/ (Gap)	(16.431.072)	(78.213.804)	(8.877.648)	17.611.232	92.235.289	29.374.348	(35.698.345)	-
Net Off-balance sheet Position	-	(401.391)	(373.017)	19.810	2.525.235	952.436	-	2.723.073
Financial Derivative Assets	-	42.558.873	22.594.319	41.040.668	101.394.645	39.240.417	-	246.828.922
Financial Derivative Liabilities	-	42.960.264	22.967.336	41.020.858	98.869.410	38.287.981	-	244.105.849
Non-cash Loans (****)	-	3.439.487	5.149.695	17.863.873	5.714.862	19.795.878	-	51.963.795
Prior Period - 31 December 2016								
Total Assets	20.707.106	51.034.043	26.248.536	44.500.270	109.566.525	40.557.632	1.886.711	294.500.823
Total Liabilities	30.674.751	110.012.320	33.935.018	33.579.825	40.616.104	13.190.538	32.492.267	294.500.823
Net Liquidity Excess/ (Gap)	(9.967.645)	(58.978.277)	(7.686.482)	10.920.445	68.950.421	27.367.094	(30.605.556)	-
Net Off-balance sheet Position	-	210.927	(542.535)	458.147	2.218.108	1.370.701	-	3.715.348
Financial Derivative Assets	-	18.596.432	22.825.652	45.712.330	83.437.964	35.664.419	-	206.236.797
Financial Derivative Liabilities	-	18.385.505	23.368.187	45.254.183	81.219.856	34.293.718	-	202.521.449
Non-cash Loans (***)	_	2.164.751	4.218.702	13.602.349	3.675.985	16.685.349	-	40.347.136

^[*] Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column.

^(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

^(***) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

^(****) Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

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	Up to 1				5 Years	
Current Period - 31 December 2017	Month	1-3 Months	3-12 Months	1-5 Years	and Over	Total
Liabilities						
Deposits	154.999.219	24.886.689	15.324.597	6.960.922	639.953	202.811.380
Funds borrowed from other financial institutions	557.340	6.506.268	11.836.721	12.258.905	4.485.663	35.644.897
Funds from interbank money market	7.638.887	2.511.018	3.359.311	15.507.092	1.688.923	30.705.231
Marketable Securities Issued (Net)	1.294.642	5.179.083	2.470.325	5.922.727	3.461.090	18.327.867
	Up to 1				5 Years	
Prior Period - 31 December 2016	Month	1-3 Months	3-12 Months	1-5 Years	and Over	Total
Liabilities						
Deposits	126.752.973	25.961.607	15.931.259	6.469.231	494.663	175.609.733
Funds borrowed from other financial institutions	451.508	5.966.555	10.163.960	12.971.677	5.492.299	35.045.999
Funds from interbank money market	6.859.683	1.319.907	3.940.518	13.129.842	3.335.945	28.585.895
Marketable Securities Issued (Net)	825.647	583.810	2.309.158	6.917.270	3.844.774	14.480.659

Breakdown of derivative instruments due to their remaining contractual maturities:

	•			4.5	5 Years
Current Period - 31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	39.564.334	21.206.694	38.321.347	40.064.677	6.347.523
- Outflow	(36.054.089)	(21.349.542)	(37.954.967)	(39.064.474)	(5.927.175)
Interest rate derivatives:					
- Inflow	20.561	128.574	516.796	1.842.438	874.125
- Outflow	(22.211)	(130.568)	(531.780)	(1.774.849)	(812.490)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	4.611	11.232	52.952	3.623.928	-
- Outflow	(20.321)	(42.645)	(184.078)	(2.970.146)	-
Interest rate derivatives:					
- Inflow	11.138	43.687	155.674	745.960	165.899
- Outflow	(12.703)	(55.760)	(151.659)	(656.335)	(167.641)
Total Inflow	39.600.644	21.390.187	39.046.769	46.277.003	7.387.547
Total Outflow	(36.109.324)	(21.578.515)	(38.822.484)	(44.465.804)	(6.907.306)

Prior Period – 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	23.564.084	29.916.286	43.654.105	36.371.321	7.448.897
- Outflow	(22.619.992)	(29.205.582)	(43.618.712)	(35.555.506)	(6.690.211)
Interest rate derivatives:					
– Inflow	12.897	106.796	422.549	1.802.328	968.894
- Outflow	(9.437)	(100.096)	(398.477)	(1.657.896)	(876.207)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	4.321	3.322	29.476	3.460.102	-
- Outflow	(27.886)	(53.308)	(163.159)	(3.368.257)	-
Interest rate derivatives:					
– Inflow	1.829	28.421	77.236	547.580	228.568
- Outflow	(6.570)	(49.212)	(115.317)	(535.384)	(210.855)
Total Inflow	23.583.131	30.054.825	44.183.366	42.181.331	8.646.359
Total Outflow	(22.663.885)	(29.408.198)	(44.295.665)	(41.117.043)	(7.777.273)

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VII. EXPLANATIONS ON LEVERAGE RATIO:

a. Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2017, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,54% (31 December 2016: 8,32%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

b. Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

		Current Period 31 December 2017(**)	Prior Period 31 December 2016(**)
1	Total assets in the consolidated financial statements prepared in accordance with TAS (*)	335.704.036	283.957.197
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared		
2	in accordance with Communique on Preparation of Consolidated Financial Statements of the	2.316.761	
	Banks Differences between the balances of derivative financial instruments and the credit		2.227.699
3	derivatives in the consolidated financial statements prepared in accordance with the		
3	Communique on Preparation of Consolidated Financial Statements of the Banks and their	4.058.535	
	risk exposures		4.026.602
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of		
	Consolidated Financial Statements of the Banks and their risk exposures	(26.625.733)	(26.043.948)
	Differences between off- balance sheet items in the consolidated financial statements		
5	prepared in accordance with the Communique on Preparation of Consolidated Financial	(000 000)	
	Statements of the Banks and their risk exposures	(908.290)	(913.573)
	Other differences in the consolidated financial statements prepared in accordance with the		
6	Communique on Preparation of Consolidated Financial Statements of the Banks and their	147.699.092	====
	risk exposures		119.792.270
7	Total Risk	462.244.401	383.046.247

^(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique on Preparation of Consolidated Financial Statements of the Banks.

c. Disclosure of Leverage ratio template:

		Current Period 31 December 2017 (*)	Prior Period 31 December 2016(*)
1	Balance sheet Assets	327.881.977	
·	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)		279.032.802
2	(Assets deducted from Core capital)	(70.760)	(100.744)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	327.811.217	278.932.058
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	10.069.803	7.140.932
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.058.535	4.026.602
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	14.128.338	11.167.534
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	5.324.702	3.076.086
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines		
9	7 and 8)	5.324.702	3.076.086
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	115.888.434	90.784.142
11	(Correction amount due to multiplication with credit conversion rates)	(908.290)	(913.573)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	114.980.144	89.870.569
	Capital and total risk		_
13	Core Capital	39.482.908	31.856.783
14	Total risk amount(sum of lines 3, 6, 9 and 12)	462.244.401	383.046.247
1.5	Leverage ratio	0.5/	0.22
15	Leverage ratio	8,54	8,32

^(*) Three months average values.

^[**]The arithmetic average of the last 3 months in the related periods.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Calculations of financial assets and liabilites at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Car	rying Value	Fair Value		
	Current Period	Prior Period	Current Period	Prior Period	
	31 December	31 December	31 December 2017	31 December	
Financial Assets	282.773.284	242.063.375	280.071.246	244.418.528	
Interbank Money Market Placements	1.552.346	37	1.551.195	37	
Banks	10.029.729	10.386.178	10.029.047	10.385.545	
Available-for-Sale Financial Assets	42.829.788	34.807.057	42.829.788	34.807.057	
Held-to-Maturity Investments (Net)	18.883.032	17.976.870	19.082.300	17.932.174	
Loans	209.478.389	178.893.233	206.578.916	181.293.715	
Financial Liabilities	257.579.042	224.184.862	257.473.719	223.681.577	
Bank Deposits	13.929.037	7.201.625	13.924.107	7.198.334	
Other Deposits	187.526.491	166.766.179	187.699.937	167.098.642	
Borrowings	33.627.199	32.304.286	33.142.935	31.410.114	
Marketable Securities Issued (Net)	15.855.225	12.533.301	16.065.650	12.595.016	
Miscellaneous Payables	6.641.090	5.379.471	6.641.090	5.379.471	

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level).
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level).
- c) Data not based on observable data regarding assets or liabilities (3rd level).

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Fair value hierarchy of the financial assets and liabilities of the Group according to the foregoing principles is given in the table below:

Current Period - 31 December 2017	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	9.525	-	-	9.525
- Share Certificates	23.431	-	-	23.431
- Trading Derivative Financial Assets	2.328	8.313.721	-	8.316.049
- Other Marketable Securities	=	6.934	-	6.934
Available-For-Sale Financial Assets				
- Government Debt Securities	36.816.619	-	-	36.816.619
- Share Certificates	-	84.865	-	84.865
- Other Marketable Securities	5.777.102	138.027	-	5.915.129
Hedging Derivative Financial Assets	-	1.136.284	-	1.136.284
Loans	-	206.578.916	-	206.578.916
Held To Maturity Investments (Net)				
- Government Debt Securities	15.592.016	_	_	15.592.016
- Other Marketable Securities	3.490.284	_	_	3.490.284
Total Assets	61.711.305	216.258.747		277.970.052
- Trading Derivative Financial Liabilities	186	5.423.642	_	5.423.828
- Hedging Derivative Financial Liabilities	-	74.911	_	74.911
Deposits	_	201.624.044	_	201.624.044
Funds Borrowed	_	33.142.935	_	33.142.935
Funds from Interbank Money Market	_	28.422.086	_	28.422.086
Securities Issued (Net)		16.065.650	_	16.065.650
	10/			
Total Liabilities	186	284.753.268		284.753.454
Prior Period - 31 December 2016	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss		2nd Level	3rd Level	
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities	9.865	2nd Level	3rd Level	9.865
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates	9.865 7.268	-	3rd Level	9.865 7.268
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets	9.865	- - 7.618.296	3rd Level	9.865 7.268 7.620.938
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities	9.865 7.268	-	3rd Level	9.865 7.268
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets	9.865 7.268	- - 7.618.296	3rd Level - - - -	9.865 7.268 7.620.938
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities	9.865 7.268	- - 7.618.296	3rd Level	9.865 7.268 7.620.938
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets	9.865 7.268 2.642	- - 7.618.296	3rd Level	9.865 7.268 7.620.938 46.788
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities	9.865 7.268 2.642	7.618.296 46.788	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities	9.865 7.268 2.642 - 29.240.863	7.618.296 46.788	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863 54.344
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates	9.865 7.268 2.642 - 29.240.863	7.618.296 46.788 - 54.344 167.707	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans	9.865 7.268 2.642 - 29.240.863	7.618.296 46.788 46.788 - 54.344 167.707 807.874	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net)	9.865 7.268 2.642 - 29.240.863 - 5.331.146	7.618.296 46.788 46.788 - 54.344 167.707 807.874	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - -	7.618.296 46.788 46.788 - 54.344 167.707 807.874	3rd Level	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net)	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147	7.618.296 46.788 46.788 - 54.344 167.707 807.874 181.293.715	-	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - -	7.618.296 46.788 46.788 - 54.344 167.707 807.874	- - - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Other Marketable Securities	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 46.788 54.344 167.707 807.874 181.293.715	- - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Trading Derivative Financial Liabilities - Hedging Derivative Financial Liabilities	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 54.344 167.707 807.874 181.293.715	- - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682 4.599.847 98.991
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Trading Derivative Financial Liabilities - Hedging Derivative Financial Liabilities Deposits	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 54.344 167.707 807.874 181.293.715 	- - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682 4.599.847 98.991 174.296.977
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Total Assets - Trading Derivative Financial Liabilities - Hedging Derivative Financial Liabilities Deposits Funds Borrowed	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 54.344 167.707 807.874 181.293.715 	- - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682 4.599.847 98.991 174.296.977 31.410.114
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Trading Derivative Financial Liabilities - Hedging Derivative Financial Liabilities Deposits Funds Borrowed Funds from Interbank Money Market	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 54.344 167.707 807.874 181.293.715 	- - - - - - - - - - - - - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682 4.599.847 98.991 174.296.977 31.410.114 26.224.001
Financial Assets at Fair Value Through Profit or Loss - Government Debt Securities - Share Certificates - Trading Derivative Financial Assets - Other Marketable Securities Available-For-Sale Financial Assets - Government Debt Securities - Share Certificates - Other Marketable Securities Hedging Derivative Financial Assets Loans Held To Maturity Investments (Net) - Government Debt Securities - Other Marketable Securities - Other Marketable Securities - Total Assets - Trading Derivative Financial Liabilities - Hedging Derivative Financial Liabilities Deposits Funds Borrowed	9.865 7.268 2.642 - 29.240.863 - 5.331.146 - - 15.205.027 2.727.147 52.523.958	7.618.296 46.788 54.344 167.707 807.874 181.293.715 	- - - - - - - - - - - - - - - - - - -	9.865 7.268 7.620.938 46.788 29.240.863 54.344 5.498.853 807.874 181.293.715 15.205.027 2.727.147 242.512.682 4.599.847 98.991 174.296.977 31.410.114

As explained in the note of VII-b of the Third Section, share certificates, that are classified as available-for-sale and are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably, are not shown in the table above.

There are no transfers between the 1st and the 2nd levels in the current year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, are not presented.

a. Explanations on Risk Management and Risk Weighted Amount (RWA):

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective management of risks within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors approves and regularly reviews Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed. The effectiveness and efficiency of the risk mitigation techniques are regularly monitor.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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2. Overview of RWA:

		Risk Weig	Minimum capital requirement	
		Current Period	Prior Period	Current Period
		31 December 2017	31 December 2016	31 December 2017
1	Credit risk (excluding counterparty credit risk) (CCR) 242.425.715	210.883.890	19.394.057
2	Standardized approach (SA)	242.425.715	210.883.890	19.394.057
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	15.737.019	13.262.393	1.258.962
5	Standardized approach for counterparty credit			
	risk (SA-CCR)	15.737.019	13.262.393	1.258.962
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models			
	equity position in the banking account	-	-	-
8	Investments made in collective investment			
	companies – look-through approach	-	-	-
9	Investments made in collective investment			
	companies – mandate-based approach	277.987	212.244	22.239
10	Investments made in collective investment			
	companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	625	75	50
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach			
	(SSFA)	-	-	-
16	Market risk	4.699.434	4.527.375	375.955
17	Standardized approach (SA)	4.699.434	4.527.375	375.955
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	19.470.254	17.319.817	1.557.620
20	Basic Indicator Approach	19.470.254	17.319.817	1.557.620
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under			
	the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	282.611.034	246.205.794	22.608.883

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Linkages between financial statements and regulatory exposures:

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

Legal consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated November 8, 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

				Carr	ying values of item	15
Current Period - 31.12.2017	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisati on framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	35.363.176	35.363.176	-	-	-	-
Financial assets held for trading	8.355.939	-	8.355.939	-	3.360.392	-
Financial assets designated at fair value through profit						
or loss	-	-	-	-	-	-
Banks	10.029.729	10.029.729	-	-	-	-
Receivables from money markets	1.552.346	1.552.346	-	-	-	-
Available for sale financial assets (net)	42.829.788	38.759.649	-	-	4.050.104	20.035
Loans and receivables	209.478.389	209.471.868	-	-	-	6.521
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	18.883.032	18.883.032	-	-	-	-
Investments in associates (net)	3.923	3.923	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables	5.865.418	5.865.418	-	-	-	=
Derivative financial assets held for hedges	1.136.284	_	1.136.284	-	-	_
Tangible assets (net)	3,425,916	3,406,144		-	-	19.772
Intangible assets (net)	478.542			_	_	478.542
Investment properties (net)	-	-	_	_	_	-
Tax assets	37.525	37.525	_	_	_	_
Non-current assets and disposal groups classified as						
held for sale (net)	133.515	133.515	-	_	_	_
Other assets	4.036.435	4.036.435		_	_	_
Total assets	341.609.957	327.542.760		_	7.410.496	524.870
Liabilities						
Deposits	201.455.528	_	_	_	_	201.455.528
Derivative financial liabilities held for trading	5.423.828	_	5.423.828	_	2.474.781	5.423.828
Loans	33.627.199	_	-	_		33.627.199
Debt to money markets	29.357.798	_	29.357.798	_	_	29.357.798
Debt securities in issue	15.855.225	_	27.007.770	_	_	15.855.225
Funds	10.000.220					10.000.220
Various debts	6.641.090					6.641.090
Other liabilities	1.178.360	_	_	_	_	1.178.360
Factoring debts	1.170.300	-	-	-	-	1.170.300
Debts from leasing transactions	-	-	-	-	-	-
	74.911	-	74.911	-	-	74.911
Derivative financial liabilities held for hedges	3.860.946	-	/4.711	-	-	3.860.946
Provisions Table 18 to 1		-	-	-	-	
Tax liability	1.620.501	-	-	-	-	1.620.501
Liabilities included in disposal groups classified as held						
for sale (net)	4 000 000	-	-	-	-	4.000.000
Subordinated debts	1.900.999	-	-	-	-	1.900.999
Equity	40.613.572	-	-	-	-	40.613.572
Total liabilities	341.609.957	-	34.856.537	-	2.474.781	341.609.957

^(*) Unconsolidated financial statements of Bank are stated.

^(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Prior Period - 31.12.2016 Assets Cash and balances at central bank Financial assets held for trading	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk	Subject to the securitisati	Subject to the	Not subject to capital requirements or
Cash and balances at central bank Financial assets held for trading	25.012.205		framework	on framework	market risk framework (**)	subject to deduction from capital
Financial assets held for trading		05 010 005				
9		35.012.285		-	0.000.075	-
	7.684.859	-	7.684.859	-	2.892.875	-
Financial assets designated at fair value through profit						
or loss	- 40.007.450	40.00/.450		-	-	-
Banks	10.386.178	10.386.178		-	-	-
Receivables from money markets	37	37		-	-	-
Available for sale financial assets (net)	34.807.057	32.146.949		-	2.631.348	28.760
Loans and receivables	178.893.233	178.882.408	-	-	-	10.825
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	17.976.870	17.961.451		-	15.419	-
nvestments in associates (net)	3.923	3.923	-	-	-	-
nvestments in subsidiaries (net)	-	-	-	-	-	-
nvestments in joint ventures (net)	-	-	-	-	-	-
_easing receivables	5.008.600	5.008.600		-	-	-
Derivative financial assets held for hedges	807.874	-	007.071	-	-	-
「angible assets (net)	881.360	852.497	-	-	-	28.863
ntangible assets (net)	361.527	-	-	-	-	361.527
nvestment properties (net)	-	-	-	-	-	-
「ax assets	26.334	23.334	_	-	-	-
Non-current assets and disposal groups classified as						
neld for sale (net)	74.188	74.169	-	-	-	19
Other assets	2.576.498	2.576.195	-	-	303	-
Total assets	294.500.823	282.931.026	8.492.733	-	5.539.945	429.994
_iabilities						
Deposits	173.967.804	-	-	-	-	173.967.804
Derivative financial liabilities held for trading	4.599.847	-	4.599.847	-	2.236.153	4.599.847
_oans	32.304.286	-	-	-	-	32.304.286
Debt to money markets	27.320.042	_	27.320.042	-	-	27.320.042
Debt securities in issue	12.533.301	-	-	-	-	12.533.301
Funds	_	_	_	_	_	_
/arious debts	5.379.471	_	_	_	57	5.379.471
Other liabilities	1.436.897	_	_	_		1.436.897
Factoring debts	-	_	_	_	_	-
Debts from leasing transactions	_	_	_	_	_	_
Derivative financial liabilities held for hedges	98.991	_	98.991	_	_	98.991
Provisions	3.557.901	_	70.771	_	_	3.557.901
Fax liability	810.016	_	_	_	_	810.016
Liabilities included in disposal groups classified as held	010.010	_	_	-	-	010.010
or sale (net)						
Subordinated debts	_	_	-	-	-	-
Equity	32.492.267	-	-	-	-	32.492.267
equity Fotal liabilities	294.500.823	-	32.018.880	-	2.236.210	294.500.823

^(*) Unconsolidated financial statements of Bank are stated.

^(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.

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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current Period - 31.12.2017	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework(*)
1	Asset carrying value amount under scope of regulatory consolidation	341.085.087	7 327.542	.760 -	9.492.223	7.410.496
2	Liabilities carrying value amount under regulatory scope of consolidation		-		34.856.537	(2.474.781)
3	Total net amount under regulatory scope of consolidation	341.085.087	7 327.542	.760 -	44.348.760	4.935.715
4	Off-balance sheet amounts	351.343.730	32.120	.272 -	-	-
5	Differences in valuations				-	-
6	Differences due to different netting rules, other than those already included in row 2				-	-
7	Differences due to consideration of provisions		4.535	.520 -	-	-
8	Differences due to prudential filters				-	(236.282)
9	Differences due to risk reduction		(8.298.	932) -	(25.607.400)	-
10	Exposure amounts considered for regulatory purposes		355.899	.620 -	18.741.360	4.699.433

(*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

Prior Period - 31.12.2016	Total	Items subject to credit risk framework	to	counterpart	Items subject to market risk framework(*)
Asset carrying value amount under scope of regulatory consolidation	294.070.829	9 282.931	.026 -	8.492.733	5.539.945
Liabilities carrying value amount under regulatory scope of consolidation		-		(32.018.880)	(2.236.210)
Total net amount under regulatory scope of consolidation	294.070.829	9 282.931	.026 -	40.511.613	7.776.155
Off-balance sheet amounts	300.531.920	26.631	1.584 -	-	-
Differences in valuations				-	-
Differences due to different netting rules, other than those already included in row 2				-	-
Differences due to consideration of provisions				-	-
Differences due to prudential filters				-	(3.248.780)
Differences due to risk reduction		(5.126	.117) -	(24.530.477)	-
Exposure amounts considered for regulatory purposes		304.436	.493 -	15.981.136	4.527.375
	Asset carrying value amount under scope of regulatory consolidation Liabilities carrying value amount under regulatory scope of consolidation Total net amount under regulatory scope of consolidation Off-balance sheet amounts Differences in valuations Differences due to different netting rules, other than those already included in row 2 Differences due to consideration of provisions Differences due to prudential filters Differences due to risk reduction	Asset carrying value amount under scope of regulatory consolidation Liabilities carrying value amount under regulatory scope of consolidation Total net amount under regulatory scope of consolidation Off-balance sheet amounts Differences in valuations Differences due to different netting rules, other than those already included in row 2 Differences due to consideration of provisions Differences due to prudential filters Differences due to risk reduction	Prior Period - 31.12.2016 Asset carrying value amount under scope of regulatory consolidation Liabilities carrying value amount under regulatory scope of consolidation Total net amount under regulatory scope of consolidation Off-balance sheet amounts Differences in valuations Differences due to different netting rules, other than those already included in row 2 Differences due to consideration of provisions Differences due to prudential filters Differences due to risk reduction	Prior Period - 31.12.2016 Asset carrying value amount under scope of regulatory consolidation Liabilities carrying value amount under regulatory scope of consolidation Total net amount under regulatory scope of consolidation Off-balance sheet amounts Differences in valuations Differences due to different netting rules, other than those already included in row 2 Differences due to consideration of provisions Differences due to prudential filters Differences due to risk reduction Subject to credit risk securitisation credit risk securitisation credit risk securitisation framework 294.070.829 282.931.∪26 - 294.070.829 282.931	Prior Period - 31.12.2016 Total framework 294.070.829 282.931.26 - - 8.492.733 Asset carrying value amount under scope of regulatory consolidation 294.070.829 282.931.26 - 8.492.733 Liabilities carrying value amount under regulatory scope of consolidation 294.070.829 282.931.26 - 40.511.613 Total net amount under regulatory scope of consolidation 294.070.829 282.931.26 - 40.511.613 Off-balance sheet amounts 300.531.920 26.631.584 - - - - Differences due to different netting rules, other than those already included in row 2 - - - - - - - - - - - - - - - - - - - - - - - - </td

[*]The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

- ${\it 3. Explanations of differences between accounting and regulatory exposure amounts:}\\$
- a) Financial and regulatory scope of consolidation:

There is no difference between the financial and regulatory scope of consolidation.

b) Differences between accounting and regulatory exposure amounts:

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

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The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

c) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

c. Credit risk explanations:

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Department conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

2. Credit quality of assets:

Credit quality of assets:				
		· · · · · · · · · · · · · · · · · · ·		
	Defaulted	Non-defaulted	Allowances/	
Current Period 31.12.2017	exposures	exposures	impairements	Net values
Loans	4.532.711	209.325.770	6.877.090	206.981.391
Debt Securities	-	61.376.683	62.665	61.314.018
Off-balance sheet explosures	180.677	102.222.281	131.060	102.271.898
Total	4.713.388	372.924.734	7.070.815	370.567.307
		_		
	Defaulted	Non-defaulted	Allowances/	
Prior Period 31.12.2016	exposures	exposures	impairements	Net values
Loans	4.267.191	178.738.263	6.606.412	176.399.042
Debt Securities	-	52.568.263	54.877	52.513.386
Off-balance sheet explosures	198.157	94.143.666	205.438	94.136.385
Total	4.465.348	325.450.192	6.866.727	323.048.813
	Current Period 31.12.2017 Loans Debt Securities Off-balance sheet explosures Total Prior Period 31.12.2016 Loans Debt Securities	Current Period 31.12.2017 Exposures	Current Period 31.12.2017 exposures exposures Loans 4.532.711 209.325.770 Debt Securities - 61.376.683 Off-balance sheet explosures 180.677 102.222.281 Total 4.713.388 372.924.734 Prior Period 31.12.2016 Gross carrying values of (according to TAS) Defaulted Non-defaulted exposures Loans 4.267.191 178.738.263 Debt Securities - 52.568.263 Off-balance sheet explosures 198.157 94.143.666	Gross carrying values of (according to TAS) Defaulted exposures Non-defaulted exposures Allowances/impairements Loans 4.532.711 209.325.770 6.877.090 Debt Securities - 61.376.683 62.665 Off-balance sheet explosures 180.677 102.222.281 131.060 Total 4.713.388 372.924.734 7.070.815 Prior Period 31.12.2016 Defaulted Non-defaulted exposures Non-defaulted impairements Allowances/impairements Loans 4.267.191 178.738.263 6.606.412 Debt Securities - 52.568.263 54.877 Off-balance sheet explosures 198.157 94.143.666 205.438

3. Changes in stock of defaulted loans and debt securities:

		Current Period	Prior Period
4	Defaulted loans and debt securities at end of the previous	31.12.2017	31.12.2016
	reporting period	4.465.348	3.532.825
2	Loans and debt securities that have defaulted since the last reporting		
	period	1.897.129	2.120.026
3	Returned to non-defaulted status	68.363	24.803
4	Amounts written off	727.153	469.585
5	Other changes	853.573	693.115
6	Defaulted loans and debt securities at end of the reporting period		
	(1+2-3-4±5) Definitions	4.713.388	4.465.348

- 4. Additional disclosure related to the credit quality of assets:
- a) Definitions of overdue and provision allocated receivables are presented in Note II-o of Section Four:
- b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2017.

- c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of SectionThree:
- d) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enchance customer's ability to repay the loan. Besides, apart from credit risk, it involves changes in the contractual conditions with the demand of customer. While

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Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	Current Period	Prior Period
	31.12.2017	31.12.2016
Domestic	202.239.871	171.594.721
European Union Countries	6.196.128	6.331.327
OECD Countries (*)	8.024	125.337
Off-Shore Banking Regions	-	2
USA, Canada	34.709	26.644
_ Other	847.038	660.232
Total	209.325.770	178.738.263

^(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector

	Current Period 31.12.2017	Prior Period 31.12.2016
Agricultural	759.616	162.329
Farming and raising livestock	502.586	84.875
Forestry	245.361	77.099
Fishing	11.669	355
Manufacturing	47.536.046	41.743.794
Mining	1.773.241	2.281.365
Production	30.689.077	25.660.182
Electricity, Gas, Water	15.073.728	13.802.247
Construction	28.929.558	23.978.994
Services	77.375.222	62.057.217
Wholesale and Retail Trade	29.755.919	24.195.383
Hotel, Food, Beverage Services	4.346.000	3.888.003
Transportation and Telecommunication	10.678.338	8.757.580
Financial Institutions	28.276.586	20.774.570
Real Estate and Lending Services	519.587	1.410.477
Self employment Service	605.711	564.786
Education Service	624.867	387.134
Health and social Services	2.568.214	2.079.284
Other	54.725.328	50.795.929
Total	209.325.770	178.738.263

Breakdown by outstanding maturity

Current Period 31.12.2017	Up to 1 Month	1 - 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	27.647.535	24.714.381	44.906.086	88.009.406	24.048.362	209.325.770
Prior Period	Up to 1		3 – 12	1 – 5	5 Years	
31.12.2016	Month	1 – 3 Months	Months	Years	and Over	Total
Loans	24.574.530	24.801.566	38.549.688	68.930.492	21.881.987	178.738.263

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f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

	Current Period-31.12.2017		Prior Period-31.12.	2016
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Domestic	4.531.507	4.378.888	4.266.137	4.111.167
European Union Countries	669	669	649	649
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	30	3	3
USA, Canada	119	119	81	81
Other	386	386	321	321
Total	4.532.711	4.380.092	4.267.191	4.112.221

^(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period-	31.12.2017	Prior Period	i-31.12.2016
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Agricultural	12.380	12.380	11.276	11.276
Farming and raising				
livestock	9.253	9.253	9.971	9.971
Forestry	2.397	2.397	1.246	1.246
Fishing	730	730	59	59
Manufacturing	579.096	579.096	381.020	381.020
Mining	33.009	33.009	26.672	26.672
Production	532.043	532.043	346.738	346.738
Electricity, Gas, Water	14.044	14.044	7.610	7.610
Construction	248.548	248.548	144.750	144.750
Services Wholesale and Retail	1.497.661	1.345.042	1.278.472	1.123.502
Trade Hotel,Food,Beverage	1.055.767	1.055.767	874.098	874.098
Services Transportation and	273.096	120.477	264.419	109.449
Telecommunication	61.036	61.036	63.888	63.888
Financial Institutions Real Estate and	13.579	13.579	2.444	2.444
Lending Services Self employment	5.923	5.923	2.940	2.940
Service	4.556	4.556	4.820	4.820
Education Service Health and social	33.656	33.656	29.379	29.379
Services	50.048	50.048	36.484	36.484
Other	2.195.026	2.195.026	2.451.673	2.451.673
Total	4.532.711	4.380.092	4.267.191	4.112.221

As of 31 December 2017, Non Performing Loans written-off from Asset amounting to TL 727.153 (31 December 2016: 469.585).

g) Aging analysis for overdue receivables:

	Current Period	Prior Period
	31.12.2017	31.12.2016
30-60 days overdue	879.773	2.367.824
60-90 days overdue	572.404	740.243
Total	1.452.177	3.108.067

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h) Breakdown of restructured receivables based on whether or not provisions are allocated:

	Current Period	Prior Period
Restructured Receivables	31.12.2017	31.12.2016
Loans restructured from Standard Loans and Other Receivables	3.888.691	2.742.877
Loans restructured from Loans underFollow-up and Other Receivables	3.155.715	3.026.531
Loans restructured from Non-Performing Loans	142 062	177 871

General provision is allocated for the loans restructured from standard loans and loans under Follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

i) Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate.

Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party quarantor type and collateral.

5. Credit risk mitigation techniques – overview:

Cur	rrent Period 31.12.2017	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	201.224.143	5.757.248	4.465.833	13.741.776	12.319.437	-	-
2	Debt Securities	61.314.018	-	-	-	-	-	-
3	Total	262.538.161	5.757.248	4.465.833	13.741.776	12.319.437	-	-
4	Of which defaulted	4.713.388	-	-	-	-	-	-
Pri	or Period 31.12.2016	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	171.745.288	4.653.754	4.613.101	-	-	-	-
2	Debt Securities	52.513.386	-	-	-	-	-	-
3	Total	224.258.674	4.653.754	4.613.101	-	-	-	-
4	Of which defaulted	4.431.237	-	_	_	_	_	_

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6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.

7. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

		Exposures b	efore credit	Exposures	post-credit		
	Current Period - 31.12.2016	conversion fa	ctor and CRM	conversion fa	ctor and CRM	RWA and R	WA density
		On-balance	Off-balance	On-balance	Off-balance		
		sheet	sheet	sheet	sheet		
	Asset classes	amount	amount	amount	amount	RWA	RWA density
1	Exposures to central governments or central banks	86.402.049	4.034.841	86.402.049	140.882	25.418.515	29,37%
2	Exposures to regional governments or local authorities	-	275	-	55	28	50,91%
3	Exposures to public sector entities	7.083	23.763	7.083	4.892	11.975	100,00%
4	Exposures to multilateral development banks	-	-	-	-	=	-
5	Exposures to international organisations	-	-	-	-	=	-
6	Exposures to institutions	19.964.457	51.239.014	19.964.456	17.091.274	20.875.984	56,34%
7	Exposures to corporates	135.576.243	55.827.649	132.190.493	28.826.235	150.807.506	93,66%
8	Retail exposures	53.709.366	34.878.230	53.356.192	3.896.502	38.982.809	68,09%
9	Exposures secured by residential property	12.825.659	592.428	12.823.162	246.873	4.570.820	34,97%
10	Exposures secured by commercial real estate	10.563.610	999.369	10.541.614	654.912	7.377.523	65,89%
11	Past-due loans	282.232	=	282.232	-	283.476	100,44%
12	Higher-risk categories by the Agency Board	-	=	-	-	=	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term						
	credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective	277.987	81	277.988	12	278.000	100,00%
	investment undertakings (CIUs)	2//.70/	01	2//.700	12	278.000	100,00%
16	Other assets	7.832.116	-	7.832.116	-	5.532.731	70,64%
17	Investments in equities	101.958	=	101.958	=	101.958	100,00%
18	Total	327.542.760	147.595.650	323.779.343	50.861.637	254.241.325	67,86%

	Prior Period - 31.12.2016		efore credit ctor and CRM	Exposures conversion fa		RWA and RWA density		
		On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet		-	
	Asset classes	amount	amount	amount	amount	RWA	RWA density	
1	Exposures to central governments or central banks	76.720.323	3.641.222	76.720.323	72.683	25.386.083	33,06%	
2	Exposures to regional governments or local authorities	-	250	=	50	25	50,00%	
3	Exposures to public sector entities	36.006	21.891	36.007	5.946	41.953	100,00%	
4	Exposures to multilateral development banks	-	-	-	-	-	-	
5	Exposures to international organisations	-	-	-	-	=	-	
6	Exposures to institutions	19.932.042	55.097.519	19.932.042	15.981.788	14.787.307	41,17%	
7	Exposures to corporates	115.119.449	43.477.182	110.699.263	21.587.620	129.579.790	97,95%	
8	Retail exposures	46.640.581	32.552.004	46.453.291	3.810.507	37.697.849	75,00%	
9	Exposures secured by residential property	11.138.434	172.492	11.132.846	67.456	3.920.106	35,00%	
10	Exposures secured by commercial real estate	8.944.111	909.766	8.944.068	558.570	6.154.894	64,77%	
11	Past-due loans	220.140	-	220.140	-	243.346	110,54%	
12	Higher-risk categories by the Agency Board	-	235	=	-	=	-	
13	Exposures in the form of covered bonds	-	-	=	-	=	-	
14	Exposures to institutions and corporates with a short-term							
	credit assessment	-	-	-	-	-	-	
15	Exposures in the form of units or shares in collective							
	investment undertakings (CIUs)	212.244	248.632	212.246	15.087	227.332	100,00%	
16	Other assets	3.896.437	-	3.896.437	-	2.084.078	53,49%	
17	Investments in equities	71.259	-	71.259	-	71.259	100,00%	
18	Total	282.931.026	136.121.193	278.317.922	42.099.707	220.194.021	68,72%	

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Standardised Approach – Exposures by asset classes and risk weights:

	Current Period - 31.12.2017 Assett classes/ Risk weight	% 0	%10	%20	%35	%50(*)	%75	%100	%150	%200	Other risk weights	Total risk amount (**)
1	Exposures to central governments		7010		/000	7830()	7073		70130	/0200	weights	
	or central banks	60.941.238	-	228.972	-	-	-	25.372.722	-	-	-	86.542.932
2	Exposures to regional											
	governments or local authorities	-	-	-	-	55	-	-	-	-	-	55
3	Exposures to public sector entities	-	-	-	-	-	-	11.975	-	-	-	11.975
4	Exposures to multilateral											
	development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international											
	organisations	_	_	_	_	_	_	_	_	_	_	_
6	Exposures to institutions	-	-	10.587.883	-	15.418.883	-	11.048.964	-	-	-	37.055.730
7	Exposures to corporates	149.830	-	1.043.045	-	4.846.264	-	154.977.589	-	-	-	161.016.728
8	Retail exposures	-	-	-	-	-	57.252.694	-	-	-	-	57.252.694
9	Exposures secured by residential						11.625.661	1.444.374				13.070.035
	property						11.020.001	1.444.074				10.070.000
10	Exposures secured by commercial						1.343.625	9.852.901				11.196.526
	real estate						1.040.020					
11	Past-due loans	-	-	-	-	3.200	-	273.344	5.688	-	-	282.232
12	Higher-risk categories by the	_	_	_	_	_	_	_	_	_	_	_
	Agency Board											
13	Exposures in the form of covered	_	_	_	_	_	_	_	_	_	_	_
	bonds											
14	Exposures to institutions and											
	corporates with a short-term	-	-	-	-	-	-	-	-	-	-	-
	credit assessment											
15	Exposures in the form of units or											
	shares in collective investment	-	-	-	-	-	-	277.999	-	-	-	277.999
4.7	undertakings (CIUs)							101.050				101.050
16	Investments in equities	-	-	- (4.5/0	-	-	-	101.958	-	-	-	101.958
17	Other assets	2.266.147	-	41.548	-			5.524.421		-	-	7.832.116
18	Total	63.357.215	-	11.901.448	-	20.268.402	70.221.980	208.886.247	5.688	-	-	374.640.980

(*)Secured by real estate

[**]Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

	Prior Period - 31.12.2016 Assett classes/ Risk weight	%0	%10	%20	%35	%50(*)	%75	%100	%150	%200	Other risk weights	Total risk amount (**)
1	Exposures to central governments											· · ·
	or central banks	29.488.771	_	163,991	_	50.677.979	_	14.295	_	-	_	76,793,006
2	Exposures to regional											
	governments or local authorities	-	-	-	-	50	-	-	-	-	-	50
3	Exposures to public sector entities	4.088	-	-	-	-	-	41.953	-	-	-	41.953
4	Exposures to multilateral											
	development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international											
	organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	19.715.092	-	11.025.691	-	24.611.941	-	276.198	-	-	-	35.913.830
7	Exposures to corporates	5.815.404	-	182.913	-	4.314.565	-	127.334.986	30.481	-	-	132.286.883
8	Retail exposures	361.880	-	-	-	-	50.263.798	-	-	-	-	50.263.798
9	Exposures secured by residential											
	property	5.588	-	-	11.200.302	-	-	-	-	-	-	11.200.302
10	Exposures secured by commercial											
	real estate	43	-	-	-	6.695.488	-	2.807.150	-	-	-	9.502.638
11	Past-due loans	-	-	-	-	-	-	173.729	46.411	-	-	220.140
12	Higher-risk categories by the											
	Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered											
	bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and											
	corporates with a short-term											
	credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or											
	shares in collective investment											
	undertakings (CIUs)	233.511	-	-	-	-	-	227.333	-	-	-	227.333
16	Investments in equities	-	-	-	-	-	-	71.259	-	-	-	71.259
17	Other assets	1.699.809	-	140.688	-	-	-	2.055.940	-	-	-	3.896.437
18	Total	57.324.186	-	11.513.283	11.200.302	86.300.023	50.263.798	133.002.843	76.892	-	-	320.417.629

^(*)Secured by real estate

(**)Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

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d. Counterparty Credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience" classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart fron banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined seperately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewd and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CKR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

-Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.

-It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

-In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.

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-In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

2. Analysis of counterparty credit risk exposure by approach:

	2. Analysis of counterparty credit risk exposure by appro	Replacement	Potential future		Alpha used for computing regulatory exposure at	Exposure at default	
	Current Period - 31.12.2017	cost	exposure	EEPE (*)	default	post CRM	RWA
1	Standardised Approach (for derivatives)	9.330.172	1.750.382	-	1,4	11.080.554	7.981.522
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security						
3	transactions with credit) Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable	-	-	-	-	-	-
4	Security transactions with credit) Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or	-	-	-	-	-	-
5	borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long	-	-	-	-	7.660.804	3.556.100
	settlement time, Marketable Security transactions with credit	_	_	_	_	7.660.804	3.556.100
6	Total					7.000.001	11.537.622
	(*) Effective Expected Positive Exposure Prior Period - 31.12.2016	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives)	8.396.783	4.206.962	-	1,4	12.603.745	7.559.021
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security						
3	transactions with credit) Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable	-	-	-	-	-	-
4	Security transactions with credit) Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or	-	-	-	-	-	-
5	borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit! VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA longing or hospitality transactions, transactions with a long	-	-	-	-	3.377.391	1.538.866
	EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	_	-	_	-	3.377.391	1.538.866

(*) Effective Expected Positive Exposure

9.097.887

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Credit valuation adjustment (CVA) capital charge:

		Current Period 3	1.12.2017	Prior Period 3	31.12.2016	
		Exposure at default post-CRM	RWA	Prior Period 3 Exposure at default post-CRM - 12.603.745 12.603.745	RWA	
	Total portfolios subject to the Advanced CVA capital charge					
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-	
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-	
3	All portfolios subject to the Standardised CVA capital charge	11.080.554	4.191.575	12.603.745	4.159.105	
4	Total subject to the CVA capital charge	11.080.554	4.191.575	12.603.745	4.159.105	

Standardised approach of CCR exposures by regulatory portfolio and risk weights:

Current Period - 31.12.2017

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure(*)
Regulatory portfolia									
Claims from central governments and central banks	91.013	-	-	-	-	22.036	-	-	22.036
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial									
entity	-	-	-	-	-	148	-	-	148
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	1.624.788	11.609.347	-	10.274	-	-	6.139.905
Corporates	-	-	-	6.095	-	5.356.959	-	-	5.360.006
Retail portfolios	-	-	-	-	20.698	-	-	-	15.524
Claims on landed real estate	-	-	-	=	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the									
board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	=	-	-	-	-	-
Claims from corporates, banks and financial									
intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective									
investment institutions	-	-	-	-	-	3	-	=	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	=	-	-	-	-	-	-	-	-
Total	91.013	-	1.624.788	11.615.442	20.698	5.389.420	-		11.537.622

^(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

[**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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Prior Period - 31.12.2016

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure(*)
Regulatory portfolia									•
Claims from central governments and central banks	50.214	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial									
entity	-	-	-	-	-	1.289	-	-	1.289
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.021.795	10.399.860	-	3.156	-	-	5.607.445
Corporates	-	-	9	9.953	-	3.437.039	-	-	3.442.017
Retail portfolios	-	-	-	-	42.742	-	-	-	32.057
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the									
board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial									
intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective									
investment institutions	-	-	-	-	-	15.079	-	-	15.079
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)		-	=	=		=	-	-	=
Total	50.214	-	2.021.804	10.409.813	42.742	3.456.563	-	-	9.097.887

^(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

6. Credit derivatives exposures:

	Current Pe	riod - 31.12.2017	Prior Pe	riod - 31.12.2016
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	-	18.700	-	-
Index credit default swaps	-	-	-	-
Total return swaps	6.127.434	4.541.941	6.635.216	4.931.513
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	6.127.434	4.541.941	6.635.216	4.931.513
Fair values				
Positive fair value (asset)	1.581.610	1.581.610	1.643.573	1.643.573
Negative fair value (liability)	-	-	-	-

^[**]Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

^{5.} Composition of collateral for CCR exposure: Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

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7. Exposures to central counterparties (CCP):

		Current Period	- 31.12.201	7 Prior Period	- 31.12.2016
		Exposure at		Exposure at default	
		default (post-CRM)	RWA	(post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		7.822		5.288
2	Exposures for trades at QCCPs (excluding initial margin and default				
Z	fund contributions); of which	203.462	7.808	269.861	5.397
3	(i) OTC Derivatives	203.462	7.808	269.861	5.397
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	_	-	-	-
,	(iv) Netting sets where cross-product netting has been				
6	approved			-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-		
9	Pre-funded default fund contributions	6.519	14	1.964	4
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)	-	-	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and				
12	default fund contributions); of which)		-	-	_
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been				
10	approved	-	-	-	-
17	Segregated initial margin			-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

e. Securitization explanations: The Bank has no securitization transactions.

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

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The following table indicates the details of the market risk calculation as of 31 December 2017, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

		Current Period - 31.12.2017	Prior Period - 31.12.2016
		RWA	RWA
	Outright products		
1	Interest rate risk (general and specific)	2.794.813	2.012.660
2	Equity risk (general and specific)	63.775	11.875
3	Foreign exchange risk	1.758.233	2.444.377
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	82.613	58.463
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	4.699.434	4.527.375

Outright products refer to positions in products that are not optional.

g. Explanations on operational risk:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2016, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2017 is calculated by using the gross income of the Bank in 2014, 2015 and 2016.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

Total /Decitive Of

				rotal/Positive Gr		
	31.12.2014	31.12.2015	31.12.2016	year number	Ratio (%)	Total
Gross income	8.997.640	10.207.953	11.946.814	3	15	1.557.620
Amount subject to Operational						
Risk (Amount*12,5)						19.470.254

h. Interest rate risk related to banking book:

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality risk are considered under interest rate risk scope.

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

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The Group's calculation of the interest rate risk derived from banking books is presented below:

	Applied Shock	Gains /	Gains / Shareholders' Equity -
Currency	(+/- x basis points)	Losses	Losses/ Shareholders' Equity
TL	(400)	4.767.280	10,68%
TL	500	(4.987.185)	(11,19%)
USD	(200)	(193.390)	(0,43%)
USD	200	203.408	0,46%
EURO	(200)	(272.548)	(0,61%)
EUR0	200	(157.953)	(0,35%)
Total (for negative shocks)		4.301.342	9,64%
Total (for positive shocks)		(4.941.730)	(11,08%)

XI. EXPLANATIONS ON HEDGE TRANSACTIONS:

The Group hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset or liability in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate available-for-sale financial assets.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Group also applies fair value hedge to hedge the foreign currency risk arising from investments abroad. Effective portion of the fair value change of the hedging instrument is accounted under "Hedging funds" under equity. Ineffective portion is accounted under income statement.

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As of 31 December 2017, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

	Current Period 31 December 2017			Prior Period 31 December 2016		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	973.630	-	2.497.225	682.966	-
-FC	27.012.330	162.654	74.911	20.894.823	124.908	98.991
Total	29.509.555	1.136.284	74.911	23.392.048	807.874	98.991

1. Explanations on Accounting Net Investment Hedge:

The Group has been using hedge against fair value strategy to hedge against foreign currency risk born of EURO 320 million which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EURO 320 million of syndication loans used by the Group have been classified as "hedge instruments."

2. Explanations on Fair Value Hedge:

Current Period - 31 December 2017

Hedging			Fair Value Difference of	Fair Value Difference of	Ineffective
Instrument	Hedged Item	Risk Exposure	Hedging Instrument	Hedged Items (*)	Portion (**)
Interest Rate	Fixed interest rate FC available-				
Swap	for-sale financial assets	Interest rate risk	(70.981)	63.778	(7.203)
Interest Rate	Fixed interest rate Lease				
Swap	Receivables	Interest rate risk	273	(281)	(8)
	Fixed interest rate FC Issued				
Cross-	Eurobond,	Interest rate and			
currency swap	FC Lease Receivables	currency risk	661	(663)	(2)
	Fixed interest rate TL Mortgage				
Cross-	Loans Portfolio,	Interest rate and			
currency swap	FC borrowings	currency risk	1.115.949	(1.104.587)	11.362

^(*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

Prior Period - 31 December 2016

Hedging			Fair Value Difference of	Fair Value Difference of	Ineffective
Instrument	Hedged Item	Risk Exposure	Hedging Instrument	Hedged Items (*)	Portion (**)
Interest Rate	Fixed interest rate FC available-				
Swap	for-sale financial assets	Interest rate risk	(94.580)	89.557	(5.023)
Interest Rate	Fixed interest rate Lease				
Swap	Receivables	Interest rate risk	260	[246]	14
	Fixed interest rate FC Issued				
Cross-	Eurobond,	Interest rate and			
currency swap	FC Lease Receivables	currency risk	599	[732]	(133)
	Fixed interest rate TL Mortgage				
Cross-	Loans Portfolio,	Interest rate and			
currency swap	FC borrowings	currency risk	784.031	(776.488)	7.543

^[*] Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

As of 31 December 2017 fair value hedge transactions have been proven to be effective.

^(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

^[**] Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains / (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

Net gain/(loss)

Ineffective portion

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In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 December 2017, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 15.256 (31 December 2016: TL 12.845).

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging	instrument FV	Net gain/(loss) recognized in OCI during the period	reclassified to income statement during the year	recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate	Floating-rate long Term FC	Cash Flow risk due to changes in interest					
Swap	funds borrowed	rate of funds	131.448	=	12.793	(22.824)	215

As of 31 December 2017 cash flow hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 December 2017, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (19.006) (31 December 2016: TL (43.790)).

XII. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including consumer banking, commercial banking, SME banking, and corporate-investment and private banking with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

Consumer banking offers a variety of retail services such as deposit accounts, consumer loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions. Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are

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Capital Investment Amortization

Non-cash Other Income-Expense

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performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Information on business segments as of 31 December 2017 and 31 December 2016 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

Commercial Banking, SME Banking,

Bank's

445.335

(167.317)

[758.242]

(75)

[109.719]

445.335

[218.742]

(2.252.025)

	Consumer Banking	Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Total Activities
Current Period - 31 December 2017		<u>, </u>	,		
Operating Income	4.628.723	6.907.217	1.086.473	1.850.369	14.472.782
Profit from Operating Activities	2.083.222	4.861.910	838.666	(132.221)	7.651.577
Income from Subsidiaries				2.658	2.658
Profit before Tax	2.083.222	4.861.910	838.666	[129.563]	7.654.235
Corporate Tax				(1.633.953)	[1.633.953]
Minority Shares				(9)	(9)
Net Profit for the Period	2.083.222	4.861.910	838.666	(1.763.525)	6.020.273
Segment Assets	53.929.605	176.148.618	91.331.453	7.385.344	328.795.020
Investments in Associates.	-	-	_	-	3.923
Undistributed Assets	-	-	_	-	12.811.014
Total Assets	-	-	-	-	341.609.957
Segment Liabilities	98.126.490	97.357.169	89.058.408	6.558.817	291.100.884
Undistributed Liabilities	-	-	-	-	9.895.501
Shareholders' Equity	-	-	-	-	40.613.572
Total Liabilities	-	-	-	-	341.609.957
Other Segment Items					
Capital Investment	-	-	-	483.566	483.566
Amortization	(21.292)	(17.510)	(123)	(236.854)	(275.779)
Non-cash Other Income-Expense	(284.492)	(113.897)	(54.123)	(1.500.356)	(1.952.868)
		Commercial Banking,			
		SME Banking,			Bank's
	Consumer	Corporate-Investment and	-	Other and	Total
Prior Period – 31 December 2016	Banking	Private Banking	Treasury	Unallocated	Activities
Operating Income	4.313.256	6.447.743	1.051.592	1.100.722	12.913.313
Profit from Operating Activities	1.621.783	4.258.167	816.233	[497.959]	6.198.224
Income from Subsidiaries	1.021.703	4.230.107	010.233	2.658	2.658
Profit before Tax	1.621.783	4.258.167	816.233	[495.301]	6.200.882
Corporate Tax	1.021.700	11.288.187	0.0.200	(1.346.703)	[1.346.703]
Minority Shares				(11)	(11)
Net Profit for the Period	1.621.783	4.258.167	816.233	(1.842.015)	4.854.168
Segment Assets	50.388.066	147.186.165	80.504.590	5.614.790	283.693.611
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	_	_	_	_	10.803.289
Total Assets	_	_	_	_	294.500.823
Segment Liabilities	85.174.995	87.332.818	76.307.706	4.662.127	253.477.646
Undistributed Liabilities	-	-	-	-	8.530.910
Shareholders' Equity	-	-	-	-	32.492.267
Total Liabilities	-	-	-	-	294.500.823
Other Segment Items					
Other Degineric Items				// = 00=	//5 005

[28.821]

(543.166)

[22.529]

(840.898)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FIVE INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash equivalents and the account of the CBRT:

		Current Period ecember 2017	31	Prior Period December 2016
	TL	FC	TL	FC
Cash/Foreign Currency	1.427.724	735.960	1.135.291	559.576
The CBRT (*)	7.033.859	26.021.620	4.228.312	28.943.471
Other (**)	1	144.012	1	145.634
Total	8.461.584	26.901.592	5.363.604	29.648.681

^(*) Precious metal account amounting to TL 5.118.058 are included in FC (31 December 2016: TL 734.867).

2. Information related to the account of the CBRT:

	Current Period 31 December 2017		31 D	Prior Period ecember 2016
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.647	-	1.530	-
Unrestricted Time Deposits	3.080.092	-	-	5.173.596
Restricted Time Deposits	-	-	-	-
Reserve Requirement	3.952.120	26.021.620	4.226.782	23.769.875
Total	7.033.859	26.021.620	4.228.312	28.943.471

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT pays interest on reserve balances held in TL and USD.

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities)

b. Information on financial assets at fair value through profit or loss:

1. As of 31 December 2017, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.731 (31 December 2016: TL 9.721); and those subject to repo transactions TL 200 (31 December 2016: TL 569).

^(**) Precious metal account amounting to TL 102.465 are included in FC (31 December 2016: TL 4.947).

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2. Table of positive differences related to trading derivative financial assets:

	Current Period 31 December 2017		Prior Pe 31 December 2	
	TL	FC	TL	FC
Forward Transactions	454.410	-	471.979	-
Swap Transactions	3.713.361	1.013.844	3.702.044	3.184.326
Futures Transactions	-	=	=	=
Options	2.808	239.405	26.984	235.605
Other	-	=	=	=
Total	4.170.579	1.253.249	4.201.007	3.419.931

c. Information on banks account:

1. Information on banks account:	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	289.699	1.549.027	149.080	2.574.639
Foreign	-	8.191.003	1.447	7.661.012
Head Quarters and Branches Abroad	-	-	-	<u>-</u>
Total	289.699	9.740.030	150.527	10.235.651

2. Information on foreign banks account:

	Unresti	ricted Amount	Restricted	Amount (**)
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016
European Union Countries	3.027.330	1.719.248	4.102.632	5.356.726
USA, Canada	602.727	570.116	431.048	-
OECD Countries (*)	12.789	9.974	-	-
Off-Shore Banking Regions	-	17	-	15
Other	6.317	6.261	8.160	102
Total	3.649.163	2.305.616	4.541.840	5.356.843

^(*) OECD Countries other than EU countries, USA and Canada.

d. Information on available-for-sale financial assets:

1. As of 31 December 2017, available-for-sale financial assets subject to repurchase agreements amounting to TL 20.055.533 (31 December 2016: TL 16.282.871); and those given as collateral/blocked amounting to TL 3.470.880 (31 December 2016: TL 2.062.303).

2. Information on available-for-sale financial assets:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Debt Securities	43.531.669	35.630.700
Quoted at Stock Exchange (*)	43.392.550	35.462.993
Unquoted at Stock Exchange	139.119	167.707
Share Certificates	98.040	67.341
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	98.040	67.341
Impairment Provision (-)	799.921	890.984
Total	42.829.788	34.807.057

^(*) Investment funds are included.

^[**] Restricted amounts which mainly consist of collaterals related to borrowings, are kept in several banks.

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e. Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31 December 2017		31 De	Prior Period ecember 2016
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	246	-	245
Corporate Shareholders	-	246	-	245
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	5.605.978	923.453	4.591.797	900.355
Loans Granted to Employees	113.133	-	105.759	-
Total	5.719.111	923.699	4.697.556	900.600

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

rescriedated	Standard Loans and Other Receivables			Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Receiva	oans and bles with Contract Terms	Loans and Other Receivables (Total)	Loans and Rowith Revised	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Non-specialized Loans	198.055.112	3.888.691	-	11.270.658	3.155.715	-
Loans given to enterprises	36.456.166	783.747	-	1.660.787	1.276.524	-
Export Loans	9.953.687	155.818	-	99.103	82.104	-
Import Loans Loans Given to	2.461.724	=	=	-	=	=
Financial Sector	11.269.060	7.670	-	_	-	-
Consumer Loans	30.865.479	583.612	=	1.259.705	701.935	-
Credit Cards	13.575.879	428.493	-	473.047	331.850	-
Other	93.473.117	1.929.351	_	7.778.016	763.302	=
Specialized Loans	=	=	-	=	=	-
Other Receivables	=	=	-	=	=	-
Total	198.055.112	3.888.691	-	11.270.658	3.155.715	-

The Bank has a cash loan exposure with a principal balance of USD 1.685 billion included accured interest related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have been continuing among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified "loans and other receivables" under close monitoring as of 31 December 2017.

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	3.709.773	2.468.960
Extended by 3,4 or 5 times	175.383	684.888
Extended by more than 5 times	3.535	1.867
Total	3.888.691	3.155.715

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Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	788.255	448.951
6 - 12 Months	183.447	245.505
1 - 2 Years	690.857	623.165
2 - 5 Years	1.211.355	1.533.257
5 Years and over	1.014.777	304.837
Total	3.888.691	3.155.715

3. Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables			Receivables Under se Monitoring
	Loans and Other	Loans and Other Restructured or		Restructured or
	Receivables	Rescheduled	Receivables	Rescheduled
Short-term Loans and Other				
Receivables	54.638.295	732.100	855.925	503.028
Non-Specialized Loans	54.638.295	732.100	855.925	503.028
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans				
and Other Receivables	143.416.817	3.156.591	10.414.733	2.652.687
Non-Specialized Loans	143.416.817	3.156.591	10.414.733	2.652.687
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	198.055.112	3.888.691	11.270.658	3.155.715

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

		Medium and	
Current Period- 31.12.2017	Short-term	Long-term	Total
Consumer Loans-TL	716.767	30.274.352	30.991.119
Mortgage Loans	7.443	13.217.359	13.224.802
Automotive Loans	3.517	251.107	254.624
Consumer Loans	705.807	16.805.886	17.511.693
Other	-	-	-
Consumer Loans- Indexed to FC	_	4.382	4.382
Mortgage Loans	-	3.778	3.778
Automotive Loans	-	-	-
Consumer Loans	-	604	604
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	10.791.056	605.582	11.396.638
With Installment	4.455.077	602.801	5.057.878
Without Installment	6.335.979	2.781	6.338.760
Consumer Credit Cards-FC	12.439	-	12.439
With Installment	-	-	-
Without Installment	12.439	-	12.439
Personnel Loans-TL	4.504	62.087	66.591
Mortgage Loans	-	3.904	3.904
Automotive Loans	-	54	54
Consumer Loans	4.504	58.129	62.633
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	46.298	27	46.325
With Installment	18.202	27	18.229
Without Installment	28.096	-	28.096
Personnel Credit Cards-FC	217	-	217
With Installment	-	-	-
Without Installment	217	-	217
Credit Deposit Account-TL (Real Person)	1.063.092	-	1.063.092
Credit Deposit Account-FC (Real Person)	-	-	
Total Consumer Loans	12.634.373	30.946.430	43.580.803

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		Medium and	
Prior Period- 31.12.2016	Short-term	Long-term	Total
Consumer Loans-TL	453.953	27.962.936	28.416.889
Mortgage Loans	8.491	13.548.749	13.557.240
Automotive Loans	5.413	372.723	378.136
Consumer Loans	440.049	14.041.464	14.481.513
Other	-	-	-
Consumer Loans- Indexed to FC	-	10.708	10.708
Mortgage Loans	-	9.601	9.601
Automotive Loans	-	-	-
Consumer Loans	-	1.107	1.107
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	9.862.772	747.868	10.610.640
With Installment	4.152.291	745.705	4.897.996
Without Installment	5.710.481	2.163	5.712.644
Consumer Credit Cards-FC	9.319	-	9.319
With Installment	-	-	-
Without Installment	9.319	-	9.319
Personnel Loans-TL	2.966	62.162	65.128
Mortgage Loans	-	3.000	3.000
Automotive Loans	-	147	147
Consumer Loans	2.966	59.015	61.981
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	40.491	38	40.529
With Installment	16.120	38	16.158
Without Installment	24.371	-	24.371
Personnel Credit Cards-FC	102	-	102
With Installment	-	-	-
Without Installment	102	-	102
Credit Deposit Account-TL (Real Person)	938.942	-	938.942
Credit Deposit Account-FC (Real Person)		-	
Total Consumer Loans	11.308.545	28.783.712	40.092.257

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5. Information on commercial installment loans and corporate credit cards:

0		Medium and	
Current Period - 31.12.2017	Short-term	Long-term	Total
Commercial Installment Loans-TL	1.119.222	16.749.813	17.869.035
Mortgage Loans	14.390	3.147	17.537
Automotive Loans	54.110	30	54.140
Consumer Loans	1.050.722	16.746.636	17.797.358
Other	-	-	
FC Indexed Commercial Installment Loans	42.260	505.766	548.026
Mortgage Loans	3.424	1.422	1.422 3.424
Automotive Loans Consumer Loans	3.424 38.836	-	3.424 543.180
Other	38.836	504.344	343.180
	192	120 E1/	120 707
Commercial Installment Loans-FC	192	130.514	130.706
Mortgage Loans	-	-	-
Automotive Loans	- 192	100 E1/	120.707
Consumer Loans	192	130.514	130.706
Other	2.590.251	144	2,590,395
Corporate Credit Cards-TL		***	
With Installment	1.143.897	54 90	1.143.951
Without Installment	1.446.354	90	1.446.444
Corporate Credit Cards-FC	2.912	-	2.912
With Installment	-	-	- 0.010
Without Installment	2.912	-	2.912
Credit Deposit Account-TL (Legal Person)	745.285	-	745.285
Credit Deposit Account-FC (Legal person)		48.007.008	-
Total	4.500.122	17.386.237	21.886.359
		Medium and	
Prior Period - 31.12.2016	Short-term	Long-term	Total
Commercial Installment Loans-TL	1.111.879	6.336.363	7.448.242
Mortgage Loans	2.111	8.541	10.652
Automotive Loans	47.976	2.097	50.073
Consumer Loans	1.061.792	6.325.725	7.387.517
Other	-	=	-
FC Indexed Commercial Installment Loans	39.970	166.395	206.365
Mortgage Loans	-	3.040	3.040
Automotive Loans	6.296	1.056	7.352
Consumer Loans	33.674	162.299	195.973
Other	-	=	-
Commercial Installment Loans-FC	84	153.604	153.688
Commercial Installment Loans-FC Mortgage Loans	84	153.604 -	153.688 -
	84 - -	153.604 - -	153.688 - -
Mortgage Loans	=	153.604 - - - 153.604	-
Mortgage Loans Automotive Loans	- -	-	-
Mortgage Loans Automotive Loans Consumer Loans	- - - 84 -	-	- - 153.688 -
Mortgage Loans Automotive Loans Consumer Loans Other	- -	- - 153.604 -	- - 153.688 - 2.157.190
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL	84 - 2.157.063	- - 153.604 - 127	- - 153.688 - 2.157.190
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL With Installment	2.157.063 952.803	153.604 - 1 27 80	153.688 - 2.157.190 952.883 1.204.307
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL With Installment Without Installment	2.157.063 952.803 1.204.260	153.604 - 1 27 80	153.688 - 2.157.190 952.883
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL With Installment Without Installment Corporate Credit Cards-FC	2.157.063 952.803 1.204.260	153.604 - 1 27 80	153.688 - 2.157.190 952.883 1.204.307 1.436
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL With Installment Without Installment Corporate Credit Cards-FC With Installment	2.157.063 952.803 1.204.260	153.604 - 1 27 80	
Mortgage Loans Automotive Loans Consumer Loans Other Corporate Credit Cards-TL With Installment Without Installment Corporate Credit Cards-FC With Installment Without Installment Without Installment	2.157.063 952.803 1.204.260 1.436	153.604 - 1 27 80	153.688 - 2.157.190 952.883 1.204.307 1.436

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6. Loans according to types of borrowers:

	Current Period	Prior Period	
	31 December 2017	31 December 2016	
Public	1.607.968	1.983.806	
Private	207.717.802	176.754.457	
Total	209.325.770	178,738,263	

7. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Domestic Loans	202.254.225	171.595.025
Foreign Loans	7.071.545	7.143.238
Total	209.325.770	178.738.263

- 8. Loans granted to investments in associates and subsidiaries: None.
- 9. Specific provisions accounted for loans:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Loans and Other Receivables with Limited Collectibility	579.034	587.401
Loans and Other Receivables with Doubtful Collectibility	650.121	815.140
Uncollectible Loans and Receivables	3.150.937	2.709.680
Total	4.380.092	4.112.221

^{10.} Information on non-performing loans (Net):

10 (i). Information on non-performing loans restructured or rescheduled and other receivables:

III. Group	IV. Group	V. Group
Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
•		
31.483	39.558	71.021
31.483	39.553	70.643
-	5	378
38.292	63.415	76.164
36.475	62.859	74.909
1.817	556	1.255
	Loans and Other Receivables with Limited Collectibility 31.483 31.483 - 38.292 36.475	Loans and Other Receivables with Limited Collectibility 31.483 39.558 31.483 39.553 - 5 38.292 36.475 62.859

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10 (ii).Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance: 31 December 2016	587.401	815.140	2.864.650
Additions (+)	1.877.909	17.109	19.591
Transfers from Other Categories of Non-			
Performing Loans (+)	-	1.641.883	1.554.399
Transfers to Other Categories of Non-Performing			
Loans (-)	1.641.883	1.554.399	-
Collections (-)	243.199	265.893	412.844
Write-offs (-) (*)	1.194	3.719	722.240
Corporate and Commercial Loans	73	1.440	184.671
Consumer Loans	737	1.424	218.831
Credit Cards	384	855	318.738
Other	-	-	-
Balance at the End of the Period	579.034	650.121	3.303.556
Specific Provisions (-)	579.034	650.121	3.150.937
Net Balance at Balance Sheet (**)		-	152.619

^[*] TL 709 million (in full TL amount) portion of the Bank's non-performing loan portfolio, for which in the previous periods 100% provision is reserved, has been sold at a price of TL 39 million (in full TL amount) to 4 companies, Istanbul Varlık Yönetimi A.Ş., Efes Varlık Yönetimi A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş. (**) The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 204 million, (in full TL amount) for an amount of TL 51

10 (iii).Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 December 2017			
Balance at the End of the Period	17.562	28.123	405.791
Specific Provision (-)	17.562	28.123	277.527
Net Balance on Balance Sheet	-	-	128.264
Prior Period: 31 December 2016			
Balance at the End of the Period	54.196	56.434	245.869
Specific Provision (-)	54.196	56.434	114.793
Net Balance at Balance Sheet	-	-	131.076

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

million (in full TL amount).

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10 (iv). Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net): 31 December 2017	•	•	
Loans granted to corporate entities and			
real persons (Gross)	579.034	650.121	3.303.556
Specific Provision Amount (-)	579.034	650.121	3.150.937
Loans granted to corporate entities and			
real persons (Net)	-	-	152.619
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2016			
Loans granted to corporate entities and			
real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and			
real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)			<u>-</u>

IV Group

V Group

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

12. Information on the write-off policy:

Write-off policy of the Bank for receivables under follow-up is to retire the receivables from assets in case of verification of the inability of collection through the legal follow-up process.

f. Held-to-maturity investments:

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked:

	Current Period 31 December 2017		31 De	Prior Period cember 2016
	TL	FC	TL	FC
Given as collateral/blocked	112.578	1.425.922	113.728	2.122.032
Subject to repurchase agreements	2.372.137	7.716.247	3.625.467	7.110.699
Total	2.484.715	9.142.169	3.739.195	9.232.731

2. Information on held-to-maturity government debt securities:

	Current Period	Prior Period	
	31 December 2017	31 December 2016	
Government Bonds	13.596.948	13.091.240	
Treasury Bills	-	-	
Other Government Debt Securities	2.546.431	2.370.665	
Total	16.143.379	15.461.905	

^{11.} Information on the collection policy of non-performing loans and other receivables:

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3. Information on held-to-maturity investments:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Debt Securities	19.132.124	18.150.663
Quoted at Stock Exchange	19.132.124	18.150.663
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	249.092	173.793
Total	18.883.032	17.976.870

4. The movement of investment securities held-to-maturity:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Balance at the Beginning of the Period	17.976.870	10.688.439
Foreign Currency Differences on Monetary Assets	1.223.819	1.269.337
Purchases During Year (*)	226	5.882.218
Disposals Through Sales and Redemptions (-)	766.185	130.259
Impairment Provision (-)	75.298	100.753
Change in Amortized Cost	523.600	367.888
Balance at the End of the Period	18.883.032	17.976.870

(*) Due to the change of intention, the Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the prior year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD 1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

g. Information on investments in associates (Net):

- 1. Non-consolidated associates:
 - 1 (i). Reasons for being out of consolidation for non-consolidated associates: In accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks they have been left out of the scope of consolidation.
 - 1 (ii). Information about non-consolidated associates:

			Bank's share percentage-	
		Address	If different	Bank's risk group share
	Title	(City / Country)	voting percentage (%)	percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/Turkey	9,98	9,98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/Turkey	9,09	9,09

^{1 (}iii). Main financial figures of non-consolidated associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements dated 30 September 2017.

			Total		Income from Marketable	Current Period		
	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Securities Portfolio	Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	80.677	46.880	47.322	1.043	-	6.983	14.517	-
2	259.153	175.797	172.993	4.049	95	36.919	16.458	_

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1 (iv). Movement schedule for non-consolidated subsidiaries:

	Current Period 31 December 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

^{2.} Consolidated subsidiaries within the current period: None.

h. Information on subsidiaries (Net):

1. Information related to shareholders' equity of major subsidiaries:

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG
Paid in Capital	235.007	46.802	10.534	740.648
Share Premium	-	-	-	-
Reserves	567.939	61.081	13.834	2.023.010
Gains recognized in equity as per TAS	-	(1.877)	(233)	-
Profit/Loss	56.786	126.521	34.282	218.727
-Net Current Period Profit	56.786	55.812	33.818	218.727
-Prior Year Profit/Loss	-	70.709	464	-
Development Cost of Operating Lease (-)	29	1.156	-	255
Remaining other intangible assets after offset with the related deferred tax liability excluding				
mortgage servicing rights	1.507	2.021	51	1.551
Total Common Equity	858.196	229.350	58.366	2.980.579
Total Additional Tier I Capital	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the				
"Regulation on the Equity of Banks" (-)	377	505	13	388
Total Tier I Capital	857.819	228.845	58.353	2,980,191
Tier II Capital	53.425	-	•	-
CAPITAL	911.244	228.845	58.353	2.980.191
Deductions from Capital	-	-	-	-
TOTAL CAPITAL	911.244	228.845	58.353	2.980.191

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

- 2. Non-consolidated subsidiaries: None.
- 3. Consolidated subsidiaries:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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3 (i). Information about consolidated subsidiaries:

	c (i). Illianianan abaat aanaa	.aatea eaberaia. iee.	The Parent Bank's Share	
			Percentage-If	
		Address	Different Voting	Risk Group of Bank's
	Title	(City / Country)	Percentage (%)	Percentage (%)
1	Ak Finansal Kiralama A.Ş.	İstanbul/Turkey	99,99	99,99
2	Ak Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	100,00
3	Ak Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	100,00
4	Akbank AG	Frankfurt/Germany	100,00	100,00

Main financial figures of consolidated subsidiaries, in the order of the above table:

The financial figures have been obtained from the financial statements as at 31 December 2017 prepared in accordance with local regulations.

	Total	Shareholders	Total Fixed	Interest	Income from Marketable Securities	Current Period	Prior Period	Fair
	Assets	' Equity	Assets	Income	Portfolio	Profit/ Loss	Profit/Loss	Value
1	6.688.224	859.897	78.420	434.665	-	56.786	113.988	-
2	1.499.233	232.527	10.274	135.122	31.089	55.812	31.633	-
3	69.452	58.417	756	5.366	16	33.818	27.358	-
4	22.907.715	2.982.385	2.915	772.020	76.170	218.727	161.093	-

Though not being the subsidiary of the Bank, A.R.T.S Ltd. which was established in November 1999 respectively in connection with rising long-term financing, is included in the full scope of consolidation as "Structured Entity" due to the 100% control of this entity by the Group.

3 (ii). Movement schedule for consolidated subsidiaries:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Balance at the Beginning of the Period	3.334.164	2.679.977
Movements During the Period		
Additions (*)	6.455	-
Bonus Shares and Contributions to Capital (*)	1.545	-
Dividends from Current Year Income	365.117	347.546
Sales/Liquidation (**)	2.243	-
Revaluation Increase (***)	423.574	306.641
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation		
of foreign subsidiaries	-	-
Balance at the End of the Period	4.133.098	3.334.164
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	=

^(*) Amounts arises from the capital of Ak Portföy Yönetimi A.Ş is increased by TL 8.000 including TL 6.455 in cash and 1.545 TL from internal sources.

^(**) The amount represents the liquidation of Akbank (Dubai) Limited which is %100 subsidiary of the Bank.

^(***) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

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3 (iii). Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Subsidiaries	31 December 2017	31 December 2016
Banks	2.982.385	2.261.599
Insurance Companies	-	
Factoring Companies	-	
Leasing Companies	859.897	802.821
Finance Companies	-	
Other Financial Subsidiaries	290.816	269.744

^{3 (}iv). Subsidiaries quoted to a stock exchange: None.

i. Information on finance lease receivables (Net):

	C 31 De	Prior Period 31 December 2016		
	Gross	Net	Gross	Net
2017	-	-	1.902.135	1.640.186
2018	2.463.302	2.160.175	1.242.683	1.018.701
2019	1.477.983	1.237.783	932.451	780.873
2020 and following years	2.800.478	2.467.460	1.785.702	1.568.840
Total	6.741.763	5.865.418	5.862.971	5.008.600

j. Information on the hedging derivative financial assets:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	973.630	31.206	682.966	30.570
Cash Flow Hedge	-	131.448	-	94.338
Net Investment Hedge in a foreign operation	-	-	-	-
Total	973.630	162.654	682.966	124.908

k. Information on the investment properties:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January '2017. The revaluation difference amounting to TL 2.465.549 is shown under "Investment Properties Revaluation" in the below table.

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		Other Tangible	Construction in	
	Immovables	Fixed Assets	Progress	Total
Prior Period End: 31 December 2016				
Cost	847.369	1.152.108	2.383	2.001.860
Accumulated Depreciation(-)	337.606	782.893	-	1.120.499
Net Book Value	509.763	369.215	2.383	881.361
Current Period End: 31 December 2017				
Net Book Value at the Beginning of the Period	509.763	369.215	2.383	881.361
Additions	5.506	186.295	52.980	244.781
Investment Properties Revaulation differences	2.465.549	-	-	2.465.549
Transferred	9.262	-	(9.262)	-
Disposals (-), net	9.856	493	-	10.349
Depreciation (-)	29.831	124.122	-	153.953
Impairment	(1.473)	-	-	(1.473)
Cost at Period End	3.066.411	1.301.915	46.101	4.414.427
Accumulated Depreciation at Period End (-)	117.491	871.020	-	988.511
Closing Net Book Value	2.948.920	430.895	46.101	3.425.916

		Other Tangible	Construction in	
	Immovables	Fixed Assets	Progress	Total
Prior Period End: 31 December 2015				
Cost	843.368	988.790	1.656	1.833.814
Accumulated Depreciation(-)	324.233	713.451		1.037.684
Net Book Value	519.135	275.339	1.656	796.130
Current Period End: 31 December 2016				
Net Book Value at the Beginning				
of the Period	519.135	275.339	1.656	796.130
Additions	11.285	204.376	5.664	221.325
Transferred	4.936	-	(4.936)	-
Disposals (-), net	4.922	710	-	5.632
Depreciation (-)	21.080	109.383	-	130.463
Impairment	-	-	-	-
Cost at Period End	845.644	1.153.832	2.384	2.001.860
Accumulated Depreciation at				
Period End (-)	336.290	784.210	-	1.120.500
Closing Net Book Value	509.354	369.622	2.384	881.360

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l. Information on intangible assets:

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cost	1.040.085	800.726
Accumulated Amortization (-)	561.543	439.199
Net Book Value	478.542	361.527

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2017	Prior Period 31 December 2016
Opening Balance Net Book Value	361.527	224.105
Additions	238.841	224.038
Disposals (-), net	-	-
İmpairment (-)	-	-
Depreciation (-)	121.826	86.616
Closing Net Book Value	478.542	361.527

m. Information on the investment properties: None.

n. Information on deferred tax asset:

As of 31 December 2017, foreign currency deferred tax asset of the Group is TL 37.525 (31 December 2016: TL 23.773). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities.

There are no carry forward tax losses that can be used as deductions for the tax calculation for the Group. An explanation on the net deferred tax liability is given in Note II-i-2 of Section Five.

	Accumulated tem	porary differences	Deferred tax as	sets/liabilities
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Employee benefits	300.953	228.082	68.041	45.483
Other	435.844	316.689	87.943	63.336
Differences between book value and				
tax base of property, plant and				
equipment	(584.033)	(246.191)	(122.011)	(49.238)
Differences between book value and				
tax base of financial assets	(1.229.276)	(936.968)	(241.586)	(202.344)
Country risk provision	(2.465.549)	-	(162.883)	-
Investment Properties Revaulation				
differences	(233.796)	(191.197)	(74.815)	(61.183)
Deferred Tax Asset/(Liabilities)				
Net			(445.311)	(203.946)

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o. Information on property and equipment held for sale and related to discontinued operations:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cost	133.682	74.980
Accumulated Depreciation (-)	167	792
Net Book Value	133.515	74.188

	Current Period 31 December 2017	Prior Period 31 December 2016
Opening Balance Net Book Value	74.188	179.866
Additions	101.666	70.537
Disposals (-), net	42.179	174.552
Impairment (-)	160	-
Depreciation (-)	-	1.663
Closing Net Book Value	133.515	74.188

p. Information on other assets:

Other assets amounting to TL 4.036.435 (31 December 2016: TL 2.576.498) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

- 1. Information on maturity structure of the deposits: There are no seven-day notification deposits.
- 1 (i).Current Period 31 December 2017:

		Up to 1	1 – 3	3 – 6	6 Months	1 Year	Deposits	
	Demand	Month	Months	Months	- 1 Year	and Over	Cumulative	Total
Saving Deposits	8.420.445	15.472.883	32.004.674	492.472	646.290	637.816	33.627	57.708.207
Foreign Currency Deposits	16.199.712	20.066.109	34.211.237	2.671.605	8.981.737	12.617.477	1.760	94.749.637
Residents in Turkey	13.484.283	19.229.083	31.769.630	1.204.784	1.228.293	1.852.106	1.559	68.769.738
Residents Abroad	2.715.429	837.026	2.441.607	1.466.821	7.753.444	10.765.371	201	25.979.899
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	341.451
Commercial Deposits	9.223.734	7.766.297	11.749.333	238.126	802.779	283.133	-	30.063.402
Other Institutions Deposits	236.231	234.193	2.501.398	22.089	65.272	153.181	-	3.212.364
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	1.451.430
Interbank Deposits	1.187.569	3.958.736	6.544.389	1.487.055	720.384	30.904	-	13.929.037
The CBRT	-	-	-	-	-	-	-	_
Domestic Banks	15.006	3.594.150	394.002	6.134	158.491	-	-	4.167.783
Foreign Banks	378.083	364.586	6.150.387	1.480.921	561.893	30.904	-	8.966.774
Participation Banks	794.480	-	-	-	-	-	-	794.480
Other	-	-	-	-	-	-	-	_
Total	36.910.215	47.514.674	87.025.620	4.914.873	11.332.073	13.722.686	35.387	201.455.528

^{1 (}ii). Prior period - 31 December 2016:

	Demand	Up to 1 Month	1 – 3 Months	3 - 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.069.435	13.958.692	25.950.507	593.510	682.811	639.454	54.663	49.949.072
Foreign Currency Deposits	12.192.760	15.829.619	31.151.998	6.485.790	5.854.907	11.295.040	3.038	82.813.152
Residents in Turkey	10.007.922	15.346.925	28.828.328	2.452.915	1.227.788	3.700.666	2.950	61.567.494
Residents Abroad	2.184.838	482.694	2.323.670	4.032.875	4.627.119	7.594.374	88	21.245.658
Public Sector Deposits	293.278	17.272	46.506	20.012	2.006	51	-	379.125
Commercial Deposits	7.529.160	7.573.160	8.379.056	715.839	2.302.032	476.238	-	26.975.485
Other Institutions Deposits	273.469	382.938	2.498.253	1.081.325	1.017.328	229.385	-	5.482.698
Precious metals Deposits	1.077.890	-	3.952	-	80.519	3.051	-	1.165.412
Interbank Deposits	973.736	391.288	4.969.500	452.015	365.039	51.282	-	7.202.860
The CBRT	-	-	-	-	-	-	-	_
Domestic Banks	14.504	213.948	361.173	-	30.070	4.288	-	623.983
Foreign Banks	263.561	177.340	4.608.327	452.015	334.969	46.994	-	5.883.206
Participation Banks	695.671	-	-	-	-	-	-	695.671
Other	-	-	-	-	-	-	-	_
Total	30,409,728	38.152.969	72,999,772	9.348.491	10.304.642	12.694.501	57.701	173.967.804

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2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund: The deposit amounts of the consolidated subsidiaries located abroad are subject to local insurance regulations and are not included in the table below.

Und	der the Guarantee of De	posit Insurance	Exceeding the Limit of Dep	osit Insurance
	Current Period	Prior Period	Current Period	Prior Period
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Saving Deposits	24.508.782	22.883.007	33.195.768	27.066.065
Foreign Currency Saving Deposits	8.512.809	6.941.623	36.271.768	31.775.332
Other Deposits in the Form of				
Saving Deposits	736.725	557.174	594.201	499.777
Foreign Branches' Deposits				
under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under For	eign			
Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 31 December 2017	Prior Period 31 December 2016
Foreign Branches' Deposits and other accounts	1.381	2.891
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their		
Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO		
and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	926.384	858.961
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime		
Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore		
Banking Activities	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	(31 D	31 D	Prior Period ecember 2016	
	TL	FC	TL	FC
Forward Transactions	453.595	-	409.197	-
Swap Transactions	3.714.176	1.013.844	3.227.474	673.404
Futures Transactions	-	-	-	-
Options	2.808	239.405	12.254	277.518
Other	-	-	-	_
Total	4.170.579	1.253.249	3.648.925	950.922

c. Information on borrowings:

1. Information on banks and other financial institutions:

		Current Period ecember 2017	31 De	Prior Period cember 2016
	TL	FC	TL	FC
Borrowings from the CBRT	-	474.031	-	-
From Domestic Banks and Institutions	325.546	688.817	294.726	472.133
From Foreign Banks, Institutions and Funds	49.528	32.089.277	127.011	31.410.416
Total	375.074	33.252.125	421.737	31.882.549

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2. Information on maturity structure of borrowings:

		ecember 2017	31 Dec	ember 2016
	TL	FC	TL	FC
Short-term	232.934	2.047.389	175.931	1.800.256
Medium and Long-term	142.140	31.204.736	245.806	30.082.293
Total	375.074	33.252.125	421.737	31.882.549

3. The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

d. Information on securities issued (Net):

		urrent Period cember 2017	31 De	Prior Period cember 2016
	TL	FC	TL	FC
Bank bills	4.012.498	-	776.911	_
Bonds	3.124.772	8.717.955	1.779.356	9.977.034
Total	7.137.270	8.717.955	2.556.267	9.977.034

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 1.178.360 (31 December 2016: TL 1.436.897) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements: None.

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	74.911	-	98.645
Cash Flow Hedge	-	-	-	346
Net Investment Hedge in a foreign operation	-	-	-	<u> </u>
Total	-	74.911	-	98.991

h. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
	31 December 2017	31 December 2016
General Provisions	2.686.871	2.927.745
Provisions for Group I. Loans and Receivables	964.317	864.370
Provisions for Group II. Loans and Receivables	121.358	79.929
Provisions for Non-cash Loans	64.229	59.185
Other	1.536.967	1.924.261

As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion over the minimum provision ratios ratios (31 December 2016: 1.8 billion) is included in the "Other" line on the table above.

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2. Information on reserves for employee rights:

Balance Sheet Obligations for:	Current Period 31 December 2017	Prior Period 31 December 2016
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	209.829	146.104
- Reserve for unused vacation	91.124	81.978
Total	300.953	228.082

As explained in Note 2(ii) below, there is no liability that needs to be accounted under the balance sheet since the Fund's fair value compensates for defined benefit obligations as explained in Note 2(ii).

	Current Period	Prior Period
Income Statement Charge for:	31 December 2017	31 December 2016
- Post-employment benefits (pension and medical)	(204.575)	(175.248)
- Reserve for employment termination benefits	(47.367)	(49.704)
- Reserve for unused vacation	(9.147)	(13.099)
Total	(261.089)	(238.051)

The charge for the post-employment benefits represents the cash payments, which represent the employer's contribution determined by the Social Security Law no: 506 and additional 2% contribution of the employer. The employer's contribution amounting to TL 204.575 (31 December 2016:TL 175.248) during the year has been included in employee costs under operating expenses.

2 (i). Employment termination benefits and unused vacation rights:

According to Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The compensation amount equals to one month's salary of an employee for each year of service, but this amount is limited up to severance limit decided by law. This liability is not subject to any funding legally and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Discount Rate (%)	4,00	3,64
Rate for the Probability of Retirement (%)	94,45	94,07

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.001,76 (1 January 2017: TL 4.426,16) effective from 1 January 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Prior Period Closing Balance	146.105	124.027
Recognized as an Expense During the Period	46.243	49.704
Actuarial Loss/(Gain)	53.510	20.240
Paid During the Period	(36.029)	(47.867)
Balance at the End of the Period.	209.829	146.104

As of 31 December 2017, the Group has allocated vacation liability amounting to TL 91.124 (31 December 2016: TL 81.978).

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2 (ii). Post-employment benefits:

The Group's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Accordingly, as of 31 December 2017, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 487.493 (31 December 2016: TL 317.383) amounts to TL 342.485 (31 December 2016: TL 209.173).

	Current Period	Prior Period
	31 December 2017	31 December 2016
Present value of funded obligations	(1.275.192)	(1.184.939)
- Pension benefits transferrable to SSI	(1.757.542)	(1.635.774)
- Post-employment medical benefits transferrable to SSI	969.843	768.218
- Other non-transferrable benefits	(487.493)	(317.383)
Fair value of plan assets	1.551.402	1.394.112
Surplus	276.210	209.173

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

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate	31 December 2017	31 December 2016
- Pension benefits transferrable to SSI	% 9,80	% 9,80
- Post-employment medical benefits transferrable to SSI	% 9,80	% 9,80
- Other non-transferrable benefits	% 4.21	% 4.49

Mortality rate

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 17 years for men and 23 years for women.

The movement in the fair value of plan assets of the year is as follows:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Prior period end	1.394.112	1.288.959
Actual return on plan assets	238.028	198.804
Employer contributions	204.575	175.248
Employee contributions	174.371	149.708
Benefits paid	(459.684)	(418.607)
Period end	1.551.402	1.394.112

Plan assets are comprised as follows:

	Curre	Prior Period		
	31 Decen	nber 2017	31 Decem	ber 2016
Bank placements	977.331	63%	999.280	72%
Property and equipment	18.242	1%	19.135	1%
Marketable securities and share certificates	397.520	26%	279.076	20%
Other	158.309	10%	96.621	7%
Period end	1.551.402	100%	1.394.112	100%

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3. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2017, the provision related to foreign currency differences of foreign indexed loans amounts to TL 24.016 (31 December 2016: TL 1.741), which is offset with the balance of foreign currency indexed loans in these financial statements.

4. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2017 is amounting to TL 67.754 (31 December 2016: 73.086).

- 5. Information on other provisions:
- 5 (i). Information on free provision for possible risks: TL 700.000 (31 December 2016: TL 200.000).

A free provision total amounting to TL 700.000 thousand which consist of amounting to TL 500.000 thousand has been recognized in the current period and amounting to TL 200.000 thousand had been recognized in prior periods by the Bank management in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and market conditions.

5 (ii). Information on provisions for banking services promotion:

The Group has provisions for credit cards and banking services promotion activities amounting to TL 69.284 (31 December 2016: TL 89.968).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 31 December 2017, the corporate tax liability after the deduction of temporary taxes paid is TL 751.698 [31 December 2016: TL 288.226].

1 (i). Information on taxes payable:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Corporate Taxes Payable	751.698	288.226
Taxation on Marketable Securities	145.567	112.225
Property Tax	1.811	1.798
Banking Insurance Transaction Tax (BITT)	127.075	105.455
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	10.845	7.236
Other	91.876	59.822
Total	1.128.872	574.762

1 (ii). Information on premium payables:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Social Security Premiums – Employee	1.656	1.376
Social Security Premiums – Employer	349	325
Bank Social Aid Pension Fund Premium- Employee	109	97
Bank Social Aid Pension Fund Premium – Employer	150	134
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2.252	1.939
Unemployment Insurance – Employer	4.231	3.656
Other	46	8
Total	8.793	7.535

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2. Information on deferred tax liability:

As of 31 December 2017, Turkish Lira deferred tax liability of the Group amounts to TL 482.836. (31 December 2016: TL 227.719). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.900.999	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	1.900.999	_	-

Explanation about the subordinated loans is given in Note I-b of Section Four.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Common Stock	4.000.000	4.000.000
Preferred Stock	-	-

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Share Capital	4.000.000	10.000.000

In the Ordinary General Assembly Meeting of the Bank, which was held on 28 March 2017, amendment to the articles of association regarding the increase of the upper limit of registered capital from TL 8.000.000 to TL 10.000.000 is accepted and the registration process has been completed as of 29 March 2017.

- 3. Information on the share capital increases during the period and their sources: None.
- 4. Information on share capital increases from capital reserves during the current period: None.
- 5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
- 6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators:

The Group has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Group continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.

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8. Information on marketable securities value increase fund:

		rent Period	Prior Period		
	31 Dec	31 December 2017		ember 2016	
	TL	FC	TL	FC	
From Investments in Associates, Subsidiaries,					
and Joint Ventures	693.786	1.248.097	=	-	
Valuation Difference	(1.294.417)	(1.417.586)	(587.935)	(573.267)	
Foreign Currency Differences	-	-	-	-	
Total	(600.631)	(169.489)	(587.935)	(573.267)	

l. Information on minority shares:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Begining Balance	130	119
Net Profit Share of other shareholders	9	11
Previous Term Dividend	-	-
Net Currency difference due to foreign subsidiaries	-	-
Effect of Changes within scope of consolidation	-	<u>-</u>
Balance end of Period	139	130

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III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

Explanations on off-balance sheet commitments:

- 1. Type and amount of irrevocable commitments: TL 10.596.665 asset purchase commitments (31 December 2016: TL 16.705.913), TL 18.431.137 commitments for credit card limits (31 December 2016: TL 17.397.602) and TL 6.679.928 commitments for cheque books (31 December 2016: TL 6.200.426).
- 2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Group has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

2 (i).Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period 31 December 2017	Prior Period 31 December 2016
Bank Acceptance Loans	3.758.102	3.583.229
Letters of Credit	6.934.325	5.232.776
Other Guarantees and Warranties	6.338.160	4.379.339
Total	17.030.587	13.195.344

2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Revocable Letters of Guarantee	1.279.965	984.154
Irrevocable Letters of Guarantee	19.276.192	13.700.319
Letters of Guarantee Given in Advance	4.148.237	3.179.535
Guarantees Given to Customs	2.483.647	2.642.796
Other Letters of Guarantee	7.745.167	6.644.988
Total	34.933.208	27.151.792

3. Information on non-cash loans:

3 (i). Total amount of non-cash loans:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Non-cash Loans Given against Cash Loans	7.958.951	5.574.735
With Original Maturity of 1 Year or Less Than 1 Year	3.949.119	2.778.785
With Original Maturity of More Than 1 Year	4.009.832	2.795.950
Other Non-cash Loans	44.004.844	34.772.401
Total	51.963.795	40.347.136

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3 (ii). Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2017			Prior Period 31 December 2016				
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	21.092	0,10	4.087	0,01	13.071	0,08	2.486	0,01
Farming and Raising Livestock	2.708	0,01	-	-	1.812	0,01	-	-
Forestry	18.315	0,08	4.087	0,01	11.257	0,07	2.486	0,01
Fishing	69	-	-	-	2	-	-	-
Manufacturing	4.996.328	23,08	10.247.767	33,80	4.265.398	26,68	7.629.696	30,80
Mining	70.864	0,33	207.204	0,68	91.055	0,57	96.606	0,39
Production	3.840.158	17,74	9.121.112	30,09	3.453.922	21,60	6.184.176	24,93
Electric, Gas and Water	1.085.306	5,01	919.451	3,03	720.421	4,51	1.348.914	5,48
Construction	3.435.621	15,87	3.070.140	10,13	2.412.743	15,09	2.432.380	9,87
Services	12.256.317	56,61	11.445.132	37,76	8.667.782	54,29	11.864.783	49,44
Wholesale and Retail Trade	7.380.034	34,09	7.724.537	25,48	5.669.264	35,46	6.552.920	26,60
Hotel, Food and Beverage Services	125.106	0,58	113.685	0,38	89.544	0,56	62.510	0,25
Transportation and Telecommunication	416.071	1,92	429.983	1,42	323.449	2,02	1.000.648	4,02
Financial Institutions	3.996.971	18,46	3.017.535	9,95	2.346.707	14,76	4.087.920	18,01
Real Estate and Leasing Services	7.489	0,03	28.379	0,09	4.367	0,03	23.105	-
Self-Employment Services	20.890	0,10	5.078	0,02	7.080	0,04	5.430	0,02
Education Services	32.167	0,15	15.056	0,05	11.917	0,07	2.606	0,01
Health and Social Services	277.589	1,28	110.879	0,37	215.454	1,35	129.644	0,53
Other	938.496	4,35	5.548.815	18,30	617.458	3,86	2.441.339	9,88
Total	21.647.854	100,00	30.315.941	100,00	15.976.452	100,00	24.370.684	100,00

^{3 (}iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group I	ı
	TL	FC	TL	FC
Non-Cash Loans	21.472.788	30.106.505	175.066	209.436
Letters of Guarantee	18.683.737	15.932.603	107.432	209.436
Bank Acceptances	198	3.757.904	-	-
Letters of Credit	7.257	6.927.068	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	10.757	-	-
Other Commitments and Contingencies	2.781.596	3.478.173	67.634	-

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b. Information on derivative transactions:

	Current Period 31 December 2017	Prior Period 31 December 2016
Types of Trading Transactions	31 December 2017	31 December 2010
Foreign Currency Related Derivative Transactions (I)	291.553.169	229.454.018
FC Trading Forward Transactions	29.917.943	25.778.446
Trading Swap Transactions	221.864.659	174.793.147
Futures Transactions		-
Trading Option Transactions	39.770.567	28.882.425
Interest Related Derivative Transactions (II)	155.022.992	143.587.460
Forward Interest Rate Agreements	-	-
Interst Rate Swaps	94.188.668	86.004.924
Interest Rate Options	60.834.324	57.582.536
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	14.849.056	12.324.720
A. Total Trading Derivative Transactions (I+II+III)	461.425.217	385.366.198
Types of Hedging Transactions		
Fair Value Hedges	15.156.543	18.382.865
Cash Flow Hedges	14.353.012	5.009.183
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	29.509.555	23.392.048
Total Derivative Transactions (A+B)	490.934.772	408.758.246

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2017: None (31 December 2016: None).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 61.982 (31 December 2016: 61.076 TL) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

2. Contingent Assets:

None.

e. Explanations on the activities carried out on behalf and account of other persons:

The policy is explained on note IX in Section Four.

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	Current Period 31 December 2017		31 De	Prior Period cember 2016
	TL	FC	TL	FC
Short-term Loans	5.634.977	360.246	4.840.519	116.486
Medium and Long-term Loans	10.146.344	3.004.219	7.442.754	2.628.102
Interest on Loans Under Follow-Up	35.824	-	25.548	-
Premiums Received from the Resource				
Utilization Support Fund	-	-	-	-
Total	15.817.145	3.364.465	12.308.821	2.744.588

^(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2017			Prior Period cember 2016
	TL	FC	TL	FC
From the CBRT	111.157	1.458	-	7.051
From Domestic Banks	47.032	16.312	63.246	9.415
From Foreign Banks	5.779	72.335	1.127	26.067
From Headquarters and Branches Abroad	-	-	-	<u>-</u>
Total	163.968	90.105	64.373	42.533

3. Information on interest income on marketable securities:

	Current Period 31 December 2017		31 De	Prior Period cember 2016
	TL	FC	TL	FC
From Trading Financial Assets	6.866	-	11.286	1
From Financial Assets at Fair Value through				
Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2.421.860	708.678	1.772.370	768.359
From Held-to-Maturity Investments	643.692	438.987	424.649	213.315
Total	3.072.418	1.147.665	2.208.305	981.675

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. For the valuation of related securities Bank uses an index, which is calculated by considering estimated inflation rate on balance sheet date. Related inflation rate is updated during the year when necessary. As of 31 December 2017 the valuation index of related securities based on actual coupon rates and the change between reference inflation rate at the issue date and inflation index at the reporting date

4. Information on interest income received from associates and subsidiaries: None.

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b. Information on interest expense:

1.Information of interest expense on borrowings (*):

		ırrent Period cember 2017		Prior Period 31 December 2016
	TL	FC	TL	FC
Banks	37.272	745.111	39.500	529.332
The CBRT	-	-	-	-
Domestic Banks	24.768	11.469	28.240	8.421
Foreign Banks	12.504	733.642	11.260	520.911
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	73.698	-	29.399
Total	37.272	818.809	39.500	558.731

^(*) Fee and commission expense from cash loans are included.

3.Information on interest expense given to securities issued:

	Cur	rent Period		Prior Period	
	31 December 2017			31 December 2016	
	TL	FC	TL	FC	
Interest expense on securities issued	502.136	569.117	369.234	421.948	

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

	_	Time Deposits					
	Demand	Up to 1	Up to 3	Up to 6	Up to 1	1 Year and	
Current Period- 31.12.2017	Deposits	Month	Months	Months	Year	Over	Total
TL							
Bank Deposits	1.281	130.602	108.071	4.284	258	76	244.572
Saving Deposits	-	1.687.188	3.357.899	62.963	59.565	69.099	5.236.714
Public Sector Deposits	-	9.937	3.135	477	85	5	13.639
Commercial Deposits	-	842.683	1.342.540	183.953	101.197	59.008	2.529.381
Other Deposits	5	62.937	237.709	44.220	110.951	24.024	479.846
Total	1.286	2.733.347	5.049.354	295.897	272.056	152.212	8.504.152
FC							
Foreign Currency Deposits	7.493	484.302	823.191	127.100	116.002	153.909	1.711.997
Bank Deposits	285	28.553	66.497	16.935	7.446	520	120.236
Precious Metals Deposits	-	-	5	-	918	375	1.298
Total	7.778	512.855	889.693	144.035	124.366	154.804	1.833.531
Grand Total	9.064	3.246.202	5.939.047	439.932	396.422	307.016	10.337.683

^{2.}Information on interest expense given to associates and subsidiaries: None.

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[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

			Ti	me Deposits			
Prior Period - 31.12.2016	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	Total
TL							
Bank Deposits	281	64.755	105.589	3.166	2.633	288	176.712
Saving Deposits	-	1.230.503	2.640.043	54.950	55.059	63.006	4.043.561
Public Sector Deposits	-	6.309	4.027	1.446	161	42	11.985
Commercial Deposits	-	659.509	892.013	256.865	204.187	45.665	2.058.239
Other Deposits	4	64.207	242.383	63.284	73.440	20.278	463.596
Total	285	2.025.283	3.884.055	379.711	335.480	129.279	6.754.093
FC							
Foreign Currency Deposits	3.104	309.739	544.600	87.738	48.757	191.135	1.185.073
Bank Deposits	-	8.169	42.629	43.213	12.771	804	107.586
Precious Metals Deposits	-	-	1	-	500	218	719
Total	3.104	317.908	587.230	130.951	62.028	192.157	1.293.378
Grand Total	3.389	2.343.191	4.471.285	510.662	397.508	321.436	8.047.471

c. Explanations on dividend income:

	Current Period 31 December 2017	Prior Period
		31 December 2016
From Trading Financial Assets	836	1.943
From Financial Assets at Fair Value Through Profit or Loss	-	-
From Available-for-sale Financial Assets	345	59
Other (*)	1.477	656
Total	2.658	2.658

^(*)Discloses the dividend income received from non-consolidated investments in associates and subsidiaries.

d. Information on trading profit/loss(Net):

	Current Period	Prior Period
	31 December 2017	31 December 2016
Profit	603.156.685	3.181.830.939
Income From Capital Market Transactions	453.579	814.248
Income From Derivative Financial Transactions (*)	13.498.532	10.198.428
Foreign Exchange Gains	589.204.574	3.170.818.263
Loss (-)	603.686.630	3.180.884.959
Loss from Capital Market Transactions	225.480	628.802
Loss from Derivative Financial Transactions (*)	14.644.896	9.201.379
Foreign Exchange Loss	588.816.254	3.171.054.778
Total (Net)	(529.945)	945.980

^(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL [184.646] (31 December 2016: TL 600.854)

e. Explanations on other operating income:

Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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f. Provision expenses related to loans and other receivables of the Group:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Specific Provisions for Loans and Other Receivables	1.545.676	1.790.722
III. Group Loans and Receivables	580.052	588.940
IV. Group Loans and Receivables	651.253	816.495
V.Group Loans and Receivables	314.371	385.287
General Provision Expenses	258.967	386.853
Free Provision Expense for Possible Risks	500.000	-
Marketable Securities Impairment Expense	13	1
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	13	1
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	137.256	72.600
Total	2.441.912	2.250.176

g. Information related to other operating expenses:

Personnel Expenses Reserve for Employee Termination Benefits Bank Social Aid Fund Deficit Provision Impairment Expenses of Fixed Assets Depreciation Expenses of Fixed Assets Impairment Expenses of Intangible Assets Goodwill Impairment Expenses	31 December 2017 1.968.533 10.956	31 December 2016 1.798.580 1.849
Reserve for Employee Termination Benefits Bank Social Aid Fund Deficit Provision Impairment Expenses of Fixed Assets Depreciation Expenses of Fixed Assets Impairment Expenses of Intangible Assets		
Bank Social Aid Fund Deficit Provision Impairment Expenses of Fixed Assets Depreciation Expenses of Fixed Assets Impairment Expenses of Intangible Assets	10.956	1 849
Impairment Expenses of Fixed Assets Depreciation Expenses of Fixed Assets Impairment Expenses of Intangible Assets		1.047
Depreciation Expenses of Fixed Assets Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Intangible Assets	1.473	=
, ,	153.953	130.463
Goodwill Impairment Expenses	-	-
	-	-
Amortization Expenses of Intangible Assets	121.826	86.616
Impairment Expenses of Equity Participations for which		
Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	160	-
Depreciation Expenses of Assets Held for Resale	=	1.663
Impairment Expenses of Fixed Assets Held for Sale	=	=
Other Operating Expenses	2.014.098	1.776.123
Operational Leasing Expenses	205.539	187.913
Maintenance Expenses	31.173	25.820
Advertisement Expenses	139.861	131.620
Other Expenses	1.637.525	1.430.770
Loss on Sales of Assets	731	22
Other(*)	607.563	669.597
Total	4.879.293	4,464,913

^(*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 27.819 (31 December 2016: TL 92.180).

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h. Information on income/loss from minority interest:

	Current Period	Prior Perio	
	31 December 2017	31 December 2016	
Income/(loss) from minority interest	9	11	

Information on profit/(loss) from continued and discontinued operations before tax:

The Bank's income before tax consists of net interest income amounting to TL 11.292.799, net fees and commission income amounting to TL 2.961.964 and the amount of other operating expense is TL 4.879.293.

The Bank has no discontinued operations

j. Information on tax provision of continued and discontinued operations:

As of 31 December 2017, the Group has a current tax expense of TL 1.654.953 and deferred tax expense of TL 21.000. The amount of deferred tax income that occurred due to the temporary differences is TL 23.033 and deferred tax expense is TL 76.987 the amounts of deferred tax income occurred due to the closing of temporary differences is TL 132.989 and deferred tax expense is TL 58.036 respectively.

The Group has no discontinued operations.

k. Explanation on current period net profit and loss of continued and discontinued operations:

Net profit of the Bank is TL 6.020.273

The Group has no discontinued operations

l. Explanations on current period net profit and loss:

- 1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None.
- 2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there exists a possibility that the profit and loss for the current or the following periods will be impacted: None.

m. Other figures on profit and loss statement:

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

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V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

a. Information on distribution of profit:

The Ordinary General Assembly Meeting of the Parent Bank was held on 28 March 2017 In the Ordinary General Assembly, it was resolved to distribute a TL 4.528.712 cash dividend over the TL 900.000 net unconsolidated income from 2016 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer TL 139.885 to other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

b. Information on hedge funds:

1. Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2017, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL (-) 16.073 (31 December 2016: TL (-) 35.032)

2. Information on net invesment hedge:

The Bank is hedged against net investment risk arising from fluctuations in foreign exchange rates through the use of foreign currency denominated financial borrowings. In this context, effective portion of the change in foreign currency denominated financial liabilities resulting from changes in the foreign exchange rates is recognized under "Hedging reserves" within equity. As of 31 December 2017, the amount directly recognized in equity is (-) TL 559.791 (31 December 2016: TL (-) 358.165)

c. Information on to foreign exchange difference:

Within the financial statements of the Group's subsidiaries founded abroad, balance sheet items are translated into Turkish Lira with the foreign exchange rates prevailing at the balance sheet date, and income statements items are translated into Turkish Lira with the average foreign exchange rates. Related foreign exchange differences are accounted in the shareholders' equity under "Other profit reserves."

d. Information on available-for-sale financial assets:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed or impaired.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalents:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cash	3.750.722	3.049.765
Cash, Foreign Currency and Other	1.835.555	1.409.698
Demand Deposits in Banks (*)	1.915.167	1.640.067
Cash Equivalents	9.076.729	4.059.676
Interbank Money Market Placements	37	98
Time Deposits in Banks	9.029.952	4.031.890
Marketable Securities	46.740	27.688
Total Cash and Cash Equivalents	12.827.451	7.109.441

^(*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of period:

	Current Period	Prior Period
	31 December 2017	31 December 2016
Cash	5.790.226	3.750.722
Cash, Foreign Currency and Other	2.205.232	1.835.555
Demand Deposits in Banks (*)	3.584.994	1.915.167
Cash Equivalents	6.907.240	9.076.729
Interbank Money Market Placements	1.544.455	37
Time Deposits in Banks	5.356.284	9.029.952
Marketable Securities	6.501	46.740
Total Cash and Cash Equivalents	12.697.466	12.827.451

^(*) The restricted demand accounts are not included.

b. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to (4.655.536) (31 December 2016: TL (3.637.319)) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 4.705.359 (31 December 2016 TL 2.318.602) consists mainly of changes in miscellaneous payables and other liabilities

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 685.442 (31 December 2016: TL 1.416.377).

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VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

Information on the volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1.Current Period – 31 December 2017:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	n Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	- 4.591.797	900.600	-	-
Balance at the End of the Period	-	-	- 5.605.978	923.699	-	-
Interest and Commission Income Received	-		493.633	3.633	-	_

2. Prior Period – 31 December 2016:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) S		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3.421.775	1.447.302	-	-
Balance at the End of the Period	-	-	4.591.797	900.600	-	-
Interest and Commission Income Received	-	_	371.473	4.256	-	

3. Information on deposits of the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures Direct and Indirect (Business Partnerships) Shareholders of the Group				Persons	Real and Legal that have been the Risk Group
Deposit	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016
Balance at the Beginning of the						
Period	-	-	2.172.789	2.102.633	2.315.646	2.181.203
Balance at the End of the Period	-	-	3.074.721	2.172.789	2.311.399	2.315.646
Interest on Expense Deposits	-	-	216.544	232.402	188.295	153.684

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4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

Group's Risk Group	Investments in A Subsidiaries and J (Business Part	oint Ventures	Direct and I Shareholders o		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016	Current Period 31.12.2017	Prior Period 31.12.2016
Transactions at Fair Value	<u> </u>					
Through Profit or Loss						
Beginning of the Period	-	-	10.110.973	3.501.482	-	-
Balance at the End of						
the Period	-	-	13.638.708	10.110.973	-	-
Total Income/Loss	-	-	(35.253)	27.091	-	-
Transactions for Hedging						
Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of						
the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	_

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 December 2017, the net exposure for direct and indirect shareholders of the Group is TL (153.254) (31 December 2016: TL 34.978).

5. Information regarding benefits provided to the Group's key management:

As of 31 December 2017 benefits provided to the Group's key management amounting to TL 46.907 (31 December 2016: TL 38.600).

VIII. EXPL EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	800	13.871			
			Country of Incorporation		
Foreign					
Representation Office	-	-	-		Statutory
				Total Assets	Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking					
Region Branches	1	13	Malta	46.628.065	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2017, the Bank has opened 9 domestic branches and closed up 49 domestic branches.

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IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Head Office has been authorized by The Board of Directors of the Bank to establish a new joint-stock company with the capital of TL 12,000,000 (full TL amount) which Bank shall have 100% ownership and title of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. that operates in İstanbul, to make the necessary applications regarding establishment of the company and to obtain legal permissions and to performance all other transactions.

TL 774 million (in full TL princiopal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş., and Final Varlık Yönetimi A.Ş.

SECTION SIX OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

None.

SECTION SEVEN EXPLANATIONS ON AUDITOR'S REPORT

I. EXPLANATIONS ON AUDITOR'S REPORT

The interim period consolidated financial statements for the period ended 31 December 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2017 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

CHANGES IN THE ARTICLES OF ASSOCIATION DURING THE PERIOD

OLD VERSION

Capital and Mode and Terms of Payment of Capital

A. The Bank adopted the authorized capital system in accordance with the provisions of Law No. 2499 and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 8,000,000,000 (eight billion) divided into 800,000,000,000 (Eight hundred billion) registered shares each with a nominal value of 1 Kurus.

Capital Markets Board's approval of the authorized capital is valid between 2012 and 2016 (5 years). Even if the authorized capital has not been reached at the end of 2016, in order for the Board of Directors to take a decision to raise the Bank's capital after 2016, the Board is required obtain get the authorization of the General Assembly for a new time period after obtaining the permission of the Capital Markets Board for the previously approved authorized capital or a new authorized capital level. In case the aforementioned authorization is not obtained. the Bank is considered to have abandoned the authorized capital system. The Board of Directors is authorized to issue new shares and raise the issued capital up to the authorized capital in accordance with the provisions of the Capital Markets Law.

- **B.** The issued capital of the Bank is TL 4,000,000,000 (four billion) divided into 400,000,000,000 (four hundred billion) registered shares each with a nominal value of 1 Kurus.
- **C.** The issued capital of TL 4,000,000,000 (four billion) is paid fully and in cash, free from collusion.

The shares which represent the capital are registered in accordance with the principles of dematerialization.

When necessary, the Bank's capital can be raised or lowered within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law.

D. Unless resolved otherwise by the General Assembly, the existing shareholders of the Bank are entitled to acquire, in proportion to their current shareholding, new shares to be issued against new cash capital injection. The unused preemptive rights of the shareholders entitled to these shares - in accordance with the related communiqués of the Capital Markets Board and the applicable provisions of the Turkish Commercial Code, by addressing the Bank in

NEW VERSION

Capital and Mode and Terms of Payment of Capital Article: 9

A. The Bank adopted the authorized capital system in accordance with the provisions of Capital Market Law and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 10,000,000,000 (ten billion) divided into 1,000,000,000,000 (one trillion) registered shares each with a nominal value of 1 Kurus.

Capital Markets Board's approval of the authorized capital is valid between 2017 and 2021 (5 years). Even if the authorized capital has not been reached at the end of 2021, in order for the Board of Directors to take a decision to raise the Bank's capital after 2021, the Board is required obtain get the authorization of the General Assembly not longer than 5 years for a new time period after obtaining the permission of the Capital Markets Board for the previously approved authorized capital or a new authorized capital level. In case the aforementioned authorization is not obtained. the Bank shall not increase its capital with a Board of Directors' resolution. The Board of Directors is authorized to issue new shares and raise the issued capital up to the authorized capital in accordance with the provisions of the Capital Markets Law.

- **B.** The issued capital of the Bank is TL 4,000,000,000 (four billion) divided into 400,000,000,000 (four hundred billion) registered shares each with a nominal value of 1 Kurus.
- **C.** The issued capital of TL 4,000,000,000 (four billion) is paid fully and in cash, free from collusion.

The shares which represent the capital are registered in accordance with the principles of dematerialization.

When necessary, the Bank's capital can be raised or lowered within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law.

D. Unless resolved otherwise by the General Assembly, the existing shareholders of the Bank are entitled to acquire, in proportion to their current shareholding, new shares to be issued against new cash capital injection. The unused preemptive rights of the shareholders entitled to these shares - in accordance with the related communiqués of the Capital Markets Board and the applicable provisions of the Turkish Commercial Code, by addressing the Bank in

CHANGES IN THE ARTICLES OF ASSOCIATION DURING THE PERIOD

OLD VERSION

the time period to be determined by the Board of Directors which is not to be shorter than 15 or longer than 60 days commencing from the event depicted by the aforementioned legislation - shall be void. The shares released due to unused preemptive rights shall be subject to the applicable legislation.

E. All shares must be registered and listed on the Stock Exchange.

General Management Article: 48

The Board of Directors may appoint a General Manager to run the management and transactions of the Bank in accordance with the Turkish Commercial Code, provisions of the Banking Code and other relevant legislation, provisions of this Articles of Association and within powers to be granted to such person and where necessary, with a term of office which exceeds that of the Board of Directors. The Board of Directors may remove the General Manager if deemed necessary. The appointment and removal shall be registered and announced.

The General Manager:

- **a)** is the highest officer of management and execution after the Board of Directors and represents the Bank within the framework of the powers conferred upon it by such Board.
- **b)** determines, amends, reinforces and if necessary submits to approval of the Board of Directors, regulations and principles concerning the Bank's activities and transactions and distribution of work.
- c) may give mandate for certain transactions in accordance with article 345 of the Turkish Commercial Code but may not transfer the duty of management.
- **d)** is liable, under the provisions concerning the liability of the members of the Board of Directors, to the Bank, shareholders and creditors of the Bank for non or insufficient fulfillment of the obligations imposed or conferred on him. The fact that the General Manager is under the orders and supervision of the Board of Directors does not eliminate this liability.
- **e)** the General Manager and his Assistants make an oath according to the Banking Code.

NEW VERSION

the time period to be determined by the Board of Directors which is not to be shorter than 15 or longer than 60 days commencing from the event depicted by the aforementioned legislation - shall be void. The shares released due to unused preemptive rights shall be subject to the applicable legislation.

E. All shares must be registered and listed on the Stock Exchange.

General Management Article: 48

The Board of Directors may appoint a General Manager to run the management and transactions of the Bank in accordance with the Turkish Commercial Code, provisions of the Banking Code and other relevant legislation, provisions of this Articles of Association and within powers to be granted to such person and where necessary, with a term of office which exceeds that of the Board of Directors. The Board of Directors may remove the General Manager if deemed necessary. The appointment and removal shall be registered and announced.

The General Manager:

- **a)** is the highest officer of management and execution after the Board of Directors and represents the Bank within the framework of the powers conferred upon it by such Board.
- **b)** determines, amends, reinforces and if necessary submits to approval of the Board of Directors, regulations and principles concerning the Bank's activities and transactions and distribution of work.
- **c)** may give mandate for certain transactions but may not transfer the duty of management.
- **d)** is liable, under the provisions concerning the liability of the members of the Board of Directors, to the Bank, shareholders and creditors of the Bank for non or insufficient fulfillment of the obligations imposed or conferred on him. The fact that the General Manager is under the orders and supervision of the Board of Directors does not eliminate this liability.
- **e)** the General Manager and other officials accepted by the law make an oath according to the Banking Code.

APPROPRIATION OF PROFITS

The dividend to be distributed from 2017 net profit of TL 6,039,068,836.20 will be as follows;

- Gross TL 200,000,000 equal to 5% of Bank's paid-in capital of TL 4,000,000,000 as of December 31, 2017 will be allocated as primary cash gross dividend; and gross TL 1,400,000,000 will be allocated as secondary cash gross dividend. Total gross dividend of TL 1,600,000,000 equal to 40% of the paid in capital, will be distributed to shareholders,
- Cash dividend payment to start from March 28, 2018,
- In accordance with the first paragraph clause (f) of article 5 of the Corporate Tax Law, TL 7,122,847.50 which is exempt from corporate tax to be allocated to a "Special Fund Account"; and after allocating TL 140,000,000 to Legal Reserves, the remaining profit will be retained under Extraordinary Reserves.

RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY ON MARCH 26, 2018

Resolutions of the Shareholders' Ordinary General Meeting of our Bank held on March 26, 2018 are following;

- 1 Discussion of the Board of Directors Annual Report for 2017,
- 2 Discussion of the Auditors Reports for 2017,
- 3 Discussion and ratification of the financial statements for 2017,
- 4 Approval of the Board Membership of Ahmet Fuat AYLA, who was elected for the remaining period in place of the resigned Board Member,
- 5 Discharge of liability of the members of the Board of Directors,
- 6 Distribution of the 2017 net profit in accordance with the proposal of the Board of Directors, as follows;

The dividend to be distributed from 2017 profit of TL 6,039,068,836.20 will be as follows;

- Gross TL 200,000,000 equal to 5% of the paid-in capital of the Bank as of December 31 2017 which is TL 4,000,000,000 will be allocated as primary cash gross dividend; and TL 1,400,000,000 will be allocated as secondary cash gross dividend. Total gross dividend of TL 1,600,000,000 equal to 40% of the paid in capital, will be distributed to shareholders,
- Cash dividend payments to start from March 28, 2018,
- In accordance with the first paragraph clause (f) of article 5 of the Corporate Tax Law, TL 7,122,847.50 which is exempt from corporate tax to be allocated to a "Special Fund Account"; and after allocating TL 140,000,000 to Legal Reserves, the remaining profit will be retained under Extraordinary Reserves,
- 7 Election of Suzan SABANCI DİNÇER, Hayri ÇULHACI, Ahmet Fuat AYLA, Şakir Yaman TÖRÜNER, Aziz Aykut DEMİRAY, Nafiz Can PAKER, Emre DERMAN and Kemal Özgür DEMİRTAŞ as Member of the Board of Directors and İsmail Aydın GÜNTER as an Independent Member of the Board of Directors to replace those whose terms expired until the next Ordinary General Assembly to be held on 2019,
- 8 To pay the Members of the Board of Directors a gross salary of TL 10,000. -per month; and also to have the Remuneration Committee that will be authorized by the Board of Directors, determine the payments that will be made to the Members for their duties within the Bank in case they assume specific duties within the Bank; and to determine an upper limit of TL 12,000,000.-in gross total, for the payments that will be made until the Ordinary General Assembly that will be held in 2019,
- 9 Approval of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for the Bank's independent auditor in 2018,
- 10 Authorization of the Board of Directors regarding the empowerment of Board Members in connection with matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code,
- 11 Approval of donation limits for the bank up to 0.4% of its equity in accordance with the Banking Law article 59.

Additionally, in accordance with item 13 of the Agenda, shareholders have been informed about donations of TL 72,440 made to foundations and associations in 2017.



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