2019 Akbank Annual Report

For over 70 years, we have been fully committed to contributing to our nation's economy and adding value to our society.

The impact we have had on the lives of others have always been our number on priority over the course of these years. With that in mind, we are setting out to create a new banking experience for all, a banking experience that puts our customers at the heart of everything we do. By bringing together decades of industry know-how and our vision to create the future of banking, we launched a transformation project: Next Generation Akbank. From branches to products, our transformation aims to deliver the existing best-in-class technology can provide at each point we touch our customers' lives.

Prioritizing our customers' needs and dreams requires us to understand them. To understand our customers better and address their needs, we redesigned our mobile application with an exclusive concept empowered by innovative technology.

We see our branches as opportunities to deepen our relationship with our customers every day. Being one of the most important components of our transformation, we are envisioning our branches as spaces where we can be comfortable and productive together with our customers.

Seeing that our efforts are recognized and appreciated globally brings us joy. In 2019, we were named "The Best Bank of Turkey" for the 13th time at the Euromoney Excellence Awards - a record breaking success. Our accomplishments crossed borders and paved the way to bring us "The Best Digital Bank of the World" title also this year.

Success is only possible when we embrace and enhance the culture of our teams. The cultural diversity and the enriching value that our employees create, nourishes our business. To reflect this and serve it with the justice it deserves, we changed the name of our Human Resources Department to People and Culture. Under a new name, we will continue creating great work together.

However, we know that there is life beyond business. Believing in the transformative power of doing good, we invest in many social responsibility projects every year. Encouraging all who want to do good with the Akbank Volunteers platform, we participate in national initiatives across Turkey that focus on creating social value starting from the grassroots.

We are embarking on a journey together with our people and our customers to bring the future of banking to life. As always, we will continue to work hard to fulfill this objective and lead this journey as the pioneer of our industry with our innovative products and services.

We are humbled and joyous to be designing the future with you, a future that is already clear to us and glimpsing with full of hope.

Always a pleasure to be together at Akbank.

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Message from the Chairman

After the domestic economy decelerated in the first half of the year, recovery became more pronounced especially in the second half with a decline in inflation and interest rates.

Inflation declined rapidly in 2019, and completed the year at 11.84%. We expect inflation to continue its decline in 2020.

During 2019, trade disagreements between US and China, Brexit, and other geopolitical events became focal points of the global agenda. The Fed cut interest rates three times in 2019 and signaled a "wait-and-see" stance at its last meeting. As the European Central Bank cut its policy rate once, the idea that the countries in the region should support growth via fiscal policies strengthened.

After the domestic economy decelerated in the first half of the year, recovery became more pronounced especially in the second half with a decline in inflation and interest rates.

After the contraction from June 2018 to July 2019, imports started to pick up due to both the recovery in economic activity and the previous year's low base. We expect this trend to continue in 2020 with the acceleration in economic activity. 2019 ended with a positive current account balance. In 2020, we anticipate that the current account balance will post a deficit, but it will likely be more limited compared to previous years.

Inflation declined rapidly in 2019, and completed the year at 11.84%. We expect inflation to continue its decline in 2020. As a result of the accommodative global monetary policies, the downward trend in domestic inflation and the relatively stable course of exchange rates, the CBRT cut its policy rate by 1325 basis points to 10.75% in the July 2019-February 2020 period.

Budget balance in 2019 posted a deficit close to the TL 125 billion foreseen in the New Economic Program. Tax revenues showed a limited increase by 8.3% year-on-year while central budget revenues increased by 16% year-on-year due to the high increase in non-tax revenues. In the same period, budget expenditures increased by 20% annually.

Banking sector loans have started to accelerate as of the second half of the year. NPL ratio in the sector is at 5.3% as of December. While the net profit in the sector decreased by 8% annually in 2019, we expect that profitability will increase in the coming period. The capital adequacy ratio is strong with 18.4%.

We will continue to follow the developments on global trade, Brexit, and geopolitical uncertainties in 2020, as well. In addition, the presidential elections to be held in the United States in November 2020 will be another important focal point in investors' agenda.

SUZAN SABANCI DİNÇER
Chairman

Message from the CEO

We further bolstered our shareholders' equity with a capital increase of TL 3 billion in the beginning of 2019.

In 2019, while preserving our robust balance sheet, we prepared for the future in parallel to the global technological trends and made significant investments to our infrastructure.

During 2019, trade disagreements between the US and China, Brexit, and geopolitical uncertainties including the ones in our geography became focal points in the global agenda. With the tendency of a slowdown in economic activities on a global scale and rising expectations for a decreasing trend in inflation, we have seen a loosening in global monetary policies.

In Turkish economy, recovery began especially in the second half of the year. The downward trend in inflation and inclusive policies of prominent Central Banks of developed countries created accommodative monetary policy in Turkey. Current account balance had significant improvements. Loans have been rising as a result of the decline in inflation in the second half of the year, 12% decrease in CBRT policy rate, and decline in loan rates.

Akbank continued to perform successfully despite challenging market conditions. In 2019, while preserving our robust balance sheet, we prepared for the future in parallel to the global technological trends and made significant investments to our infrastructure. Loans were in a growth trend because of the decline in inflation in the second half of the year and the decline in loan rates.

In 2019, the loan support we provided to the economy increased to a total of TL 269 billion, with TL 227 billion in cash loans. This year, our deposits increased by 17.3% to TL 245 billion, and our assets increased to TL 387 billion.

With its strong capital structure, our bank further bolstered its shareholders' equity with a capital increase of TL 3 billion in the beginning of 2019 and has positioned itself for healthy growth. We have one of the strongest capital structures in the sector with our already robust capital adequacy ratio of 19.7%. With the strength derived from this structure, we continued our support for the growth and development of our companies that are the drivers of economy in 2019. SME, commercial and corporate cash, and non-cash loans reached TL 223 billion. Akbank reported consolidated net profit of TL 5 billion 352 million after provisioning TL 1 billion 574 million for taxes.

We believe in our country's potential and continue our investments. Our investments exceeded USD 400 million in two consecutive years. Bringing a new approach to the sector, improving the quality of service with new technologies and by doing so, supporting our competitive advantage are amongst our priorities. Our financial strength enables us invest more. I believe we will see the positive outcomes of these initiatives in the next years.

Message from the CEO

Our innovations in the sector, our strong capital, technology infrastructure, and our employees who are amongst the most talented bankers in Turkey, were the most significant contributors to our success.

19.7%

We have one of the strongest capital structures in the sector with our already robust capital adequacy ratio of 19.7%.

Akbank Data and Living Center, our largest one-off investment to date, commenced service in 2019. This center will play an important role in shaping the banking sector in Turkey. Akbank is a very exciting place to be for young people who want to actualize their new and brilliant ideas.

In 2019, we had significant achievements in digitalization. This year, at the Euromoney awards, we were selected "World's Best Digital Bank." This is the first time an emerging market bank is honored with such a prestigious award. This award is an indicator that Turkish banks have a say in digitalization. Our innovations in the sector, our strong capital, technology infrastructure, and our employees who are amongst the most talented bankers in Turkey, were the most significant contributors to our success. With the renewed Akbank Mobile, we began to offer our customers a simple and practical brand-new mobile banking experience. We put in a great effort while designing Akbank Mobile, which was launched a few months ago. I believe we differentiated ourselves in the sector in this area.

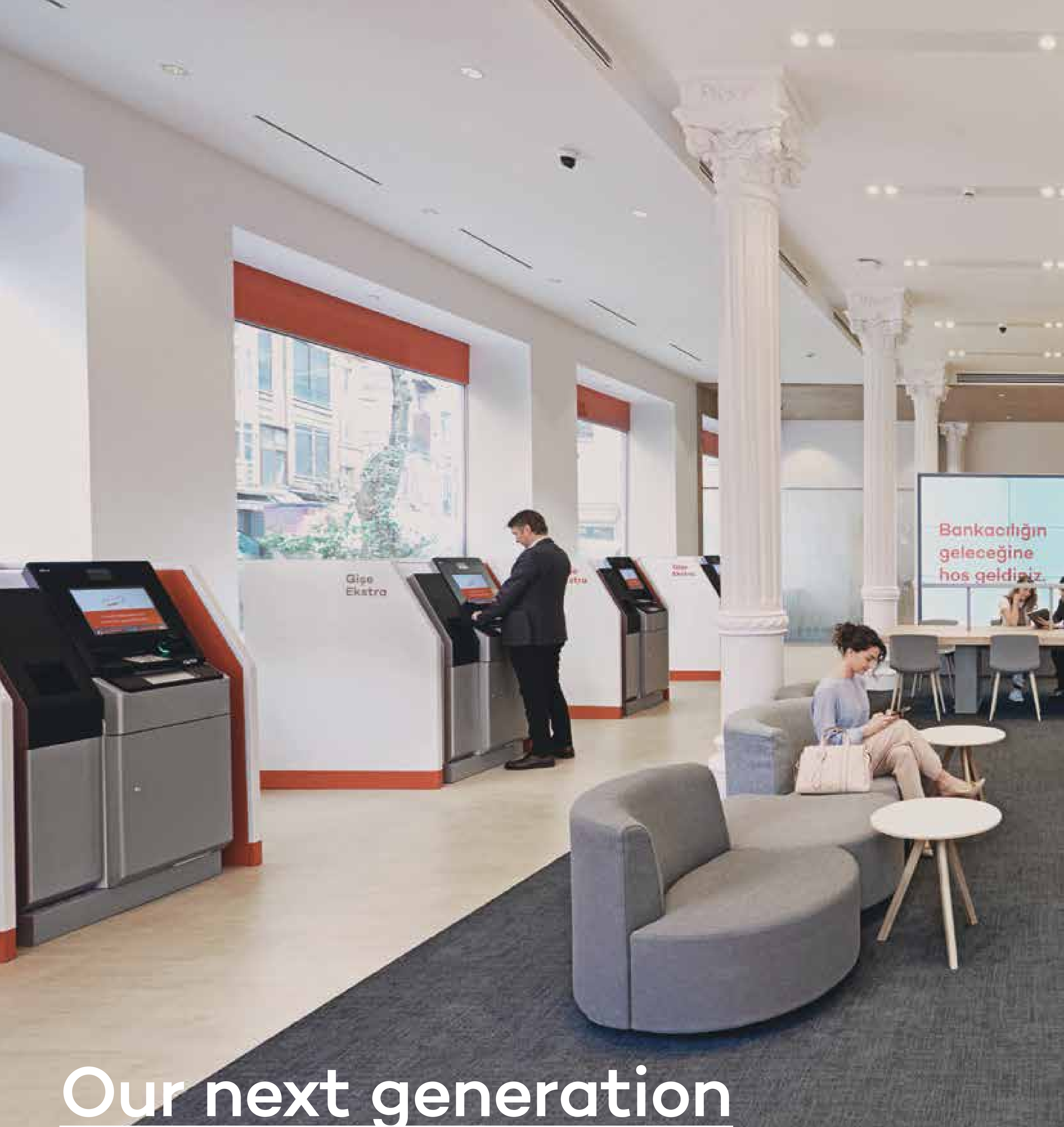
In 2019, we also launched the 'Tosla' application developed by our subsidiary AkÖde, which is the first fintech founded by a bank as its subsidiary in Turkey. Tosla is an enjoyable and social platform enabling young people to perform their daily financial transactions. New features will be launched within a few months' time. Today, we still have a sizeable unbanked population. Tosla will also have important effects on financial inclusion.

In order to be successful while preparing for the future, it is crucial for culture and technology to be in harmony. We have young, highly educated, innovative and dynamic human resources. We are working hard to contribute to innovation culture and nourish young people's innovative visions. While shaping the future, we believe success comes from a strong foundation in people and culture. Therefore, we changed the unit's name from Human Resources to People and Culture at Akbank.

In Akbank, another priority for us for the last few years is design. The companies creating a difference in the world are managing to do so by offering a new, different customer service via bold designs. We designed every point we touch with this approach, from Next Generation Akbank branches to our mobile banking application. We are bringing the best designers in the world to Turkey. Last year, we established our own design studio (Akbank Design Studio). We are also taking extensive actions to support the design-thinking culture.

I believe our efforts to differentiate ourselves, our robust shareholders' equity, and liquidity will contribute to our strength in the market in 2020 and afterwards. We will continue our work to respond to the changing needs of our customers. I believe all our initiatives will have very positive reflections on customer satisfaction and financial results. I would like to extend my deep gratitude to our employees for their strong performance, to our shareholders for the trust they place in us, and all other stakeholders.

Hakan Binbaşgil
CEO



Our next generation branches

The future of banking is here with the next generation of Akbank branches. We redesigned our branches to create a seamless customer experience where we can address our customers' needs in the best way possible.


Hoş geldiniz

Akbank in brief and milestones

Akbank, the pioneer of digital banking in Turkey, offers its customers customized solutions to meet their financial needs at the most appropriate points, ensuring excellent customer experience.

Bringing the future of banking to today with its technology investments, Akbank executed a new transformation project that will guide the industry.

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 Istanbul's Sirkeci district on July 14, 1950. In 1954, after relocating its headquarters to Istanbul, the Bank rapidly expanded its branch network and automated all its banking operations by 1963.

Initially offered to the public in 1990, Akbank stock 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, which consists 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 conventional banking activities, the Bank also conducts 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 770 branches staffed by more than 12 thousand employees, Akbank operates from its headquarters in Istanbul and 21 regional directorates across Turkey. In addition to providing services at branches, its traditional delivery channel, Akbank also serves around 18 million customers via Akbank Internet, Akbank Mobile, the Call Center, around 5,100 ATMs and more than 600 thousand POS terminals.

Bringing the future of banking to today with its technology investments, Akbank executed a new transformation project that will guide the industry. With its reliable, dynamic, lean, innovative, and people-centric approach, Akbank has offered its customers a wide variety of technological innovations, and implemented this new banking model in 2018 and expanded it to 314 branch-offices in 2019.

Akbank, the pioneer of digital banking in Turkey, offers its customers customized solutions to meet their financial requirements, ensuring excellent customer experience. In today's world of

18 million

As of the end of 2019, Akbank serves around 18 million customers.

By foreseeing the changes in trends and customer dynamics, Akbank developed new products and channels specific to the financial needs of its customers and brought a variety of new concepts into the Turkish banking sector.

fast-advancing technology and increasingly demanding customers, Akbank Internet and Akbank Mobile strive to satisfy client needs without time or location limitations while pioneering technological innovations both in the sector and in Turkey. Akbank also redesigned Akbank Mobile in 2019 as part of the "New Generation Akbank" program to make the clients experience the future of banking.

By foreseeing the changes in trends and customer dynamics, Akbank developed new products and channels specific to the financial needs of its customers and brought a variety of new concepts into the Turkish banking sector. Akbank has already taken steps today to ready itself for tomorrow's technologies as well as to integrate innovation into the Bank's culture. For this purpose, Akbank Innovation Center "Akbank LAB" was established in 2016. Akbank LAB develops innovative projects to meet the needs of the Bank's various business units. In addition, it works to ensure that globally recognized financial solutions are integrated into the Bank's business processes to achieve the goal of delivering a perfect customer experience.

Akbank Banking Center was inaugurated in 2010 to serve our customers better by utilizing state-of-the-art technology. Akbank Data and Living Center became operational in 2019 with the goal to upscale the bank's productivity and service quality. A complex that comprises Akbank Data Center, the core of Akbank's entire technology infrastructure, and the Akbank Living Center, which offers offer social services to 3,000 Akbank employees, was established. The Center stands out as Akbank's largest one-off investment to date.

Akbank conducts overseas business operations through its subsidiary in Germany (Akbank AG) and a branch in Malta. The Bank introduced the AkÖde mobile app and prepaid card to offer practical, swift, and creative solutions for the financial needs of non-Bank clients and young people with a strong systems infrastructure. Non-banking financial services, capital markets and wealth management are carried out by the Bank's affiliates Ak Investment, Ak Asset Management, and Aklease.

Akbank continued to win noteworthy awards in 2019, a year when many banks felt squeezed by the pressure of global economic conjuncture. In an important achievement for the Turkish banking sector, Akbank won "World's Best Digital Bank" award from Euromoney magazine.

As one of the most committed supporters of contemporary art in Turkey, Akbank engages in a wide variety of art and culture activities to make art more accessible to the masses. Besides providing banking products, Akbank makes social investments in many diverse areas, including jazz, theater, contemporary art as well as environmental protection such as the 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 has been sharing its sustainability performance with stakeholders via the Akbank Sustainability Report (Global Reporting Initiative - GRI) every year since 2009.

Committed to creating sustainable value for Turkey's economy, Akbank expanded its total loan portfolio in 2019 to TL 269 billion, of which TL 227 billion is cash loans.

Akbank in brief and milestones

With the completion of its capital increase operation in 2019, Akbank created additional capacity for growth by solidifying its robust financial structure and enhanced its competitive advantage in the market.

TL 269 billion

The total support provided by Akbank to the Turkish economy in 2019 reached TL 269 billion.

This reporting year, the support provided to the real sector through SME loans and corporate loans amounted to TL 223 billion. In 2019, a year marked by global and national market volatility, Akbank prioritized protecting its asset quality. The Bank continued its efforts to calculate and report risk in the healthiest manner with efficient and prudent risk management. During the year, Akbank kept close watch on financial and economic developments in Turkey and across the globe. In addition, the Bank improved existing practices by closely monitoring developments in risk management, such as the IFRS 9 standard, Basel principles and other international regulations.

With the completion of its capital increase operation in 2019, Akbank created additional capacity for growth in upcoming terms by solidifying its robust financial structure and enhanced its competitive advantage in the market. This crucial step was an important confirmation of Akbank shareholders' trust in Turkey and its economy. As a result of this transaction, Turkey saw foreign direct investment inflow of USD 210 million at the beginning of 2019. Having the strongest capital structure in the industry, Akbank positioned itself in the best manner for healthy growth in the days ahead.

Some 51.2% of Akbank's shares are listed on Borsa Istanbul (BIST). Overseas, the Bank's "Level 1" ADR depository receipts are traded on the US OTC market. Akbank's market capitalization stood at USD 7.1 billion as of December 31, 2019.

A year of accomplishments - 2019

Crowning the year with numerous achievements and awards, Akbank was named "World's Best Digital Bank" and "Best Bank in Turkey" by Euromoney in 2019.

Euromoney
- World's Best Digital Bank
- Central and Eastern Europe's Best Digital Bank
- Best Bank in Turkey

Global Finance
- Best Cash Management Bank in Turkey
- Best Private Banking in Turkey
- Best Bank in Turkey

Global Capital Loan Awards
- Syndication Transaction of the Year in Turkey

Bonds & Loans Awards
- Syndication Transaction of the Year
- Energy Project Finance Transaction of the Year
- Project Finance Transaction of the Year
- Best Infrastructure Operation of the Year
- M&A

EMEA Finance
- Best Borrower Financial Institution
- Best Financial Institution Bond Issuance in EMEA
- Best Payment Bank in Central and Eastern Europe
- Best Structured Finance Deal of Central and Eastern Europe
- Project Finance Transaction of the Year
- PPP Transaction of the Year
- Infrastructure Operation of the Year

Retail Banker International / 2019 Global Retail Banking Awards
- Best Data and Analytics Usage

Professional Wealth Management (PWM)
- Best Private Banking Service of Central and Eastern Europe in Digital Communication – Akbank Private Banking

EFMA
- Analytics & Artificial Intelligence Category / Robotic Process Automation – Banking Innovation of the Year Award

MIXX Awards Turkey
- 5 Gold, 2 Silver, 3 Bronze Awards

Golden Compass
- Jury Special Award

Social Media Awards
- 7 Awards

The One Awards
- Axess – Most Prestigious of the Year Award

Campaign Agency & Brand of the Year
- 1 Gold, 2 Silver Awards

Brandon Hall
- 2 Awards

Stevie Awards
- 1 Gold, 1 Silver, 5 Bronze Awards

Sardis
- 1 Gold, 1 Silver Sardi Awards

Smarties Awards 2019
- Brand of the Year
- EMEA Highly Commended Jury Special Award

Felis
- 2 Awards

CX Awards
- Best Customer Experience Design (Call Center)

IDC Turkey Digital Transformation Awards
- Best Customer Experience (Akbank Mobile)
- Information Visionary – Financial Business Intelligence

12th Private Sector Volunteers Association – Awards from the Heart
- Most Successful Volunteer Project

Akbank in 2019

Akbank is committed to making major investments in technology and human capital while bringing the future of banking to its customers today. To this end, the Bank continues its transformation efforts which started with the "New Generation Akbank" program across all points of customer contact.

Developing and launching the "Exporter's Power Package," Akbank facilitated Turkey's export push in 2019 with its expert staff, strong financial structure, and innovative products and services.

January

Full support from Akbank to Turkey's export push

Developing and launching the Exporter's Power Package, Akbank facilitated Turkey's export push in 2019 with its expert staff, strong financial structure, and innovative products and services. As part of its support for Turkey's sustainable growth, Akbank offered a new support package for exporters, the driving force of the country's economy. Thanks to its extensive expertise and experience in foreign trade financing as well as the facilities offered by its advanced technology infrastructure and quality service approach, Akbank supported Turkish export firms in the global arena with the Exporter's Power Package.

February

Two major awards to Akbank from Global Finance and Global Capital

Delivering the best banking experience to its customers with innovative products and services, Akbank received its first major award of 2019 from Global Finance, an international finance publication group. At the Global Finance – Treasury & Cash Management Awards 2019, Akbank was honored with the "Best of Turkey" award based on the criteria of profitability, market share, customer satisfaction, competitive pricing, and product innovation.

Global Capital, one of the world's leading international loan publications, selected Akbank's syndicated loan worth USD 980 million, which reopened the syndication market for the Turkish banking sector, as "Transaction of the Year in Turkey" at the Syndicated Loan & Leveraged Finance Awards.

March

Record Demand of 160% for Akbank Syndicated Loan

Akbank received significant attention when it tapped international markets to provide foreign capital to Turkey. Akbank's syndicated loan opened with the target of USD 600 million and ultimately received USD 950 million demand from foreign banks – 160% over the target. After receiving this robust demand, the syndication amount was revised upwards to USD 700 million.

April

First of Akbank's Tourism Meetings held in Bodrum with high participation

Akbank's Tourism Meetings were organized in numerous tourist centers across Turkey in the 2019-2020 season. These well-attended events attracted tourism investors, entrepreneurs, and leading non-governmental organizations in the sector. At the first conference called "Tourism: Our Future," held in Bodrum, developments in the tourism industry, one of Turkey's strongest revenue generators, as well as innovations brought by digitalization were

Akbank – named "Best Digital Bank in the World" – sets a standard in design and customer experience to inspire not just the financial sector but also the entire economy. The Bank continues its capital investments in these key areas at full speed.

discussed by attendees. The second of these popular tourism meetings was held in Antalya later in April.

May

Two awards to Akbank from EMEA Finance

Akbank was presented with two awards from EMEA Finance, boosting its international awards total received in first quarter to four, all recognizing the Bank's foreign loan transactions. Akbank was honored with awards by Financial Achievement Awards, organized by EMEA Finance, in the categories of "Best Borrowing Financial Institution" and "Best Financial Institution Bond Issue in EMEA Region."

June

Three new inflation-protected deposit accounts from Akbank

Akbank developed and offered three new products for its customers to foster savings in Turkish lira while protecting investors' deposit accounts against inflation. These new offerings included: Interest-protected Deposit Account, Yearly Savings Deposit Account with CPI, and Periodically Paid Savings Deposit Account with CPI.

July

"World's Best Digital Bank:" Akbank

A Turkish bank was named the " World's Best Digital Bank" for the first time at the Euromoney Banking Excellence Awards. Along with the title of "Best Digital Bank in Central and Eastern Europe," Akbank was also presented with the "Best Bank in Turkey" award for the 13th time. These major awards were the result of Akbank's advanced technology investments, next generation banking vision, efforts towards banking of the future, and its strong financials.

August

Online SWIFT Tracking Feature from Akbank

Akbank joined the Global Payment Innovation (GPI) system started by international fund transfer system SWIFT in 2017. As a result, the Bank began offering customers the opportunity to view the entire foreign currency transfer process – from the time they place the order to the time of transfer. With this service provided by Akbank, customers can view all details online, including the status of the foreign currency transfer, at which intermediary bank the funds are waiting, and total time elapsed until funds reach the receiving bank. Akbank also shares with customers all information related to the correspondent bank's charges accrued by SWIFT GPI member banks.

September

Tosla, the social mode of money, is introduced to Turkey's youth

AkÖde, the first e-money firm in Turkey as a bank subsidiary, offers a next generation platform to all young people for their financial needs, whether or not they have a bank account, with the newly developed and innovative application Tosla. Young users can now download the Tosla app from app stores, enabling them to conduct their daily banking transactions while also socializing. With its investment in AkÖde, Akbank created a new field for future banking in Turkey and added another leading app to its portfolio of digital offerings.

October

Akbank defines the future of banking with its leading edge design and advanced technology

Akbank – named "Best Digital Bank in the World" – sets a standard in design and customer experience to inspire not just the financial sector but also the entire economy. The Bank continues its capital investments in these key areas at full speed. As part of the Next Generation Akbank program launched to deliver the experience of tomorrow's banking, Akbank also redesigned its mobile banking application for its customers.

November

World Bank Chief Economist spoke at a CEF seminar in Istanbul

On November 15, Aslı Demirgüç-Kunt, World Bank Chief Economist for Europe and Central Asia, conducted a seminar titled "Banking Regulations and Audit: Ten Years Following the Global Financial Crisis" at Sabancı Center as a guest of the Center of Excellence in Finance (CEF).

December

Akbank's Volunteers at Erciş, Van

Akbank Volunteers made children happy once again, this time at Van Erciş Tekler Üzümlü Junior High School. Akbank's Volunteers that work at the Aksaray Regional Directorate and branch offices joined forces to help meet the needs of 200 students at Van Erciş Tekler Üzümlü Middle School. Akbank Volunteers provided all kinds of needed materials for the children, from school supplies to musical instruments, clothes to toys. They also presented computer equipment to support the school's Technology Lab.

Agenda of the ordinary general assembly

On February 21, 2020 Akbank's Board of Directors decided to hold The Shareholders' Ordinary General Assembly of our bank on March 23, 2020, Monday, at 14:00, at Sabancı Center to discuss the items of the agenda.

The Agenda of the Shareholders Ordinary General Assembly of 2019:

- ↗ 1. Opening and Appointment of the Meeting 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 2019,
- ↗ 5. Discharge of liability of the members of the Board of Directors,
- ↗ 6. Decision on the appropriation of 2019 net profit,
- ↗ 7. Appointment and determination of the tenure of the Members of the Board of Directors,
- ↗ 8. Determination of the compensation of the Members of the Board of Directors,
- ↗ 9. Appointment of the Independent Auditors,
- ↗ 10. Providing information regarding the donations made in 2019,
- ↗ 11. Determining the limits of donation for 2019,
- ↗ 12. Empowerment of the Board of Directors in connection with matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code.

Annual report compliance opinion

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.Ş.

1. Qualified Opinion

We have audited the annual report of Akbank A.Ş. (the "Bank") and its subsidiaries for the 1 January - 31 December 2019 period.

In our opinion, except for the effect of the matter described in the basis for the qualified opinion paragraph below, 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 Qualified Opinion

As expressed in the auditor's report dated 31 January 2020 on the full set consolidated and unconsolidated financial statements for the 1 January - 31 December 2019 period; a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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 2020 on the full set consolidated and unconsolidated financial statements for the 1 January - 31 December 2019 period.

Annual report compliance opinion

pwc

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, 28 February 2020

Establishment information, capital and shareholder structure, 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 all types of economic, financial, and commercial ventures and activities not prohibited by the laws of the Republic of Turkey. The Bank 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
Tel: 0090 212 385 55 55
Branch and ATM addresses:
http://www.akbank.com/tr-tr/Sayfalar/akbank-sube-ve-atm.aspx

Capital Structure

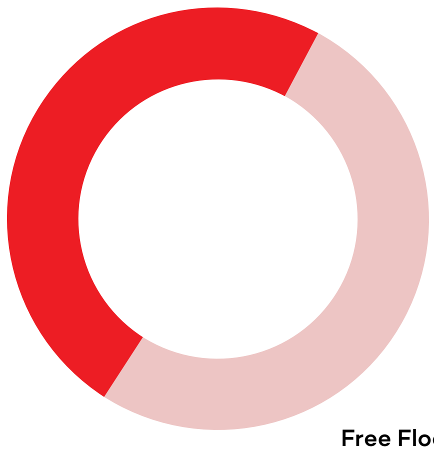
Akbank's issued capital is TL 5,200,000,000.

As of December 31, 2019, the Chairman of the Board of Directors, Ms. Suzan Sabancı Dinçer, holds 0.63% of Akbank's outstanding shares.

Shareholder Structure

Hacı Ömer Sabancı Holding A.Ş., Affiliated Institutions and Individuals

48.8%



Free Float

51.2%

Changes in the Articles of Association during the Period

The Articles of Association were amended during the Period (See page 109).

We are moving beyond our borders

Just like our dialogue with our customers, we are dynamic, simple, innovative and human-centric in our brand design. Akbank logo is now breaking free, beyond the norms of our industry.


ANK

Our values

We are built upon your trust.
We exist because of our clients.
We do what’s right.
We stand out through innovation.
We give back.

Our vision

To be the leading bank that drives Turkey into the future

Our mission

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

Strong foundations

- Strong, local majority shareholder
- Solid capital
- Highly-qualified team
- Prudent risk management and robust asset quality
- Proactive ALM and strong liquidity
- Favorable cost base and high efficiency
- Stable and broad-based funding mix
- Well-diversified and sustainable revenue generation
- Innovative initiatives that herald the future of banking

Strategic goals

- Being the best bank in Turkey in terms of customer experience and satisfaction
- Maintaining strong asset quality through efficient risk management
- Preserving our competitive cost structure
- Ensuring a superior customer experience in all channels
- Enhancing customer value through innovative solutions
- Building the future of banking by investing in people, technology, and advanced analytics

Corporate and investment banking

Thanks to our global network, we can provide elite services to our solution partners all over the world for their transactions related to foreign trade, payments, and letters of guarantee.

Akbank's solid reputation and trustworthiness in international markets afford us easy access to alternative funding resources. Our foreign borrowings – totaling USD 8 billion at year-end 2019 – is a key indicator of this.

INTERNATIONAL BANKING

As Akbank, we make a difference with its network of correspondent banks that spans 130 countries. We also boast relationships with export credit agencies around the world. Thanks to our global network, we can provide privileged elite services to our solution partners in the international are all over the world for their transactions related to foreign trade, payments, and guarantee letters of guarantee. By adapting our operations to the varied requirements of our customers, we enhance their competitiveness by providing medium and long-term resources for their investments.

Our solid reputation and trustworthiness in international markets afford us easy access to alternative funding resources. Our foreign borrowings – totaling USD 8 billion at year-end 2019 – is a key indicator of this. Moreover, USD 6 billion of this total is long-term while the remaining USD 2 billion is composed of foreign borrowing. This loan composition demonstrates our successful implementation of the sustainable growth strategy.

2019 marked another successful year for us. We registered transactions that were turning points for Turkey as part of its sustainable international borrowing strategy. We raised around USD 1.8 billion financing during the year via mortgage-backed securities and bilateral borrowing transactions.

High demand for the syndicated loan

As Akbank, we completed preparations for our March 2019 transaction immediately after a tough 2018, though investor reticence for Turkish assets was still present.

As a result of the syndication that we successfully completed in March 2019, one-year tranches of the loan were secured at a cost of LIBOR + 2.50% and EURIBOR + 2.40%, respectively, for the USD and EUR portions. Despite the decrease in Turkey's benchmark interest rate, Akbank's syndicated loan generated high interest among foreign banks. In January 2019, we publicly disclosed that we would update USD 900 million, which was due from the loan we obtained last year, as USD 600 million thanks to our strong liquidity. Meanwhile, we received high demand from foreign banks, amounting to USD 950 million, over 160% of our target. Upon receiving such robust demand, the syndication loan amount was raised to USD 700 million, above the targeted figure. Even if we had not decreased the loan total and aimed to roll over with the same amount, we could have renewed the syndication at a 105% rate with that high demand.

The high level of interest generated by the March 2019 syndication was also reflected in the number of participating banks. The number of participant banks to that widely-acclaimed syndication in international borrowing markets increased to 34, up from 23 banks participating in the September 2018 syndicated transaction. Eight new banks participated in the March 2019 syndication. The number of participating banks rose to 15 in the March 2019 transaction, up from 11 in Akbank's September 2018 syndication.

Improving the loan pricing by 25 bps, Akbank once again opened the Turkish syndication market while maintaining its leadership position in defining the strategy and pricing for syndication loans.

In October 2019, we secured a syndication loan of USD 810 million. The Bank targeted renewing the September 2018 syndication loan at a USD 700 million tranche with a one-year maturity. Despite the fall in interest rates, Akbank's syndicated facility attracted great attention from international banks and received offers surpassing USD 1 billion, around 143% of its target. Upon receiving such high demand, the Bank raised the amount of the syndication loan to USD 810 million. The one-year tranches of the loan were secured at a cost of LIBOR+2.25% and EURIBOR+2.10%, respectively, for the USD and EUR portions. As a result, we reduced the interest it paid by 50 bps and 55 bps, respectively, for the USD and EUR denominations in comparison with the September 2018 syndicated loan.

In addition, we expanded our investor base for that transaction in comparison with last year's syndication loan, increasing participating countries from 11 to 19 and the number of banks from 23 to 31. These positive developments in pricing and participant numbers served as indicators of the high level of trust in international markets towards our Bank and demonstrated the stability of Turkey's banking industry.

As Akbank, we continued winning awards on various international platforms with its successful syndications. For our syndicated transactions, we garnered the "Syndication Transaction of the Year" award at the Bonds & Loans Awards in addition to "Transaction of the Year" and "Best Financial Institution in International Borrowing" awards at the Global Capital Loan Awards. Our Bank also received the "Best Syndication Institution of Europe" and "Best Financial Institution in International Borrowing" awards from EMEA Finance. Besides these various honors and awards, we are proud of another aspect of our foreign borrowings. Our Bank's successful transactions confirm Turkey's improving economy and the trust shown to Turkish banks, sending a very strong and positive message to international markets about Turkey.

Deepening the asset backed securities market

As Akbank, we issued TL 200 million in mortgage-backed securities to the 2nd Asset Finance Fund of Development and Investment Bank of Turkey in March 2019. With this issuance we helped deepen this investment instrument by participating in the issuance of asset backed securities based on the issuance of asset backed securities by four banks for the first time.

INVESTMENT BANKING

2019 was a year of limited new investment spending, with companies focusing intensively on making their current investments more productive and sustainable. In parallel with this trend, we focused on developing products to reduce the open positions of client companies and interest rate risk through lending in currencies in line with their incomes.

In this context, we prioritized reinforced projects such as debt assumption and purchase-guaranteed transactions. As the leading bank in Turkish investment banking, we added projects with strong collateral and a healthy repayment structure to our portfolio.

Projects adding value to the environment

In 2019, we continued to focus on financing energy projects. In keeping with its practice of the last three years, 100% of our funds went to renewable projects, with the total share of renewable energy projects in our Bank's portfolio at 76%. We also started providing financing for biomass projects in 2019. As of year-end, our Bank's energy portfolio included 2,986 MW hydroelectric energy, 780 MW wind energy, 320 MW geothermal energy, 181 MW solar energy, and 9.3 MW biomass projects.

Prominence in mega infrastructure projects

In 2019, we provided a total of USD 630 million in project finance loans as part of our funding efforts for build-operate-transfer mega infrastructure projects.

Transactions undertaken by Akbank Investment Banking were recognized with awards in 12 different categories in 2019. Bonds & Loans Turkey recognized the Bank with the "Transaction of the Year in Energy Project Finance" award for its financing of the Soyak-MIS Geothermal Energy Investment as well as "Transaction of the Year in Infrastructure Operation" and "Transaction of the Year in Project Finance" for its financing of Çanakkale Highway and Bridge. The Entek-Menzelet and Tapped Hydroelectric Energy financing transaction was deemed worthy of the "Transaction of the Year in M&A Deal Finance," "Transaction of the Year in Project Finance " (runner-up) and the "Best Natural Resources Financial Loan" (third place) awards. The Demirer-Çakıl and Çamseki Hydroelectric Energy Investment finance garnered "Transaction of the Year in Energy Project Finance" (third place) and "Best Export Finance Loan" (third place) awards. In 2019, we were recognized with "Best Structured Finance Deal Central and Eastern Europe" for Kolin & Kalyon-FSRU financing, "Transaction of the Year in Project Finance," "Best PPP Transaction of the Year" and "Best Highway Transaction of the Year" awards for Çanakkale Highway and Bridge financing at the EMEA Finance Awards.

In 2020, we aim to expand our financial support for a diverse range of industries – including energy, infrastructure, tourism, manufacturing, services, transportation, and petrochemicals – to ensure the sustainability of our balanced lending portfolio.

Corporate and investment banking

At Akbank Corporate Banking, we deliver rapid and customized solutions to multinational companies with our expert staff at six branch offices strategically located in three major cities.

30.1%

With TL lending that expanded 30.1% year-on-year, we boosted our support to the real sector in 2019.

CORPORATE BANKING

As Akbank Corporate Banking, we strive to remain one step ahead of the market in line with our strategy of establishing long-term business partnerships. We aim to be the primary bank of our corporate customers. We provide fast, customized solutions to domestic and multi-national companies with our expert staff in six branch-offices located strategically in Turkey's three largest cities. As of year-end, we provided value-added and high-quality solutions to about 2,000 active corporate banking clients.

In 2019, we also boosted our support to the real sector by delivering financial advisory services to our corporate client base for their financial development and maintaining our strong liquidity and capital. During the year, we recorded 30.1% growth in TL lending to corporate customers, which is the most solid indicator of our efforts.

Our employees, who specialize in serving multinational corporations, continued to gain competitive advantage in the sector by exploring new opportunities while supporting clients with appropriate solutions. With organized events designed for corporate client participation extensive technology-intensive product portfolio for corporate customers, we increased our business volume with multinational corporations in 2019. We prioritized further development in this key segment for 2020.

We renewed our branch-offices and business processes, placing customer satisfaction at the center

In 2019, Akbank Corporate Banking rolled out a more modern, dynamic, synergic, and ergonomic environment with its new generation branch-office concept. The open-office concept was partially implemented both at our headquarters and in next generation offices. These revamped spaces provide all Akbank employees with a more productive working and banking environment. Our new corporate branch-office concept is not simply an architectural or interior design project. This effort is an important part of the Next Generation Akbank vision and the cultural transformation underway at our Bank. With the new branch-office concept, our Bank improved our capability to deliver high-quality services, including financial advisory.

During the year, we gained significant momentum in the added value we create for customers with our efforts to completely overhaul our business processes, from A to Z.

Leading the way in digital transformation, we plan to continue our main focus on delivering a perfect customer experience in corporate banking.

Commercial banking

As Akbank Commercial Banking, we help customers enhance their competitiveness by providing customized solutions that best fit their individual needs.

Our main competitive advantages in commercial banking include tailored banking solutions and customer-specific applications, deep expertise, and effective risk management.

We help our clients achieve sustainable growth with 16 commercial branch-offices, 173 mixed commercial branch-offices and 850 commercial banking specialists focused on relationship management. In 2019, we conducted on-site visits to our customers, generated added value for their business processes and continued to be their preferred solution partner.

Our main competitive advantages in commercial banking include tailored banking solutions and customer-specific applications, deep expertise, and effective risk management. We maintained our successful performance in the volatile market conditions of 2019.

We are the solution partner of our clients with our products, services, and solutions with high value proposition

Capitalizing on our extensive correspondent network in foreign trade transactions, we intermediate companies' foreign trade deals at a large number of locations across the world. With this capability, we support companies' competitive presence in overseas markets.

As exports became more strategically important for Turkey's economy in 2019, we modified our product and service offering accordingly. We frequently conducted customer visits, and tried to identify our clients' banking, other banking, and non-banking needs. Thanks to client visits, we seized the opportunity to develop holistic solutions that meet our customers' wide-ranging needs.

We continue to offer a wide variety of hedging products – such as options, forwards, zero-cost collars, and cross currency swaps – to customers seeking protection against foreign exchange, interest rate and commodity price fluctuation risks. In 2019, we also launched our foreign trade platform, offering a new transaction channel option to high volume clients.

Customized financing solutions to actualize large-scale projects

We maintained our high-quality project finance loan portfolio that we have assembled over many years. Despite conjuncture-related volatility in foreign exchange and interest rates, we extend 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 finance initiatives include project financing for hydroelectric power plants (HEPP), wind power plants

Commercial banking

Our strategic priority for 2020 is creating customer value, primarily via activities to boost exports and foreign currency inflows.

We are committed to providing the best customer experience with its innovative products and customized solutions.

(WPP) and geothermal energy facilities. Even in the challenging economic landscape of 2019, our Bank maintained both its corporate finance and project financing portfolios in terms of both loan numbers and credit volume. In an environment marked by interest rate volatility, we added flexible interest lending products like CPI Indexed Loan and TLRef Indexed Loan to our product portfolio.

As Akbank Commercial Banking, we also provide our client base with solutions that capitalize on products offered by our Bank's subsidiaries or associated companies, including Aklease, Aksigorta, Ak Investment, Ak Asset Management and AvivaSA.

Our strategic priority for 2020 is creating customer value, primarily via activities to boost exports and foreign currency inflows. We will continue to stand by its clients and help them increase their profitability according to the customer's position within the supply chain, business line, area of operation, and collaboration with our Bank.

CASH MANAGEMENT

As Akbank Cash Management, we offer enterprise clients the best banking experience with innovative products and customized solutions. Our efforts garnered two international awards in 2019. Our Bank was named "Best Cash Management Bank in Turkey" by Global Finance, at the competition held by the prestigious New York-based publication. We also won the "Best Payment Bank in Central and Eastern Europe" award from EMEA Finance, a leading international financial publishing group.

While giving full support to trade financing with our Supplier Finance, Direct Debiting and E-Discount products, we also bolstered our leadership in this key segment with new products designed to facilitate financial life. In 2019, the share of invoices receivable discounted was 34% among the invoices receivable discounted by banks at the Central Invoice Registration System (MFKS). We continue to enrich channel diversity by collaborating with invoice receivable discount platforms. Recognizing the growing potential of global platforms and fintech companies in the financial world, we collaborate with invoice discount platforms and enrich our channel diversity.

We provide innovative and alternative solutions to its customers with a high-quality, continuous service approach. Our Bank's advantages include a wide array of products, know-how and experience in foreign trade, advanced technology infrastructure and an extensive international correspondent network.

Cash management products developed with an innovative approach

In 2019, we unveiled Digital Payment Guarantee which encompasses all features of the current products that offer collection guarantee, a unique new product in the sector. Digital Payment Guarantee features key services such as collection guarantee of warranty letter, automatic collection, and credit discount of the direct debiting system, in addition to accounts receivables of checks. The digital product was created to facilitate the lives of cash management customers while ensuring collection guarantee within the total control of the buyer firm to more than one seller companies with only one limit.

As Akbank Cash Management, we aim to provide the best payment experience to customers with new advanced technology investments and collaborations in the payments segment. We are actively establishing strategic partnerships with the most popular ERP firms in the market. Bank statement and money transfer integrations provide customers with easy access from their platform to our Bank's. Our customers are extensively using Bulk Payment System, which enables digital, swift, reliable, and error-free payment. Some 77% of corporate payments are made through the TL Bulk Payment System. We recorded a 62% increase in foreign currency payments this year. In 2020, we plan to open more API (application programming interface) s by accelerating its open banking efforts and adding new parties to its collaborations.

FOREIGN TRADE

We maintains our strong position in the sector thanks to our vision in foreign trade transactions based on generating global solutions to meet local needs. We provide innovative and alternative solutions to customers with a high-quality, continuous service approach. Our advantages include a wide array of products, know-how and experience in foreign trade, advanced technology infrastructure and an extensive international correspondent network. Our global foreign trade specialists – who are well-equipped with knowledge of all foreign trade instruments, legal and regulatory requirements – generate instantaneous solutions at world class standards to meet the needs of customers throughout the country.

As Akbank, we play an active role in disbursing Turk Eximbank's loans as well as the Central Bank's rediscount credits to manufacturing/exporting firms and foreign trade stock corporations in addition to Bank-sourced loans.

In foreign trade finance, our Bank offers a wide range of high-quality solutions for its clients. These include Export Loans, Turk Eximbank loans as well as Central Bank rediscount credits, Country Credits, Export Letter of Credit Discount, and Export Factoring.

Strong support for Turkey's export-driven growth with Exporter's Power Package

In 2019, we ramped up support to exporters by introducing the Exporter's Power Package. This offering includes advantageous interest/commission rates for exporters and a wide range of loans, including cash and non-cash loans. Other advantages include special tariff options for foreign trade customers, advantageous exchange rate pricing, special pricing in transport insurances and cheque collections, and consultancy services via the dedicated 444 23 23 foreign trade support line. We also gifted Mile Points to our first 1,000 exporter customers who purchased special tariff options, providing support for their research in new markets.

Exporter's Power Package includes other benefits: free of charge notifications such as incoming/outgoing SWIFT messages in relation to foreign trade transactions, upcoming dates of export letters, information of export documents sent to other countries, transfer customs ID number, viewing export/import file details, and tax payment via SMS.

We offer services for export factoring, export credit insurance and financing insured credits. These

Commercial banking

We are committed to becoming the first bank that comes to mind in foreign trade in Turkey. In 2020, we plan to further facilitate Turkish exports – the driver of the country's economy – by ramping up support to the Bank's foreign trade customers.

In 2019, we renewed our cooperation agreement with Turkish Exporters Assembly (TIM) in foreign trade and foreign trade financing, which we have signed every year since 2014. With this latest cooperation agreement, we extended the scope of our support to TIM members.

offerings are designed to minimize export customers' debt collection risk and meet their financing needs.

Akbank AG, subsidiary of Akbank in Germany, provides irrevocable and revocable discount services with economical funding costs especially for exporters selling to European markets.

This year, we started offering the SWIFT Tracking System to our customers. All Akbank customers can now conveniently view all details of their export and foreign currency transfers via the Online Corporate Branch, end to end, in real time and in a transparent way. Viewable information includes transaction status, correspondent bank and information related to commission charged at every stage, date, and time information of transactions at the correspondent bank.

Akbank is committed to supporting foreign trade to help Turkey achieve sustainable growth. In 2019, we organized the first two Akbank Exporters' Meetings in Istanbul and Bursa. These events brought together exporters, the driving force of Turkey's economy, with experts in the field. During the panel discussions, our Bank shared knowledge and experience with our exporters on new market opportunities, alternative financing techniques, dynamics in Turkey and globally that impact exports, pertinent developments, and opportunities. We also informed exporters about the Bank's export-related products and services as well as export factoring. We aim to reach all our current exporters and potential exporters with future Akbank Exporters' Meetings which are scheduled to be held across Turkey in 2020.

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We offer services for export factoring, export credit insurance and financing insured credits. These offerings are designed to minimize export customers' debt collection risk and meet their financing needs.

We are committed to becoming the first bank that comes to mind in foreign trade in Turkey. In 2020, our Bank plans to further facilitate Turkish exports – the driver of the country's economy – by ramping up support to our foreign trade customers.

Retail banking

As Akbank, we continuously improve our mobile banking user experience for individual and SME customers.

5.1 million

Our digital customer base reached 5.1 million at year-end 2019.

As Akbank, we consolidated the Consumer and SME Banking Units under the name Retail Banking at the end of 2018. Under the restructured organization, we continue to deliver fast, innovative, and competitive services to individuals as well as to tradesmen and SMEs. In 2019, the Bancassurance and Consumer Finance Departments also consolidated under a single roof at Retail Banking to boost the synergy between insurance and consumer loan products.

Continuous investment in digitization for excellent customer experience

There is an ongoing transformation through digital interaction and consumers' intensive usage of mobile channels has very important implications for banking. Our Bank has become one of the leaders in the sector in digital transformation by turning this awareness into a proactive strategy. We continuously improve our mobile banking user experience for individual and SME customers. With these efforts, we aim to be an integral part of the lives of individuals and SMEs. As a result, our digital customer base reached 5.1 million at year-end 2019. In addition, 69% of our general-purpose loans were obtained through digital channels.

In 2019, we provided immediate and end-to-end digital solutions to meet the needs of customers with our Direct Payment service for e-shopping and in-store shopping. Our customers can pay for their shopping purchases using their own accounts or by using instant consumer loans.

We developed end-to-end digital processes to meet the banking needs of SMEs via Internet and mobile applications. SMEs can use Akbank Mobile and Internet applications to access their commercial loans within their previously set loan limits with competitive interest rates quickly and easily. Regardless of whether they are Akbank customers, all private companies that want to become a member merchant or obtain a commercial card can submit their applications and manage their account 24/7 via www.akbank.com or Akbank Mobile and Internet without visiting a physical branch.

As we introduce many innovations for our SME customers, we also develop practical solutions to meet their non-financial needs. In 2019, the most prominent of these efforts was the Bank's cooperation with Google. Under this cooperation, our SME customers had the opportunity

Retail banking

We create solution partnerships with fintechs that develop digital applications for SMEs to boost their productivity.

314

As of year-end 2019, the technology infrastructure at 314 Akbank branches were upgraded.

to increase their visibility among consumers by registering their companies on Google My Business via Akbank Mobile and Internet free of charge.

SMEs are able to conduct their cash management transactions in a fast and convenient manner with Akbank Mobile and Akbank Internet. In addition, foreign trade customers can execute cash and import against goods transfer transactions via Akbank Internet. Export payments are made conveniently on this alternative channel over convertible foreign currencies without the need to place an order. Information related to the transaction such as receipts, transfer ID number, and the like are viewable by customers.

We create solution partnerships with fintechs that develop digital applications for SMEs to boost their productivity. As Akbank, we lead the way in expanding the fintech ecosystem. We continue our solution partnerships with Paraşüt, a bookkeeping application offering solutions that provide added value for SMEs, and Kolay IK, another application designed to meet the human resources needs of SMEs.

As of year-end 2019, the technology infrastructure at 314 Akbank branches were upgraded

As Akbank, we are committed to offer the perfect customer experience by using advances in technology across all service channels in accordance with customer needs. To this end, we have redesigned our business processes around this approach. We are proud to lead the digital transformation of the banking industry by investing in our branch-offices as much as we do in all our other distribution channels. As of year-end 2019, the technology infrastructure at 314 Akbank branches were upgraded in line with this transformation. This digital transformation enhanced the branch staff's service speed and capability to generate personalized solutions while introducing paperless business processes.

As Akbank, we make ongoing investments to help both our customers and our workforce to benefit from the many opportunities offered by digitalization. Operating within Retail Banking, Consumer and SME Customer Relationship Managers can quickly access customer information from their mobile devices. With this approach, SME clients are offered a wide array of products and customized solutions matching their needs during customer visits. As a result, SME customers can meet their needs over mobile channels without having to visit a branch, alleviating the operational workload at the branches.

As Akbank, we aim to further enrich its robust customer database and analytics capability in order to know its customers better, deliver personalized offers, and deepen its customer relationships.

We expanded its deposit volume with diversified products and services

In 2019, we continued to execute a balanced funding strategy and expand our deposit base while boosting its deposit volume. We introduced new digital solutions and improved our services such as Nar Hesap (Nar Account), invoice payments, school, and due payments. These efforts enabled us to boost our current savings deposit resources. The Serbest Hesap (Free Account) product, exclusive to Akbank Mobile and Internet channels, increased the number of Bank customers who accumulate savings over digital channels by 14%.

Consumer Financing

Our Bank's primary goal in consumer financing is to deliver the highest quality customer service via effective distribution channels with utmost ease. We further diversify the banking services we offer through digital channels each day. We provide customers the ability to obtain a consumer loan within minutes without visiting a physical branch. Customers can also apply for Artı Para (Plus Money) easily via digital channels for their short-term and urgent cash needs.

In 2019, 69% of our Bank's consumer loans were obtained through digital channels.

Special Advantages for Retirees

This year, we introduced a new special benefit for retirees. Bank customers who are retired from the Social Security Institution (SSI) are able to withdraw money from their accounts two days before their retirement pension is deposited. This campaign may benefit those who receive their retirement pension from Akbank and who have defined "artıpara" loan limits in their retirement pension accounts. Akbank customers can use their current artıpara loan limits with 0% interest in the two-day period before the pension payment day. As a result, these customers are able to resolve any cash shortage issues during the last days of the pension term in a convenient and advantageous way. In addition, retirees who want to move their social security pension payments to the Bank's accounts continue to benefit from promotional payments of up to TL 450. Retired customers can also easily transfer their pension payments without visiting a physical branch by using Akbank Mobile, Internet Branch, Call Center and www.akbank.com.

Meetings with the Youth

One of Akbank's strategic priorities is developing solutions that meet the financial and non-financial needs of its young customers. To this end, we meet with young people during special events held at universities and high schools and learns about their demands and needs first-hand.

We work to provide competitive advantages for SME clients

Our support for SMEs extends well beyond financing. We foster SME development by offering specialized consultancy and advisory services. We also provides necessary information for SMEs to access special sources of funding.

In 2019, we were a main sponsor, together with Vodafone, of Turkey Technology Meetings, organized under auspices of the Turkish Ministry of Commerce and Turkish Union of Chambers and Commodity Exchange (TOBB). We participated in the meetings held in Adana, Antalya, Balıkesir, Diyarbakır, Eskişehir, Gaziantep and Trabzon. The Bank plans to continue participating in these meetings in 2020.

We organized Akbank Tourism Meetings in Bodrum and Antalya around the theme "Digital Transformation in Tourism" with the participation of nearly 1,500 sector representatives and experts. During the meetings, developments in the tourism sector and innovations brought by digitalization were discussed.

Our Bank meets the needs of the agricultural industry with banking products and insurance services designed to address seasonal cash flows. In 2019, we met with farmers during sector expositions that we attended in Izmir, Adana and Antalya and informed them about our relevant products and services.

In 2019, farmers who delivered their agricultural products to licensed warehouses were able to obtain secured loans easily from Akbank after receiving Electronic Product Bill (ELÜS).

During iftar dinners held throughout the month of Ramadan, the Bank met with its customers in Afyon, Isparta, Karaman, Aydın, Tire, Rize, Aksaray, Elazığ, Malatya, Tekirdağ, Edremit, Osmaniye, Bolu, Çorum, Batman and Istanbul. These events presented the opportunity for us to hear customer demands and needs first-hand. We used the feedback we obtained from these dinners to develop and introduce innovative products and services.

First organized in 2014, Akbank Family Businesses Academy was held for the 14th time in 2019 with the cooperation of Sabancı University's Executive Development Unit. The Academy is designed to increase competitive advantage for family businesses, support their healthy growth, foster their sustainability and institutionalization related efforts. Many pertinent topics are covered during the extensive training, including strategic management, business development and innovation, institutionalization, finance, best management practices, legal issues, and human resources. Besides Akbank customers, the program is also organized for distributors and dealerships at the request of leading companies across various industries.

In 2019, we continued to implement CaseCampus, a young entrepreneur program organized together with Endeavor Foundation, in a four-day bootcamp format. During the CaseCampus program, participants have the opportunity to become closely acquainted with the world of entrepreneurship via workshops and trainings focused on entrepreneurial thinking. The Bank also continued its

Retail banking

As Akbank, we offer various advantages with 1to1 Banking, which has grown in popularity across Turkey. These advantages include a diversified product range, special pricing, priority service from every channel, daily financial information, and more.

~150 thousand

As of year-end 2019, 1to1 Banking served nearly 150,000 customers across Turkey.

StartUpCampus Entrepreneurship Program in 2019. Launched in 2018, StartUpCampus enables growth for young entrepreneurs who have recently started their own business and launched their products in the market. In cooperation with Endeavor Foundation, we provide training, workshop, and mentorship support for entrepreneurs for 10 weeks. The program starts each year in November. In addition, the Bank was the main sponsor for the ScaleUp Summit Izmir and Ankara events, organized by Endeavor Foundation with a vision of developing the local startup ecosystem.

1to1 BANKING

Akbank's 1to1 Banking is a wide ranging and privileged financial services package which has become popular across the country. Our Bank offers various advantages with 1to1 Banking, including diversified product range, special pricing, priority service from every channel, daily financial information, among others.

As of year-end 2019, 1to1 Banking served nearly 150,000 customers, at over 250 branches, with 340 1to1 Banking Managers. In addition, we responded to the needs of over 75,000 1to1 Banking customers across Turkey with our remote portfolio management service model and about 110 dedicated customer representatives.

In 2019, we completed major upgrades and enhancements to our products and services for 1to1 Banking customers. We boosted customer satisfaction by deepening in key banking products, such as Consumer Loan/Mortgage, Credit Deposits Account, Automatic Bill, Pension Salary Payments. In 2020, the Bank plans to work on new value-adding projects while further bolstering customer satisfaction and optimizing our business processes.

We are adding new services that make a difference

We introduced difference-making banking services designed for professional groups, targeting notary, doctor, and dentist clients. In 2020, the Bank aims to target other professional groups with specialized services and roll out these advantages to a wider range of customer segments.

Akbank Mobile and Internet are enriched with new features and additional functionality each year. These channels are also becoming increasingly user-friendly thanks to the applications offering privileged services for 1to1 customers. In 2019,

3.5 million+

In 2019, we recorded sales of more than 3.5 million products for individual retirement, basic and life insurance.

We provide our customers with a single-point to meet their banking needs and all individual retirement, basic and life insurance products they require.

we launched exclusive 1to1 services on these channels for investment products, such as live support, personal agenda tracking and notification reminders.

Our Bank created the Expat Banking service model under 1to1 Banking to serve foreign customers at seven branches in two cities that have a large foreign working population. At branches that do not have an Expat Customer Representative, our 1to1 Expert Line Expat team provides remote services in English.

In 2019, our Bank continued to roll out new services to facilitate the lives of its customers. We made a difference in customers' travel experiences by granting discounts on parking services at Istanbul, Ankara, Izmir, Bodrum, Antalya and Dalaman airports.

In 2019, we organized "1to1 Banking Talks," designed specifically for Akbank 1to1 Banking customers, at Next Generation Akbank branches in Istanbul and Ankara. Many current issues such as the economy, technology, arts, and health were discussed by experts in these respective fields at these unique events.

Taking their place in this privileged world, Akbank customers enjoyed a year filled with art during complimentary Sabancı Museum visits on their birthday, Contemporary Istanbul guide-led exhibition tours, 29th Akbank Jazz Festival concerts and Akbank Art Center's instrumental concerts.

BANCASSURANCE

As Akbank, we enjoy a synergetic cooperation with Aksigorta A.Ş. and AvivaSA Emeklilik and Hayat A.Ş., which rank among the most successful companies in their respective sectors. Our integrated financial services structure bolsters our industry leadership position in insurance and individual retirement sales and after-sales services for our customers.

We provide our customers with a single point to meet their banking needs as well as all individual retirement, basic and life insurance products they require.

In 2019, our consistent growth in bancassurance was demonstrated by nearly 2 million active customers preferring us for more than 3.5 million products of individual retirement, basic and life insurance.

In 2019, we led the way in encouraging its customers to save with our efforts to raise awareness about the Individual Retirement System and Automatic Participation. Sustaining the leadership of AvivaSA Emeklilik ve Hayat in the individual retirement market with its fund size and strong position in automatic participation were partly due to the strong synergy Akbank generated with its extensive delivery network.

As Akbank, we maintained high penetration rates in loan product insurance to provide for customers' protection needs. Meanwhile, nearly 60% of our premium generation originated from independent insurance products. We conducted efforts to market independent insurance products not associated with loans and offer these to customers in all our channels. By focusing on elementary products, we significantly contributed to both premium generation and market share of Aksigorta A.Ş. and AvivaSA Hayat ve Emeklilik A.Ş.

Strong channel integration in bank insurance

As Akbank, we sustained its growth in bancassurance by creating value for its customers and business partners. With this approach, we focused on transforming the existing bancassurance model into a simple model which is more customer-oriented and channel inclusive, especially the Bank's digital channels. We offer bancassurance products and services with an integrated strategy by simplifying these according to customer needs.

In 2020, we plan to further improve customer experience across every area, but especially in digital channels, with a customer-focused approach. Our Bank's strategic priorities include designing simple and transparent processes and enabling full integration of bancassurance processes to our transformation efforts and strategies.

Banking just got smarter with Akbank Mobile

We redesigned our mobile application to make it smarter and easier to use.


AKBANK

Private banking and investment services

We adopted a holistic approach to managing our customers' assets in partnership with Ak Investment, Ak Asset Management and Akbank Treasury.

By capitalizing on our robust technology infrastructure, we continued to enrich our wide array of investment products in accordance with customer needs in core products such as investment funds, stock trading and bonds/bills. With this approach, we recorded market share growth in those segments.

As Akbank, we created an exemplary model for the industry by integrating private banking activities and investment services in a single department: Akbank Private Banking and Investment Services. Under this new structure, we adopted a holistic approach to managing customer assets in partnership with Ak Investment, Ak Asset Management and Akbank Treasury. In 2019, we also recorded numerous financial achievements.

AKBANK INVESTMENT SERVICES

As Akbank Investment Services we maintained focus on the growth potential of capital markets in Turkey during the year. Factors that differentiate us in the industry include knowing the customer well, our experienced and expert staff, the capability to create customized solutions and our financial strength.

The products of Ak Investment, Ak Asset Management and Akbank Treasury are grouped under the brand Akbank Investment Services. Moving steadily toward its goal of being Turkey's leading investment brand, we demonstrated a solid performance in 2019. By capitalizing on our robust technology infrastructure, we continued to enrich our wide array of investment products in accordance with customer needs in core products such as investment funds, stock trading and bonds/bills. With this approach, we recorded market share growth in those segments.

Solid performance that bolstered our leadership

In 2019, we recorded TL 3.7 billion in money market and short-term loan instruments, up 180% year-on-year. Our qualified fund assets totaled TL 8.6 billion, posting 121% growth, while total net asset value of funds amounted to TL 12.3 billion. As Akbank Investment Services, we captured 18% market share in qualified fund assets and 7.06% market share in stock trading, demonstrating our leadership in investment services during the year.

Customer interest and demand in technology sector investment funds continued to rise in 2019, with investments in these funds growing to TL 780 million.

Investors can now invest directly in international equities more easily than ever through the Eurobond fund, which was a standout this year, new technologies fund and foreign exchange funds. Ak Asset Management's foreign exchange equity funds provide great convenience in investing in equities abroad.

In 2019, the gold deposit market jumped to TL 60 billion, up from TL 29 billion a year earlier. To meet customer demand in that segment and attract under-the-mattress gold to the system, Akbank Investment Services tripled the frequency of Akbank Gold Invitations where gold is collected at Akbank branch offices.

TL 70 billion

The total assets of customers introduced to robo advisory services through any channel rose to TL 70 billion.

As Akbank, we are capitalizing on the opportunities presented by digital banking in the most effective manner. We are executing a digital transformation to improve the private banking customer experience.

To offer the best customer experience, we are constantly renewing our way of doing business by effectively utilizing advanced technology. In line with the digital transformation at our Bank, most investment product agreements can now be completed rapidly and easily by the "Finish with Akbank Mobile" application without a wet signature. By this means, customers can open investment accounts without visiting branch offices and conducting their transactions securely.

In 2019, investors participated in a public offering for the first time via Akbank Mobile in the exports of Capital Protected Funds led by Ak Asset Management. We also revamped many processes via Akbank Mobile including agreement confirmations, risk profiling, and getting a fund basket.

As of year-end 2019, the number of customers introduced to robo advisory and wealth management by submitting investment risk profile information via digital channels alone reached 432 thousand. Meanwhile, total assets of these customers climbed to TL 70 billion.

As Akbank Investment Services, we plan to continue refining our tech-savvy investment experience in the coming year with the renewal of the Akbank Mobile application.

AKBANK PRIVATE BANKING

As Akbank Private Banking, we serve customers with financial assets of TL 3 million and above by providing a wide range of products at world class service standards with highly qualified staff. In addition to delivering easily accessible financial services, we also provide an array of value added offerings in line with the exclusive lifestyle of our clients.

We operate six Akbank Private Banking branch offices throughout Turkey; four in Istanbul, one each in Ankara and Izmir. Additionally, we have two service points in Istanbul and Bursa.

As Akbank Private Banking, we respond to customer needs and expectations from a single point with its holistic service model. Through Ak Asset Management, we provide investment funds and asset portfolio management services. Additionally, Ak Asset Management offers comprehensive asset management services to ultra-high net worth (UHNW) clients. Ak Investment's expert consultants generate customized investment strategies in line with market conditions and in accordance with customer risk perceptions and expectations.

Our staff of specialized Private Bankers each serve a limited number of clients. These specially trained employees generate investment solutions while also addressing other relevant customer needs such as private pension insurance, financial leasing, and additional banking requirements. Private Bankers are committed to helping clients maximize the return on their assets.

In 2019, we introduced a new staff development program to enhance the competencies of our employees.

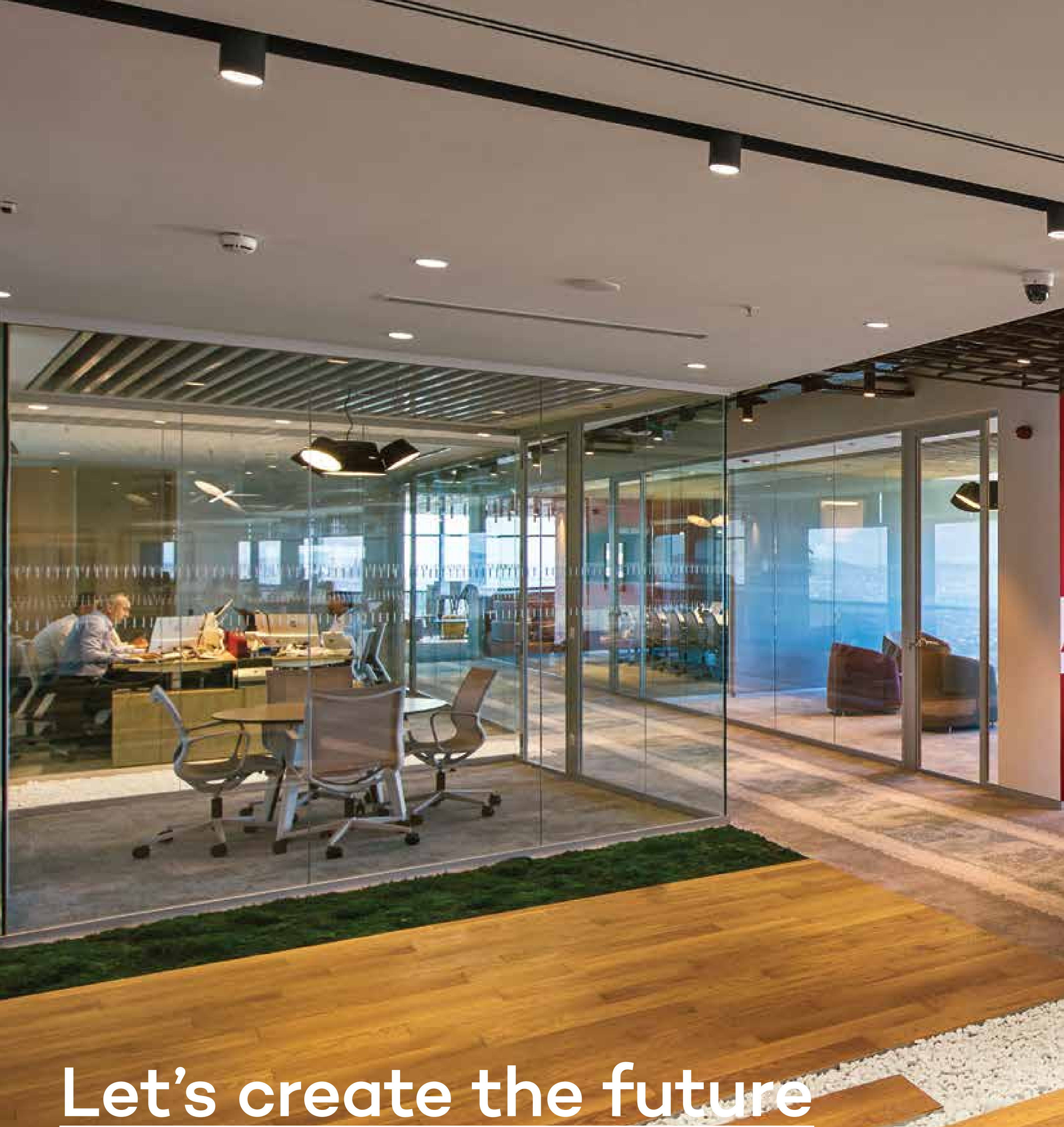
Akbank Private Banking's digital transformation was recognized by a noteworthy award.

As Akbank, we are capitalizing on the opportunities presented by digital banking in the most effective manner. Our Bank is executing a digital transformation to improve the private banking customer experience. We set up an advanced technology infrastructure on our Bank's digital channels – Akbank Mobile and Internet branches. This systems infrastructure allows customers to access investment products, execute contracts without visiting a branch, and perform a wide variety of transactions instantly.

In 2019, Akbank Private Banking was presented with the "Best Private Banking Service in Digital Communication of Central and Eastern Europe" award by PWM, a Financial Times Group publication, recognizing the success of its digital transformation.

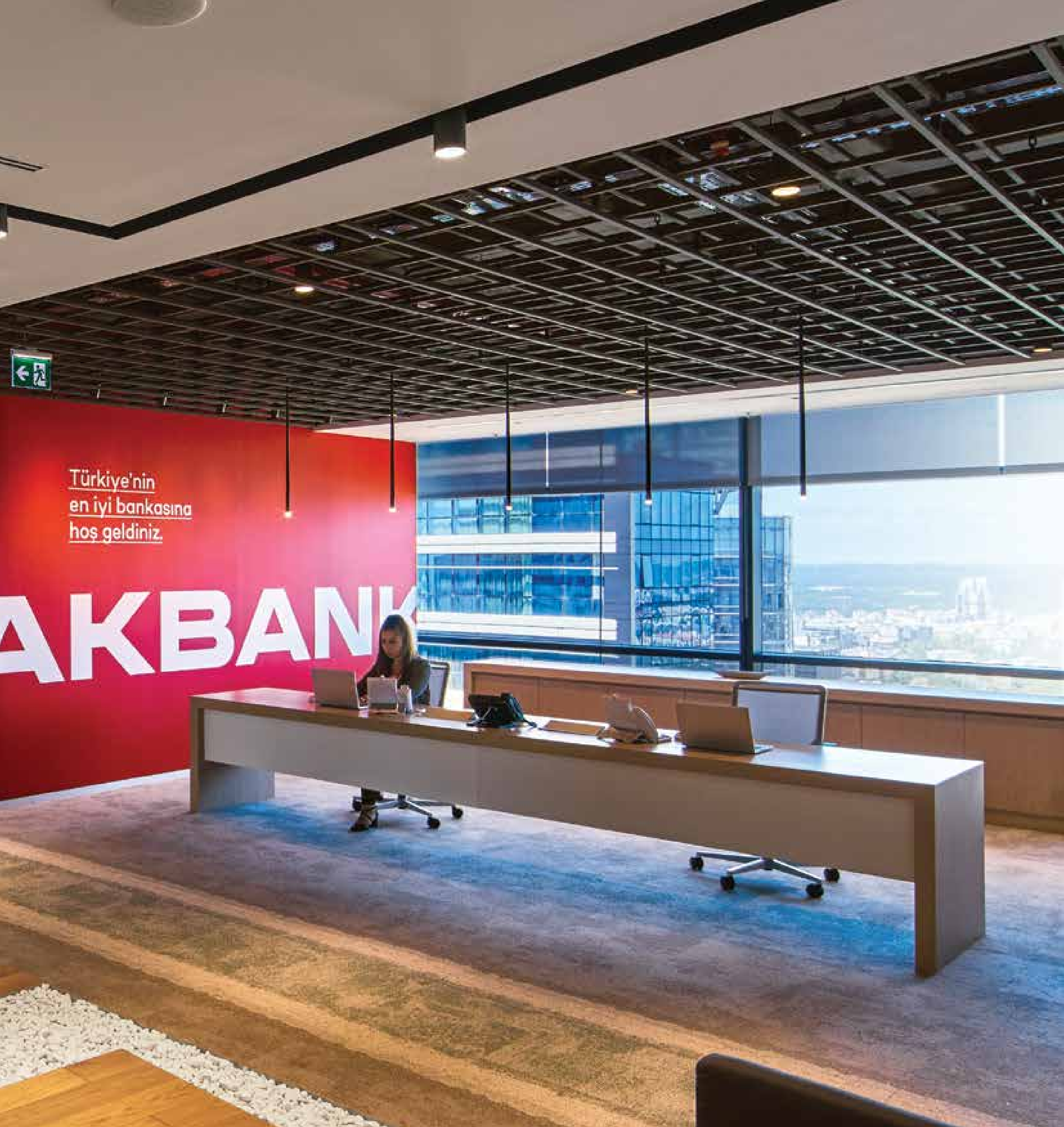
The Next Generation program was first held at the end of 2015 with the support of Sabancı University and Center of Excellence in Finance (CEF). This innovative program aims to educate high school and college age young people on key subjects as the responsibility that comes with family wealth, diversity of investment products, the concept of risk, the global economy, and philanthropy.

As Akbank Private Banking, we endeavor to help customers protect their family wealth and assets for generations to come and transfer them to their descendants. To this end, we organized conferences on the economy, entrepreneurship, global trends, and other related topics, in addition to social and cultural activities and exclusive invitations. Furthermore, we maintain contact with our customers via a blog and Instagram account titled "A Journal," a digital lifestyle platform.



Let’s create the future together

Next generation Akbank, next generation spaces. Our corporate branches are more than standard architectural projects. We designed our new branches as places where we can create futures together.


Türkiye'nin
en iyi bankasına
hoş geldiniz.
AKBANK

Strategy, digital banking, and payment systems

We aim to provide our customers with a simple and smart mobile banking experience featuring modern design with our ongoing investments in advanced technologies.

Cooperating with a world-renowned design agency, we renewed Akbank Mobile end-to-end and gave the application an updated modern look. We designed simple transaction flows to deliver a perfect customer experience instead of complicated menus frequently seen in mobile banking applications.

DIGITAL BANKING

As Akbank, we aim to create the banking experience of the future by focusing on customer experience and design. We analyze the financial experiences of our customers throughout their lives at different points of contact. We redefine these experiences based on our findings. Our projects are realized quickly and effectively by using the most advanced technologies.

Our customers increasingly conduct most of their daily banking transactions on digital channels. In 2019, our digital customer base grew to 5.1 million. Some 69% of our consumer loans were obtained via digital channels.

As Akbank, we aim to provide its customers with a simple and smart mobile banking experience featuring modern design with its ongoing investments in advanced technologies. The technologies, products and services offered by Akbank Mobile simplify banking transactions for customers. Our Bank's mobile application saves customers valuable time by reducing transaction times to mere seconds. In 2019, we completely revamped Akbank Mobile with this vision. With a focus on customer experience, Akbank Mobile launched its new design for customers in September.

Renewed Akbank Mobile

Cooperating with a world-renowned design agency, we renewed Akbank Mobile end-to-end and gave the application an updated modern look. We designed simple transaction flows to deliver a perfect customer experience instead of complicated menus frequently seen in mobile banking applications.

The change in Akbank Mobile goes beyond a simple visual transformation. We revamped the entire service offering during the design process. Our Bank continues to develop innovative service ideas that enable customers to wisely manage their money.

We integrated artificial intelligence based smart and new applications in the revamped Akbank Mobile. A new communication field fed completely by customer-specific content provides personalized insights and smart tips to support customers' financial decisions. In this field, our customers can immediately access various information such as monthly, weekly cash flow summaries, payment return information, cash flow prediction and credit card expenditure analyses.

Akbank Mobile users receive smart tips provided in the new communication field. Mobile customers are also informed about

5 thousand+

We boast one of the most extensive ATM networks in Turkey with more than 5,000 ATMs.

Our goal is to provide a unique experience for its customers, making a difference in their lives at each point of contact.

tailor-made campaigns the Bank creates for them based on the data they share.

As Akbank, we introduces the right solutions at the right time to its customers with new offer fields on the mobile app. Thanks to this artificial intelligence-based system, we facilitate customers' financial lives with individualized offers.

Digital Banking Design Office
Our team gained further design competency capabilities with our newly established design studio. The studio disseminates design culture across all departments at Akbank while also designing new products and services in conjunction with cross-functional teams. We change the flows when needed with rapid testing while continuously working to improve customer experience across the Bank.

Direkt Loan and Credit Cards
In 2019, the Direkt Loan product accounted for 69% of our consumer loans. Meanwhile, 55% of total credit card sales were made through non-branch channels. With the loan experience we perfected during the year, two out of three consumer loans are obtained through non-branch distribution channels.

As Akbank, we boost lending product sales by providing personalized real-time offers. With this approach, we work toward increasing the loan usage rates of our target group.

We also provide loans for our customers under a Direkt Pay collaboration.

Digital Customer Experience
We adopt a customer experience-oriented management model at every step of our product and service design and development process. Under this model, we enable customer participation in all design processes with the most current and effective methodologies, including neuro measurement, questionnaires, one-on-one in-depth interviews, and usability testing.

One of our strategic priorities is integrating opportunities brought by digitalization while enabling more people to benefit from these opportunities. Toward this aim, we, first of all, test all our innovations via a pilot process with a test group selected among our customer base. During this process, we take their experiences and improvement suggestions into account and bring the services to life. For accessible banking, for example, we first allow our disabled customers to try out these innovations. Subsequently, we make necessary improvements and changes in line with the pilot findings.

Insights gained through research studies, analyses and other methods implemented during Akbank Mobile's transformation process guide all the departments in designing smoother and more personalized customer journeys. On this journey that we set out on with our customers, we continue to develop the new world of Akbank Mobile.

Awards
In 2019, we were honored with a total of four awards at the Smarties Awards, which is held each year on a country and region basis by Mobile Marketing Association (MMA). We were presented with two awards at the EMEA region level and two awards at the Turkey level.

ATM

As Akbank, we prioritize wide geographic distribution and easy access. Our Bank boasts one of the most extensive ATM networks in Turkey with more than 5,000 ATMs. We ensure that our ATMs are easily accessible cash transaction points for everyone, whether customer or not. Nine out of 10 cash transactions at the Bank are conducted via our ATMs; our ATM network processes 200 million transaction per year. In 2019, we commenced our ATM renewal efforts. Our aim is to deliver an experience similar to Akbank Mobile, which was recently revamped in line with our transformation strategy and vision.

CALL CENTER

Over the past 18 years, Akbank Call Center has aimed to provide a unique experience to customers at every point of contact. We continued to lead the industry in 2019 with our well-educated, experienced, highly-qualified, solutions-oriented staff; rich diversity of transactions; superior technological capabilities; creative and results-oriented perspective.

Strategy, digital banking, and payment systems

We are proud to have won the Most Productive Project Award in the "Best Customer Experience Design" category at the 2019 CX Awards. Receiving this honor demonstrates the impact of our inspirational projects for the entire industry.

75 million

In 2019, we contacted 75 million customers via digital channels, including social media networks, text chat and video chat.

As the first enterprise to integrate social media in Turkey, Akbank Call Center serves customers not only through audio calls but also via Facebook, Twitter, chat, and video chats. In 2019, we differentiated from the competition in promptitude, user-friendliness and accessibility. The Call Center reported around 75 million customer contacts through all these channels.

Our strong analytics capability enables us to extend dynamic offers in parallel with customer requirements and needs. While the above-referenced channels provide value to our customers, the sales volume they generate also increases each day. We consistently simplify and improve our workflows and business processes with an innovative, customer-centric approach. We are proud to have won the Most Productive Project Award in the "Best Customer Experience Design" category at the 2019 CX Awards. Receiving this honor demonstrates the impact of our inspirational projects for the entire industry.

In 2019, we ramped up investment spending to ensure that we maintain a cutting-edge technologically advanced systems infrastructure. We defined a vision to transform all our workflows and business processes with an innovative, customer- and user-centric approach compatible with new generation technologies. Akbank Call Center will continue to operate with its Digital Banking perspective. The Call Center aims to increase its sales focus, boost productivity via technological innovations and process improvements, and capture a larger share of profit-generating business with its specialized services.

In March 2011, we launched the Specialized Services project. Since that time, the Bank's Consumer, 1to1 and SME clients who are provided remote customized services has reached 150 thousand as of year-end 2019. We plan to continue efforts to deepen customer relationships and effectively manage assets using technological innovations and process improvements.

ANALYTICS DEPARTMENT

As Analytics Department, we are focused on producing next generation analytics solutions. We aim to translate generated data into value-added business results in a data-intensive world centered on evolving and changing digital technologies.

With the Mobile 3.0 transformation implemented as part of the New Generation Akbank program, we entered a new era in mobile banking: one that is customer-oriented, tech-savvy, and ready for the new era.

Thanks to our analytics initiatives, we can now better analyze the needs of customers from all walks of life

As Analytics Department, we completed systems infrastructure work to bolster existing analytics platforms with next generation machine learning technologies. Bank data is modeled using next generation machine learning techniques with high data processing capabilities. Customer needs related to banking products and services are identified with this approach. The Financial Intelligence application, designed to ensure optimal portfolio management based on customer analytics models-driven customer needs and sales force targets, was introduced at our branches and on our digital channels.

In channels where customers interact with Akbank, we employ a real-time marketing system to provide the best value offer.

During the year, we carried out activities related to analytics applications for internal customers and boosted the efficiency of our Bank's operational processes. In 2020, our Bank's analytics initiatives will continue in accordance with a digital and real time banking vision. These efforts will focus on customer experience enhancement, analytic marketing, smart sales and service infrastructures, and revenue optimization. We plan to further cooperate with fintechs in assessing new technologies in advanced analytics with a view toward acquiring next generation analytics solutions.

STRATEGY IMPLEMENTATION

As Akbank, we set our strategic priorities, visionary goals, and roadmap to reach those goals in 2019. After updating our vision and mission in 2018, we reviewed our core values in 2019. Subsequently, we announced our renewed values to the public. We defined our mid-term strategic priorities at mid-year as follows:

- Superior Customer Experience: New Sales and Service Model
- Digitalization and Advanced Analytics
- Investment in the Future

Superior Customer Experience: New Sales and Service Model is targeted at developing new generation branches, renewing the sales force, fostering an uninterrupted customer journey, and boosting channel effectiveness. Our aim is to provide non-stop service to customers via integrated interaction points. Digitalization and Advanced Analytics is focused on bolstering the customer experience and satisfaction, helping our employees be more effective, expanding the use of advanced analytics and maximizing the benefit of automation in virtual robot software programs. Investment in the Future underlines the initiatives to be taken in technology and human resources programs.

With the Mobile 3.0 transformation implemented as part of the New Generation Akbank program, we entered a new era in mobile banking: one that is customer-oriented, tech-savvy, and ready for the new era. The renewed Akbank Mobile showcased the first examples of this new generation mobile banking concept with its dynamic design, simple interface, and smart added value offerings.

We are trying to build an organizational structure that reflects our leading corporate identity across all channels by putting intensive mobile experience in the heart of the branch-office experience. To date, we have completed branch-office transformations – which form the basis of Akbank's New Sales and Service Model and shape the future of banking concept – at 314 branch locations. We achieved a similar transformation for our corporate branches in 2019. Our Bank created a more modern, dynamic, young, ergonomic office environment that supports collaboration for its Corporate Banking Center, employees, and customers.

As Akbank, we believe that our employees should adopt new generation business conduct in order to be impactful in professional life of the future. To this end, we adopted the vision of creating a more dynamic, innovative, highly customer-centric team. Our Bank aims to equip its staff with new skills, competencies, and expertise. As part of this vision, cultural transformation initiatives are planned by formulating codes of conduct. Sub-projects to redesign the employee experience end-to-end continued during the year. By considering the changing work-force profile and new generation requirements of the banking industry, we aim to equip our employees with new generation competences and take employee experience to higher levels. We are shaping our organization in accordance with the requirements of this new world. Our approach is reflected in its employee talent management program: Mirror of the Future. In addition, we have established Centers of Excellence for artificial intelligence, robotic process applications, design, among other key areas. We continue conducting development and training programs to prepare all Akbank employees for business of the future.

Our strategy team is working effectively on strategic priorities and designing, planning, and implementing the sub-categories of these priorities. Team members also assume roles as project and program managers.

Innovation Center

Akbank Innovation Center – Akbank LAB – was established in 2016 to develop innovative projects that meet the needs of our Bank's business units. With this effort, we aimed to ensure that globally recognized financial solutions are integrated into the Bank's processes in order to achieve a perfect customer experience. Akbank LAB prepares Akbank for the technology of the future from today, while ensuring that innovation becomes an integral part of our Bank's culture.

Strategy, digital banking, and payment systems

We are committed to being one of the first to adopt and launch new innovations in every segment of banking. To that end, we rank among the pioneering and leading banks in the Card Payment Systems market.

In 2019, we teamed up with fintechs to work on visionary projects focused on innovation and added value creation. These efforts included improving credit scoring processes with machine learning and text analytics.

Akbank LAB's core team is composed of professionals with experience in consulting, finance, IT, and marketing. More than 150 Bank employees take part in the innovation processes coordinated by Akbank LAB; the entire Bank is eligible to participate. Business units generate ideas in accordance with our Bank's focus areas and objectives. These ideas are then transformed into projects to deliver value-added financial services. Ideas deemed to be successful after undergoing a series of assessments proceed to the PoC (proof of concept) phase. At this stage, ideas are viability tested while their gains for the Bank and its customers are assessed. We have over 100 contracted fintech companies in Turkey and abroad that serve as its solution partners. In 2019, we jointly worked on visionary projects focused on fostering innovation and creating added value with fintechs, such as improving credit rating processes by machine learning and text analytics.

Akbank LAB also organizes various events to support innovation, internally and externally, and generate new ideas. To foster in-house entrepreneurship, we held the fourth edition of the "Challenge Yourself" innovation contest in 2019. At the third "Hackathon" competition, which is organized in close interaction with the ecosystem outside the Bank, 20 finalist teams, selected from around 300 applications, presented their ideas for two days. Additionally, visionary, and innovative enterprises and initiatives met with our employees and university students at the "nexTalk" event, held for the first time in 2019. Akbank LAB cultivates an innovation culture across our Bank through such efforts while cooperating closely with the People and Culture and Corporate Communications Departments.

As Akbank, we plan to execute further innovation processes under the coordination of Akbank LAB in 2020. We aim to develop new products to provide excellent customer service by deploying technologies that guide the finance sector, as well as the world of machine learning, blockchain, artificial intelligence and big data.

PAYMENT SYSTEMS

As per our ambition to be one of the first entities to adopt the innovations in every segment of banking to date, our Bank ranks among the pioneering and leader banks in the Card Payment Systems market. As Akbank Payment Systems team, we solidified our presence in 2019 by attaining 4.9

million cardholder customers, 6.5 million credit cards and 8.1 million debit cards, and a merchant member network of 308 thousand businesses as of year-end.

Debit card market share reached 9.5% and member merchant issuing volume market share stood at 10% as of year-end.

Axess, Akbank's mass credit card brand, continued with the "fulfill with Axess" slogan while focusing its communication efforts on digital channels. Axess helped customers meet their needs thanks to campaigns conducted throughout the year while also gaining the loyalty and acclaim of customers with the rewards it helped customers earn. Axess campaigns, supported by effective communication initiatives and a number of activities all year long, contributed to the brand image and credit card income.

As Akbank, we continued to focus on the Wings Style program also in 2019. The restaurant network offering discounts to Wings credit cards was expanded particularly in Istanbul, Ankara, Izmir, Bodrum and Çeşme as part of the program. Besides, discount opportunities were created for Wings cardholders and card usage was boosted at these locations. We continued to offer complimentary valet parking for Wings cardholders at affiliated shopping malls. Moreover, by developing "Pay with Your Mile Points" function that can be used by our customers having frequent-flyer credit cards, we enabled them to use their Mile Points for travel and accommodation expenses without excluding any enterprises. Thanks to our frequent-flyer program, our customers can cover their travel and accommodation expenses by the most advantageous mile point rates for overseas destinations.

The innovative product portfolio designed to meet the financing needs of the Bank's customers was enriched in 2019. In addition, "Cash Advance" feature, which was available on individual credit cards, is now also available on commercial credit cards. By this means our commercial credit holders had the opportunity to meet their cash requirements by installment through card limits.

Commercial cards

The share of commercial cards in the bank payment systems profits continued to rise in 2019. The share of Akbank commercial cards which was 10.6% in 2018, increased to 13.7 % indicating its popularity during transactions.

Cash revenues had 21% growth in comparison with 2018 translating into an increase in our market share from 7.3% to %9.6.

Debit cards

As the commission rate to member workplaces limited, usage of debit cards particularly in shopping use increased accordingly. The limit conscious shopping card Neo achieved 28% growth in 2019. The share of Neo in all purchases made with Akbank consumer cards topped 12%.

Member merchants

Our Bank's member merchant network reached 308 thousand businesses with 418 thousand POS terminals in 2019. We have further strengthened our market position by broadening our Bank's member merchant network via agreements with industry-leader companies and running consumer-oriented promotional campaigns. As of year-end 2019, 176 thousand merchant members offer installment and rewards benefits to Axess cardholders.

As Akbank, we continued to expand the contactless POS network in 2019. The number of POS capable of contactless transactions reached 229 thousand with 39% increase. The amount of turnover gained through contactless POS devices rose to TL 300 million by 158% growth.

Axess Mobıle

Axess Mobil was made available to all cardholders in 2017 as Turkey's first mobile app to generate campaigns exclusively for Akbank's card universe based on spending patterns of customers. The application reached 875 thousand downloads and 218 million views in just one year. The main principle in launching and constantly updating Axess Mobil was to help customers use the credit card loyalty system easily and effectively. Axess Mobil's campaigns registered 7.4 million participations in 2018, which demonstrates the app's effectiveness in line with the goals of retaining existing customers, and increasing revenue and card market share.

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. Additionally, according to the spending needs of users, the app also gets to know them better and sends notifications of the most suitable campaigns. Thanks to these innovative features, Axess Mobil offers users a mobile app experience personalized end-to-end.

Axess contracted merchants now have the opportunity to organize their own campaigns with Axess Mobil's "District Campaigns" feature,. Customers can view the most attractive campaigns in their respective locations via the app. As a result, the campaign pool offered to Axess Mobil users has grown and diversified, and contracted merchants are able to expand their business by accessing Akbank's vast card client base.

Standing out with "Banking Based on Your Mood" experience feature, Axess Mobil offers its users a variety of lucrative campaigns. It also enables them to easily perform their card transactions. Axess Mobil, which allows users to visualize and participate all debit and credit card campaigns and track their status in these campaigns, is the best representation of Akbank's mobile vision.

Axess Mobil further enriched the world of campaigns with its partnerships in 2019 while making major strides toward becoming a one-stop shop platform for all needs of more than 7 million card holders.

Treasury

Our Treasury Department continues to offer efficient solutions and make a difference in the industry through its high service quality.

Through our efficient solutions we provide with a proactive approach, our goal is to be the first bank that comes to mind for international investors who would like to make transactions in Turkey.

At Treasury Business Unit, we continue to offer efficient solutions with Trading, Liquidity Management, Balance Sheet Management, Asset-Liability Management, Treasury Marketing and Economic Research Departments and make a difference in the industry with our service quality. With effective pricing policies, we focus on maintaining stability during the rebalancing process of the economy.

TRADING

Our Trading Department remains one of the most important players in the Turkish money markets with its high transaction volume.

Our Trading Department pioneers the deepening of the swap market as its leader, and also supports the financial stability of Turkey in bonds and bills markets.

Our Derivatives Trading Group, which is a market maker in the OTC derivative markets and Istanbul Stock Exchange, provides effective pricing for its customers and foreign banks in consideration of market developments, and manages the resulting derivatives positions. With a customer-oriented approach, our Group develops different derivative products to meet the needs of customers.

The FX Trading Group serves as a market maker for both intra-Bank and non-Bank customers in all TL-FX currency pairs that can be traded within Akbank. We also execute physical and financial gold trades on Istanbul Gold Exchange and in overseas over-the-counter markets.

The goal of our Bank is to be the first bank that comes to mind of international investors that would like to transact in Turkey with its efficient solutions provided with a proactive approach.

BALANCE SHEET MANAGEMENT AND ASSET-LIABILITY MANAGEMENT

Our aim is to manage our Bank's balance sheet and income statement in accordance with the principles of risk management. We perform interest and currency swap transactions in line with our Bank's need for resource management, and in order to manage interest rate risk effectively. The Asset-Liability Management Department also manages Stock Securities Portfolio of the Bank and performs the necessary transactions.

Thanks to effective pricing policies and efficient interest rate risk, we continue to contribute to the protection of flexible balance-sheet composition in line with our sustainable profitability principle.

The Asset-Liability Management team makes fund transfer pricing for the Bank's disparate internal business units. Besides, the team monitors all our balance-sheet and presents suggestions to the Asset-Liability Management Committee regarding the actions to be taken.

Thanks to effective pricing policies and efficient interest rate risk, we continue contributing the protection of flexible balance-sheet composition in line with sustainable profitability principle.

LIQUIDITY MANAGEMENT DEPARTMENT

The Liquidity Management Department manages Akbank's short term foreign currency and Turkish lira liquidity, by taking into consideration the market conditions and effectively utilizing all available financial instruments. While managing the Bank's liquidity, the Department borrows or makes placements in money markets in foreign currency and Turkish lira, and uses instruments such as TL repo and reverse repo. We endeavor to manage currency and TL liquidity in the best effective manner possible by handling swap transactions in different currencies.

In 2019, the Department 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. We engaged in the OTC and organized markets dynamically, in response to market conditions.

TREASURY MARKETING

We serve customers across all segments with an extensive range of products – including spot foreign exchange, forward foreign exchange, gold, foreign exchange/gold/interest rate options, foreign exchange and interest rate swaps, government bonds and bills, bank bonds, Eurobonds, repo, deposits, and loans – at competitive prices.

ECONOMIC RESEARCH

As Akbank Economic Research Department, we closely monitor the global and domestic economic environment and market developments. In addition, we ensure the fast and effective information flow to all units of our Bank and present opinions on the potential consequences. Thanks to such efforts, our 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. As a result, our Bank's staff is well-prepared to address customer questions.

Furthermore, at the Economic Research Department we prepare macroeconomic forecasts for our Bank's business units and contribute to determining the Bank's strategy and setting the budget. At the same time, we inform the Board of Directors, foreign investors and clients about the current economic situation and market data.

People and culture

Shaping the future is only possible if we truly cherish and nourish our employees. To manifest our mindset, we decided to change the name of our Human Resources Department to People and Culture.


Akbank
Sosyal

Credit underwriting

We play an active role in the Bank's healthy growth process by ensuring the optimal operation and development of its processes related to risk analysis, financial analysis, risk monitoring, scoring and intelligence.

We strive to maintain our Bank's robust asset quality with dynamic operations sensitive to cyclical developments and periodic portfolio scanning.

As Akbank Credit Underwriting Business Department, we evaluates our Bank's loan offers in line with its objectives and credit policies. We play an active role in our Bank's healthy growth by ensuring optimal operation and development of its processes related to risk analysis, financial analysis, risk monitoring, scoring and intelligence.

In 2019, our Bank's breakdown of total loans was 78.9% for corporate, commercial and SME loans; 21.1% for consumer loans and credit cards. SME loans and commercial and corporate cash and non-cash loans totally amounted to TL 223 billion this reporting year. In 2020, our Bank targets healthy growth by increasing the share of companies with foreign currency denominated loans in the total loan portfolio.

We strive to maintain our Bank's robust asset quality with dynamic operations sensitive to cyclical developments and periodic portfolio scanning. Despite the volatility in global and domestic markets in 2019, we helped protect our Bank's asset quality in line with its healthy growth target. Our ongoing efforts to improve lending processes gained pace in 2019.

The Credit Committee, convening twice a week, and sub-committees, which convene as needed, provide quick responses to customer lending requests, and demands. In 2019, a better year in terms of credit growth, our Bank aimed to boost credit support to companies with foreign exchange earning operations and high export potential.

Support services

In 2019, Akbank Information Technologies conducted numerous projects related to digital transformation to move the Bank forward into the future.

USD 250 million

We made a total investment of USD 250 million in the Akbank Data and Liing Center project.

As Akbank Information Technologies, we conducted numerous digital transformation related projects to move the Bank forward into the future.

One of the most exciting developments of the reporting year was the launch of the new Akbank Data and Living Center in June. In 2020, we plan to complete the transfer to the data center, where we have moved a major part of our current systems. The Bank made a total investment of USD 250 million in the Akbank Data and Living Center project.

In addition to that major investment, we executed many other significant technology related projects at the same time. In 2019, the we completed more than 400 IT projects.

As part of the Next Generation Akbank program, we expanded the transformation that initially started with branch-offices to include all customer touchpoints. These various initiatives and projects include the following:

- We stepped up transformation efforts in the distribution channels.
- The Akbank Mobile application was renewed during the year. The Bank provides a holistic and refreshed mobile banking experience to customers with user-friendly processes developed by smart banking systems. Now, customers can also access a completely-new communication field when they use the revamped Akbank Mobile. We started to generate personalized insights and smart tips for our customers who interpret data (big data) here. In this new field, we provide customers with smart daily tips and useful information such as monthly, weekly cash flow summaries, payment return information, cash flow prediction and credit card expenditure analyses. This new communication field, called Smart Banking Reward, won first place at the IDC Turkey Digital Transformation Awards in the "Customer Experience" category.
- Akbank developed the Tosla application for AkÖde, the first e-money company in Turkey with bank participation. By downloading the Tosla app, young people are now able to conduct their daily banking transactions rapidly while having fun and socializing.
- Efforts to complete the same transformation at Call Centers and ATMs is underway.

Support services

As Akbank, we won the "Information Visionary" award at the IDC Turkey Digital Transformation Awards in recognition of its excellence in advanced analytics.

In 2019, we launched our Financial Business Intelligence (FIZ) platform. With this infrastructure, we started mining the demographic and product data of our customers with new models developed with state-of-the art technology, including machine learning, artificial intelligence, and big data processing.

↗ Artificial intelligence is a key area at Akbank.

- We developed analytical models completely based on machine learning for loan risk analysis. Thanks to these models, we boosted our capabilities in terms of finding the most appropriate solutions by identifying the needs of personal banking customers more precisely. Efforts are ongoing to extend this application into other segments.
- In 2019, we launched our Financial Business Intelligence (FIZ) platform. With this infrastructure, the Bank started mining the demographic and product data of its customers with new models developed with state-of-the art technology, including machine learning, artificial intelligence, and big data processing. As a result, we can now predict customer needs beforehand, select the most suitable product in certain categories by screening results through various simulation layers and provide tailor-made offers to customers. These efforts increased customer satisfaction significantly and boosted the efficiency of Akbank teams. With our new sales model, data obtained from customer interactions is processed nearly in real-time and shared with the headquarters as well as field staff. Equipped with this data, Akbank employees both at the headquarters and in the field are able to take immediate actions. The FIZ platform is continuously monitored by a coordination unit and improvement opportunities are evaluated. Akbank garnered the "Information Visionary" award at the IDC Turkey Digital Transformation Awards in recognition of its excellence in advanced analytics. The Bank also received the "Best Use of Data Analytics" award at Retail Banker International Awards in 2019.
- We see data governance as an essential part of artificial intelligence. We move ahead toward our strategic objective of becoming an analytics bank driven by our transformation program. We created a structure to support data-based work of decision mechanisms in the data governance framework in the triad of organization, process, and technology. This effort delivers quality data for improved decision-making. In addition, data processing would be governed by ethical principles to promote digital trust.

We developed common systems infrastructures and software design architecture to determine the requirements of its customers more rapidly. We aim to deliver the best customer experience in our branch-offices and Call Center as well as via direct channels both in Mobile and Internet Banking.

- We recorded major innovations in payment systems.
  - We completed the BKM QR project. We enabled generation of QR per BKM standards over physical POS. In addition, payments are now possible by scanning QR codes without the use of plastic cards via Axess Mobile or other mobile payment applications without a physical card. As a result, this effort boosted our e-commerce volume.
  - We launched the non-volatile chip-money project. With this project, we designed a structure where chip-money gained through credit card campaigns is never deleted. Axess card holders are now able to save their chip-money as they like without a time limitation and use their Axess chip-money in shopping.
  - We enabled our customers to design and use a tailor-made campaign for personal use with variables such as optional sector/brand, expenditure target, gift type, and the like over Axess Mobile. This innovation is a first of its kind in the sector.
  - Work related to other next generation payment solutions is ongoing.

- As Akbank, we developed a new product – Digital Payment Guarantee – to facilitate the operations of our corporate customers. This new product is offered for the use of our customers on Akbank Corporate Internet. Digital Payment Guarantee enables payment transactions to be made with Akbank guarantee in the purchases of goods or services between buyer and seller. The product will also cover early financing for our customers and account receivables services.

- The new treasury system was introduced to conduct treasury's front office and middle office operations in real-time and track consolidated position, profit/loss, and risk. In addition, we developed the Treasury Back Office application using new technologies.

- We launched its new profitability system. In the system, profitability calculations are made based on branch, product, customer, customer segment, customer relations manager (MIY), MIY segment, business departments and distribution channels. Profitability elements are calculated and reported daily and monthly. Profitability data is used by Akbank's senior management and is tracked by all branches and departments. This data includes supportive indicators used in strategic decision-making, performance management and determination of market trends. The Bank carried out work on its systems infrastructures for all the above-mentioned projects. Akbank developed common systems infrastructures and software design architecture to determine requirements of its customers more rapidly. The Bank aims to deliver the best customer experience in its branch-office, Call Center and via direct channels both in Mobile and Internet Banking.

- In addition, we conducted numerous resource optimization projects to reduce operational costs. Singular risk points in all systems and infrastructures were identified and backed up. As a result, a significantly more stable and reliable technology infrastructure was built. Twenty-five projects were completed for the purpose of simplification.

Thanks to these many projects and initiatives, we received a total of 13 awards in different categories, including three first place prizes, in a total of nine competitions on national and international platforms during the reporting year.

In 2020, we will continue our committed efforts in order to create more value for its shareholders, customers, and employees in line with the digitally transforming world.

CUSTOMER EXPERIENCE AND SERVICE DESIGN DEPARTMENT

As Customer Experience and Service Design Department, we support our Bank in reaching the strategic objective of continuously improving its customer and employee experience. Our Department also helps our Bank

Support services

Completing over 260 upgrades focused on digitalization, employee, and customer satisfaction, we improved more than 1,800 of our business processes in 2019.

In 2020, we plan to integrate robotic process automation applications with OCR, Chatbot, and other AI-centered technologies, expanding their deployment across the organization.

achieve excellence in operations with a leaner, digital and paperless way of doing business. As part of the transformation which commenced in 2016 with the New Generation Akbank vision, our Department undertakes work of strategic importance to the Bank.

In 2019, we implemented more innovative, leaner, mobile, paperless experience designs, and an analytics-based sales model. These efforts aimed to bolster the sales and service model across the branch offices and digital channels. As part of branch transformation related work, our Bank transformed more than 300 branch locations in terms of technology, business processes and architectural design by year-end 2019. We also performed a wide variety of tasks to create awareness for effective and sustainable change management at New Generation Akbank branch offices. In addition, we undertook efforts to increase the knowledge level of the staff and ensure that employees more efficiently adapt to the synergy created. In 2020, the Department plans to continue its end-to-end experience design and development efforts around the vision of Next Generation Akbank. We aim to deliver a better employee and customer experience and move forward in transformation and change management of new branch offices.

To reduce employee workload and help the staff focus more on value added work while boosting productivity, we started our robotic process automation (RPA) efforts in 2018. This work continued and gained pace in 2019. Our Bank designed new experiences with teams specialized in some 20 different domains with robotic automation; 25 processes were revamped end-to-end by year-end 2019. Now, we conduct a wide array of transactions with robots, from loan offers to ATM transactions, customer complaints to money transfer transactions. By integrating robotic process automation applications with OCR, chatbot and other AI-centered technologies in 2020, the Customer Experience and Service Design Department will further enrich operations across the Bank.

Our Bank's RPA model and related work was deemed worthy of the Silver award in the "Banking Innovation of the Year – Analytics & Artificial Intelligence" category by EFMA in 2019. The competition was participated by more than 600 projects from around the globe.

We have conducted the "Improvements for You" program since 2012. In 2019, we implemented more than 260 improvements by capitalizing on digitalization, employee and customer satisfaction and efficiency. To date, the Bank has improved more than 1,800 business processes.

Akbank employees can access informational management reports via the ARGUS reporting system in a productive, flexible, effective, simple, and fast way.

Customer Experience Management Platform
As Akbank, we monitored customer experience at all points of contact on a daily basis. The Bank collected feedback from 225 thousand customers via the Customer Experience Platform. During the year, we continued to upgrade this platform, which launched in 2017, to ensure more comprehensive and effective customer experience management. The Customer Experience Platform allows our employees to continuously monitor NPS (Net Promoter Score, or recommendation score), an international metric in the field of customer experience. Proactive measures were implemented in response to NPS results and certain rules. Efforts were made to improve customer experience based on these results. We plan to further enrich customer feedback channels and proactively improve customer satisfaction.

Akbank Design Studio – Designing Employee Applications
In 2019, as part of Akbank Design Studio's employee applications efforts, we reviewed branch-office and Call Center applications; user-friendly, fast and new-generation UX and UI designs were created and introduced. In 2020, we plan to further improve employee and customer satisfaction by simplifying its business flows.

Ever-rising Customer Satisfaction with Rapid, High-Quality and Holistic Service
Service speed and quality of Akbank Operations Center is monitored by 118 performance indicators under 37 service level agreement (SLA) s. Measurement results are shared transparently with related teams. The results are then used to plan training and development activities, identify areas open to development, and draft action plans for these areas. In 2019, the Bank revised service contracts in line with customers' evolving expectations, resulting in quality level increases.

As Akbank, we responds to all notifications – including complaints, objections, demands, suggestions, and compliments – received from customers independent of the channel via a single center. All notifications are processed thoroughly with an integrated and flexible system infrastructure. Progress in customer satisfaction – as well as complaints, requests and customer experience-oriented projects submitted to the Bank through various channels – are monitored periodically by Customer Experience Committees. These results are disclosed transparently.

BUSINESS INTELLIGENCE APPLICATIONS – ARGUS

Our Bank employees can access informational management reports through the ARGUS reporting system in a productive, flexible, effective, simple, and fast way.

We continuously revise our report generation and information management processes to significantly boost efficiency and productivity. In accordance with ever-changing requirements and evolving technologies, we conduct ongoing efforts to renew the infrastructure and interfaces of its management reporting system. In 2019, this work included the following:

- We provided senior management the capability to access reports via tablet computers and smart phones.
- Senior management dashboard screens were set up.
- Necessary systems infrastructure and interfaces were developed for channel based reporting.
- Data singularization and data integrity were ensured in the common data layer.
- Dashboards were designed for sales and marketing teams; upgrade work has begun.
- The daily updated data and its progress in volume and quantity were followed-up.
- Financial analyses are conducted easily and rapidly with the revamped analytic management reporting infrastructure.

PROFITABILITY SYSTEM

The profitability system was developed to enable multidimensional analysis of Akbank's profitability. The system's infrastructure was completely revamped to measure channel profitability as well as customer, branch, and customer relationship management (CRM) profitability in a more productive and

Support services

As part of its strategic management of expenses and investments efforts, we implemented analysis and modelling projects to bolster our position as the most efficient bank in the sector.

20 billion

Our profitability system processes 20 billion bits of data daily.

efficient manner. Results yielded by the system are used in various ways, including formulating managerial and marketing strategies; ensuring excellent service is provided to customers at branch offices at various points; and performance benchmarking.

Our profitability system supports its sustainable profitability target by processing 20 billion bits of data per day and generating daily profitability reports. Under the profitability system, we regularly evaluate our profitability on a daily and monthly basis in terms of the following criteria:

- Customer profitability
- Customer relationship management (CRM) profitability
- Branch profitability
- Segment profitability
- Business unit profitability
- Product profitability
- Channel profitability

COST AND INVESTMENT MANAGEMENT

As part of its strategic management of expenses and investments efforts, we implemented analysis and modelling projects to bolster its position as the most efficient bank in the sector. We also achieved significant efficiency via working groups across the organization to ensure sustainable cost savings. During the year, we revamped the application that provides information to users for expense management by updating activity-based expense follow-up processes.

BUDGET

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

Each year, we review our triennial strategic planning survey during budget planning. Our medium- and long-term objectives and action plans are determined during this review. Our performance is monitored via monthly estimates generated throughout the year and by comparative analyses of periodic financial and operational actuals with the budget. In accordance with cyclical changes in the economic outlook, the budget is revised when and if deemed necessary. We efficiently report the performance follow-up of its business units and field operations.

INFORMATION RISK MANAGEMENT

In a world that is increasingly digital and globalized, we prioritize effective management of cyber and fraud risks. To this end, we take a stakeholder approach to information risk management. In other words, we have adopted the principle of effective management of information risks relating to the Bank, customers, investors, business partners and the sector.

We conducted efforts to ensure that our employees take precautions to guard against cybercrime. We also engaged in awareness raising activities on this key topic. We aim to remain safe from cyber threats.

Information risk management related efforts conducted by our Bank in the context of people, process and technology include the following:

1-People
We established the Information Risk Management Department to ensure that information risk at our Bank is audited directly by the Board of Directors. The Department reports directly to the Board of Directors. We are one of few companies worldwide and the only entity in the Turkish banking industry to implement this model. This unique model provides a holistic approach to information risk, by separating information risks from information technology risks.

Effective management of information risk and fraud – which constantly change, evolve, and become more complex – depends not only on technology but also people. For that reason, the Bank aims to work with experts in information risk management who are constantly learning and applying their knowledge as practitioners. We are achieving that goal with efforts undertaken in collaboration with the People and Culture Department.

We conducted efforts to ensure that employees take precautions to guard against cybercrime. Our Bank also engaged in awareness raising activities on this key topic. We aim to remain safe from cyber threats. During these activities, we used both innovative training programs based on gamifications and simulations which enable experiencing real-time cyber threats.

We also undertook efforts to increase the awareness of its customers while they are using digital banking products. This work helped us to highlight the major role our customer stakeholders play in directly minimizing fraud risks and damages.

Investing in people and creating awareness is an ongoing process that requires continuous development.

2-Process
To better manage information risk and fraud threats, we added information risk assessment to its critical decision-making processes.

We consider the information risk of new services, and the security of its technology systems infrastructure that enables these services, at the initial design and development stage. With this approach, we can deliver services with minimized risks from day one without the need for "patch" solutions afterwards.

In addition to ongoing improvements and upgrades to prevent cyber and fraud threats, we focus on capabilities and processes in overcoming an incident with minimum harm to the Bank and customer. We conducted a comprehensive review of our processes for that purpose. We integrated and coordinated its processes that minimize a detected cyber or fraud incident while completing needed upgrades at all relevant points.

As Akbank, we established the Information Risk Management Committee, participated by senior management, to handle cyber and fraud risks.

To protect the banking industry with a stakeholder approach, we collaborate with the public sector, private enterprises, markets, and unions.

3-Technology
As Akbank, we are an industry pioneer with its investments in innovative technologies that manage cyber and fraud threats.

Technology platforms using big data, artificial intelligence and learning machine technologies facilitate detection and defense mechanisms against complex threats. We continue to invest in advanced technology platforms with these capabilities.

We make technology investments to enable redundant work against systematic errors. Additionally, our online technologies are updated with global intelligence networks.

Akbank's Cyber Security Center is operational 24/7 to monitor, respond and handle cyber threats, accidents, and security vulnerabilities. We place great emphasis on developing technologies to prevent information risk. Our efforts in this key area are conducted by highly trained and well-experienced professionals.

People and culture

Akbank employees are the architects of our past achievements, and the most important foundation to our future success. equal opportunity, fair evaluation and transparency are our key principles in managing them.

We are aware that a successful transformation process places the human factor and all the elements shaping culture at its center. We position Akbank employees who generate and use innovative technologies as key stakeholders of transformation.

Since our foundation, we were able to achieve many great successes with our qualified employees. In a time of rapid transformation in the business world and human resources, we continue to work with the purpose of pioneering this transformation in every aspect of our work. We believe with all our heart that our development-oriented, innovative, and versatile employees are our most important value in preparing for the future.

We are aware that a successful transformation process places the human factor and all the elements shaping culture at its center. We position Akbank employees who generate and use innovative technologies as key stakeholders of transformation. We support Akbank staff with personalized development programs. We created Centers of Excellence in various fields – such as robotic process automation, advanced analytics, and artificial intelligence – to transform and improve our workplaces. We move forward by focusing on employee experience in all our People and Culture applications We reflected this vision to our name and renamed ourselves People and Culture, continuing to place employee experience in the center of all our people and culture applications.

Our goals as the People and Culture team are: bringing in young talents with innovative and visionary skills suitable for Akbank's strategies, values, and vision; placing them in positions with the most added value for both the organization and they; supporting continuous development of Akbank employees and enabling them to stay at our bank.

Akbank employees are the architects of our past achievements, and the most important foundation to our future success. Equal opportunity, fair evaluation and transparency are our key principles in managing them.

The main pillars of our People and Culture roadmap include:

- Continuous development of working styles and roles in parallel with the business expectations/ requirements of the future,
- Proactive and participatory competency development supporting a multi-faceted improvement and transformation of employees' learning experience into a personal development journey,
- Investment in Akbank and its staff with top quality programs that prepare them for the future,
- Fair and regulatory compliant banking,

We adopt an approach that defines the needs of the future today and enables us to prepare for the future in a world of technology and rapid change.

- Target- and competency-based, transparent, and fair performance management,
- An encouraging, risk-focused reward mechanism that fosters superior performance,
- Supporting all efforts with data-based initiatives,
- A cultural transformation program that supports and complements digital transformation,
- Continuously improvement of organizational efficiency,
- Effective in-house and external communication based on corporate values and a shared culture,
- Architectural transformation toward the work environment of the future.

Fostering the banking culture of the future

We adopt an approach that defines the needs of the future today and enables us to prepare for the future in a world of technology and rapid change. At Akbank, we are aware that the most critical elements in creating the bank of the future consist of teams that work passionately, that improve each other with their experiences, that are agile, fast adapting, cooperative and openly communicative, and that value creative ideas. We understand that specializing in one single field is not enough for our employees; one of the golden rules to catch up with the times is to be versatile and we create value by supporting versatility for them.

When leading the application of new trends, we use advanced HR analytics in many different fields, from identification of the trainings to be assigned for Akbank employees to transforming verbal data of employee feedbacks into information that would contribute in employee satisfaction by mathematical interpretations.

Reaching out to young people

As Akbank, we aim to raise its visibility among university students and new graduates, who figure among the most important stakeholders of the employer brand, by fulfilling their expectations.

We meet and exchange ideas with the young staff of Akbank at special events such as Switch Reverse Mentorship Program, Coffee Breaks, Shadow Program and Future Club. We also meet university students at other events. Our Bank's senior managers come together with university students during campus visits every year via club activities, attendance at lectures, coffee talks, mentorship programs and career center events. As part of the Akbankcalls event, we welcome young people at our headquarters.

We aim for students to start their careers with the Akbank Demo Internship program and Prospective Executive program. We also support innovative idea generation of young people with the Akbank Thought School competition. The winner earns the right to attend Harvard University Summer School.

As Akbank People and Culture, we conduct communications via digital channels. We aim to demonstrate and promote the work and social spaces at Akbank in addition to career opportunities and various employee development applications.

We renewed our recruitment and career website with a focus on digital and one-to-one communications. This online resource informs visitors about Akbank and Akbank staff to young persons. Our recruitment and career website takes the recruiting process to a new level with its mobile applications and innovative solutions.

In addition to the website, we also share content that introduces Akbank and Akbank employees via LinkedIn, Akbank Career Facebook page and Akbank Career Instagram account.

New Akbank employees

Newly recruited Akbank employees' orientation involves an experience with digital, personalized, and close communications. We introduce our new employees a work environment which creates opportunities for them to get to know our Bank and our team members, to access information and to commit to their

People and culture

With "Akbank Employee: Mirror of the Future" program, we developed a new approach equipped with tools that would enable Akbank employees to develop new skills, support their personal development and transform their potential into performance.

By providing career management, we serve as a solution partner to Akbank in achieving its targets.

self-development; we constantly communicate with them for 6 months through messages sent via Mobile and Web portal.

In addition to these, they are able to complete their transactions in various areas and find answers to their questions with our new Chatbot application 1Bilen and they can receive immediate support outside the office through 1Bilen Mobile app.

Effective career management
By providing career management, we serve as a solution partner in helping the Bank to achieve its targets. Within that context, we give priority 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 optimal way that advances both the Bank and employees. To ensure the Bank's future sustainability, we monitor the staff's experience, competencies, and technical equipment to produce backup plans for various positions. Training and development programs are implemented to ensure that personnel are ready to perform effectively in prospective positions. Employees who pass the specified career paths with success and complete their development cycle are placed in different positions. Besides, employee career paths are constantly reviewed and revised pursuant to strategic targets according to the new organizational structure formed in response to the Bank's changing needs.

Career paths for each position are clearly defined for each function at our Bank. 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. Besides, we promote all vacant positions in the Bank through internal job posting systems Career Opportunities to all Akbank employees and provide a transparent and fair hiring process to the candidates who meet the criteria. With 32 different rotation programs arranged throughout the organization, we aims to support staff career development and enable employees to gain experience in various functional areas.

Akbank Employee: Mirror of the Future
With "Akbank Employee: Mirror of the Future" program, we developed a new approach equipped with tools that would enable Akbank employees to develop new skills,

support their personal development and transform their potential into performance.

Akbank Employee: Mirror of the Future offers all Akbank employees a complete toolkit for staff to explore themselves, capitalize on their strengths and identify areas for improvement. The program enables the Bank's managers, as well as employees themselves, to closely monitor Akbank staff's competencies and skills. These efforts are supported with feedback, personalized career, and development opportunities.

Personalized Development Process
Akbank Employee: Mirror of the Future is positioned as a competency development program. It differentiates from other talent management programs due to its ability to offer a personalized development process specific to each employee.

We set off on this journey with the motto of "Development is not limited to education." Akbank designed the individual development plan process as the building block of the program.

During the process of individual development, all Akbank employees and managers come together to give feedback and create development plans specific to the individual staff member. With the Online Competency Development Platform, employees set off on a personalized development journey according to their developmental needs.

We created a special channel on company-specific Akademi TV where employees can access information related to the program as well as sample applications. We also enabled staff members to apply for in-class/online trainings over the portal. In this way, Akbank employees can access the sources related to the competencies identified in the individual development plan.

Efficient performance management
We realize our corporate objectives together with our employees with high levels of competencies that make Akbank what it is.

In our performance evaluation system, which enables the observation of the employee's contribution to the corporate success and encouragement of open communication between employees, we determine the objectives on the basis of the person and as part of common objectives. Each employee acts in line with these objectives. Effectiveness of the performance system depends on the system's transparency, simplicity, and correct measurement. We conduct Performance Management with an approach that would keep the risks at minimum level. Performance Management System produces periodical and systematic inputs for salary and reward systems as well as career and training applications.

We support Akbank employees' performance with new applications and advanced systems that would facilitate their work life and increase efficiency. With the new system we started to use in 2019, we enable employees to participate in the process increasingly and to exchange their opinions regarding their objectives. This application, in which we manage performance monitoring, assessment and premium processes on a single and innovative platform, also provides all the flexibility of the mobile environment.

Akbank Academy
At Akbank Academy, we closely monitors training and development trends that will effectively and swiftly respond to the changing needs of the industry. Our goal is to train the best employees in the sector and make the development an investment tool for employees. Our pioneering projects in the industry are presented at various domestic and overseas events.

We focus on the development areas of employees and provide them with optimized and easily accessible training programs personalized with analytical studies. In addition, the trainings are delivered via new generation methods. We encourage staff members to attend summits, conferences, and seminars, both in Turkey and abroad, that will allow them to keep track of the latest industry and global developments.

New, advanced technologies are increasingly important in today's world. Investing in these emerging technologies and also properly training the employees who will use technologies are major subjects in consideration. To translate these emerging technologies into the workplace and foster a shared discourse, we continued the development program entitled "We are Ready for the Future" which was launched in 2018. Under this initiative, we plan to bolster competences in various areas; such as results from big data, artificial intelligence and machine learning, design thinking, cybersecurity.

Covering art to technology, innovation to psychology, "Akbank Employee Meetings" and "Academy Summit" are held to capitalize on the dynamics of different disciplines and attain a multidisciplinary approach across the organization. The meetings feature events such as seminars, workshops and talks with experts.

In order to improve today's leaders and train future's leaders, we are organizing disparate and sustainable programs including specialized solutions for individual needs. Besides, we attach importance on designing effective and transparent processes in talent management programs and regularly increase the resources spared for this matter.

Professional development opportunities rank among the most important expectations that younger generations have when they start their career. To meet these demands, we benefit from various learning methods and tools, including classroom trainings and online training tools. We also strive to render trainings more entertaining with gamification systems. We combine modern training methodologies with technology, constantly working to innovate the digital experience.

A remote access system infrastructure was developed to enable employees to track their personal development plans while the managers can also monitor the development performances of

People and culture

Besides conducting trainings and new ways of doing business to form a common culture on subjects that will carry Akbank to the future like analytic, design, artificial intelligence, we also take new initiatives for transformation.

We launched "You are the Expert" platform to cultivate a culture of learning from each other. With the platform that encourages the participation of all our employees, we enable information to expand systematically.

their teams. Personnel can access rapidly all details on the training they will attend on a single platform. With the Academy's mobile app, we focus on mobile learning and mobile experiences. The new training programs are created as mobile compatible, while critical training programs are in mobile transformation.

With VR Orientation application launched in 2019, we provide newcomers to Akbank an interactive tour at Sabancı Center, ABM, Galata Branch and Akbank Academy in virtual reality environment. Accordingly, we let beginners to adapt rapidly to the Bank.

At Akbank, the employee learning experience is transformed into a journey of development. In this context, the branch-office employees access all development tools in a holistic manner, complement their technical training with online methods, simulations, and games. They also participate in classroom activities and improve their competencies. We continue our digital transformation efforts to make the current career diplomas more personalized and customized, more compact, independent of time and space, and available to access information easily.

The digital Training Catalogue, accessible via Akbank Academy Portal, is designed to meet the learning requirements of the employees throughout the year. The catalogue features rich content, competency sets and matched with personalized training options.

To establish a common culture in key subject areas that will move Akbank forward into the future –such as analytics, design, and artificial intelligence – we launch new initiatives alongside training programs and new ways of doing business.

During "Trend Talks" townhall meetings, we bring our CEO and relevant Executive Vice Presidents to meet with Akbank employees on current topics such as digital technologies and design. Akbank's "nexTalk" events host leading names of the entrepreneurial and startup ecosystem to share their know-how and experience with Akbank employees. Meanwhile, the "Code Challenge" competition encourages Akbank's code writers to generate a solution for a given question through coding.

As one of the leading companies of Turkey and the banking industry, we are closely following the transformation trends around the world, placing importance on adapting to the business dynamics of the future.

In 2019, young Akbank employees formed the Future Club to present their innovative ideas by convening with the CEO and relevant Executive Vice Presidents four times a year.

We launched "You are the Expert" platform to cultivate a culture of learning from each other. With the platform that encourages the participation of all our employees, we enable information to expand systematically. "You Are the Expert" hosts videos related to critical business experiences for work life as well as social skills. We strive to enrich the learning culture of Akbank employees by contributing to their technical and social skills.

In parallel with the learning organization strategy of the Bank, we are getting the support of our experienced employees to do in-company training, mentorship, and coaching. So, the experiences in relevant areas are exchanged. While motivational activities are ongoing to boost the motivation levels of in-house instructors, the best architects of continuous development, they are also supported with development programs.

At Akbank Academy, we have training halls at our headquarters in Istanbul, in Ankara and at Akbank Banking Center. With digital solutions that were implemented at the Akbank Academy, paper use decreased, roll-call and turnstile integration was completed and digital displays were placed in the classrooms. Reduced paper consumption is also the manifestation of our environmentally friendly approach. Moreover, at Akbank Academy building, we are sending digital messages to participants concerning their training programs using Beacon technology.

By year-end 2019, our Bank administered 38 hours of training per employee thanks to its investment in employee training. 30% of total training time was online training during the year.

Workplace transformation

As a leading company of Turkey and the banking industry, we closely monitor transformation trends around the world. We place special importance in adapting to business dynamics of the future. We pursue transformation with a people-centered approach that is nourished by interaction, and driven by technology at its center. One key aspect of this transformation process is the Bank's working and social spaces.

We took the first steps in this process with our Next Generation Akbank project launched in 2016. This effort targeted digital and architectural transformation of the Bank's branch offices. Our Bank went on to take the branch office transformation to another level: Corporate branch locations in Istanbul moved to new office floors and underwent architectural renovations.

In 2019, we renovated all the working and social areas of Akbank Banking Center. Akbank Library at Sabancı Center was revamped as a living space and renamed Academy Social. Hosting events that support innovative ideas, Academy Social encourages employees to learn from one another and prepare for the future. Additionally, a specially designed environment, encompassing both physical and digital elements, is provided for Akbank employees who want to further their personal development. We also refurbished architectural designs of dining halls after setting up lounge area planned as a social, rest and alternative work area at Sabancı Center.

Employee satisfaction and employee engagement

At Akbank, we see effective communication as one of the most important tools to achieve success. To this end, our Bank regularly conducts Employee Loyalty Surveys across the organization. This effort is designed to make personnel feel that they are valued; identify their strengths and weaknesses; and translate the staff's opinions and suggestions into corporate success. In addition,

People and culture

We created reward mechanisms to give recognition to the employees that create value for Akbank in various areas. With these mechanisms, put forward "valuing people" notion by reinforcing employee loyalty.

Akbank employees discuss the target results of the previous period with their executives on one-to-one basis during performance evaluation interviews and together, they identify successful aspects as well as aspects open to improvement.

Employee Pulse Questionnaires are given to enrich dialogue with the staff via new channels, ensure continuity of communication, and receive employee feedback. The confidential survey is administered by an independent research firm. Survey results are analyzed by the People and Culture Department. Improvement and development actions are planned according to the survey findings.

Individual career interviews are conducted with about 6 thousand Akbank personnel each year. Numerous workshops are held with employees to evaluate People and Culture practices. We systematically handle all feedback received as a result of this process. Projects to improve employee experience are designed according to these feedbacks.

Performance-based bonus and rewarding

The performance bonus system ensures improved employee efficiency 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.

Akbank employees discuss the target results of the previous period with their executives on one-to-one basis during performance evaluation interviews and together, they identify successful aspects as well as aspects open for improvement.

For fiscal year 2019, the Bank plans to pay TL 213 million in performance premiums to employees depending on their work progress.

Besides, as part of employer brand and staff loyalty efforts; we devised new reward mechanisms to contribute directly to the motivation and productivity of employees; ensure the recognition and appreciation of successful personnel who create added value for our Bank; and uphold the concept of "value to people" by bolstering staff loyalty.

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

- "Bull's Eye Awarding System" for swiftly recognizing exemplary employee behavior and ground-breaking business results in day-to-day operations,
- Impressive Akbank Employee seniority incentive awards for those employees who have completed 10, 15, 20 and 25 years at the Bank,

- Gratitude/Appreciation awards, where the conduct and/or work methods of extraordinary employees who have a direct impact on the Bank's attaining its targets are recognized by the People and Culture Unit and the CEO,
- Awards for employees who nominate candidates that share the corporate culture and possess the skills necessary for the vacancy in question,
- The "Thanks from Team to Team" platform, launched to foster a culture of collaboration, recognize, and celebrate achievements, reinforce teamwork, and highlight any crucial support from and collaboration with other teams,
- Field Achievement Awards, which reward teams on the basis of their quantitative performance in specially designated categories.
- Clean Banking award for employees who serve customer interests and contribute to customer satisfaction with their conduct, practices, and efforts in line with "clean banking" principles.

Our Awards

In 2019:

- Akbank's multidisciplinary efforts garnered the Gold award in the "Best Advance in Talent Mobility" category from Brandon Hall;
- Akbank Employee: Mirror the Future Program received the Silver award in the "Best Unique or Innovative Talent Management" category from Brandon Hall and Bronze award with team achievement from the 16th Stevie International Business World competition;
- The bank's Performance and Wage Management System won the Bronze Stevie award in the Human Resources Management Solutions category;
- Akbank Academy Treasury Products Simulation training garnered the ROI Institute – Best Impact Study award and the Bank's gamification platform won the Bronze Stevie award.

Financial Benefits Provided to Board Members and Senior Managers

In 2019, Akbank provided TL 69 million financial benefits to the Group's senior management.

Ethical Principles

Ethical principles, which are the unchanging elements of our corporate culture and governance, provide a foundation for Akbank's current reputation in the banking industry and within the society. Our Bank's main objectives include safeguarding and further enhancing its market position while sustaining stability and reliability in the industry. We do our utmost to ensure that employees embrace the ethical principles as outlined in internal communication channels and training programs, and act in line with such an awareness. Besides, our Bank also has an Ethics Line, which is subject to confidentiality principles, that employees can communicate any issue they cannot resolve or bring up in their own department for any reason.

Evaluation of Employee and Outsourced Employee Feedback on HR Practices

Akbank employees and outsourced staff can submit their feedback, complaints and suggestions on human resources related subjects and processes to managers and HR professionals in addition to the Ethics Line. Our Bank has a process that stipulates systematic evaluation and action of these communications from the workforce.

Akbank Employees

As of December 31, 2019, Akbank has 12,750 employees. (The Group has a total of 13,136 employees.) The Bank's workforce is composed of 53% women and 47% men. Some 96% of all Akbank employees are university graduates. The average employee age is 36.

Our People and Culture Principles outline our Bank's people and culture 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. Our Bank fully complies with the Labor Law, other applicable laws, bylaws, and regulations, as well as with the collective bargaining agreements in place.

Akbank T.A.Ş. Mensupları Tekaüt Sandığı Vakfı

Akbank T.A.Ş. Mensupları Tekaüt Sandığı Vakfı focused its activities related to employed and retired members on the provision of healthcare services in 2019. The revamped Health Center operates 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 Bank employees.

The redesigned 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, 2019, the highlights of Akbank T.A.Ş. Mensupları Tekaüt Sandığı Vakfı's efforts include:

- Total assets of the Foundation: TL 2,180 million.
- Number of members receiving pension salaries: 12,487.
- Amount paid to retirees, people with disabilities, widows, and orphans: TL 440 million.
- Health care assistance as amounted to TL 208 million as of December 31, 2019.

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.

Our contribution to society

At Akbank Art Center, we organized over 700 arts-related events – including exhibitions, concerts, theatrical plays, and modern dance – making headlines in Turkey and the global arts community in 2019.

We established Akbank Art to add value to society at large and create a brand for the innovative and visionary identity we pursue in the arts. The center celebrated its 26th anniversary in 2019.

100 thousand+

In 2019, over 100,000 people attended our events.

As Akbank, we are aware that ensuring a bright future for Turkey requires far more than providing banking services. In addition to supporting economic growth, we see expanding educational and cultural opportunities and boosting entrepreneurship as our core responsibilities.

Aiming to expand creativity and critical evaluation, we enable arts to reach a mass audience with culture-arts initiatives that we have resolutely undertaken for years. We think that independent and original ideas inspire improvement in a diverse set of areas. We believe that courageous entrepreneurs, the pioneers of innovation, will significantly contribute to Turkey's social and economic development with the opportunities they create. We strive to facilitate access to the guidance and support that entrepreneurs need. We place immense importance on education and training. In particular, to reach the highest quality level in financial management, we design comprehensive training programs with experts in this key area.

We encourage Akbank employees to participate in all these various initiatives and endeavors as volunteers. Akbank aims to add enduring, long-term value to the lives of more people via these shared experiences and efforts.

At Akbank, we always think about what is best for Turkey. We put our heart and soul in our work toward this end.

ARTS

We prioritize development, change and innovation that benefits society. Accordingly, we have conducted many significant projects in culture and the arts for many years. We aim to preserve our shared national and universal heritage via the culture and art projects we execute. Our goal is to pass this rich heritage on to the next generations while reaching out to thousands of art-lovers with our efforts. We play a leading role in developing and supporting contemporary arts in Turkey and bringing artworks to a mass audience across all social strata. In 2019, Akbank organized over 700 arts-related events – including exhibitions, concerts, theatrical plays, and dance – making headlines across Turkey and overseas.

We established Akbank Art to add value to society at large and create a brand for the innovative and visionary identity we pursue in the arts. The center celebrated its 26th anniversary in 2019.

In 2019, we presented joint exhibitions, bringing together widely renowned names of the domestic and international art world, showcasing

The 29th Akbank Jazz Festival hosted over 130 local and foreign artists in 2019. During the Festival, 35 concerts, three discussion panels and 25 workshops were held at 36 venues between October 17-27, 2019.

select examples of contemporary works to arts enthusiasts at Akbank Art Center. During the year, our exhibitions included: Theo Eshetu's "Faces and Places;" "People's New Agenda," a digital art group show curated by Işın Önol and Livia Alexander; "37th Akbank Contemporary Artists Contest and Awards Exhibition" organized with the cooperation of Akbank Arts and Painting and Sculpture Museums Foundation to foster development of contemporary arts and support young artists; "Self/ Translation" by Sudarshan Shetty, one of the leading names in Indian contemporary art; and "Regular Insanity" curated by Marcus Graf.

In 2019, we launched the "Digital Arts on Campus" initiative, which aims to introduce university students to new media that has rapidly developed in recent years.

The Contemporary Art Education Program, specially designed for every exhibition held at Akbank Art Center, provides primary, junior high and high school students the opportunity to become acquainted with contemporary works of art. The program also offers an entertaining environment where students can enjoy various artistic, cultural, and social experiences with engaging content, by thinking freely and creatively. Nearly 3 thousand schoolchildren and young people participated in these trainings in 2019.

The Center's Multi-Purpose Room, a major meeting point for arts lovers, hosted monthly concerts by world-famous musicians, including Nes, Fazer, Sakari Kukko Afro Chamber, Jan Gunnhar Hoff İstanbul Trio as part of Akbank Jazz Days.

During the year, we organized Philosophy Seminars, Art History Seminars, and Cinema Psychiatry Seminars as well as New Media Talks at Akbank Art Center, generating a great deal of interest and attention.

Akbank Art Center's Dance Workshop recorded many international achievements throughout the year. The Dance Workshop organized events with well-known choreographers and dance instructors, such as Elena Valls, Guy Shomroni, Louise Frankenhuis, and Tijen Goosen Lawton. It also continued to offer dance lessons for both children and adults. In 2019, open auditions were organized for dance shows while talented young dancers were provided scholarships for modern dance lessons, as in prior years.

Celebrating its 46th anniversary in 2019, Akbank Children's Theatre has cultivated a theatre-going audience since its founding. During the year, the Theatre continued to stage the play "Gorilla" written by Anthony Browne and adapted to the stage by Rachel Barnett, with the collaboration of London Polka Theater.

In 2019, we published the highly regarded book titled "Anıtsal Değil: 21. Yüzyılda Nesne (Unmonumental: The Object in 21st Century)." Exposing the changes sculpture went through from the beginning of our century to the resent day, the prestige volume bears witness to the world we live in while also demonstrating the effort to make it better. Consisting of much valuable, significant, and eye-opening articles from various authors, this compendium brings together universally known names of new sculpture with their oeuvre.

The 29th Akbank Jazz Festival hosted over 130 local and foreign artists in 2019. During the Festival, 35 concerts, three panel discussions and 25 workshops were held at 36 venues between October 17-27, 2019. As part of High School Jazz Workshops in 2019, 2,000 students from 10 high schools convened under the Yavuz Akyazıcı initiative to learn more about jazz music and instruments.

As part of "Jazz on Campus" concerts held on November 4-8, 2019, Ediz Hafızoğlu, a hotshot jazz drummer, came together with university students in Ankara Middle East Technical University, Kayseri Erciyes University, Nevşehir Hacı Bektaş Veli University, Adana Çukurova University and Gaziantep University.

The Akbank Short Film Festival is a major platform for short films in Turkey, designed to support new ideas and foster a short film culture. The Festival, held for the 15th time in 2019, presented cinema enthusiasts with the opportunity to enjoy celebrated films shown at international festivals, workshops, and conversations, as well as competition films on March 18-28, 2019. The 10-day Festival, featuring an entertaining program of domestic and foreign entries, received 1,406 short movie applications from 68 countries. Some 111 short and three feature-length movies from 40 countries – including films that competed at major global film festivals like Cannes, Berlin, and Venice – were screened to receptive audiences.

During the 15th Akbank Short Film Festival, as part of its "Award-Winning Films at Universities" program, the best films designated by the Selection Committee of the international competition were screened at 40 universities in 22 cities – from Edirne to Van, Zonguldak to Mersin – between April 2 and May 17.

For the last 14 years, we have been the main sponsor of Contemporary Istanbul, a world renowned event that has a strong impact on the development of contemporary arts in Turkey. Contemporary Istanbul introduced contemporary art to mass audiences. The sprawling event topped the culture and arts agenda locally and has become a globally recognized event under the main sponsorship of Akbank Art Center. Followed closely by the global contemporary arts community, Contemporary Istanbul was participated by 74,000 arts enthusiasts in 2019. The Contemporary Istanbul Art Fair was held on September 12-15. Akbank Art Center's booth was home to the exhibition "Walking Away/ Coming A Way" by the Indian artist Sudarshan Shetty, curated by Hasan Bülent Kahraman.

Our contribution to society

One of our strategic priorities is creating a platform for the country's youth, who are the leading proponents of continuous development and innovation. We also undertake efforts to encourage young people to think together and jointly create value for Turkey's future.

The Center of Excellence in Finance (CEF) serves as a bridge between academia, finance sector, policy makers and the real sector with its certification programs, seminars, and research reports.

EDUCATION

Center of Excellence in Finance (CEF)
We established The Center of Excellence in Finance in 2016 at Sabancı University under Akbank's founding sponsorship. CEF brings together academics, financial market actors and investors to transform core knowledge into real-life applications. The Center of Excellence in Finance continued to serve as a bridge between academia, the finance sector, policy makers and the real economy with its certification programs, seminars, and research reports throughout 2019. The third conference of CEF – Future of Financial Markets – was held in June at Sabancı Center. The conference was participated by many national and international businesspersons and government official. Attendees included Akbank International Advisory Board Members and Dr. Daron Acemoğlu, Professor of Economics at Massachusetts Institute of Technology, as the main speaker of the conference.

Akbank's "Children: Heroes of the Economy"
To boost financial literacy and encourage savings, we launched the Children: Heroes of the Economy project in 2012. The initiative is designed to reach out to children at the ages when they acquire their life-long habits. The program creates special project content for instructional purposes, such as a website, board games for activities, posters to encourage saving, and certificates. At the end of in-class activities conducted by Akbank staff volunteers, children are presented with Akbank's Ladybug Penny Bank: "Kumbirik."

Akbank Thinking Club
Akbank Thinking Club was established in 2008 by Akbank to create a platform for youth, who are the leading proponents of continuous development and innovation. Celebrating its 11th anniversary in 2019, the Club encourages young people to think together and jointly create value for Turkey's future. During the project competition, Akbank Thinking Club members generated projects on new business collaborations and service models by exploring how banks could be a part of relevant ecosystems. To date, and including 2019, Akbank Thinking Club has awarded 32 members with a scholarship for Harvard University Summer School.

Applications to Club membership is open to third year undergraduates across Turkey. Students who join the Club design a project according to the theme assigned for that year. Projects are then assessed by a special selection committee composed of academics, experts and Akbank senior managers. The creator of the best project is then awarded with a scholarship for Harvard University Summer School.

Since 2012, Akbank Volunteers has served as a platform committed to executing projects that contribute to society. The platform's work is carried out by Akbank staff and their families as well as business partners across the country.

Akbank Family Company Academy
In collaboration with Sabancı University Executive Development Unit (EDU), we organized Akbank Family Company Academy for the 14th time in 2019. First held in 2014, the Academy aims to help family companies that want to institutionalize their enterprise, become up-to-date via academic training, and hand over their company management to the next generation. The training program covers a wide variety of subjects, including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters, and human resources management. The program was administered for Akbank customers as well as private distributors and dealers.

ENTREPRENEURSHIP

CaseCampus BootCamp Program
We launched CaseCampus, our entrepreneurship program in 2015 in collaboration with Endeavor Turkey, met with 75 young entrepreneurs in 2019. Guided by the principle that "No training is as educational as a case study," CaseCampus offers participants innovative training and learning opportunities with real-life stories and dilemmas from Turkey's leading entrepreneurs.

The program is available for third and fourth year undergraduate students, graduate students and those who graduated within the last five years, and are under 30 who consider entrepreneurship as a career option. CaseCampus brings them together with successful Endeavor Entrepreneurs in a new and innovative environment of applied learning and networking.

StartUpCampus Entrepreneurship Program
For the last four years, we have conducted a youth entrepreneurship program with Endeavor Turkey called CaseCampus, which analyzes the success stories of various start-ups and supports entrepreneurial efforts on a growth path. In the StartUpCampus program, young entrepreneurs are provided with mentoring as well as training and workshops in order to make their business enterprises grow. The 10-week StartUpCampus program targets entrepreneurs under 35, who have chosen entrepreneurship as a career path, established their company, launched their early stage product, and realized their first sales. Thirteen entrepreneurs benefited from the program in 2019.

ScaleUp Entrepreneurship Program
We decided to expand our entrepreneurship-related efforts conducted in cooperation with Endeavor in Istanbul to other cities. As a result, we helped develop a city and region-based entrepreneurship ecosystem by creating role models for entrepreneurs.

In 2019, we met entrepreneurship stakeholders in Ankara and Izmir. We brought entrepreneurs active in the local area together with Endeavor mentors on mentorship panels. With this project, we aim to connect entrepreneurs, investors and ecosystem members over the long term and conduct joint efforts business to business.

VOLUNTEERISM

Akbank Volunteers
Since 2012, Akbank Volunteers has served as a platform committed to executing projects that contribute to society. Akbank staff and their families as well as business partners carry out our platform's work across the country. In 2019, we worked together with local residents, civil society organizations and local authorities, developing projects to address social issues, and become part of the solution. As part of its volunteer-driven efforts, Akbank Volunteers has conducted various projects over its seven-year history in numerous areas, from education to the disabled, aid campaigns to health issues. During our volunteer activities each year, we have reached out to thousands of people across Turkey, the majority of whom are students. The group consists of 40 Akbank Volunteer Ambassador Employees and around 1,000 Akbank Volunteers.

Redrunners Running Team makes a significant contribution to the Bank's volunteer activities. Some 250 Akbank employees form the team, with 150 active members run for good causes. In 2019, Redrunners Running Team ran on behalf of Turkish Education Volunteers Foundation (TEGV) and Darüşşafaka Society at the Eurasia Marathon and raised donations. In conjunction with Akbank Volunteers, Redrunners Running Team executed support programs including painting school buildings, helping stray animals, planting forests, providing books, school supplies, clothing, and toys to those in need. We also presented wish-fulfilling trees to the Hope Foundation for Children with Cancer (KAÇUV) and Tohum Autism Foundation Special Education School during national/religious holidays.

Good State of the City
We founded the Good State of the City in 2015 as an initiative that encourages university students from across Turkey to take part in social responsibility projects organized in collaboration with NGOs. With this effort, we offer university students (two- or four-year college students as well as graduate students) between 18 and 26 the chance to make contact with NGOs and participate in their voluntary activities.

We held the fifth edition of the Young Volunteers project in October-November 2019. During this project term, the number of collaborating NGOs rose from 10 to 13, a total of 12,000 youth applied to participate in voluntary activities, and 3,200 were selected to take part. The volunteer youth participated in a wide array of social responsibility initiatives. These included painting school buildings, organizing sports activities with disabled people, conducting hobby workshops with seniors, organizing activities with young people under state protection, cleaning up coastlines, distributing soup to the homeless, taking care of shelter animals, and administering sign language workshops. Subsequently, we invited 3,200 volunteers along with a friend of theirs to a concert featuring the singer Can Bonomo at Volkswagen Arena on November 23.

Subsidiaries

With its strong capital structure, Akbank AG has the largest balance sheet among the banks with Turkish ownership in Germany.

EUR 4.4 billion

Akbank AG's balance sheet reached EUR 4.4 billion at the end of 2019.

With its well-experienced sales staff, comprehensive research reports and customer-oriented service approach, Ak Investment serves all capital markets products to both individual and corporate investors.

AKBANK AG

A wholly-owned subsidiary of Akbank, Akbank AG recorded another successful year in 2019 in terms of growth, business diversification as well as profitability. The Bank reported total assets of EUR 4.4 billion and shareholders' equity of EUR 724 million as of December 2019. Akbank AG's contribution to the national economy in the form of loans exceeded EUR 3.5 billion, corresponding to over 10% of the loans extended from Germany to Turkish firms.

As of December 31, 2019, the Bank's capital adequacy ratio according to Basel III criteria stood at 19.71% with a liquidity coverage ratio of 750%.

Boasting the largest balance sheet among banks in Germany with Turkish ownership, Akbank AG accounted for a 7.6% share of Akbank's consolidated assets and a 6.7% share of consolidated profits in 2019.

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 its foundation, Akbank AG remained committed to maintaining asset quality in 2019 as well. In 2019, Akbank AG reported an NPL ratio of 0%, thanks to its asset quality and effective risk management.

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

Providing retail banking services as well, the Bank has more than 20 thousand individual deposit customers in Germany through its direct banking system. These varied sources of funding help Akbank AG to diversify its deposit structure over a broader funding base.

AK INVESTMENT

With its well-experienced sales staff, comprehensive research reports and customer-oriented service approach, Ak Investment serves all capital markets products to both individual and corporate investors. Having one of the largest product ranges among intermediary companies, Ak Investment provides both advisory and intermediary services with branch offices located at important centers, investment consultants and digital transaction platforms.

TL 7.8 billion

The volume of IPOs mediated by Ak Investment as the consortium leader since 2010 amounted to TL 7.8 billion.

Embracing a next-generation investment concept, Ak Investment continued its technological investments in 2019 through its digitalized processes and a renovated digital trading platform, TradeAll. While Ak Investment redesigned its automatic business flows and internal processes, it also delivered market and product information to investors without interruption through its regular disclosure services.

Ak Investment places great importance on technology and expertise. With this vision, Ak Investment redesigned its TradeAll application in 2019 and presented the markets to investors on a single platform. The new TradeAll provides participants a direct and fast access to domestic, international and forex markets.

Investing in financial literacy in 2019, Ak Investment presented PlayAll, the first finance game application in the sector, to those interested in the investment world. PlayAll differentiates itself in the sector by enabling users to learn about the investment world in a fun way through gamification.

Ak Investment increased its net profit 13% and trading volume 17% in the stock market in 2019. The company maintained market leadership in structured borrowing instruments and executed 86 different issuances. Ak Investment became the leader in leveraged trading volumes with a 17.7% market share in 2018 and 16.5% market share according to the nine-month figures of 2019.

Ak Investment initiated its activities as an official market maker in future share contracts and BIST 30 Index Option contracts in 2015, and began serving in share option contracts in 2016. The Company sends quotes to the market on nearly 210 contracts with continuous and competitive buy/sell spreads, and offers liquidity to investors by making on-demand continuous pricing for over 1000 contracts apart from the above-mentioned. The company intermediates as an official market maker in the largest number of contracts on the Derivatives Market (VIOP). It is also the only market maker institution in share future contracts, share option contracts and index option contracts. Ak Investment maintained its leadership position with a market share above 20% in share option contracts as official market maker.

Ak Investment is the number one intermediary company in Turkey, having a volume of TL 7.8 billion IPOs mediated as the consortium leader since 2010. With a 34% market share in 2019, Ak Investment remains the leader of TL-denominated private sector debt instrument issues, excluding banks and financial subsidiaries. Ak Investment participated actively in the transactions regarding privatization deals, mergers and acquisitions, and asset sales. In this context, the company offered financial advisory services to buyers or sellers in various sectors such as automotive supply industry, construction materials, food, energy, health, real estate.

The Investment Advisory Department establishes long-term, multifaceted relationships with Akbank's individual and corporate clients. The Department provides investment advisory services that respond to customer expectations and their risk/return profiles, which are based on eligibility and suitability tests. In keeping with the recommendations of the Ak Investment Research Team, Ak Investment formulated strategies with various underlying assets, such as equities, foreign exchange, and time deposits. With this approach, the company became the leader of structured debt instruments offering fixed or high returns in 2019. During the year, Ak Investment issued a total of 86 Ak Investment Structured Debt Instruments worth TL 328 million, bringing its overall total to date to more than TL 1.3 billion.

Ak Investment Corporate Sales and Trading Departments provides stock and VIOP sales and trading services for domestic and foreign corporate customers. Its customer portfolio consists of portfolio management companies in Turkey as well as other corporate customers in Europe, Middle East, UK, and USA. Other products of primary and secondary market offerings also reach a wide customer group.

Ak Investment International Markets Department enables its customers to make fast, secure, and easy transactions with competitive prices in Forex, Futures, CFD, international stock and Eurobond markets. Ak Investment has been the market leader in the last 2 years in Leverage Transactions Buying Selling Brokerage Operations among brokerage corporations. And in 2019, it increased its product diversity by starting Eurobond transactions.

AK ASSET MANAGEMENT

Ak Asset Management is a wholly owned subsidiary of Akbank that was established in 2000 to provide asset management services in capital markets to institutional and individual investors. Ak Asset Management operates in pension fund, discretionary portfolio, and mutual fund management business lines.

As of 2019, Ak Asset Management's total asset under management reached TL 44.3 billion. During the year, total assets under management have increased by 79%, i.e. above the average growth rate of the sector. In mutual funds, the Company has grown by 136% in the year 2019 over the previous year and has reached total assets of approximately TL 12.3 billion. Ak Asset Management currently managing 58 pension funds established by global pension companies is the sector leader among private institutions in this market segment with its fund size of TL 24.1 billion and market share of 18.9%.

In discretionary portfolio management field of business, the Company has reached total assets of TL 6.1 billion as of 2019 by a growth rate of 52%, and is still maintaining its leadership among private asset management companies. Ak Asset Management offers services with a holistic approach for the top tier segment of Akbank Private Banking

Subsidiaries

Through its established investment funds, Ak Asset Management pioneers innovation in the sector with a wide range of products and a large investment universe it provides to account owners.

At the beginning of 2019, Ak Asset Management brought FonPro to life with the cooperation of AvivaSA, as the first mobile pension mutual fund management platform in Turkey.

clients, and is further developing its activities by adding value in this privileged field as well.

Ak Asset Management maintains its market leadership position thanks to the wide array of products and extensive investment universe it offers to investors. Aside from the fundamental products such as money market, debt instruments and domestic equity and stock funds, Ak Asset Management is pioneering innovations in the sector offering a peerless and widest product range from gold and petroleum to lease certificates Sukuk, from real estate investment funds to private equity funds. Ak Asset Management also offers thematic funds to its investors in addition to funds that invest in private sector debt instruments issued in Turkey or abroad.

The Company set up Turkey's first Real Estate Investment Fund and Private Equity Fund in 2016. In 2018, it also established "The New Technologies Fund" offering the opportunity to invest in 20 global technology companies representing the future of the world. The New Technologies Fund has reached the highest number of investors among all equity and stock mutual funds, and the basket of stocks invested in by this Fund has brought a return on investment of 84% on TL basis during the last two years. The Turkish Capital Markets Association has awarded the Fund as the "Best Investment Return" in 2018.

By using advanced digital technologies, Ak Asset Management has broken a new ground in the sector in terms of meeting the investment management expectations of new generation investors. As of 2019, the Company has introduced the first mobile pension investment management platform of Turkey, namely FonPro, in cooperation with AvivaSA accordingly.

FonPro is performing "Investor Profile Analyses" and providing its pension fund participants with the most appropriate fund distribution proposals fitting their personal investment preferences. Through FonPro, Ak Asset is offering Robo Advisory services to participants with content featuring investment products, asset distribution strategies and current market data.

Ak Asset Management focuses on broad-based portfolio management services, private asset distribution recommendations, and asset diversification in portfolio management. It prioritizes risk management and operates in line with its investment strategy based upon clear-cut guidelines. The Company also provides portfolio management services to large corporate and individual investors according to their expectations and risk profiles.

In recognition of its excellent risk management, professional investment processes, new product development and sustainable performance criteria applied in international standards, one of the world's most prestigious publications, World Finance has again awarded Ak Asset Management as "The Best Investment Management Company of Turkey" in 2019.

AK FİNANSAL LEASING A.Ş.

Aklease provides support to corporate and commercial customers who want to undertake investments, expand, enter new markets, or boost their capacity. Aklease serves as a solution partner for financing new machinery and equipment investments with 30 years of industry experience.

Aklease has led the competition for many years in terms of offering long-term funds to clients at competitive interest rates and transferring these funds to investor companies. The company provides customized solutions to meet the changing needs of clients thanks to its vast funding capacity that is not limited to the domestic market.

A 99.99%-owned subsidiary of Akbank, Aklease provided services to all investors in accordance with customer satisfaction principles with a strong financial and partnership structure, robust shareholders' equity, 12 branch locations, extensive funding network, and most importantly, a dynamic, highly specialized workforce. Aklease continued to support Turkey's economy by allocating funds to investments in the country's future. These projects included 124 MW solar power capacity and 90 MW wind power capacity investments in addition to subways, highways and other infrastructure/superstructure projects that constitute the core of the intracity and intercity transport network.

Aklease upgraded its technology platform and software, which the company uses to perform financial leasing transactions. This effort ensured that these systems function in a swift, practical, and mobile-enabled fashion compatible with the latest technologies. Major progress was also made in the company's digital transformation.

In 2019, Aklease maintained its position among the industry's leading companies as in previous years. Aklease continued to stand out among the competition thanks to its consistent, healthy, and stable growth performance. The Company solidified its financial structure with the decision to increase capital taken in March 2019, enhanced its competitive advantage by creating additional capacity for growth.

Committed to conducting its operations in a sustainable manner in the upcoming period, Aklease plans to remain a complementary driver of economic growth with its investments.

AKÖDE A.Ş.

AkÖde Electronic Money and Payment Services Inc. ("AkÖde") is founded in 2018 as a wholly-owned Akbank subsidiary. The company was established under Law No. 6493 on Payment and Securities Reconciliation Systems, Payment Services and Electronic Money Institutions to deliver payment service and issue electronic money.

In June 2019, "Tosla" took its place in the application stores as the first product of AkÖde. And in September, the application was launched through communications marketing activities that reflect the colorful and different world of Tosla.

Tosla aims to provide easy, fast, and fun solutions for daily financial transactions of young people while removing the requirement of being a bank customer.

Simply downloading the application from app stores and registering to Tosla is enough to become a Tosla user. Users are able to deposit money in their Tosla accounts from all bank accounts, bank cards and all Akbank ATMs free of charge. They can also withdraw cash from all ATMs and make money transfers to each other 24/7 free of charge with their current balances. They can buy digital products, primarily game pins, from contracted merchants within the application and can shop from any online / offline store with their contactless Tosla cards with Mastercard logo.

Tosla differentiates itself through its social interaction features based on the daily habits of its target group. Created with the motto of "Social state of money," Tosla enables users to share all their transactions with their friends. They can find and follow their friends and see their posts. Young people who live and share their social life with their friends are able to maintain this experience in Tosla as well.

Tosla was designed, from the first moment on, by listening to the young people who are its main focus. And for the first time in Turkey, "Tosla Sounding Board" was brought to life, a platform that consists completely of young people with the purpose of providing user support for the product in a more structured manner.

Our Corporate Social Responsibility Projects

My Last-Minute Seat

"My Last-Minute Seat" project, aiming to give the empty seats of events to students, was brought to life in the mid-October with the cooperation of Zorlu PSM and Community Volunteers Foundation (TOG).

The first of its kind in Turkey, the project enabled students to attend the events organized in Zorlu PSM by donating 1 TL to Community Volunteers Foundation with their Tosla Cards.

World Kindness Day

On October 13th, World Kindness Day, three different projects created by universities and supported by TOG were put to the vote of Tosla users. "Love on the Street Project" ranked first with 58% of user votes and was brought to life with the donations of Tosla.

Support for Arts

Organized every year in November in order to bring the arts to the youth, Jazz in the Campus Concerts were organized in university campuses in Ankara, Nevşehir, Gaziantep, Adana, and Kayseri this year. Tosla users received 50% discount over concert tickets.

Volunteering at Akbank

We help unite the people of our own who are willing in chasing the good and support projects that are in the best interest of our country, because we believe in the power of good.

Board of directors

Suzan Sabancı Dinçer - ***Chairman***
Hayri Çulhacı - ***Vice Chairman and Executive Board Member***
Eyüp Engin - ***Executive Board Member***
Ahmet Fuat Ayla - ***Executive Board Member***
Can Paker - ***Member***
Yaman Törüner - ***Member***
Emre Derman - ***Member***
Prof. Dr. Özgür Demirtaş - ***Member***
Aydın Günter - ***Member***
Hakan Binbaşgil - ***Member and CEO***

Suzan Sabancı Dinçer
Chairman of the Board of Directors

Suzan Sabancı Dinçer is the Chairman of Akbank. Mrs. Sabancı Dinçer is also a Board Member of Sabancı Holding and a Member of the Board of Trustees of Sabancı University. In 2009, Mrs. Sabancı Dinçer 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 Dinçer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Akbank's Chairman in March 2008.

Mrs. Sabancı Dinçer is a Member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board. Mrs. Sabancı Dinçer is also a Member of Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, Harvard John F. Kennedy School Mossavar-Rahmani Center for Business and Government's Advisory Council, and an Emeritus Member of Harvard Business School's Middle East and North Africa Advisory Board. She is the co-chairman of the American Turkish Society in New York, member of Council on Foreign Relations International Advisory Board, and AvivaSA A.Ş.

Suzan Sabancı Dinçer served as Chairman of the Turkish-British Business Council for two terms between 2010 and 2014. She sat on the Global Board of Advisors of Chatham House from 2009 to 2016. 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 roles in the areas of culture and art, education, and entrepreneurship. She is a founding member and board member of Endeavor Turkey, a member of Contemporary Istanbul Honorary Board and Head of Higher Consultative Committee. Mrs. Sabancı Dinçer is also Luxembourg's Honorary Consul in Istanbul. In 2014, she was given the Order of Civil Merit (Orden del Merito 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 cultural convergence.

Suzan Sabancı Dinçer holds a BA in Finance from Richmond College in the UK and an MBA from Boston University in the USA. Besides, she got her MBA from Boston University in the USA. Ms. Sabancı Dinçer is married with two children.

Hayri Çulhacı
Vice Chairman and Executive Board Member

Hayri Çulhacı has been acting as the Vice Chairman since July 18, 2010. Having joined Akbank as Executive Vice President in 1990, Mr. Çulhacı was consecutively appointed Executive Vice President in charge of Corporate Communications, Investor Relations and Strategy; Advisor to the Chairman; and Executive Board Member. Prior to joining Akbank, Hayri Çulhacı worked as Financial Analyst and Department Head in the Ministry of Finance. Mr. 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, and a Board Member of Aksigorta A.Ş. and AvivaSA A.Ş. and AvivaSA A.Ş.

Eyüp Engin
Executive Board Member

Eyüp Engin joined Akbank in 1978 as Assistant Internal Auditor. Following his auditing assignment, Mr. Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed Executive Vice President in charge of Corporate Banking in 1996. Subsequently, Mr. Engin served as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing. Eyüp Engin served as the Head of Internal Audit between 2007 and 2019 at boards of all subsidiaries of Akbank. He is a graduate of Middle East Technical University, Faculty of Economics and Business Administration. Mr. Engin selected as Executive Board Member in March. He is also acting as the Vice Chairman of the Turkish Telecommunication Inc. Eyüp Engin is also the Board Member of TT Mobil A.Ş. and TT Net A.Ş.'de and the Board Chairman of Argela Software and IT Inc.

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 headquarters and branch offices 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

Can Paker graduated from Berlin Technical University, continued his education at Yıldız Technical University to receive his PhD in Mechanical Engineering, and went on to Columbia University for his MBA (1973). Starting his professional career at Turk Henkel in 1971, he held various senior positions at the company and served as General Manager from 1984 until 2004. Paker held positions on the boards of several private companies and civil society organizations such as the Sabancı Holding, Sabancı University, Turkish Industry and Business Association (TÜSİAD), Istanbul Culture and Arts Foundation (İKSV), The Open Society Foundation in Turkey and Robert College. Can Paker served as Chairman of the Turkish Economic and Social Studies Foundation (TESEV) 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).

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 presided over the Istanbul Stock Exchange. From 1972 until 1990, he worked in various administrative positions within the Central Bank of Turkey. Mr. Törüner served 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.

Emre Derman
Board Member

Emre Derman led negotiations for numerous large-scale deals in Turkey as a Lawyer and Managing Partner with the international law firm White & Case between 1989 and 2008. In addition to his work in Turkey, he has worked in New York and London offices of White & Case as well as in the former Soviet Union and Eastern Europe during his tenure as Lawyer for EBRD from 1994 to 1995.
Mr. Derman served as the Board Member of Akbank in 2010, he served as Managing Director 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. Emre Derman holds an LL.B. from Istanbul University Law School and an LL.M. from Harvard Law School.

Prof. Dr. Özgür Demirtaş
Board Member

Özgür Demirtaş received his BSc in Electrical and Electronics Engineering from Boğaziçi University and PhD in Finance from Boston College. In 2003, he became an Assistant Professor and joined Baruch College, City University of New York. Having published more than 30 academic publications, Mr. Demirtaş he received the title of Associate Professor in 2007. While at Baruch, Özgür Demirtaş was named "Best Faculty Member" in all disciplines and departments; for this honor, he was granted the Medal of Distinguished Teaching. In the field of research, Mr. Demirtaş was offered the Eugene M. Lang and Marie Curie Reintegration grants. He gave lectures at Boston College, CUNY and NYU-Stern School of Business and joined Sabancı University in 2012 as Finance Chair. Since 2014, Özgür Demirtaş has served as Founding President of Sabancı University Center of Excellence in Finance.

Aydın Günter
Board Member

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

Hakan Binbaşgil
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 Program" 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. Mr. 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. Mr. Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University – Baton Rouge, USA.

Consultant to board

Erol Sabancı
Consultant to Board
Erol Sabancı served as a member of the Akbank Board of Directors between 1967 and March 2018. For a decade beginning from March 1998 Erol Sabancı was the Chairman of the Board of Directors. He has been a Consultant to the Board of Directors since March 26, 2018. Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

Board of internal auditors

Savaş Külcü
Head of Internal Audit
Savaş Külcü joined Akbank as Internal Auditor in 1998. Mr. Külcü served 10 years as Deputy Head of the Board of Internal Auditors and then served 2.5 years as Head of Internal Control and Compliance. In 2019, Savas Külcü was appointed Head of Internal Audit. Mr. Külcü is also the Board Member of the subsidiaries of Akbank; Aklease, Ak Asset Management and AkÖde as well as Head of Audit at Aklease and AkÖde. Having a Bachelor's degree from Boğaziçi University, Savaş Külcü got his Executive MBA from Sabancı University. Mr. Külcü has become a CIA (Certified Internal Auditor) in 2003, Certified Anti-Money Laundering Specialist (CAMS) in 2018 and Certified Advanced Financial Crimes Investigations Certification (CAMS - FCI) in 2019. Savaş Külcü speaks advanced level English, German, Dutch, and Arabic.

International advisory board

International Advisory Board

Suzan Sabancı Dinçer - ***Chairman***
Hamid Biglari - ***Member***
Sir Winfried Bischoff - ***Member***
Stephen K. Green - ***Member***
Michael Klein - ***Member***
Lubna Olayan - ***Member***
Dante Roscini - ***Member***
Tom de Swaan - ***Member***
Lorenzo Bini Smaghi - ***Member***
Hakan Binbaşgil - ***Member***
Hayri Çulhacı - ***Member***
Eyüp Engin - ***Member***
Ahmet Fuat Ayla - ***Member***

Suzan Sabancı Dinçer
Chairman

Hamid Biglari
Board Member

Hamid Biglari is the Managing Partner of TGG Group. During his tenure at Citigroup, he served as Vice President and Head of Emerging Markets, became a member of the Operating Committee, and held various senior management roles. These included Chair of the Business Development Committee (the most senior client committee at the bank) and Chief Operating Officer of the Institutional Client Group (the bank's investment and corporate banking arm). 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. Dr. Biglari's experience base spans the entire spectrum of financial services. 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 the 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. Dr. was awarded the Ellis Island Medal of Honor, given for outstanding contributions to the United States by immigrants. Dr. Biglari holds a PhD in Astrophysical Sciences from Princeton University.

Sir Winfried Bischoff
Board Member

After serving as Chairman of the Board of Directors of Citigroup until February 2009, Sir Winfried Bischoff served as Chairman of the Board of Directors of Lloyds Banking Group from September 2009 until April 2014. Sir Bischoff was named Chairman of the Board of Directors of JP Morgan Ltd. in August 2014. Following his tenure at Schroders Group as an executive, he was appointed Chairman of the Board of Directors of Schroders in May 1995. With the acquisition of Schroders' Investment Banking division by Citigroup, Sir Bischoff became Chairman of the Board of Directors of Citigroup Europe in April 2000. Sir Winfried Bischoff served as a Member of Akbank's Board of Directors from January 2007 until February 2008. Sir Bischoff is currently a Member of the Board of Directors at Eli Lilly and McGraw-Hill in the United States and Prudential in the United Kingdom as well as Chairman of the Board of Directors and Head of the Financial Reporting Council at UK Career Academy Foundation. Sir Winfried Bischoff continues to serve as Chairman of the European Advisory Board of Citigroup Inc. He entered the Honor List and was knighted in 2000 for his contributions to the banking industry.

Stephen K. Green
Board Member

Stephen Green attended Lancing College, Sussex, and Oxford University where he graduated in 1969 with a BA (First Class Honors) in Politics, Philosophy and Economics. He also obtained a Master's degree in Political Science from Massachusetts Institute of Technology in 1975. He was made a Life Peer in 2010 and 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; in 1985, he was put in charge of development of the bank's global treasury operations. In 1992, Lord Green became Group Treasurer of HSBC Holdings plc with responsibility for HSBC Group's treasury and capital markets businesses globally. In 1998, Lord Green was appointed to the Board of HSBC Holdings plc as Executive Director. He became Group Chief Executive in 2003 and Group Chairman 2006. Lord Green retired from HSBC in December 2010. He was Chairman of the British Bankers' Association from 2006 to 2010. Lord Green also served as a Trustee of the British Museum. He was a Non-executive Director at 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 is married with two daughters.

International advisory board

Michael Klein
Board Member
Michael Klein is Managing Partner of M. Klein and Company, LLC, a leading independent financial and strategic advisor to companies, investors, and governments. He was previously 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. Sir Bischoff managed the business initiatives of Citigroup in Europe including the acquisition of Schroders' Investment Banking division. He was also founder of the firm's efforts to advise and raise funds for private equity and other alternative investment firms. Mr. Klein is a member of various boards including: The Dow Chemical Company Agrosciences, IHS Inc., Peterson Institute for International Economics, American Academy of Berlin, Mount Sinai Medical Center and Harvard Belfer Center. He is also an Inaugural Member of the United Nations' World Food Program Investment Advisory Board. Michael Klein has been serving as a Guest Lecturer at Columbia, Harvard, London School of Business, 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
Board Member
Lubna Olayan is Deputy Chairman and Chief Executive Officer of Olayan Financing Company, a subsidiary of Olayan Group, which operates in Saudi Arabia and the Middle East. Ms. Olayan is also a Member of the Board of Directors of Saudi Hollandi Bank, a publicly listed company in Saudi Arabia. She 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, Lubna Olayan joined the International Advisory Board of Rolls Royce.

Dante Roscini
Board Member
Dante Roscini teaches Managing International Trade and Investment in the Business, Government, and International Economy Department at Harvard Business School. He joined Harvard Business School's faculty in 2008 and has published a number of cases and notes related to sovereign debt, monetary policy, central banking, and international investment. Dante Roscini holds an MBA from Harvard and a summa cum laude Laurea degree in Nuclear Engineering from University of Rome, Italy. Before returning to HBS, Prof. Roscini spent 20 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 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 University of Rome. He was also formerly a Design Engineer and Project Manager with Westinghouse Electric Corp. in the US and Management Consultant with Boston Consulting Group in Paris.

Tom de Swaan
Board Member

Tom de Swaan has been working in the Dutch banking sector for more than 40 years. In 1972, he joined De Nederlandsche Bank NV and served as a Board Member from 1986 to 1998. In January 1999, he took office as Executive Board Member and Finance Director of ABN AMRO Bank. Tom de Swaan retired from ABN AMRO Bank in May 2006 but continued to serve as Advisor to the Board of Directors until June 2007. Between 1987 and 1988 he served as President of Amsterdam Financial Center, and from 1995 to 1997 as Head of the Banking Supervision Subcommittee of the European Monetary Institute. He was a Member of the Basel Banking Supervision Committee from 1991 to 1996, its Chairman from 1997 to 1998, and also, an Independent Board Member of the United Kingdom's Financial Services Authority from January 2001 until end-2006. From 2006 to May 2015, Tom de Swaan was an Independent Member of the Board of Directors of GlaxoSmithKline Plc. From 2008 to February 2016, Mr. de Swaan was a Member of the Audit Committee at Van Lanschot NV, the holding company of F. van Lanschot Bankiers, an independent Dutch bank. Until December 2015, he served as Chairman of this Committee. Until December 2015, he served as Chairman of this Committee. Since April 2006, Mr. de Swaan has served as a Board Member at Zurich Insurance Group Ltd. and Zurich Insurance Company Ltd. He was elected Vice Chairman in March 2012 and has served as Chairman since August 2013. Tom de Swaan also served as CEO at the same firm from December 2016 to March 2016.

Lorenzo Bini Smaghi
Board Member

Lorenzo Bini Smaghi holds a Bachelor of Arts in Economics from Université Catholique de Louvain (Belgium) and a PhD in Economics from University of Chicago. He started his career in 1983 as an Economist in the Research Department at Banca d'Italia. In 1994, Mr. Smaghi became Head of the Policy Division of European Monetary Institute. In October 1998, Lorenzo Bini Smaghi became General Director of International Financial Affairs at the Italian Ministry of Economy and Finance. From 2001 to 2005, he was Chairman of SACE. From June 2005 to December 2011, Smaghi served as a Member of the Executive Board of European Central Bank. From 2012 to 2016, he was Chairman of the Board of Directors at SNAM (Italy). Since 2015, Lorenzo Bini Smaghi has been acting as the Chairman of the Board at Société Générale and at Italgas (Italy).

Hakan Binbaşgil
Board Member

Hayri Çulhacı
Board Member

Ahmet Fuat Ayla
Board Member

Executive management

TOP ROW FROM LEFT TO RIGHT

Sitare Sezgin
CEO, AkÖde

Çetin Düz
CEO, Aklease

Pınar Anapa
Executive Vice President, People and Culture

Yunus Emre Özben
Executive Vice President, Credit Underwriting

Şebnem Muratoğlu
Executive Vice President, Treasury

İlker Altıntaş
Executive Vice President, Technology and Operations

Mehmet Tugal
Executive Vice President, Commercial Banking

Banu Özcan
CEO, Akbank AG

Mehmet Ali Ersarı
CEO, Ak Asset Management

BOTTOM ROW LEFT TO THE RIGHT

Mert Erdoğmuş
CEO, Ak Investment

Ege Gültekin
Executive Vice President,
Credit Monitoring and Collections

Levent Çelebioğlu
Executive Vice President,
Corporate & Investment Banking

Bülent Oğuz
Executive Vice President, Retail Banking

Hakan Binbaşgil
CEO

Burcu Civelek Yüce
Executive Vice President,
Strategy, Digital Banking and Payment Systems

Türker Tunalı
Chief Financial Officer (CFO)

Dr. Alp Keler
Executive Vice President,
Private Banking and Wealth Management

Zeynep Öztürk
Executive Vice President, Special Credits

Executive management

Hakan Binbaşgil – *Board Member – CEO*
Bülent Oğuz – *Executive Vice President - Retail Banking*
Burcu Civelek Yüce - *Executive Vice President - Strategy, Digital Banking and Payment Systems*
Ege Gültekin – *Executive Vice President - Credit Monitoring and Collections*
Levent Çelebioğlu – *Executive Vice President - Corporate & Investment Banking*
İlker Altıntaş – *Executive Vice President – Technology and Operations*
Mehmet Tugal – *Executive Vice President – Commercial Banking*
Türker Tunalı – *Executive Vice President – CFO*
Dr. Alp Keler – *Executive Vice President - Private Banking and Wealth Management*
Yunus Emre Özben – *Executive Vice President - Credit Underwriting*
Zeynep Öztürk – *Executive Vice President - Special Credits*
Şebnem Muratoğlu – *Executive Vice President – Treasury*
Pınar Anapa – *Executive Vice President – People and Culture*

Hakan Binbaşgil
Board Member – CEO

Bülent Oğuz
Executive Vice President – Retail Banking

Bülent Oğuz joined Akbank in March 2003 and 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 and he has been in charge of Retail Banking since November 2018. Bülent Oğuz is the Vice Chairman of AkÖde and a Board Member of Ak Asset Management. 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 Civelek Yüce
Executive Vice President - Strategy, Digital Banking and Payment Systems

Burcu Civelek Yüce joined Akbank in 2006 and was appointed as Senior Vice President of Strategic Management in 2009, Executive Vice President in charge of Human Resources and Strategy in 2014 and since June 2019 she has been serving as Executive Vice President in charge of Strategy, Digital Banking and Payment Systems. 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 at Harvard Business School and Koç University. She is an alumni of IIF Future Leaders and a mentee in Women on Boards Initiative. She also acts as the Chairwoman of e-payment company AkÖde, and Board Member of Akbank AG, Ak Investment, Sabancı DX and Interbank Card Center (BKM).

Ege Gültekin
Executive Vice President - Credit Monitoring and Collections

Ege Gültekin joined Akbank in February 2015 as Executive Vice President in charge of Credit Monitoring and Collections. Gültekin is also a Board Member of AkLease, one of Akbank's subsidiaries. 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.

Levent Çelebioğlu
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 Ak Investment. Levent Çelebioğlu is a graduate of 9 Eylül University, Faculty of Economics, Monetary Economics & Banking Department.

İlker Altıntaş
Executive Vice President – Technology 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 Board Member of Akbank AG and AkÖde. 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, journals and is a committee member for various national and international conferences.

Mehmet Tugal
Executive Vice President – Commercial 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 Ak Investment. 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 Tunalı
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. Tunalı is the Vice Chairman of Akbank AG and Ak Asset Management, and a Board Member of AkLease and AkÖde, Akbank subsidiaries. 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.

Dr. Alp Keler
Executive Vice President – Private Banking and Wealth Management
Alp Keler was appointed as Executive Vice President in charge of Wealth Management and Private Banking 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 METU Civil Engineering Department. He also received an MBA degree from Bilkent University, the Master of Law in Economics (LLM) from Galatasaray University, Management Program of Harvard Business School and PhD in Banking from Marmara University. He is a CFA charter holder. Keler is the Chairman of Turkish Capital Markets Association. He served as a chairman, board, and audit member in various local and global capital market associations.

Yunus Emre Özben
Executive Vice President – Credit Underwriting
Yunus Emre Özben, after working at various companies since 1996 joined Akbank in October 2005 as Assistant Manager in Project Finance Division and promoted as Senior Vice President in charge of Investment Banking in March 2011. He was appointed as Executive Vice President in charge of Credit Allocation in August 2018. Emre Özben is the Vice Chairman of AkLease, and a Board Member of Akbank AG and Ak Investment. Özben is a graduate of Marmara University Business Administration and holds an executive MBA degree from Sabancı University.

Zeynep Öztürk
Executive Vice President - Special Credits
Zeynep Öztürk, after working at various companies in the sector since 1990 joined Akbank in January 2011 as Senior Vice President in charge of Corporate and Commercial Credits Monitoring and afterwards worked as Senior Vice President in charge of Corporate And commercial monitoring and collection, and Head of Special Restructuring Consulting, respectively. Zeynep Öztürk was appointed as Executive Vice President in charge of Special Credits in January 2019. Zeynep Öztürk is a graduate of METU Business Administration and received MBA degree from İhsan Doğramacı Bilkent University.

Şebnem Muratoğlu
Executive Vice President – Treasury
Şebnem Muratoğlu joined Akbank in April 1995 as Management Trainee. Muratoğlu has been working at the Risk Management since 2002 and appointed as Vice President in charge of Risk Management in November 2003, Senior Vice President responsible from Risk Management in November 2006 and CRO in March 2017. Lastly, she was appointed as Executive Vice President in charge of Treasury in January 2019. Şebnem Muratoğlu is a Board Member of Akbank AG, Ak Asset Management and AkLease, Akbank's subsidiaries. Muratoğlu is a graduate of University of Kent (UK), Economics and holds a Master's degree from Macquarie University (Australia). She is FRM (Financial Risk Manager) certificate holder since 2003.

Pınar Anapa
Executive Vice President – People and Culture
Pınar Anapa joined Akbank in 1999 and after taking various responsibilities in Internal Audit division, she worked as Deputy Head of Internal Audit between 2007 and 2014. Anapa started to serve as Human Resources Management Senior Vice President in 2014, and she has been serving as Executive Vice President in charge of People and Culture since June 2019. Her areas of responsibility cover career development, organizational development, training, architectural solutions and purchasing. Pınar Anapa is a graduate of METU Economics and received an Executive MBA degree from Sabancı University in 2006.

Subsidiaries

K. Banu Özcan
Akbank AG Chairman of the Managing Board and CEO
K. Banu Özcan was appointed CEO of Akbank NV in September 2001. Following the merger of Akbank N.V. and Akbank AG, she was appointed the Chairman of the Managing Board and CEO 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. 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.

Çetin Düz
Aklease CEO
In January 2019, Çetin Düz was appointed CEO of Aklease. Between July 2019 and January 2019, he served as Executive Vice President in charge of Credits at Aklease. Prior to joining Aklease, Çetin Düz worked at Akbank's Board of Internal Auditors for 11 years, most recently as its Vice President. Mr. Düz holds a Bachelor's degree in Political Science and International Relations from Boğaziçi University and an Executive MBA from Sabancı University.

Mert Erdoğmuş
Ak Investment CEO
Mert Erdoğmuş was appointed CEO 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 in the USA.

Mehmet Ali Ersarı
Ak Asset Management CEO
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 Royal Bank of Scotland. Mehmet Ali Ersarı worked in senior management for more than 20 years at leading institutions in the finance sector.

Sitare Sezgin
AkÖde CEO
Sitare Sezgin, who is an ACI graduate, completed her undergraduate education at Bilkent University. Department of Business Administration in 1997 with a full scholarship. Subsequently, she completed the finance-focused Master of Business Administration program at UMIST/Manchester Business School, with a British Council scholarship. Ms. Sezgin started her career as Management Consultant at Bain & Company in 1999. She went on to work as Senior Consultant at Boston Consulting Group until 2004. Between 2004 and 2009, Ms. Sezgin served as Strategy and Business Development Manager of the Food and Retail Group at Sabancı Holding A.Ş., and then as President of Product and Channel Development at Akbank. She was the General Manager of Back-Up & Back-Up Travel from February 2011 onwards, before becoming General Manager at Webloyalty in 2014. From March 2016 to 2018, Sitare Sezgin served as Independent Board Member at Carrefoursa and AvivaSA. She has worked as CEO at AkÖde since March 2018.

Changes in the organizational structure during the year

On January 4, 2019, Zeynep Öztürk was appointed Executive Vice President in charge of the newly established Special Loans Business Unit.

As of January 8, 2019, Gamze Şebnem Muratoğlu was appointed Executive Vice President responsible for Treasury Business Unit, replacing Ali Batu Karaali, who resigned from this position on January 7, 2019.

At the Ordinary General Assembly Meeting of Akbank held on March 25, 2019, Suzan Sabancı Dinçer was elected as Board Member and she is still acting as "Board Chairman."

The tenure of Board Member Aziz Aykut Demiray ended on March 25, 2019.

As of March 25, 2019, Eyüp Engin was appointed "Executive Board Member."

On April 2, 2019, Savaş Külcü, Head of Internal Control and Compliance, was appointed Head of Internal Audit.

On April 2, 2019, Ferhat Sami Özçelik, Deputy Head of Internal Audit, was appointed Head of Internal Control.

The compliance functions under the Head of Internal Control and Compliance were restructured under Head of Compliance reporting to the Executive Board Member in charge of Internal Systems. Zakir Selim Önal, Deputy Head of Compliance, was appointed Head of Compliance on April 2, 2019.

As of April 3, 2019, Emre Kahraman, was appointed Head of Risk Management.

Emin Tolga Ulutaş, Executive Vice President in charge of Direkt Banking Business Unit, resigned from this position on May 31, 2019.

On June 3, 2019, H. Burcu Civelek Yüce was appointed Executive Vice President in charge of Strategy, Digital Banking and Payment Systems Business Unit.

On June 3, 2019, Pınar Anapa was appointed Executive Vice President in charge of Human Resources Business Unit.

The name of Human Resources Business Unit was changed as People and Culture Business Unit with the decision of the Board dated August 29, 2019.

Board of directors committees

Audit Committee

The Audit Committee conducts 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:

- Ensuring the effectiveness and adequacy of the internal control, risk management and internal audit systems,
- Overseeing 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,
- Conducting the initial assessment to assist the Board of Directors in selecting independent auditors and regularly monitoring the activities of the independent auditors selected by the Board of Directors,
- Ensuring that the internal audit activities of companies that are subject to consolidated audit under the Banking Law are conducted on a consolidated basis and facilitating their coordination,
- Notifying 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 applicable law 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 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 applicable law 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.

The Audit Committee convenes at least four times each year. Unless excused, all Committee members attend the scheduled meetings. Audit Committee members do not have a set term of office.

Eyüp Engin, Chairman (Executive Board Member)
Yaman Törüner, Member (Board Member)

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 the 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 suitable candidates for the Board of Directors, and conducting efforts to determine policies and strategies related to this issue,
- Monitoring, auditing, and reporting remuneration practices are conducted by Members of the Remuneration Committee on behalf of the Board of Directors,
- Determining, adopting, and monitoring policies regarding all corporate 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 to protect the Bank's brand and reputation.

The Corporate Governance Committee convenes twice a year.

Eyüp Engin, Chairman (Executive Board Member)
Yaman Törüner, Member (Board Member)
Türker Tunalı (CFO – Responsible for Investor Relations)
Board Members Eyüp Engin and Yaman Törüner are also Members of the Remuneration Committee.

Credit Committee

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

Ahmet Fuat Ayla, Chairman (Executive Board Member)
Eyüp Engin, Member (Executive Board Member)
Hakan Binbaşgil, Member (Board Member and CEO)

Executive Risk Committee

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of 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. The Committee convenes at least four times each year.

Eyüp Engin, Chairman (Executive Board Member)
Ahmet Fuat Ayla, Member (Executive Board Member)
Hakan Binbaşgil, Member (Board Member and CEO)

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 scheduled meetings.

Hakan Binbaşgil Chairman (CEO)
Türker Tunalı Member (CFO)
Şebnem Muratoğlu Member (Executive Vice President – Treasury)
Mehmet Tugal Member (Executive Vice President – Commercial Banking)
Bülent Oğuz Member (Executive Vice President – Retail Banking)
Levent Çelebioğlu Member (Executive Vice President – Corporate and Investment Banking)
Alp Keler Member (Executive Vice President – Private Banking and Wealth Management)
Burcu Civelek Yüce (Executive Vice President - Strategy, Payment Systems and Digital Banking)
Emre Kahraman (Head of Risk Management)

Summary report of the board of directors

Akbank maintained a leading position in the Turkish banking industry in 2019 thanks to its robust balance sheet, effective risk management, customer- oriented approach and long-standing relations. In 2019, Akbank's consolidated pre-tax profit reached TL 6,927 million, while consolidated net profit increased to TL 5,352 million. Akbank's return on equity and return on assets in 2019 were respectively 10.9% and 1.4%.

Akbank's total consolidated assets stood at TL 387 billion, loans at TL 227 billion, and deposits at TL 245 billion. With its capital adequacy ratio hovering at a solid 19.7%, standing significantly above the 12% recommended ratio for the Turkish banks.

The Bank's objective is to create sustainable and high value for shareholders in every segment of the banking industry. Akbank will continue to focus on initiatives and investments with its sustainability strategy, which was at the heart of its successful performance 2019.

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

Outsourced services

Pursuant to the Regulation on Bank Procurement of Support Services, Akbank procured support services from 70 firms in 108 areas including archive, call center, security, card production and card personalization, courier, operational services, marketing, and information systems services such as software, software maintenance/repair, patch, and product development, as of December 2019. The firms and their fields of operation are presented in the below table. The firms and their fields of operation are presented in the below table.

In addition to the mentioned firms and services, Akbank received support service from 672 dealers (1,208 stores) for retail credit marketing.

	SERVICE COMPANIES	OUTSOURCED SERVICE LINES
1	Hobim Bilgi İşlem Hizmetleri A.Ş.	Archive Services
2	Marmara Sosyal Hizm. Turz. Tic. Ve San. A.Ş.	
3	Atos Müşteri Hizmetleri A.Ş.	Call Center Services
4	CMC İletişim ve Çağrı Merkezi Hizm. A.Ş.	
5	Collecturk Alacak Yönetimi ve Danışmanlık A.Ş.	
6	COMDATA Teknoloji ve Müşteri Hizmetleri A.Ş.	
7	Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	
8	Sestek Ses ve İletişim Bilgisayar Teknolojileri San. Tic. A.Ş.	
9	Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	
10	Tepe Savunma Güvenlik Sistemleri A.Ş.	Security Services
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	AGT Hızlı Kurye Hizmetleri A.Ş.	Courier Services
15	Kurye Net Motorlu Kuryecilik Ve Dağıtım Hizmetleri A.Ş.	
16	Bilkay Danışmanlık ve Destek Hizmetler A.Ş.	Operational Services
17	Brinks Güvenlik Hizmetleri A.Ş.	
18	Desmer Güvenlik Hiz. Tic. A.Ş.	
19	Figo Ticari Bilgi ve Uygulama Platformu A.Ş.	
20	Fu Gayrimenkul Yatırım Danışmanlık A.Ş.	
21	Hobim Digital Elektronik Hizmetler A.Ş.	
22	MTM Holografi Güvenlikli Basım ve Bilişim Tekn. San. Tic. A.Ş.	
23	Eksen Pazarlama ve Satış Dan. A.Ş.	Marketing Services
24	Adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Software, Software Maintenance/Repair, Patch and Product Development
25	Asseco See Bilişim Teknolojileri A.Ş.	
26	Bilişim Bilgisayar Hizmeti Ltd. Şti.	
27	Biznet Bilişim Sistemleri ve Danışmanlık Sanayi Tic. A.Ş.	
28	DIP Bilgisayar Yazılım Ticaret Ltd. Şti.	
29	EGA Elektronik Güvenlik Altyapı A.Ş.	
30	Eretim Bilgisayar Hizmetleri ve Dan. Ltd. Şti.	
31	Etcbase Yazılım ve Bilişim Teknolojileri A.Ş.	
32	Fineksus Bilişim Çözümleri Tic. A.Ş.	

Outsourced services

	SERVICE COMPANIES	OUTSOURCED SERVICE LINES
33	Finastra	Software, Software Maintenance/ Repair, Patch and Product Development
34	Foreks Bilgi İletişim Hizmetleri A.Ş.	
35	Genbil Yazılım Ticaret ve Sanayi A.Ş.	
36	Genex Yazılım A.Ş.	
37	IBM Global Services İş ve Teknoloji Hizmetleri Tic. Ltd. Şti.	
38	Infina Yazılım A.Ş.	
39	Ingenico Ödeme Sistem Çözümleri A.Ş.	
40	Innova Bilişim Çözümleri A.Ş.	
41	Itelligence Bilgi Sistemleri A.Ş.	
42	IX Future Yazılım Tekn. San. ve Tic. Ltd. Şti.	
43	Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş.	
44	Key Yazılım Çözümleri A.Ş.	
45	Kibele İletişim Sistem ve Servisleri Tic. Ltd. Şti.	
46	Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	
47	Mirsis Bilgi Teknolojileri Ltd. Şti.	
48	Netaş Telekomünikasyon A.Ş. (BDH Bilişim Destek Hizmetleri San. ve Tic. A.Ş. Subcontractor)	
49	NCR Bilişim Sistemleri Ltd. Şti.	
50	Netlab Arge Yazılım Hizmetleri Ticaret A.Ş.	
51	Netlab Uluslararası Bilgi İşlem ve Haberleşme Hizmetleri Sanayi ve Tic. A.Ş.	
52	NGN Bilgi ve İletişim Hizmetleri Ticaret A.Ş.	
53	Novosoft Yazılım Teknolojiler Bilişim Sanayi ve Tic. A.Ş.	
54	Oredata Yazılım Ltd. Şti.	
55	OBSS Teknoloji A.Ş.	
56	Paycore Teknik Hizmetler ve Bilişim A.Ş.	
57	Payten Teknoloji A.Ş.	
58	Platin Bilişim A.Ş.	
59	Prozek Bilişim Çözümleri Ltd. Şti.	
60	Sabancı Dijital Teknoloji Hizmetleri A.Ş.	
61	Smartiks Yazılım A.Ş.	
62	Smartin Bilgi Teknolojileri Hiz. Tic. Ltd. Şti.	
63	Sorun Bilgi Teknolojileri A.Ş.	
64	Teknoser Bilgisayar Teknik Hizmetler San. ve Dış Tic. A.Ş.	
65	UCS Bilişim Sist. Ltd. Şti.	
66	Uzman Bilişim Danışmanlık A.Ş.	
67	Vega Bilgisayar Hizmetleri Ltd. Şti.	
68	Verifone Elektronik ve Danışmanlık Ltd. Şti.	
69	Veripark Yazılım A.Ş.	
70	Zenn Bilişim Teknolojileri San. ve Tic. A.Ş.	

Related party transactions

Transactions with the risk group are handled pursuant to the Banking Law, within the framework of ordinary bank-client relationships, covering all arms-length banking transactions 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, 2019. 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 2019 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 Hacı Ömer Sabancı Holding A.Ş. and Sabancı 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. 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."

Corporate governance principles compliance report

SECTION I- 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 Bank issued its Digital Reliability Principles (2018).

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 non-compulsory principles.

The 2019 Corporate Governance Compliance Report and Corporate Governance Information Form, drafted in keeping with the new reporting format announced in CMB's Resolution dated 10.01.2019 and numbered 2/49, was separately published on the Public Disclosure Platform on February 26, 2020.

SECTION II- 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 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 Reporting Department is: Türker Tunalı, Executive Vice President - CFO turker.tunali@akbank.com.

Türker Tunalı who has "Capital Markets Activities Advanced Level License," "Derivative Instruments 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 2019.

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Main Tasks of the Financial Coordination and 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 procedures;
- Conducting dividend payment procedures;
- 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 Investor 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-to-date;
- 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 Investor 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.

Investor Relations and Sustainability Department produced a video web cast at the beginning of 2019 explaining the budget targets. In addition, in 2019, a total of 4 web-casts were held with the participation of senior management about financial results, all of them featuring a Q&A session. Furthermore, the Bank participated in a total of 23 domestic and foreign investor conferences in 2019, and met with 314 international investor funds and two rating agencies. In addition, questions communicated by investors and analysts via telephone and e-mail were also answered. In addition, the Department responded to more than 500 inquiries from investors and analysts via telephone and e-mail.

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 Reporting Department under the structure of Financial Management Business Unit. 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, which was updated regularly during 2019. In addition, the website on sustainability came on air, in both Turkish and English.

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.

4. General Assembly Meetings

During the reporting period (January 1, 2019-December 31, 2019), one Ordinary General Assembly meeting was held. The participation rate at the Ordinary General Assembly meeting was 77.8% and all shareholders 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 Coordination and Reporting Department, as well as at the Bank's Ankara commercial, Adana commercial, and Izmir 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.

Corporate governance principles compliance report

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 Gürsoy Hafızoğlu and Bilgehan Yazıcı directed two questions each through virtual attendance, and their questions were answered by the authorized persons of the Bank. Another question posed by Gürsoy Hafızoğlu was not answered as it qualified as a trade secret.

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
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 cross-shareholding 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 paid-in 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. The dividend distribution is completed within the legal deadline.

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."

The net profit of TL 5.689.643.567,48 resulting from operations conducted in 2018 has not been distributed to the shareholders, and all of the net profit has been allocated to "Extraordinary Reserves," taking the long-term interests of our shareholders, our bank and our employees as well as the guidance of the Banking Regulatory and Supervisory Agency related to strengthening the capital base of our sector into consideration.

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

SECTION III-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 Coordination and Reporting Department Directorate and the Investor Relations and Sustainability Department, jointly serving as the Investor Relations Division under the Financial Management 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 106 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.

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 Policy,
Employee indemnity policy,
Policy of Compliance with Financial Crimes Investigation Board of Turkey (MASAK) regulations,
Digital Trust Principles,
Gift and Welcoming Policy,
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 IV- 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 this link: https://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Surdurulebilirlik-Raporu.aspx

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.

The application of "Ethics Line" at Akbank is in force in order 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.

Actions in breach of legislation or ethical rules communicated by the stakeholders are reported to the Director of Internal Systems via the Board of Internal Auditors, Internal Control Department, Information Risk Management Department, and the Risk Management Department. 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.

Corporate governance principles compliance report

In line with its approach that places the customer at its focus with all of Akbank's products and services; all complaints, appeals, requests, suggestions, and acknowledgments coming independently from various channels are met centrally from a single point. With this integrated and flexible infrastructure, all notifications sent by the customers to the Bank are handled and finalized with an end-to-end approach. In addition to the notifications sent to the Bank through many channels, the development of customer satisfaction is closely monitored through projects focused on customer experience and the results are shared with the entire Bank.

In 2019, customer experience at all points of contact at Akbank continued to be monitored on a daily basis, with feedback from 225,000 customers. Customer Experience Platform, which was launched in 2017 for the purpose of holistic and effective customer experience management, continues to be upgraded. With this platform, Bank employees have the opportunity to follow "NPS (referral score)," which is an international metric in the field of customer experience. Customer experience is improved through proactive actions within the framework of NPS results and pre-determined rules. In 2020, the channels of receiving feedback from customers will be enriched and efforts will continue to create customer satisfaction beyond expectations with our ongoing proactive approach.

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. 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 development-oriented, innovative, and versatile human resources are its most important asset and strategic partner. All human resources practices are centered on the employee experience.

The Career Development 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.

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 People and Culture roadmap include:

- Continuous development of work modes and roles in parallel with the business expectations/ requirements of the future,
- Transformation of employees' learning experience into a personal development journey,
- Proactive and participatory development planning that upholds a multi-faceted employee experience,
- Investment in Akbank and its employees with top quality programs that prepare them for the future,
- Target- and competency- based, 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,
- Supporting all efforts with data-based initiatives,
- A cultural transformation program that supports and complements digital transformation,
- Constantly improving organizational efficiency with a focus on employee productivity,
- Efficient in-house and external communication based on corporate values and culture,
- Clean banking compliant with legislation,
- Architectural transformation towards the work environment of the future.

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 People and Culture Department 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. 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 People and Culture Department; the Bank implements improvements and other modifications based on the findings.

Ethical principles, which are the unchanging elements of our corporate culture and governance, provide a foundation for Akbank's current reputation in the banking industry and within the society at large. Safeguarding and further enhancing the position while sustaining stability and confidence in the sector are among the Bank's main objectives. Akbank does its utmost to ensure that employees embrace the ethical principles as outlined in in-house 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. Transactions in breach of the legislation and ethical principles are assessed by the Board of Internal Auditors and major issues are reported to the Director of Internal Systems.

Structured in accordance with the organizational model, needs and expectations of the Bank's business lines, the Strategy and Human Resources 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 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." 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 tenth Sustainability Report in 2019.

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 carried out major updates in terms of its internal business processes and policies, as well as environmental and social factors. In this scope, the Bank added environmental and social factors to its ethical principles, 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, both in person and online, for employees in 2019. The content of these trainings will be reviewed in 2020.

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 V-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.

Corporate governance principles compliance report

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 office of the Board Members elected in March 2019 expire in March 2020. All members of the Board of Directors attend the Board's meetings unless they have an excuse.

Suzan Sabancı Dinçer: Chairman
Hayri Çulhacı: Vice Chairman and Executive Board Member
Ahmet Fuat Ayla: Executive Board Member
Eyüp Engin: Executive Board Member
Can Paker: Board Member
Yaman Törüner: Board Member
Emre Derman: Board Member
Prof. Özgür Demirtaş: Board Member
Aydın Günter: Board Member
Hakan Binbaşgil: Board Member and CEO

Background information for the members of the Board of Directors is presented on page 66-67 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 resumes.

There are three executive and seven non-executive members on Akbank's Board of Directors. Hayri Çulhacı, Ahmet Fuat Ayla, Hakan Binbaşgil are executive 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. Eyüp Engin and Yaman Törüner, the members of the Audit Committee, are independent Board members. The other Independent Member of our Bank is Mr. Aydın Günter 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 25, 2019. The report dated January 16, 2019 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 2019, 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 services,

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 CEO 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 75 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 2019.

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.

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 78-79.

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. ALCO members are presented on page 79 of the Annual Report.

Corporate governance principles compliance 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, Information Risk Management Department, Board of Internal Auditors and Board of Internal Control Department report directly to the Board of Directors. The Audit Committee's Assessment Report is presented on page 100 of the Annual Report.

19. The Bank's Strategic Objectives

The Board of Directors has clearly and comprehensibly formulated the values, vision, mission, strong foundations, and 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 non-financial 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.

The Turkish website is accessible at: http://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Default.aspx

The English website is accessible at: http://www.akbank.com/en-us/investor-relations/Pages/default.aspx

The Turkish website is accessible at: http://www.akbank.com/tr-tr/Sayfalar/default.aspx

The English website is accessible at: http://www.akbank.com/en-us/Pages/default.aspx

The Sustainability Report is accessible at http://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Surdurulebilirlik-Raporu.aspx

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

The 2019 Corporate Governance Compliance Report and Corporate Governance Information Form documents approved by our Bank's Board of Directors can be reached via the links of Public Disclosure Platform below:

https://www.kap.org.tr/en/Bildirim/821881

https://www.kap.org.tr/en/Bildirim/821883

Statement of responsibility

STATEMENT OF RESPONSIBILITY AS PER THE CAPITAL MARKETS BOARD'S 9th ARTICLE OF COMMUNIQUÉ ON THE REPORTING PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)

The 2019 Annual Report which is drawn up in accordance with the Capital Market Board's Communiqué ("Communiqué") on the Reporting Principles Regarding Financial Reporting in Capital Markets and audited independently by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

We have examined the Annual Report which includes Corporate Governance Compliance Report and Corporate Governance Information Form as per the Capital Markets Board's regulations;

- Thus, within the frame of our duty and responsibility areas at Akbank, we have concluded that the Annual Report does not include any explanations contrary to facts, or any deficiencies regarding important issues,
- we kindly inform you that, within the frame of our duty and responsibility areas at Akbank, the Annual Report drawn up in accordance with the Communiqué accurately reflects the facts about the development and performance of the business, company's financial status, together with the parties within the consolidation, probable risks and we hereby acknowledge that we shall be deemed responsible for that statement.

Best regards,

Eyüp Engin Chairman of the Audit Committee	S. Hakan BİNBAŞGİL CEO	Türker TUNALI Executive Vice President

Summary results for 2019 and future expectations of the Bank

With the strategies it has implemented in 2019, Akbank strengthened the structure of its balance sheet, maintained the quality of its assets, and continued growing in line with its sustainable profitability target.

Despite challenging global market conditions, Akbank managed to deliver sustainable profitability and strong asset quality for its stakeholders while continuing to support the Turkish economy thanks to its robust balance sheet and long-term funding obtained from abroad.

Akbank's consolidated assets reached TL 387 billion in 2019. In the same period, Akbank's total loans reached TL 269 billion, TL 227 billion of which is composed of cash loans. This reporting year, the support provided to the real sector through SME loans and corporate loans amounted to TL 223 billion. Furthermore, Akbank's total deposits reached TL 245 billion.

As of year-end 2019, 78.9% of Akbank's total loans were corporate loans, SME, and commercial loans, while 21.1% of Akbank's total loans consumer and credit card loans.

In 2019, a year marked by global and national market fluctuations, Akbank prioritized the protection of its asset quality, and expended efforts to calculate and report risk by means of efficient and prudent risk management. During the year, Akbank closely watched financial and economic developments in local and global markets. The Bank also improved its existing practices by closely monitoring developments in international risk management area, such as IFRS 9 standard, Basel principles and other international regulations.

Akbank secured total external resources worth USD 8 billion in 2019 to the national economy thanks to its robust financials and high reputation.

With its capital increase transaction finalized in January 2019, Akbank further strengthened its already robust financial structure, created additional growth capacity for the coming period and sharpened its competitive edge in the market. This crucial step was an important confirmation of Akbank shareholders' trust in our country and economy. As a result of this transaction, Turkey saw a foreign direct investment inflow of USD 210 million at the beginning of 2019. Despite the global uncertainties, the Bank's already robust Capital Adequacy Ratio increased by a further 80 basis points, thereby creating added capacity for growth for the coming years.

Bank's Summary Expectations for 2020:

	2020B
TL Loan Growth	High teens
FX Loan Growth (USD)	Low single digit
Leverage	>8x
Return on Equity	Mid-teens
Net Interest Margin (swap adjusted)	≥4.0%
Net Fees & Commissions Growth	High single digit
Operational Expenses Growth	Mid-teens
Cost/income(1)	≤34%
Non-performing loan ratio	<6%
Net total CoC	~200 bps

(1) CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions

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 and predominantly invests 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.

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 2019

Akbank's Audit Committee held four meetings in 2019. During these meetings, the Audit Committee undertook efforts geared toward executing its duties and responsibilities that are stipulated on page 86 of this Annual Report.

Internal audit, internal control and risk management operations, duties and responsibilities are separated from each other at the Bank. They are carried out by the Boards of Inspection, Internal Control, Compliance Department, Risk Management, and Information Risk Management, 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 conducts its internal audit activities in line with the International Internal Audit Standards and Professional Ethics set by the Institute of Internal Auditors (IIA). Indeed, as a result of the Quality Assurance Assessment Study conducted by independent external auditors, it has been confirmed that the internal audit's efficiency, quality, and value contribution to the corporation are at the level required by International Internal Audit Standards. 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 2019; 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 Department 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. In this regard, control tasks were performed by competent and experienced internal control personnel in branch offices and at the Headquarters through onsite as well as centralized activities facilitated by smart monitoring systems.

Within the scope of the activities, the Department improved and updated the internal control system continuously; technical competence assessments were performed and on-site/central control tests at those branches designated with a risk-centered approach were carried out.

The activities of Internal Control Department significantly contribute 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 Compliance Department performs activities to ensure compliance with the regulations regarding Protection of Personal Data and financial crime risks. International standards apply for the operations to prevent financial crime risks. Control standards are implemented with protective and preventive policies to avoid laundering, financing of terrorism, international financial sanctions, bribery, and corruption. The efforts to ensure legal compliance of the Bank include all domestic and foreign business units. A Group Compliance Policy approach helps achieving compliance. All business units and employees of the Bank undertake the required responsibilities within the frame of this policy.

The Bank arranges regular and extensive training programs to increase the awareness of the employees on legal compliance and update them. The monitoring and control systems related to financial crime risks are improved by current technological innovations like artificial intelligence and machine learning.

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 and domestic 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 decision-making mechanism.

With the 2019 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 2019 ICAAP reports was submitted to BRSA upon the approval of the Board of Directors.

Information risk and fraud management activities of the Bank are carried out by the Risk Management Department. The departmental activities include processes regarding monitoring, detection, measurement, systematic management, degrading, controlling, and reporting information and fraud risks. The Information Risk Management Department carries out control activities across the Bank's information systems in order to ensure that the information processed within the Bank or shared and managed with third parties is reliable, complete, traceable, consistent and in a format that meets the needs of the Bank. Besides, monitoring, detection, prevention and degrading all kinds of frauds are performed by Risk Management Department.

In the scope of the information risk controls implemented by the Information Risk Management Department, there are ongoing studies concerning controls based on the BRSA regulations as well as international standards such as COBIT, ISO, ITIL, COSO, NIST etc.

Studies carried out by the Information Risk Management Department have made significant contributions to keeping the risks arising from information systems at manageable levels, and to creating an effective control environment for the Bank's operations to be conducted effectively, efficiently, safely and in compliance with the legislation.

In consideration of the overall activities and operations of the internal control, internal audit, and risk management systems of Akbank in 2018, efforts undertaken are deemed to be highly successful, effective, value-creating, sophisticated and satisfactory.

Eyüp Engin
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 (June 18, 2019)	
Long-Term FC Deposit	B3
Long-Term TL Deposit	B2
Short-Term FC Deposit	Not-Prime
Short-Term TL Deposit	Not-Prime
Baseline and Adjusted Baseline Credit Assessment	b3
Senior Unsecured Regular Bond/Debenture	B2
Subordinate Regular Bond/Debenture	Caa2 (hyb)

Fitch Ratings (July 19, 2019)	
Long-Term Foreign Currency IDR	B+
Long-Term Local Currency IDR	B+
Short Term Foreign Currency IDR	B
Short-Term Local Currency IDR	B
Viability Rating	b+
National Long-Term Rating	A+(tur)
Long-Term Senior Unsecured Notes	B+
Subordinate Regular Bond/Debenture	B

Five-year summary financial figures

Five-Year Summary Consolidated Financial Figures (TL million)	2015	2016	2017	2018	2019
Total Assets	252,467	294,501	341,610	354,682	387,172
Loans	153,466	178,893	209,478	213,937	226,776
Deposits	149,471	173,968	201,456	208,630	244,712
Equity Capital	28,015	32,492	40,614	43,787	54,362
Net Profit	3,229	4,854	6,020	5,709	5,352

Five-Year Summary Unconsolidated Financial Figures (TL million)	2015	2016	2017	2018	2019
Total Assets	234,809	272,825	316,031	327,642	360,501
Loans	141,763	161,828	190,509	185,125	203,834
Deposits	138,942	158,878	184,904	188,391	224,054
Equity Capital	26,689	32,376	40,425	43,809	54,382
Net Profit	2,995	4,820	6,039	5,690	5,417

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, 2019. 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 on the early risk detection system and the early risk detection committee

pwc

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 3 permanent members and other participants. The Committee has submitted the relevant reports for the period 1 January – 31 December 2019 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, 28 February 2020

AKBANK T.A.Ş.

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 31 DECEMBER 2019 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and independent auditor's 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 General Assembly of Akbank T.A.Ş.

A. Audit of the Unconsolidated 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 2019, 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 2019, 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2019 include a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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 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 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. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter

Impairment of loans in accordance with TFRS 9

The Bank has total provision for impairment of TL 12.280.581 thousands in respect to loans of TL 203.834.175 thousands which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2019. Explanations and notes related to provision for impairment of loans are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-I, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2019.

The Bank recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred.

Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated impairment allowances. 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.

Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Bank in line with its governance, policies and procedures.

Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Bank's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macro-economic expectations, life time expected credit losses, losses given default.

We have carried credit review on a selected sample of loans with the objective to identify whether the classification of loans is performed appropriately in line with TFRS 9 staging rules, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.

In addition, we have evaluated the appropriateness of specific impairment provision with supportable input on non-performing loans and on other significant individual loans. Based on our discussions with the Bank management, we evaluated and challenged whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loan and related impairment provision.

Key Audit Matters	***How Our Audit Addressed the Key Audit Matter***
Valuation of Pension Fund Obligations	
The Bank has booked provision amounting to TL 38.125 thousand for Pension Fund Liabilities in the accompanying unconsolidated financial statements as at 31 December 2019. Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b and section V part II-h in the accompanying unconsolidated financial statements. 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 discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits 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. In addition to the above procedures we have reviewed disclosures made with respect to pension fund.

4. 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.

5. 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

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 2019 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 2020

CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND 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 2019

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, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **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** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDITOR'S REPORT

The The accompanying 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 are independently audited.

31 January 2020

Suzan SABANCI DİNÇER	Eyüp ENGİN	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	Türker TUNALI	Zeynep TERZİOĞLU
Chairman of the Board of Directors	Head of the Audit Committee	Member of the Audit Committee	CEO	Executive Vice President	Senior Vice President

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Zeynep TERZİOĞLU / 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 2019
(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 THAT 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 2019, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2018: 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:

Title	Name	Responsibility	Education
Chairman:	Suzan SABANCI DİNÇER	Chairman	Graduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Eyüp ENGİN	Executive Board Member	Undergraduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Savas KÜLCÜ	Head of Internal Audit	Graduate
Executive Vice Presidents:	Bülent OĞUZ	Retail Banking	Graduate
	H.Burcu CİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	Pınar ANAPA	People and Culture	Graduate
Internal Audit Committee:	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	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 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. Savaş Külcü was assigned as the Chairman of the Board of Inspection instead of Eyüp Engin.

As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 3 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

The name of the Human Resources and Strategy Business Unit is continuing its operations as "Human Resources Business Unit" and as of 3 June 2019, Pınar Anapa has been appointed as Executive Vice President of the Human Resources.

The name of the Human Resources Business Unit has changed as People and Culture on 29 August 2019.

IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE BANK:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	2.119.027	%40,75	2.119.027	-

V. INFORMATION ON THE BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, 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 2019, the Bank has 770 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad).

As of 31 December 2019, the Bank the Bank has 12.750 employees (31 December 2018: 13.367).

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 2019 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**50.399.066**	**84.383.650**	**134.782.716**	**47.023.958**	**73.508.477**	**120.532.435**
1.1	**Cash and Cash Equivalents**		**2.494.673**	**43.995.536**	**46.490.209**	**5.189.272**	**43.465.853**	**48.655.125**
1.1.1	Cash and Balances with Central Bank	(I-a)	2.243.224	27.650.693	29.893.917	4.725.332	25.388.460	30.113.792
1.1.2	Banks	(I-d)	251.462	16.345.284	16.596.746	463.940	17.538.045	18.001.985
1.1.3	Money Markets		-	-	-	-	539.374	539.374
1.1.4	Expected Loss Provision (-)		13	441	454	-	26	26
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(I-b)**	**170.989**	**7.069.120**	**7.240.109**	**6.126**	**6.827.669**	**6.833.795**
1.2.1	Government Debt Securities		170.486	92.378	262.864	-	-	-
1.2.2	Equity Instruments		-	220.294	220.294	-	137.461	137.461
1.2.3	Other Financial Assets		503	6.756.448	6.756.951	6.126	6.690.208	6.696.334
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(I-e)**	**36.087.714**	**28.554.393**	**64.642.107**	**24.621.751**	**17.751.756**	**42.373.507**
1.3.1	Government Debt Securities		35.534.282	16.168.796	51.703.078	23.928.005	12.574.559	36.502.564
1.3.2	Equity Instruments		15.610	607	16.217	12.848	607	13.455
1.3.3	Other Financial Assets		537.822	12.384.990	12.922.812	680.898	5.176.590	5.857.488
1.4	**Derivative Financial Assets**	**(I-c, I-l)**	**11.645.690**	**4.764.601**	**16.410.291**	**17.206.809**	**5.463.199**	**22.670.008**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		9.551.895	4.731.384	14.283.279	15.470.870	5.209.530	20.680.400
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2.093.795	33.217	2.127.012	1.735.939	253.669	1.989.608
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**143.880.604**	**63.238.520**	**207.119.124**	**124.113.901**	**66.550.651**	**190.664.552**
2.1	**Loans**	**(I-f)**	**142.634.804**	**61.199.371**	**203.834.175**	125.059.399	61.316.901	**186.376.300**
2.2	**Lease Receivables**	**(I-k)**	**-**	**-**	**-**	-	-	**-**
2.3	**Factoring Receivables**		**-**	**-**	**-**	-	-	**-**
2.4	**Other Financial Assets Measured at Amortised Cost**	**(I-g)**	**11.814.099**	**3.760.759**	**15.574.858**	**5.942.844**	**6.320.637**	**12.263.481**
2.4.1	Government Debt Securities		11.479.840	2.379.418	13.859.258	5.942.844	3.811.339	**9.754.183**
2.4.2	Other Financial Assets		334.259	1.381.341	1.715.600	-	2.509.298	**2.509.298**
2.5	**Expected Credit Loss (-)**		**10.568.299**	**1.721.610**	**12.289.909**	**6.888.342**	**1.086.887**	**7.975.229**
III.	**ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(I-o)**	**636.017**	**-**	**636.017**	**90.305**	**-**	**90.305**
3.1	Held for Sale Purpose		636.017	-	636.017	90.305	-	90.305
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**1.625.290**	**5.111.016**	**6.736.306**	**1.209.469**	**4.248.193**	**5.457.662**
4.1	**Investments in Associates (Net)**	**(I-h)**	**5.521**	**-**	**5.521**	**5.521**	**-**	**5.521**
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		5.521	-	5.521	5.521	-	5.521
4.2	**Subsidiaries (Net)**	**(I-i)**	**1.619.769**	**5.111.016**	**6.730.785**	**1.203.948**	**4.248.193**	**5.452.141**
4.2.1	Unconsolidated Financial Subsidiaries		1.619.769	5.111.016	6.730.785	1.203.948	4.248.193	5.452.141
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	**Joint Ventures (Net)**	**(I-j)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**4.857.006**	**6.976**	**4.863.982**	**3.941.378**	**7.039**	**3.948.417**
VI.	**INTANGIBLE ASSETS (Net)**		**933.963**	**16**	**933.979**	**624.219**	**24**	**624.243**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		933.963	16	933.979	624.219	24	624.243
VII.	**INVESTMENT PROPERTY (Net)**	**(I-m)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**-**	**-**	**-**	**262.217**	**-**	**262.217**
IX.	**DEFERRED TAX ASSET**	**(I-n)**	**-**	**2.438**	**2.438**	**-**	**23.410**	**23.410**
X.	**OTHER ASSETS (Net)**	**(I-p)**	**1.842.217**	**3.584.333**	**5.426.550**	**2.412.567**	**3.626.317**	**6.038.884**
	TOTAL ASSETS		**204.174.163**	**156.326.949**	**360.501.112**	**179.678.014**	**147.964.111**	**327.642.125**

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 2019 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2019) TL	FC	Total	PRIOR PERIOD (31/12/2018) TL	FC	Total
I.	**DEPOSITS**	**(II-a)**	**96.271.886**	**127.782.641**	**224.054.527**	**81.460.817**	**106.930.236**	**188.391.053**
II.	**FUNDS BORROWED**	**(II-c)**	**302.890**	**31.068.206**	**31.371.096**	**651.246**	**39.075.919**	**39.727.165**
III.	**MONEY MARKETS**		**612.415**	**8.199.349**	**8.811.764**	**3.852.509**	**9.209.690**	**13.062.199**
IV.	**SECURITIES ISSUED (Net)**	**(II-d)**	**4.905.531**	**8.612.669**	**13.518.200**	**3.949.642**	**8.202.364**	**12.152.006**
4.1	Bills		2.372.587	-	2.372.587	2.042.561	-	2.042.561
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		2.532.944	8.612.669	11.145.613	1.907.081	8.202.364	10.109.445
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(II-b, II-g)**	**7.203.320**	**1.655.523**	**8.858.843**	**11.333.092**	**1.623.362**	**12.956.454**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		6.355.281	1.602.458	7.957.739	10.688.134	1.623.362	12.311.496
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		848.039	53.065	901.104	644.958	-	644.958
VIII.	**FACTORING LIABILITIES**		**-**	**-**	**-**	-	-	-
IX.	**LEASE LIABILITIES (Net)**	**(II-f)**	**574.553**	**-**	**574.553**	**25.048**	**-**	**25.048**
X.	**PROVISIONS**	**(II-h)**	**1.362.723**	**168.354**	**1.531.077**	**1.044.801**	**250.177**	**1.294.978**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		434.942	-	434.942	311.510	-	311.510
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		927.781	168.354	1.096.135	733.291	250.177	983.468
XI.	**CURRENT TAX LIABILITY**	**(II-i)**	**735.341**	**23.651**	**758.992**	**442.133**	**62.261**	**504.394**
XII.	**DEFERRED TAX LIABILITY**		**704.309**	**-**	**704.309**	**283.695**	**-**	**283.695**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTIUED OPERATIONS (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(II-j)**	**-**	**5.381.534**	**5.381.534**	**-**	**4.784.477**	**4.784.477**
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	5.381.534	5.381.534	-	4.784.477	4.784.477
XV.	**OTHER LIABILITIES**	**(II-e)**	**6.917.863**	**3.635.927**	**10.553.790**	**7.461.507**	**3.190.060**	**10.651.567**
XVI.	**SHAREHOLDERS' EQUITY**	**(II-k)**	**54.116.424**	**266.003**	**54.382.427**	**42.910.657**	**898.432**	**43.809.089**
16.1	Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2	Capital Reserves		5.400.628	-	5.400.628	3.686.298	-	3.686.298
16.2.1	Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1.894.886	-	1.894.886	1.986.298	-	1.986.298
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.884.029	831.140	3.715.169	1.328.679	2.212.351	3.541.030
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		1.289.985	(565.137)	724.848	(27.703)	(1.313.919)	(1.341.622)
16.5	Profit Reserves		33.924.314	-	33.924.314	28.233.739	-	28.233.739
16.5.1	Legal Reserves		1.532.027	-	1.532.027	1.532.027	-	1.532.027
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		32.128.715	-	32.128.715	26.439.072	-	26.439.072
16.5.4	Other Profit Reserves		263.572	-	263.572	262.640	-	262.640
16.6	Income or (Loss)		5.417.468	-	5.417.468	5.689.644	-	5.689.644
16.6.1	Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2	Current Period Income or (Loss)		5.417.468	-	5.417.468	5.689.644	-	5.689.644
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**173.707.255**	**186.793.857**	**360.501.112**	**153.415.147**	**174.226.978**	**327.642.125**

AKBANK T.A.Ş.
II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

		Note (Section Five)	CURRENT PERIOD (31/12/2019) TL	FC	Total	PRIOR PERIOD (31/12/2018) TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			**160.597.907**	**479.564.186**	**640.162.093**	**216.635.098**	**509.765.510**	**726.400.608**
I.	**GUARANTEES AND WARRANTIES**	**(III-2, 3)**	**19.912.014**	**23.535.399**	**43.447.413**	**22.150.509**	**31.187.047**	**53.337.556**
1,1	Letters of Guarantee		16.956.203	14.167.206	31.123.409	19.272.359	15.784.791	35.057.150
1.1.1	Guarantees Subject to State Tender Law		282.800	1.422.854	1.705.654	404.937	2.056.174	2.461.111
1.1.2	Guarantees Given for Foreign Trade Operations		-	2.221.818	2.221.818	-	2.835.700	2.835.700
1.1.3	Other Letters of Guarantee		16.673.403	10.522.534	27.195.937	18.867.422	10.892.917	29.760.339
1.2	Bank Acceptances		-	50.678	50.678	-	2.740.341	2.740.341
1.2.1	Import Letter of Acceptance		-	50.678	50.678	-	2.740.341	2.740.341
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		8.409	4.358.456	4.366.865	47.035	6.515.924	6.562.959
1.3.1	Documentary Letters of Credit		8.409	3.685.663	3.694.072	47.035	5.817.762	5.864.797
1.3.2	Other Letters of Credit		-	672.793	672.793	-	698.162	698.162
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
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		-	-	-	-	-	-
1.7	Factoring Guarantees		-	14.790	14.790	-	24.353	24.353
1.8	Other Guarantees		5.990	4.931.215	4.937.205	32.845	6.113.927	6.146.772
1.9	Other Collaterals		2.941.412	13.054	2.954.466	2.798.270	7.711	2.805.981
II.	**COMMITMENTS**	**(III-1)**	**43.532.774**	**23.710.713**	**67.243.487**	**42.241.467**	**22.317.747**	**64.559.214**
2.1	Irrevocable Commitments		42.539.957	23.710.713	66.250.670	41.404.186	22.317.747	63.721.933
2.1.1	Asset Purchase Commitments		3.512.234	11.250.734	14.762.968	6.589.831	8.568.468	15.158.299
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		8.228.762	1.423.408	9.652.170	8.203.743	3.133.344	11.337.087
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		2.632.311	-	2.632.311	2.514.769	-	2.514.769
2.1.8	Tax and Fund Liabilities from Export Commitments		4.430	-	4.430	3.693	-	3.693
2.1.9	Commitments for Credit Card Limits		23.193.073	-	23.193.073	19.788.847	-	19.788.847
2.1.10	Commitments for Credit Cards and Banking Services Promotions		94.381	-	94.381	82.378	-	82.378
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		4.874.766	11.036.571	15.911.337	4.220.925	10.615.935	14.836.860
2.2	Revocable Commitments		992.817	-	992.817	837.281	-	837.281
2.2.1	Revocable Loan Granting Commitments		992.817	-	992.817	837.281	-	837.281
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**97.153.119**	**432.318.074**	**529.471.193**	**152.243.122**	**456.260.716**	**608.503.838**
3.1	Hedging Derivative Financial Instruments		13.674.935	50.919.357	64.594.292	16.237.238	45.826.317	62.063.555
3.1.1	Fair Value Hedges		4.122.135	22.626.912	26.749.047	4.768.063	16.399.974	21.168.037
3.1.2	Cash Flow Hedges		9.552.800	28.292.445	37.845.245	11.469.175	29.426.343	40.895.518
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		83.478.184	381.398.717	464.876.901	136.005.884	410.434.399	546.440.283
3.2.1	Forward Foreign Currency Buy/Sell Transactions		6.344.720	14.293.529	20.638.249	10.443.845	17.807.630	28.251.475
3.2.1.1	Forward Foreign Currency Transactions-Buy		5.802.042	4.831.696	10.633.738	6.988.529	7.632.814	14.621.343
3.2.1.2	Forward Foreign Currency Transactions-Sell		542.678	9.461.833	10.004.511	3.455.316	10.174.816	13.630.132
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		72.288.056	317.407.670	389.695.726	97.935.885	319.716.819	417.652.704
3.2.2.1	Foreign Currency Swap-Buy		22.894.573	93.779.012	116.673.585	37.673.866	102.692.502	140.366.368
3.2.2.2	Foreign Currency Swap-Sell		47.063.483	72.653.394	119.716.877	57.508.699	82.085.637	139.594.336
3.2.2.3	Interest Rate Swap-Buy		1.165.000	75.487.632	76.652.632	1.376.660	67.469.340	68.846.000
3.2.2.4	Interest Rate Swap-Sell		1.165.000	75.487.632	76.652.632	1.376.660	67.469.340	68.846.000
3.2.3	Foreign Currency, Interest Rate and Securities Options		4.668.517	27.522.912	32.191.429	27.559.961	47.939.566	75.499.527
3.2.3.1	Foreign Currency Options-Buy		1.934.397	3.443.224	5.377.621	12.676.191	15.377.034	28.053.225
3.2.3.2	Foreign Currency Options-Sell		2.734.120	2.804.616	5.538.736	14.883.770	13.150.254	28.034.024
3.2.3.3	Interest Rate Options-Buy		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.4	Interest Rate Options-Sell		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		85.946	85.005	170.951	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		85.946	-	85.946	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	85.005	85.005	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		90.945	22.089.601	22.180.546	66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			**856.292.085**	**337.560.592**	**1.193.852.677**	**816.015.391**	**301.573.528**	**1.117.588.919**
IV.	**ITEMS HELD IN CUSTODY**		**47.522.044**	**24.508.688**	**72.030.732**	**39.434.419**	**19.655.922**	**59.090.341**
4.1	Customer Fund and Portfolio Balances		9.483.940	1.309.375	10.793.315	3.954.484	-	3.954.484
4.2	Investment Securities Held in Custody		3.496.688	2.996.399	6.493.087	2.682.104	2.062.528	4.744.632
4.3	Cheques Received for Collection		28.123.634	3.036.679	31.160.313	26.095.801	2.704.389	28.800.190
4.4	Commercial Notes Received for Collection		6.116.849	3.118.920	9.235.769	6.151.125	3.550.546	9.701.671
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		300.933	14.047.315	14.348.248	550.905	11.338.459	11.889.364
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**208.267.187**	**102.985.636**	**311.252.823**	**202.070.108**	**82.992.237**	**285.062.345**
5.1	Marketable Securities		785.963	1.137.538	1.923.501	805.358	1.368.190	2.173.548
5.2	Guarantee Notes		652.116	574.500	1.226.616	763.134	565.924	1.329.058
5.3	Commodity		-	135.780	135.780	113.226	7.890	121.116
5.4	Warranty		-	-	-	-	-	-
5.5	Immovables		165.999.748	81.577.712	247.577.460	164.735.077	62.749.122	227.484.199
5.6	Other Pledged Items		40.829.360	19.560.106	60.389.466	35.653.313	18.301.111	53.954.424
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL, GUARANTEES AND WARRANTEES**		**600.502.854**	**210.066.268**	**810.569.122**	**574.510.864**	**198.925.369**	**773.436.233**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**1.016.889.992**	**817.124.778**	**1.834.014.770**	**1.032.650.489**	**811.339.038**	**1.843.989.527**

AKBANK T.A.Ş.
III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

	INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
I.	**INTEREST INCOME**	**(IV-a)**	**34.508.262**	**33.514.562**
1.1	Interest on Loans	(IV-a-1)	26.851.805	25.167.595
1.2	Interest on Reserve Requirements		364.578	472.136
1.3	Interest on Banks	(IV-a-2)	667.215	696.817
1.4	Interest on Money Market Transactions		212.788	225.202
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	6.306.863	6.901.394
1.5.1	Fair Value Through Profit or Loss		1.058	-
1.5.2	Fair Value Through Other Comprehensive Income		5.033.578	5.506.934
1.5.3	Measured at Amortised Cost		1.272.227	1.394.460
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		105.013	51.418
II.	**INTEREST EXPENSE (-)**	**(IV-b)**	**18.795.325**	**18.948.434**
2.1	Interest on Deposits	(IV-b-4)	14.294.413	14.504.876
2.2	Interest on Funds Borrowed	(IV-b-1)	1.495.389	1.499.445
2.3	Interest Expense on Money Market Transactions		953.070	1.561.507
2.4	Interest on Securities Issued	(IV-b-3)	1.949.413	1.377.885
2.5	Interest on Leases		92.719	1.602
2.6	Other Interest Expenses		10.321	3.119
III.	**NET INTEREST INCOME (I - II)**		**15.712.937**	**14.566.128**
IV.	**NET FEES AND COMMISSIONS INCOME**		**4.634.359**	**3.450.047**
4.1	Fees and Commissions Received		5.954.761	4.475.751
4.1.1	Non-cash Loans		568.149	407.054
4.1.2	Other		5.386.612	4.068.697
4.2	Fees and Commissions Paid (-)		1.320.402	1.025.704
4.2.1	Non-cash Loans		3.605	1.825
4.2.2	Other		1.316.797	1.023.879
V.	**DIVIDEND INCOME**		**6.509**	**4.601**
VI.	**TRADING INCOME /(LOSS) (Net)**	**(IV-c)**	**(709.511)**	**(335.589)**
6.1	Trading Gains / (Losses) on Securities		278.136	(1.105.607)
6.2	Gains / (Losses) on Derivative Financial Transactions		1.513.909	5.051.575
6.3	Foreign Exchange Gains / (Losses)		(2.501.556)	(4.281.557)
VII.	**OTHER OPERATING INCOME**	**(IV-d)**	**818.844**	**985.899**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**20.463.138**	**18.671.086**
IX.	**EXPECTED CREDIT LOSS (-)**	**(IV-e)**	**6.661.947**	**6.367.623**
X.	**OTHER PROVISION EXPENSES (-)**		**1.091.259**	**102.920**
XI.	**PERSONNEL EXPENSE (-)**		**2.589.571**	**2.123.197**
XII.	**OTHER OPERATING EXPENSES (-)**	**(IV-f)**	**3.959.397**	**3.406.449**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**6.160.964**	**6.670.897**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**	**-**
XV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**640.370**	**304.959**
XVI.	**INCOME/(LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)**		**6.801.334**	**6.975.856**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(IV-g)**	**1.383.866**	**1.286.212**
18.1	Current Tax Provision		1.609.738	818.761
18.2	Deferred Tax Income Effect (+)		583.474	967.998
18.3	Deferred Tax Expense Effect (-)		809.346	500.547
XVIII.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(IV-h)**	**5.417.468**	**5.689.644**
XIX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XX.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXI.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)**		**-**	**-**
XXII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIII.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXIV.	**NET INCOME/(LOSS) (XIX+XXIV)**		**5.417.468**	**5.689.644**
	Earning/(Loss) per share (in TL full)		0,01082	0,01422

AKBANK T.A.Ş.
IV. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

		CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (31/12/2018)
I.	**CURRENT PERIOD INCOME/LOSS**	**5.417.468**	**5.689.644**
II.	**OTHER COMPREHENSIVE INCOME**	**2.240.548**	**(1.201.290)**
2.1	**Not Reclassified Through Profit or Loss**	**174.078**	**392.840**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	(88.706)	6.579
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	243.269	387.708
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	19.515	(1.447)
2.2	**Reclassified Through Profit or Loss**	**2.066.470**	**(1.594.130)**
2.2.1	Foreign Currency Translation Differences	255.024	789.507
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	3.842.412	(2.878.494)
2.2.3	Cash Flow Hedge Income/Loss	(1.321.165)	315.637
2.2.4	Foreign Net Investment Hedge Income/Loss	(198.880)	(493.088)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss		-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(510.921)	672.308
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**7.658.016**	**4.488.354**

AKBANK T.A.Ş.
V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

							Accumulated Other Comprehensive Income or Expense Not			Accumulated Other Comprehensive Income or Expense Reclassified through						
		Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
	CURRENT PERIOD (31/12/2019)															
I.	**Prior Period End Balance**		4.000.000	1.700.000	-	1.986.298	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.809.089
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
III.	**Adjusted Beginning Balance (I+II)**		4.000.000	1.700.000	-	1.894.886	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.717.677
IV.	Total Comprehensive Income		-	-	-	-	-	(69.191)	243.269	255.024	2.997.081	(1.185.635)	-	-	5.417.468	7.658.016
V.	Capital Increase by Cash		1.200.000	1.805.742	-	-	-	-	-	-	-	-	-	-	-	3.005.742
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	61	-	-	-	-	-	931	-	-	992
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (I+II+III+...+X+XI)		**5.200.000**	**3.505.742**	**-**	**1.894.886**	**2.207.594**	**(178.102)**	**1.685.677**	**1.879.830**	**85.691**	**(1.240.673)**	**33.924.314**	**-**	**5.417.468**	**54.382.427**

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira (TL)).

		Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss: Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss: Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
	PRIOR PERIOD (31/12/2018)															
I.	**Prior Period End Balance**		4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.113.024	835.299	(777.134)	83.374	23.790.063	-	6.039.069	40.424.506
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
III.	**Adjusted Beginning Balance (I+II)**		4.000.000	1.700.000	-	1.986.298	2.348.962	(114.043)	1.054.700	835.299	(666.165)	83.374	23.790.063	-	6.039.069	41.057.557
IV.	Total Comprehensive Income		-	-	-	-	-	5.132	387.708	789.507	(2.245.225)	(138.412)	-	-	5.689.644	4.488.354
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	(141.429)	-	-	-	-	-	4.607	-	-	(136.822)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.439.069	-	(6.039.069)	(1.600.000)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(1.600.000)	(1.600.000)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.439.069	-	(4.439.069)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (I+II+III+...+X+XI)		**4.000.000**	**1.700.000**	**-**	**1.986.298**	**2.207.533**	**(108.911)**	**1.442.408**	**1.624.806**	**(2.911.390)**	**(55.038)**	**28.233.739**	**-**	**5.689.644**	**43.809.089**

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

AKBANK T.A.Ş.
VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

		Note (Section Five)	CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (30/09/2018)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit before changes in operating assets and liabilities		14.470.417	10.052.201
1.1.1	Interest received		29.530.019	27.999.682
1.1.2	Interest paid		(19.396.760)	(18.569.345)
1.1.3	Dividend received		3.747	1.789
1.1.4	Fees and commissions received		5.898.799	4.479.655
1.1.5	Other income		2.213.821	(29.036)
1.1.6	Collections from previously written-off loans and other receivables		1.762.278	1.834.700
1.1.7	Cash Payments to personnel and service suppliers		(2.808.592)	(2.309.288)
1.1.8	Taxes paid		(220.989)	(198.154)
1.1.9	Other		(2.511.906)	(3.157.802)
1.2	Changes in operating assets and liabilities		34.910	(13.135.684)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(404.180)	(143.111)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		593.035	(579.437)
1.2.3	Net (increase) / decrease in loans		(19.692.589)	(4.643.223)
1.2.4	Net (increase) / decrease in other assets		134.589	(1.180.848)
1.2.5	Net increase / (decrease) in bank deposits		(274.810)	(5.511.414)
1.2.6	Net increase / (decrease) in other deposits		36.578.843	8.586.740
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(8.321.114)	9.980.005
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		(8.578.864)	(19.644.396)
I.	Net cash provided from banking operations		14.505.327	(3.083.483)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	Net cash provided from investing activities		(23.616.873)	5.807.094
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(139.981)	(62.000)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(1.220.779)	(1.040.588)
2.4	Disposals of property and equipment		22.779	5.176
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(30.331.630)	(13.948.570)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		9.540.856	15.145.839
2.7	Purchase of Financial Assets Measured at Amortised Cost		(5.397.163)	(1.654.189)
2.8	Sale of Financial Assets Measured at Amortised Cost		3.214.762	10.713.907
2.9	Other		694.283	(3.352.481)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	Net cash provided from financing activities		4.671.741	(411.491)
3.1	Cash obtained from funds borrowed and securities issued		32.641.782	23.214.725
3.2	Cash used for repayment of funds borrowed and securities issued		(30.681.560)	(22.007.068)
3.3	Issued equity instruments		3.005.742	-
3.4	Dividends paid		-	(1.600.000)
3.5	Payments for finance leases		(294.223)	(19.148)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		2.795.591	4.232.846
V.	Net increase in cash and cash equivalents (I+II+III+IV)		(1.644.214)	6.544.966
VI.	Cash and cash equivalents at beginning of the period	**(V-a)**	17.480.198	10.935.232
VII.	Cash and cash equivalents at end of the period	**(V-a)**	15.835.984	17.480.198

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 (31/12/2019)	PRIOR PERIOD (31/12/2018)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	6.801.334	6.975.856
1.2	TAXES AND DUTIES PAYABLE	1.383.866	1.286.212
1.2.1	Corporate Tax (Income Tax)	1.609.738	818.761
1.2.2	Income Withholding Tax	-	-
1.2.3	Other taxes and duties	(225.872)	467.451
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**5.417.468**	**5.689.644**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	(225.872)	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**5.191.596**	**5.689.644**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	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 (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
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 (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	5.689.644
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
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	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	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	0,011	0,014
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,1	1,4
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	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Amounts are expressed in TL.

NOTES:

(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.

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 2019

(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 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 TFRS 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.

b. Explanation for convenience translation to 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 used in the preparation of the financial statements:

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation) put into force by Public Oversight. As per the TFRS 16 provisions related to the transition, financial statements and footnotes of previous periods have not readjusted. Impact and application of TFRS 16 concerning the transition have been explained in Section three, footnote XXIX.

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 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

The Bank's core business activities include retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, 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 gains/losses".

As of 31 December 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9200 and TL 6,6397 for USD and EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

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 Bank's major derivative instruments consists of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Derivative Financial Assets and Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" in accordance with "TFRS 9 Financial Instruments" (TFRS 9).

Liabilities 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 "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". 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 XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 31 December 2019, the Bank has no embbeded derivatives.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, the Bank has started to calculate interest accrual on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted with effective interest rate and recognized with the gross book value of the non-performing loan.

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" and TFRS 15 "Revenue from Contracts with Customers" 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.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

The Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortised cost or fair value through other comprehensive income.

The Bank recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

When the business model determined by the bank management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In this case, no adjustment is made for the gain, loss or interest rates previously recognized in the financial statements.

a. Financial assets at the fair value through profit or loss:

"Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss 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.

b. Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. 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.

During initial recognition the Bank can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

c. Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost 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 financial assets measured at amortized cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using 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 prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

d. Derivative Financial Assets:

The major derivative instruments utilized by the Bank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss".

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the note numbered XI of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

e. Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortised cost using the "Effective Interest Rate (internal rate of return) Method".

1. Loans measured at amortised cost:

These financial assets are 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 is 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 is transferred to Stage 2. Impairment for credit risk is 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.

2. Loans measured at fair value through profit or loss:

Loans at fair value through profit and loss, terms of the contract for loans, if at certain dates it does not result in cash flows involving interest payments arising from the principal and principal balances, it is recorded at fair value and is subject to fair value assessment following the recognition. Gains and losses resulting from the valuation are included in profit/loss accounts.

In certain circumstances cases, restructuring or altering the contractual cash flows of a financial instrument may result in the disposal of the existing financial asset in accordance with TFRS 9. A revised financial asset is considered as a new financial asset when the change in the financial asset is once excluded from the financial statement and the revised financial asset is recognized in accordance with TFRS 9.

The Bank assesses whether the new financial asset contains solely payments of principal and interest when the new conditions for the instrument have determined that there are significant changes compared to the initial conditions in the relevant contracts.

In the event that the contractual conditions for the financial asset do not result in cash flows that include solely payments of principal and interest on certain dates, the related financial asset is recognized with its fair value and is subject to valuation.

Significant increase in credit risk:

If the credit risk of financial assets determined to be significantly increasing, afore-mentioned assets are transferred to the stage II. For stage I loans expected loss (provision) amounts are calculated for 1-year and for stage II loans expected loss (provision) is calculated for the remaining life of the loan.

In addition, the key considerations in determining whether a significant increase in the credit risk of financial asset and transferring it to stage 2, but are not limited with these, the following;

- Past due date is 30 or more
- Restructuring of loans
- If the loan classified as under follow-up
- Assessment of significant increase in the probability of impairment based on rating notes.

Definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from bank's internal rating-based credit rating models and probability of default on reporting date. If the loan's estimated probability of default on reporting date exceeds the threshold values determined, it is considered to be worsening of the probability of default.

Definition of Default:

The Bank considers that there is a default on the relevant debt in the following two cases:

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.

2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.

Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with 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 is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Expected Credit Loss (ECL) Calculation – Input and Forecasting Methodologies

Expected Credit Loss (ECL) is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk. In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance. Calculated LGD remains constant until its overdue.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period.

However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of TFRS 9, models of Probability of default (PD), Lost given default (LGD) and Exposure at default (EAD) have been developed. The models used by the IRB "(Internal Rating Based Approach)" are taken into account when creating these models. The models developed under TFRS 9 have a detailed segment structure. Loans that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the loans is taken into consideration.

1. Customer type (retail or corporate / commercial)
2. Product type
3. IRB rating notes /scores
4. Customer credit performance
5. Collateral type
6. Collection Period
7. Exposure at default

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the IFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the policy interest rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There has been no change in the assumptions in forecasting techniques.
- Model risk parameters and macroeconomic forecast models have been updated with recent data.
- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

Within the scope TFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down.The main parameters of default ratio model are "Growth Rate" and "Policy Interest". Therefore, the calculated provisions can change when the macroeconomic expectations are taken into consideration.

The PD values subject to the ECL calculation have been obtained for the following portfolios.

Consumer/Commercia	Portfolio
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account
Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

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", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortized cost" 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 money market" 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".

As of 31 December 2019, the Bank has marketable securities amounting to TL 474.457 (31 December 2018: TL 335.021).

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):

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 (TFRS 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.

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.
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:

Buildings	50 years
Vault	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 years

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:

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Impact and application of TFRS 16 concerning the transition were explained in Section three, footnote XXIX.

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

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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 notes.

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 30 June 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.

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 in 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 paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

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.

The Bank has made a provision in the financial statements for the technical deficit amounted 38.125 TL determined by the report prepared by an actuary registered in the actuaries register.

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

In Turkey, corporate tax rate is 20%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, 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 deductible 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 calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period.

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 a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the last 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 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.

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. 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 were 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.

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Deferred tax asset had not been 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 calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

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:

Issued capital of the bank was increased by TL 1.200.000.000 (full TRY) from TL 4.000.000.000 (full TL) to TL 5.200.000.000 (full TL).

Within this scope,

- The total of funds earned were TL 3.005.741.611,22 (full TL) and TL 2.996.306.795,62 (full TL) of this amount results from using right of purchasing amounting TL 2.5 for each stock with a nominal value of TL 1 with the usage period of right of purchasing new stocks between 3 January 2019 and 17 January 2019, and TL 9.434.815,60 (full TL) results from the sales of the stock, which were left after using the right of purchasing new stocks, at the primary market of Borsa İstanbul A.Ş.

- Rights issue was completed on 28 February 2019 through completing registration and announcements pursuant to receiving the approvals from Capital Markets Board and Banking Regulation and Supervision Agency.

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 2019 and 31 December 2018, 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 XIII of Section Four.

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:

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 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.

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The Ordinary General Assembly Meeting of the Bank was held on 25 March 2019. In the General Assembly Meeting, it was decided to allocate the entire unconsolidated net profit amounting TL 5.689.644, which was earned from activities in 2018, as extraordinary legal reserve.

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 31 December 2019	Prior Period 31 December 2018
Net Profit for the Period	5.417.468	5.689.644
Average Number of Issued Common Shares (Thousand)	500.602.740	400.000.000
Earnings Per Share (Amounts presented as full TL)	**0,01082**	**0,01422**

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.

The number of rights issued in 2019 is 120.000.000.000 (2018: 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:

Within the scope of "The Communiqué On The Amendments To The Communiqué Regarding Disclosures about Financial Statements and Related Notes to be Announced to Public by Banks " published in the Official Gazette No. 30673 dated 1 February 2019, the Bank made some classifications on statement of financial position dated 31 December 2018 and profit or loss statement, other comprehensive income, statement of changes in shareholders' equity and cash flow dated 31 December 2018 to be in compliance with the presentation of financial statements dated 31 December 2019.

XXIX. DISCLOSURES OF TFRS 16 LEASES:

The group has implemented accounting policy changes resulting from the initial implementation of the "TFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

TFRS 16 "Leases" Standard

Bank – lessee :

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

a) The initial measurement amount of the lease obligation,

b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;

c) all initial direct costs incurred by the Bank

When applying the cost method, the existence of the right to use:

a) accumulated depreciation and accumulated impairment losses are deducted and

b) Measures the restatement of the lease obligation at the restated cost.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

a) Increase the book value to reflect the interest on the lease obligation

b) Reduces the book value to reflect the lease payments made and

c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

First Transition to TFRS 16 Leasing Standard

"TFRS 16 Leases" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Other Capital Reserves" in expense equities amounting TL 117.195 Within this scope, deferred tax asset amounting TL 25.783 was reflected in the financial figures of 31 December 2019 and classified under "Other Capital Reserves" in equities. The Bank re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

During the first implementation, the Bank recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments on 1 January 2019.

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Details based on the asset with regard to the recognised right of use is as follows:

	31 December 2019	1 January 2019
Real estate	767.786	740.988
Total right of use asset	**767.786**	**740.988**

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	31 December 2019	1 January 2019
Real estate	308.558	290.240
Total right of use asset depreciation expense	**308.558**	**290.240**

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 112.417 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

	1 January 2019
Operational leasing commitments	1.034.810
- Contracts that are excluded from the scope of TFRS 16 (-)	113.106
Low value leases (-)	113.106
Total leasing liability	921.704
Discounted lease liability (1 January 2019)	**567.944**

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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 2019, the current period equity of the Bank has been calculated as TL 62.933.513 (31 December 2018: TL 50.058.868), the capital adequacy ratio is 20,97% (31 December 2018: 18,16%). This ratio is above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 31 December 2019	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	7.094.886	
Share issue premiums	3.505.742	
Reserves	33.924.314	
Gains recognized in equity as per TAS	5.852.352	
Profit	5.417.468	
Current Period Profit	5.417.468	
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	**55.801.202**	
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	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	717.837	
Improvement costs for operating leasing	40.431	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	760.999	760.999
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	**1.519.353**	
Total Common Equity Tier 1 Capital	**54.281.849**	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 31 December 2019	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-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)	**54.281.849**	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.325.313	
Tier II Capital Before Deductions	**8.653.313**	
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 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	**8.653.313**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**62.935.162**	
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	-	
Other items to be defined by the BRSA (-)	1.649	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components		
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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	62.933.513	
Total risk weighted amounts	300.070.001	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	18,09%	
Tier 1 Capital Adequacy Ratio(%)	18,09%	
Capital Adequacy Ratio(%)	20,97%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
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 Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	10,09%	
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	(701.871)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.384.835	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (***)	3.325.313	
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.

(**) 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".

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2018	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	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.268.307	
Profit	5.689.644	
Current Period Profit	5.689.644	
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	**46.884.428**	
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	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.404.909	
Improvement costs for operating leasing	32.437	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	548.673	548.673
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	**3.986.314**	
Total Common Equity Tier 1 Capital	**42.898.114**	

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2018	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-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)	**42.898.114**	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.430.262	
Tier II Capital Before Deductions	**7.164.262**	
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 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	**7.164.262**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**50.062.376**	
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	-	
Other items to be defined by the BRSA (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components		
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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	50.058.868	
Total risk weighted amounts	275.675.906	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	15,56%	
Tier 1 Capital Adequacy Ratio(%)	15,56%	
Capital Adequacy Ratio(%)	18,16%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	1,93%	
a) Capital conservation buffer requirement (%)	1,88%	
b) Bank specific counter-cyclical buffer requirement (%)	0,05%	
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 Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,56%	
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	(260.285)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.799.798	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.430.262	
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.

(**) 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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b. Information about instruments that will be included in total capital calculation:

	Current Period 31 December 2019
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)	2.960 million TL (in full TL amount)
Nominal value of instrument	2.960 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 2.960 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 immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-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 UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 31 December 2019
Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
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)	2.368 million TL (in full TL amount)
Nominal value of instrument	2.368 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
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 27.04.2023. The reimbursement amount is 2.368 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	6,8%
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 immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% 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, 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 explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note X-c-4-a of Section Four

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	94.188.039	87.426.881
Conditional and unconditional receivables from regional or local governments	46.956	35.285
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	71.982	65.033
Conditional and unconditional receivables from multilateral development banks	308.019	75.974
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	80.920.611	99.276.347
Conditional and unconditional receivables from corporates	167.008.804	166.187.101
Conditional and unconditional receivables from retail portfolios	97.287.600	90.883.515
Conditional and unconditional receivables secured by mortgages	18.843.239	25.126.028
Past due receivables	6.510.244	4.486.889
Receivables defined under high risk category by BRSA	297.191	24.766
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	309.776	620.906
Equity security investments	6.988.179	6.411.937
Other receivables	10.316.599	10.372.519
Total	**483.097.239**	**490.993.181**

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

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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.

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 7,3% (31 December 2018: 4,1%).

f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 37% and 44% respectively. (31 December 2018: 35% and 42%).

2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 60% and 74%.(31 December 2018: 65% and 80%)

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 26% respectively. (31 December 2018: 22% and 28%)

g. The Bank provided a general excpected credit loss provision (Stage 1 and Stage 2) amounting to TL 3.933.745 (31 December 2018: TL 3.799.798).

h. Information on loan types and expected credit loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period-31.12.2019	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**
Loans	**152.967.779**	**9.956.090**	**33.717.006**	**1.362.081**	**17.149.390**	**962.410**	**203.834.175**	**12.280.581**
Stage 1	115.596.640	461.462	28.687.077	59.540	14.579.181	57.358	158.862.898	578.360
Stage 2	25.146.235	3.188.194	3.427.255	100.130	1.540.707	67.061	30.114.197	3.355.385
Stage 3	12.224.904	6.306.433	1.602.674	1.202.411	1.029.502	837.992	14.857.080	8.346.836
Financial Assets	**97.563.655**	**165.955**	**-**	**-**	**-**	**-**	**97.563.655**	**165.955**
Other	**12.222.080**	**52.821**	**-**	**-**	**-**	**-**	**12.222.080**	**52.821**
Non-Cash Loans	**43.447.413**	**297.102**	**-**	**-**	**-**	**-**	**43.447.413**	**297.102**
Stage 1 and 2	43.188.907	232.314	-	-	-	-	43.188.907	232.314
Stage 3	258.506	64.788	-	-	-	-	258.506	64.788
Total	**306.200.927**	**10.471.968**	**33.717.006**	**1.362.081**	**17.149.390**	**962.410**	**357.067.323**	**12.796.459**

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i. Information on the expected credit loss of loans: (***)

	Stage 1	Stage 2	Stage 3
Opening (31 December 2018)	**637.503**	**2.741.613**	**4.562.848**
Additions (*)	314.341	1.389.772	2.386.509
Disposal (**)	(185.125)	(1.060.401)	(213.161)
Effect of change in foreign exchange	22.911	171.669	-
Stage 1 and 2 movement			
Loans classified under Stage 1 in two periods (Model effect)	(126.320)	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	17.445	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(104.044)	318.245	-
Loans classified under Stage 2 in two periods (Model effect)	-	(108.630)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	713.700	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	17.661	(208.278)	-
Stage 3 movement			
Transfers from Stage 1 to Stage 3	(16.012)	-	514.129
Transfers from Stage 2 to Stage 3	-	(602.305)	2.169.800
Loans classified under Stage 2 in two periods (Change in balance and model effect)	-	-	623.981
Write-offs	-	-	(1.091.163)
Sold Portfolio effect	-	-	(606.107)
Closing (31 December 2019)	**578.360**	**3.355.385**	**8.346.836**

(*) Loans which are not included in the loan portfolio as of 31 December 2018 and included in the credit portfolio and calculated provisions as of 31 December 2019

(**) Loans which are included in the credit portfolio and calculated provisions as of 31 December 2018 but which are not included in the loan portfolio as of 31 December 2019.

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

j. Information on movement of loans (**):

	Stage 1	Stage 2	Stage 3	Total
Opening (31 December 2018)	**149.667.846**	**28.869.833**	**7.838.621**	**186.376.300**
Additions	50.684.488	2.941.401	1.353.391	54.979.280
Disposals	(37.908.001)	(4.378.804)	(1.638.032)	(43.924.837)
Sold portfolio	-	-	(617.451)	(617.451)
Write-offs	-	-	(1.138.189)	(1.138.189)
Transfers to Stage 1	1.883.098	(1.883.098)	-	-
Transfers to Stage 2	(9.159.968)	9.159.968	-	-
Transfers to Stage 3	(1.862.000)	(7.196.740)	9.058.740	-
Foreign exchange effect	5.557.435	2.601.637	-	8.159.072
Closing (31 December 2019)	**158.862.898**	**30.114.197**	**14.857.080**	**203.834.175**

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k. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2019	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	170.485	2.319.297	334.259	**2.824.041**
A1, A2, A3	-	-	-	**-**
Baa1, Baa2, Baa3	-	-	-	**-**
Ba1	-	-	-	**-**
Ba2	-	-	-	**-**
Ba3	-	-	-	**-**
B1, B2, B3	125.408	61.997.320	15.240.599	**77.363.327**
Total	**295.893**	**64.316.617**	**15.574.858**	**80.187.368**

Prior Period - 31 December 2018	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	-	-	-	**-**
A1, A2, A3	-	-	-	**-**
Baa1, Baa2, Baa3	-	-	-	**-**
Ba1	-	840	-	**840**
Ba2	-	484	-	**484**
Ba3	-	37.161.069	9.754.326	**46.915.395**
B1, B2, B3	-	4.960.074	2.509.155	**7.469.229**
Total	**-**	**42.122.467**	**12.263.481**	**54.385.948**

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l. Profile on significant risks in significant regions:

Current Period	Risk Categories (*)																	
31 December 2019	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	91.571.228	46.956	40.896	-	-	14.699.478	135.050.020	61.571.724	18.274.516	6.143.345	121.833	-	-	-	309.776	241.426	10.316.599	**338.387.797**
European Union Countries	292.107	-	-	125.617	-	17.961.219	7.387.677	20.510	16.018	366.875	-	-	-	-	-	607	-	**26.170.630**
OECD Countries(**)	-	-	-	-	-	1.236.537	13.336	1.903	2.048	-	-	-	-	-	-	-	-	**1.253.824**
Off- Shore Regions	-	-	-	-	-	195.389	35.709	57	171	-	-	-	-	-	-	-	-	**231.326**
USA, Canada	2.321.359	-	-	-	-	8.311.142	435	2.665	986	1	-	-	-	-	-	-	-	**10.636.588**
Other Countries	-	-	-	182.402	-	766.566	650.227	8.979	3.529	23	-	-	-	-	-	-	-	**1.611.726**
Investment and associates, subsidiaries and joint ventures	2.094	-	26.802	-	-	10.549.918	8.252.491	106.701	-	-	-	-	-	-	-	6.746.146	-	**25.684.152**
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total	**94.186.788**	**46.956**	**67.698**	**308.019**	**-**	**53.720.249**	**151.389.895**	**61.712.539**	**18.297.268**	**6.510.244**	**121.833**	**-**	**-**	**-**	**309.776**	**6.988.179**	**10.316.599**	**403.976.043**

Prior Period	Risk Categories (*)																	
31 December 2018	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	76.949.745	26.833	10.949	-	-	12.884.517	124.831.371	55.459.737	27.395.994	2.758.130	-	-	-	-	458.683	18.369	9.216.778	**310.011.106**
European Union Countries	388.749	-	-	-	-	20.981.857	6.397.193	20.618	11.903	519.818	-	-	-	-	-	607	-	**28.320.745**
OECD Countries(**)	-	-	-	-	-	3.530.073	24.590	1.853	3.047	5	-	-	-	-	-	-	-	**3.559.568**
Off- Shore Regions	-	-	-	-	-	117.626	-	86	228	-	-	-	-	-	-	-	-	**117.940**
USA, Canada	-	-	-	-	-	9.477.127	336.350	2.861	1.464	9	-	-	-	-	-	-	-	**9.817.810**
Other Countries	-	-	-	-	-	664.063	849.481	9.270	5.044	24	-	-	-	-	-	-	-	**1.527.882**
Investment and associates, subsidiaries and joint ventures	36.045	-	-	-	-	9.534.064	11.255.069	47.242	-	-	-	-	-	-	-	5.443.234	-	**26.315.654**
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total	**77.374.539**	**26.833**	**10.949**	**-**	**-**	**57.189.327**	**143.694.054**	**55.541.667**	**27.417.680**	**3.277.986**	**-**	**-**	**-**	**-**	**458.683**	**5.462.209**	**9.216.778**	**379.670.705**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
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

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m. Risk Profile according to sectors and counterparties:

Current Period	Risk Classifications (*)																			
31 December 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	-	-	-	-	-	-	55.624	291.381	76.017	12.521	101	-	-	-	-	-	-	435.604	40	**435.644**
Farming and raising livestock	-	-	-	-	-	-	27.201	212.557	52.540	9.246	27	-	-	-	-	-	-	301.531	40	**301.571**
Forestry	-	-	-	-	-	-	28.274	75.001	22.375	3.265	67	-	-	-	-	-	-	128.982	-	**128.982**
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	-	5.091	-	**5.091**
Manufacturing	-	-	-	-	-	-	48.780.825	5.905.182	2.997.518	1.413.443	14.431	-	-	-	-	-	-	58.609.961	501.438	**59.111.399**
Mining	-	-	-	-	-	-	1.554.184	187.701	100.491	301.965	246	-	-	-	-	-	-	2.136.642	7.945	**2.144.587**
Production	-	-	-	-	-	-	27.767.365	5.606.591	2.824.952	618.519	7.596	-	-	-	-	-	-	36.345.453	479.570	**36.825.023**
Electricity, Gas, Water	-	-	-	-	-	-	19.459.276	110.890	72.075	492.959	6.589	-	-	-	-	-	-	20.127.866	13.923	**20.141.789**
Construction	-	-	63	-	-	-	24.785.377	2.073.890	2.228.573	2.140.426	75.727	-	-	-	-	-	-	31.241.403	62.653	**31.304.056**
Services	1.145	46.956	18.057	308.019	-	53.558.792	70.392.971	15.655.321	6.236.244	2.260.538	28.591	-	-	-	-	6.755.629	-	155.047.855	214.408	**155.262.263**
Wholesale and Retail Trade	-	-	83	-	-	-	19.634.115	12.576.900	3.825.132	1.115.233	23.779	-	-	-	-	-	-	37.028.378	146.864	**37.175.242**
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.509.563	830.378	1.093.099	360.592	930	-	-	-	-	-	-	5.742.444	52.118	**5.794.562**
Transportation and Telecommunication	1.123	-	-	-	-	-	12.049.037	1.042.438	369.762	55.996	1.094	-	-	-	-	-	-	13.506.381	13.069	**13.519.450**
Financial Institutions	-	-	-	308.019	-	53.558.792	26.211.352	55.243	38.880	474.731	691	-	-	-	-	6.753.805	-	87.401.313	200	**87.401.513**
Real Estate and Lending Services	-	-	-	-	-	-	6.442.888	93.139	395.312	147.240	46	-	-	-	-	-	-	7.078.614	11	**7.078.625**
Self employment Service	-	-	276	-	-	-	623.835	139.393	30.847	718	18	-	-	-	-	-	-	794.896	191	**795.087**
Education Service	22	-	551	-	-	-	307.040	239.567	155.596	68.367	411	-	-	-	-	-	-	771.487	67	**771.554**
Health and social Services	-	46.956	17.147	-	-	-	1.615.141	678.263	327.616	37.661	1.622	-	-	-	-	1.824	-	2.724.342	1.888	**2.726.230**
Other	94.185.643	-	49.578	-	-	161.457	7.375.098	37.786.765	6.758.916	683.316	2.983	-	-	-	309.776	232.550	10.316.599	157.815.453	47.228	**157.862.681**
Total	**94.186.788**	**46.956**	**67.698**	**308.019**	**-**	**53.720.249**	**151.389.895**	**61.712.539**	**18.297.268**	**6.510.244**	**121.833**	**-**	**-**	**-**	**309.776**	**6.988.179**	**10.316.599**	**403.150.276**	**825.767**	**403.976.043**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
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9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
16. Equity security transactions
17. Other receivables

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Prior Period	Risk Classifications (*)																			
31 December 2018	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agricultural	-	-	-	-	-	-	43.725	305.395	80.214	3.985	-	-	-	-	-	-	-	421.421	11.898	**433.319**
Farming and raising livestock	-	-	-	-	-	-	29.786	220.086	59.031	2.812	-	-	-	-	-	-	-	311.596	119	**311.715**
Forestry	-	-	-	-	-	-	2.247	81.484	20.330	1.155	-	-	-	-	-	-	-	104.889	327	**105.216**
Fishing	-	-	-	-	-	-	11.692	3.825	853	18	-	-	-	-	-	-	-	4.936	11.452	**16.388**
Manufacturing	-	-	105	-	-	-	49.829.140	5.217.197	3.764.681	728.105	-	-	-	-	-	-	-	27.592.753	31.946.475	**59.539.228**
Mining	-	-	-	-	-	-	1.891.408	177.317	124.645	4.106	-	-	-	-	-	-	-	770.658	1.426.818	**2.197.476**
Production	-	-	105	-	-	-	29.171.236	4.909.748	3.488.272	279.590	-	-	-	-	-	-	-	21.200.579	16.648.372	**37.848.951**
Electricity, Gas, Water	-	-	-	-	-	-	18.766.496	130.132	151.764	444.409	-	-	-	-	-	-	-	5.621.516	13.871.285	**19.492.801**
Construction	-	-	-	-	-	-	25.843.910	2.592.153	3.967.062	427.263	-	-	-	-	-	-	-	16.693.889	16.136.499	**32.830.388**
Services	1.142	26.833	3.109	-	-	57.186.227	61.452.235	15.612.086	11.192.281	1.640.197	-	-	-	-	-	5.449.954	-	71.925.306	80.638.758	**152.564.064**
Wholesale and Retail Trade	-	-	86	-	-	-	19.046.877	12.623.710	4.548.214	633.237	-	-	-	-	-	-	-	30.843.224	6.008.900	**36.852.124**
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.569.950	666.634	1.757.253	276.561	-	-	-	-	-	-	-	3.610.290	2.660.108	**6.270.398**
Transportation and	1.123	-	-	-	-	-	10.338.488	1.123.025	255.169	45.894	-	-	-	-	-	-	-	2.195.551	9.568.148	**11.763.699**
Financial Institutions	-	-	-	-	-	57.186.214	21.062.447	37.238	3.696.818	526.883	-	-	-	-	-	5.448.130	-	30.999.221	56.958.509	**87.957.730**
Real Estate and Lending Services	-	-	-	-	-	-	5.242.827	97.499	250.625	63.633	-	-	-	-	-	-	-	1.115.004	4.539.580	**5.654.584**
Self employment Service	-	-	168	-	-	-	675.867	120.492	128.713	905	-	-	-	-	-	-	-	375.876	550.269	**926.145**
Education Service	18	-	864	-	-	-	260.522	232.330	231.679	54.601	-	-	-	-	-	-	-	681.741	98.273	**780.014**
Health and social Services	1	26.833	1.991	-	-	13	1.255.257	711.158	323.810	38.483	-	-	-	-	-	1.824	-	2.104.399	254.971	**2.359.370**
Other	77.373.397	-	7.735	-	-	3.100	6.525.044	31.814.836	8.413.442	478.436	-	-	-	-	458.683	12.255	9.216.778	90.570.064	43.733.642	**134.303.706**
Total	**77.374.539**	**26.833**	**10.949**	**-**	**-**	**57.189.327**	**143.694.054**	**55.541.667**	**27.417.680**	**3.277.986**	**-**	**-**	**-**	**-**	**458.683**	**5.462.209**	**9.216.778**	**207.203.433**	**172.467.272**	**379.670.705**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
16. Equity security transactions
17. Other receivables

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n. Term distribution of risks with term structure:

31 December 2019	Time to Maturity					
Risk Categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Unallocated
Conditional and unconditional receivables from central governments and Central Banks	869.311	28.455.450	8.529.381	7.366.038	48.966.608	-
Conditional and unconditional receivables from regional or local governments	-	-	5.864	-	41.092	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	6.186	25.411	622	10	35.469	-
Conditional and unconditional receivables from multilateral development banks	33.893	-	182.402	91.724	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	21.093.570	1.361.012	4.086.018	841.344	26.338.305	-
Conditional and unconditional receivables from corporates	12.900.196	10.098.511	11.573.202	25.391.467	91.426.519	-
Conditional and unconditional receivables from retail portfolios	1.127.711	1.732.151	18.218.809	6.772.292	33.861.576	-
Conditional and unconditional receivables secured by mortgages	468.617	648.035	1.069.552	2.127.032	13.984.032	-
Past due receivables	-	-	-	-	-	6.510.244
Receivables defined under high risk category by BRSA	5.745	16.318	7.792	17.651	74.327	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	309.273	503	-	-	-	-
Equity security investments	-	-	-	-	-	6.988.179
Other Receivables	-	-	-	-	-	10.316.599
Total	**36.814.502**	**42.337.391**	**43.673.642**	**42.607.558**	**214.727.928**	**23.815.022**

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o. 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 account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

<table>
<tr><th>Ratings to be matched</th><th>Credit Quality Degrees</th><th>Fitch</th></tr>
<tr><td rowspan="6">Ratings of long-term credits</td><td>1</td><td>AAA and AA-</td></tr>
<tr><td>2</td><td>A+ and A-</td></tr>
<tr><td>3</td><td>BBB+ and BBB-</td></tr>
<tr><td>4</td><td>BB+ and BB-</td></tr>
<tr><td>5</td><td>B+ and B-</td></tr>
<tr><td>6</td><td>CCC+ and below</td></tr>
<tr><td rowspan="6">Ratings of short-term credits</td><td>1</td><td>F1+ and F1</td></tr>
<tr><td>2</td><td>F2</td></tr>
<tr><td>3</td><td>F3</td></tr>
<tr><td>4</td><td>F3 below</td></tr>
<tr><td>5</td><td>---</td></tr>
<tr><td>6</td><td>---</td></tr>
<tr><td rowspan="5">Long-term securitization position ratings</td><td>1</td><td>AAA and AA-</td></tr>
<tr><td>2</td><td>A+ and A-</td></tr>
<tr><td>3</td><td>BBB+ and BBB-</td></tr>
<tr><td>4</td><td>BB+ and BB-</td></tr>
<tr><td>5</td><td>B+ and below</td></tr>
<tr><td rowspan="4">Short-term securitization position ratings</td><td>1</td><td>F1+ and F1</td></tr>
<tr><td>2</td><td>F2</td></tr>
<tr><td>3</td><td>F3</td></tr>
<tr><td>Others</td><td>F3 below</td></tr>
<tr><td rowspan="6">Matchings regarding collective investment institutes</td><td>1</td><td>AAA and AA-</td></tr>
<tr><td>2</td><td>A+ and A-</td></tr>
<tr><td>3</td><td>BBB+ and BBB-</td></tr>
<tr><td>4</td><td>BB+ and BB-</td></tr>
<tr><td>5</td><td>B+ and B-</td></tr>
<tr><td>6</td><td>CCC+ and below</td></tr>
</table>

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p. Risk amounts according to risk weights:

31 December 2019	0%	%2	%4	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights														
Amount Before Credit Risk Mitigation	79.314.299	82.372	487.106	-	21.691.647	-	28.596.122	71.772.403	200.892.593	1.139.501	-	-	-	1.649
Amount After Credit Risk Mitigation	82.301.515	82.372	487.106	-	21.321.440	8.223.761	28.399.539	59.162.859	193.853.809	846.617	-	-	-	1.649

(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

q. Miscellaneous information regarding important sectors or counterparty type:

	Loans (*)		Provisions (*)
	Impaired Receivables		
31 December 2019 Sectors/Counterparties	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	Expected Credit Loss Provisions
Agricultural	58.081	33.783	24.226
Farming and raising livestock	51.186	26.011	19.337
Forestry	6.374	7.698	4.761
Fishing	521	74	128
Manufacturing	4.585.872	2.780.458	2.239.216
Mining	128.493	420.559	131.614
Production	2.197.495	1.502.867	1.093.654
Electricity, Gas, Water	2.259.884	857.032	1.013.948
Construction	6.231.546	4.708.895	3.098.728
Services	3.710.442	4.687.589	2.985.281
Wholesale and Retail Trade	2.065.502	2.779.322	1.847.716
Hotel, Food, Beverage Services	482.168	449.266	135.267
Transportation and Telecommunication	274.054	145.985	111.821
Financial Institutions	113.462	997.002	535.348
Real Estate and Lending Service	55.289	99.131	95.581
Self Employment Service	9.834	4.391	4.213
Education Service	86.745	115.569	56.515
Health and social services	623.388	96.923	198.820
Other	15.528.256	2.646.355	3.354.770
Total	**30.114.197**	**14.857.080**	**11.702.221**

(*) Breakdown of cash loans

(**) Loans classifed at Fair Value Through Profit or Loss are not included.

r. Information related to impairment and loan loss provisions:

31 December 2019	Opening Balance	Provisions recognised during the period	Provision reversal	Other measurements (*)	Closing Balance
Specific Provisions (Stage 3)	4.562.848	7.210.636	(1.729.378)	(1.697.270)	8.346.836
General Loan Loss Provisions (Stage 1 and 2)	3.379.116	554.629	-	-	3.933.745

(*) Consists of write-offs and sold portfolio from non-performing loans.

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s. Risk involved in counter-cyclical capital buffer calculation:

31 December 2019

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	203.959.504	6.584.206	210.543.710
Ireland	5.724.999	-	5.724.999
Holland	1.085.889	-	1.085.889
Germany	540.107	-	540.107
Russian Federation	441.317	-	441.317
Great Britain	302.990	-	302.990
Croatia	178.647	-	178.647
Singapore	35.791	-	35.791
Marshall Islands	21.452	-	21.452
France	17.774	-	17.774
Other	37.814	-	37.814

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	TL 5,9200	TL 6,6397
1.Day bid rate	TL 5,9200	TL 6,6397
2.Day bid rate	TL 5,9402	TL 6,6506
3.Day bid rate	TL 5,9370	TL 6,6117
4.Day bid rate	TL 5,9370	TL 6,6117
5.Day bid rate	TL 5,9370	TL 6,6117

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 5,8408
EURO : TL 6,4922

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

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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 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 2019	**EURO**	**USD**	**Other FC**	**Total**
Assets				
Cash and Balances with Central Bank (*)	9.942.555	16.281.123	1.427.015	**27.650.693**
Banks	3.621.656	10.362.563	2.361.065	**16.345.284**
Financial Assets at Fair Value through Profit or Loss	76.564	6.992.556	-	**7.069.120**
Money Markets	-	-	-	**-**
Financial Assets at Fair Value Through Other Comprehensive Income	4.523.543	23.075.038	955.812	**28.554.393**
Loans and Lease Receivables (**)	33.840.589	28.244.563	50.697	**62.135.849**
Investments in Associates, Subsidiaries and Joint Ventures	5.111.016	-	-	**5.111.016**
Other financial assets measured at amortised cost	34.448	3.726.311	-	**3.760.759**
Hedging Derivative Financial Assets	83.764	35.024	65.807	**184.595**
Tangible Assets (Net)	-	6.976	-	**6.976**
Intangible Assets (Net)	-	16	-	**16**
Other Assets (***)	1.426.358	4.935.404	2.321	**6.364.083**
Total Assets	**58.660.493**	**93.659.574**	**4.862.717**	**157.182.784**
Liabilities				
Bank Deposits (****)	2.190.715	1.128.900	2.466.356	**5.785.971**
Foreign Currency Deposits (****)	40.538.898	74.102.555	7.355.217	**121.996.670**
Money Markets	336.824	7.862.525	-	**8.199.349**
Borrowings	5.451.856	25.616.350	-	**31.068.206**
Securities Issued (Net) (*****)	67.154	13.927.049	-	**13.994.203**
Miscellaneous Payables	2.442.704	1.093.350	5.640	**3.541.694**
Hedging Derivative Financial Liabilities	-	244.871	-	**244.871**
Other Liabilities	659.706	998.755	38.429	**1.696.890**
Total Liabilities	**51.687.857**	**124.974.355**	**9.865.642**	**186.527.854**
Net on Balance Sheet Position	**6.972.636**	**(31.314.781)**	**(5.002.925)**	**(29.345.070)**
Net off-Balance Sheet Position (******)	**(4.202.223)**	**31.635.898**	**4.974.513**	**32.408.188**
Financial Derivative Assets	35.152.740	85.357.790	7.202.967	**127.713.497**
Financial Derivative Liabilities	39.354.963	53.721.892	2.228.454	**95.305.309**
Non-cash Loans	**11.695.617**	**11.330.391**	**509.391**	**23.535.399**
Prior Period - 31 December 2018				
Total Assets	57.458.155	87.452.157	5.909.483	**150.819.795**
Total Liabilities	39.104.415	127.285.799	6.938.332	**173.328.546**
Net on-Balance Sheet Position	**18.353.740**	**(39.833.642)**	**(1.028.849)**	**(22.508.751)**
Net off-Balance Sheet Position (******)	**(16.122.157)**	**39.852.964**	**804.793**	**24.535.600**
Financial Derivative Assets	31.450.484	107.136.471	3.339.712	**141.926.667**
Financial Derivative Liabilities	47.572.641	67.283.507	2.534.919	**117.391.067**
Non-cash Loans	**14.405.397**	**16.299.783**	**481.867**	**31.187.047**

(*) Of the Cash Equivalents and Central Bank and Other FC, TL 1.224.161 (31 December 2018: TL 3.490.205) are precious metal deposit account in demand.
(**) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 936.478 (31 December 2018: TL 3.062.779).
(***) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 17.794 (31 December 2018: TL 120.518). Prepaid assets amounted TL 62.849 (31 December 2018: TL 86.577) is excluded in the financial statements.
(****) Of the foreign currency deposits TL 4.491.847 (31 December 2018: TL 2.484.399) and Bank Deposits Other FC of the TL 3.314 (31 December 2018: TL 1.892) are precious metal deposit account in demand.
(*****) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(******) 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.

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Currency risk sensitivity analysis:

The following table details the Bank's sensitivity to a 10% change in exchange rates.

	Effect on Profit/Loss (*)
Change in exchange rate	**Current Period 31 December 2019**
(+) 10%	19.963
(-) 10%	(19.963)

(*) Presents amounts before Tax..

	Effect on Profit/Loss (*)
Change in exchange rate	**Prior Period 31 December 2018**
(+) 10%	(14.551)
(-) 10%	14.551

(*) Presents amounts before Tax.

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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 Bank. 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 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	726.416	-	-	-	-	29.167.501	**29.893.917**
Banks	3.979.324	-	1.193.354	-	-	11.424.068	**16.596.746**
Financial assets at fair value through profit or loss (Net)	9.925	529	6.860.315	121.421	27.121	220.798	**7.240.109**
Money Markets	-	-	-	-	-	-	**-**
Financial Assets at Fair Value Through Other Comprehensive Income	5.617.995	5.476.910	20.781.475	22.820.519	9.619.718	325.490	**64.642.107**
Loans and Lease Receivables (*)	62.395.237	22.648.615	44.723.561	53.352.076	5.857.606	14.857.080	**203.834.175**
Other financial assets measured at amortised cost	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	**15.574.858**
Other Assets (**)	5.387.843	6.120.417	4.844.638	2.849.011	1.066.276	2.451.015	**22.719.200**
Total Assets	**80.960.578**	**35.401.484**	**84.411.845**	**84.050.974**	**17.230.279**	**58.445.952**	**360.501.112**
Liabilities							
Bank Deposits	3.974.517	1.381.058	258.941	-	-	1.547.408	**7.161.924**
Other Deposits	131.177.949	31.545.296	6.070.321	27.154	3	48.071.880	**216.892.603**
Money Markets	2.846.632	3.738.623	2.226.509	-	-	-	**8.811.764**
Miscellaneous Payables	656.743	1.362.641	1.111.224	176.860	2.155	5.116.395	**8.426.018**
Securities Issued (Net) (***)	4.455.944	1.136.243	246.560	4.878.114	8.182.873	-	**18.899.734**
Borrowings	10.436.203	20.093.515	615.878	221.321	4.179	-	**31.371.096**
Other Liabilities (****)	1.899.570	3.668.212	3.277.469	646.475	496.092	58.950.155	**68.937.973**
Total Liabilities	**155.447.558**	**62.925.588**	**13.806.902**	**5.949.924**	**8.685.302**	**113.685.838**	**360.501.112**
Balance Sheet Long Position	-	-	70.604.943	78.101.050	8.544.977	-	**157.250.970**
Balance Sheet Short Position	(74.486.980)	(27.524.104)	-	-	-	(55.239.886)	**(157.250.970)**
Off-balance Sheet Long Position	6.094.495	8.848.980	-	1.853.963	921.275	-	**17.718.713**
Off-balance Sheet Short Position	-	-	(7.839.876)	-	-	-	**(7.839.876)**
Total Position	**(68.392.485)**	**(18.675.124)**	**62.765.067**	**79.955.013**	**9.466.252**	**(55.239.886)**	**9.878.837**

(*)Non-performing loans are presented in the" non-interest bearing " column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(**)Derivative financial assets and expected credit losses are classified under other assets.

(***) 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 Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	14.451.277	-	-	-	-	15.662.515	**30.113.792**
Banks	6.075.151	685.932	300.997	-	-	10.939.905	**18.001.985**
Financial assets at fair value through profit or loss (Net)	-	-	6.690.208	-	-	143.587	**6.833.795**
Money Markets	539.374	-	-	-	-	-	**539.374**
Financial Assets at Fair Value Through Other Comprehensive Income	3.678.380	4.887.321	13.359.043	13.580.275	6.617.448	251.040	**42.373.507**
Loans and Lease Receivables (*)	55.087.838	21.142.152	40.875.569	53.797.444	7.634.676	7.838.621	**186.376.300**
Other financial assets measured at amortised cost	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	**12.263.481**
Other Assets (**)	6.104.539	10.197.376	5.470.269	2.639.713	2.176.093	4.551.901	**31.139.891**
Total Assets	**88.422.665**	**38.397.772**	**70.916.152**	**72.985.451**	**17.532.516**	**39.387.569**	**327.642.125**
Liabilities							
Bank Deposits	4.705.106	860.447	406.303	-	-	1.477.434	**7.449.290**
Other Deposits	109.552.447	22.853.750	10.806.988	54.868	12	37.673.698	**180.941.763**
Money Markets	6.282.201	4.659.775	2.120.223	-	-	-	**13.062.199**
Miscellaneous Payables	760.770	1.263.581	730.525	186.714	4.232	4.459.366	**7.405.188**
Securities Issued (Net) (***)	513.813	1.840.646	466.547	6.802.095	7.313.382	-	**16.936.483**
Borrowings	5.189.460	27.458.373	6.896.462	171.731	11.139	-	**39.727.165**
Other Liabilities (****)	3.363.061	5.593.390	3.404.785	953.110	18.968	48.786.723	**62.120.037**
Total Liabilities	**130.366.858**	**64.529.962**	**24.831.833**	**8.168.518**	**7.347.733**	**92.397.221**	**327.642.125**
Balance Sheet Long Position	-	-	46.084.319	64.816.933	10.184.783	-	**121.086.035**
Balance Sheet Short Position	(41.944.193)	(26.132.190)	-	-	-	(53.009.652)	**(121.086.035)**
Off-balance Sheet Long Position	9.508.780	12.014.068	-	1.746.729	1.699.121	-	**24.968.698**
Off-balance Sheet Short Position	-	-	(11.680.714)	-	-	-	**(11.680.714)**
Total Position	**(32.435.413)**	**(14.118.122)**	**34.403.605**	**66.563.662**	**11.883.904**	**(53.009.652)**	**13.287.984**

(*) Non-performing loans are presented in the" non-interest bearing " column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(**) Derivative financial assets and expected credit losses are classified under other assets.
(***) 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.

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 2019	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	-	-	10,00
Banks	0,01	1,39	-	10,50
Financial Assets at Fair Value Through Profit or Loss (Net)	0,90	5,62	-	11,20
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,86	5,22	3,09	14,19
Loans and Lease Receivables	4,85	7,45	7,19	15,40
Other financial assets measured at amortised cost	3,46	5,22	-	14,74
Liabilities				
Bank Deposits (*)	0,05	1,92	-	9,43
Other Deposits (*)	0,21	1,57	0,01	8,40
Money Markets	2,39	2,34	-	9,33
Miscellaneous Payables	-	2,16	-	-
Securities Issued (Net) (**)	4,00	5,68	-	12,18
Borrowings	1,72	4,03	-	12,29

(*) Demand deposit balances are included in average interest rate calculation.
(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

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Prior Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	2,00	-	13,00
Banks	0,42	2,34	-	24,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Money Markets	-	2,27	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,55	4,60	3,09	20,97
Loans and Lease Receivables	4,72	7,87	9,06	18,70
Other financial assets measured at amortised cost	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (*)	0,21	3,34	-	22,55
Other Deposits (*)	1,00	3,44	0,01	17,20
Money Markets	2,39	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Securities Issued (Net) (**)	4,00	5,63	1,29	18,62
Borrowings	2,40	4,55	-	13,51

(*) Demand deposit balances are included in average interest rate calculation.

(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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 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.

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:

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
Current Period – 31.12.2019		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			78.871.351	36.994.257
CASH OUTFLOWS					
2	Retail and Customers Deposits	148.574.144	80.759.264	13.484.808	8.075.926
3	Stable deposits	27.452.122	-	1.372.606	-
4	Less stable deposits	121.122.022	80.759.264	12.112.202	8.075.926
5	Unsecured Funding other than Retail and Small Business Customers Deposits	78.674.112	49.981.150	41.660.832	26.802.191
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	70.275.142	45.964.848	34.547.992	22.786.173
8	Other Unsecured Funding	8.398.970	4.016.302	7.112.840	4.016.018
9	Secured funding	-	-	504.452	504.452
10	Other Cash Outflows	85.563.903	53.290.693	76.402.345	44.735.234
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	75.377.691	43.786.831	75.377.691	43.786.831
12	Debts related to the structured financial products	10.980	-	10.980	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.175.232	9.503.862	1.013.674	948.403
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.003.538	-	50.177	-
15	Other irrevocable or conditionally revocable commitments	56.282.290	10.549.964	2.814.115	527.498
16	**TOTAL CASH OUTFLOWS**			**134.916.729**	**80.645.301**
CASH INFLOWS					
17	Secured Lending Transactions	994.368	352.830	-	-
18	Unsecured Lending Transactions	28.057.223	12.455.922	20.971.133	11.643.168
19	Other contractual cash inflows	71.575.077	53.064.819	71.574.708	53.064.794
20	**TOTAL CASH INFLOWS**	**100.626.668**	**65.873.571**	**92.545.841**	**64.707.962**
				Upper limit applied amounts	
21	**TOTAL HQLA STOCK**			**78.871.351**	**36.994.257**
22	**TOTAL NET CASH OUTFLOWS**			**42.370.888**	**20.260.773**
23	**Liquidity Coverage Ratio (%)**			**186,92**	**183,29**

(*) 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 "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
Prior Period – 31.12.2018		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			60.025.493	39.034.305
CASH OUTFLOWS					
2	Retail and Customers Deposits	132.751.704	67.576.217	12.206.839	6.757.622
3	Stable deposits	21.366.636	-	1.068.332	-
4	Less stable deposits	111.385.068	67.576.217	11.138.507	6.757.622
5	Unsecured Funding other than Retail and Small Business Customers Deposits	73.951.844	52.982.997	36.477.135	25.690.445
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	70.967.382	52.694.173	34.741.930	25.403.022
8	Other Unsecured Funding	2.984.462	288.824	1.735.205	287.423
9	Secured funding	-	-	49.042	49.042
10	Other Cash Outflows	62.451.184	40.437.642	52.745.407	31.431.163
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.672.308	30.432.582	51.672.308	30.432.582
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.778.876	10.005.060	1.073.099	998.581
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	835.255	-	41.763	-
15	Other irrevocable or conditionally revocable commitments	62.212.690	17.395.360	3.110.634	869.768
16	**TOTAL CASH OUTFLOWS**			**104.630.820**	**64.798.040**
CASH INFLOWS					
17	Secured Lending Transactions	3.797.452	3.797.452	-	-
18	Unsecured Lending Transactions	38.549.640	26.912.078	32.293.832	25.922.641
19	Other contractual cash inflows	45.627.671	29.869.981	45.624.117	29.869.903
20	**TOTAL CASH INFLOWS**	**87.974.763**	**60.579.511**	**77.917.949**	**55.792.544**
				Upper limit applied amounts	
21	**TOTAL HQLA STOCK**			**60.025.493**	**39.034.305**
22	**TOTAL NET CASH OUTFLOWS**			**28.620.215**	**16.258.677**
23	**Liquidity Coverage Ratio (%)**			**212,05**	**241,44**

(*) 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 172% 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 39% and securities issued by Undersecreteriat of the Treasury by 57%. Funding sources are mainly distributed between individual and retail deposits by 65%, corporate deposits by 26%, and borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 1%.

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Cash outflow amounting to TL 1.755 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.

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. 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 – 31.12.2019	
	TL+FC	**FC**
Lowest	172,33	152,05
Week	4.10.2019	13.12.2019
Highest	207,73	208,93
Week	20.12.2019	18.10.2019

	Prior Period - 31.12.2018	
	TL+FC	**FC**
Lowest	180,81	189,41
Week	21.12.2018	28.12.2018
Highest	257,19	286,89
Week	9.11.2018	9.11.2018

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2019	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash and Balances with Central Bank	17.359.118	12.527.839	6.960	-	-	-	-	**29.893.917**
Banks	11.424.068	3.979.324	-	1.193.354	-	-	-	**16.596.746**
Financial Assets at Fair Value Through Profit or Loss (Net)	220.798	9.925	529	6.860.315	121.421	27.121	-	**7.240.109**
Money Markets	-	-	-	-	-	-	-	**-**
Financial Assets at Fair Value Through Other Comprehensive Income	325.490	444.121	1.976.941	13.599.629	36.459.844	11.836.082	-	**64.642.107**
Loans and Lease Receivables (*)	-	47.707.426	21.266.437	33.380.638	65.182.311	21.440.283	14.857.080	**203.834.175**
Other financial assets measured at amortised cost	-	147.301	280.173	3.752.287	10.735.539	659.558	-	**15.574.858**
Other Assets (**)	-	1.566.834	1.090.950	1.258.955	11.667.813	4.683.633	2.451.015	**22.719.200**
Total Assets	**29.329.474**	**66.382.770**	**24.621.990**	**60.045.178**	**124.166.928**	**38.646.677**	**17.308.095**	**360.501.112**
Liabilities								
Bank Deposits	1.547.408	3.974.329	1.381.245	258.942	-	-	-	**7.161.924**
Other Deposits	48.071.880	131.178.074	31.545.171	6.070.321	27.154	3	-	**216.892.603**
Borrowings	-	115.416	2.570.797	13.034.139	12.078.634	3.572.110	-	**31.371.096**
Money Markets	-	1.058.899	-	1.763.946	4.236.210	1.752.709	-	**8.811.764**
Securities Issued (Net) (***)	-	4.455.943	1.136.243	246.560	4.878.115	8.182.873	-	**18.899.734**
Miscellaneous Payables	-	182.712	139.429	282.834	2.001.634	703.013	5.116.396	**8.426.018**
Other Liabilities (****)	434.942	2.204.085	394.051	1.060.124	5.530.837	2.372.071	56.941.863	**68.937.973**
Total Liabilities	**50.054.230**	**143.169.458**	**37.166.936**	**22.716.866**	**28.752.584**	**16.582.779**	**62.058.259**	**360.501.112**
Net Liquidity Excess/ (Gap)	**(20.724.756)**	**(76.786.688)**	**(12.544.946)**	**37.328.312**	**95.414.344**	**22.063.898**	**(44.750.164)**	**-**
Net off-balance sheet position	**-**	**443.279**	**518.593**	**226.870**	**5.843.566**	**2.846.529**	**-**	**9.878.837**
Financial Derivative Assets	-	56.730.752	27.319.181	43.838.394	92.859.957	56.042.115	-	**276.790.399**
Financial Derivative Liabilities	-	56.287.473	26.800.588	43.611.524	87.016.391	53.195.586	-	**266.911.562**
Non-cash loans (*****)	**-**	**2.453.295**	**193.530**	**6.944.422**	**12.452.299**	**21.403.867**	**-**	**43.447.413**
Prior Period - 31 December 2018								
Total Assets	30.157.222	55.863.956	25.660.302	49.954.105	113.297.191	41.904.217	10.805.132	**327.642.125**
Total Liabilities	39.151.131	124.745.358	31.275.409	35.173.053	30.931.885	18.096.834	48.268.455	**327.642.125**
Net Liquidity Gap	**(8.993.909)**	**(68.881.402)**	**(5.615.107)**	**14.781.052**	**82.365.306**	**23.807.383**	**(37.463.323)**	**-**
Net Off-balance sheet Position	**-**	**73.346**	**(1.322.979)**	**378.942**	**8.484.122**	**5.674.553**	**-**	**13.287.984**
Financial Derivative Assets	-	72.069.893	34.473.264	45.284.995	100.845.307	65.710.763	-	**318.384.222**
Financial Derivative Liabilities	-	71.996.547	35.796.243	44.906.053	92.361.185	60.036.210	-	**305.096.238**
Non-cash Loans (*****)	**-**	**4.242.599**	**5.288.100**	**16.489.306**	**5.188.166**	**22.129.385**	**-**	**53.337.556**

(*)The non-performing loans are stated in the "Unallocatable" column.

(**) 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, prepaid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

(***) 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:

Current Period - 31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	195.989.603	22.158.415	6.380.719	24.166	-	**224.552.903**
Funds borrowed from other financial institutions	150.864	2.783.066	13.739.547	13.508.496	3.739.573	**33.921.546**
Funds from interbank money market	1.061.990	26.686	1.879.297	4.455.719	1.877.196	**9.300.888**
Marketable Securities Issued (Net)	4.486.959	1.359.497	673.624	6.451.999	9.075.598	**22.047.677**

Prior Period - 31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	156.062.209	21.884.822	11.858.623	71.083	13	**189.876.750**
Funds borrowed from other financial institutions	910.096	3.121.590	18.738.970	14.722.072	6.077.360	**43.570.088**
Funds from interbank money market	3.875.769	528.167	1.643.042	5.876.437	2.077.886	**14.001.301**
Marketable Securities Issued (Net)	511.523	1.997.344	1.058.604	14.146.698	2.880.523	**20.594.692**

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2019	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	54.507.035	43.609.273	34.202.837	39.690.336	4.701.584
- Outflow	(54.413.827)	(41.780.092)	(39.152.616)	(39.911.194)	(4.522.722)
Interest rate derivatives:					
- Inflow	13.350	184.020	744.423	1.590.614	674.261
- Outflow	(16.355)	(200.312)	(675.235)	(1.472.925)	(619.052)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	1.060.768	1.652.945	1.219.583	10.321.428	6.065.938
- Outflow	(470.411)	(1.506.372)	(1.626.145)	(8.640.972)	(6.010.963)
Interest rate derivatives:					
- Inflow	21.023	133.207	350.280	956.429	330.113
- Outflow	(10.739)	(155.873)	(543.982)	(1.460.833)	(606.411)
Total Inflow	**55.602.176**	**45.579.445**	**36.517.123**	**52.558.807**	**11.771.896**
Total Outflow	**(54.911.332)**	**(43.642.649)**	**(41.997.978)**	**(51.485.924)**	**(11.759.148)**

Prior Period - 31 December 2018	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	68.081.776	57.377.916	49.536.435	50.281.971	6.755.663
- Outflow	(61.098.552)	(52.829.804)	(59.930.379)	(48.013.822)	(6.584.737)
Interest rate derivatives:					
- Inflow	61.529	183.594	901.960	2.343.810	1.115.964
- Outflow	(75.433)	(184.524)	(867.651)	(2.201.565)	(1.028.432)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	25.513	113.065	5.367.326	8.792.627	5.741.823
- Outflow	(50.097)	(545.377)	(4.720.895)	(7.728.482)	(6.325.470)
Interest rate derivatives:					
- Inflow	34.067	194.215	596.537	1.648.309	443.294
- Outflow	(9.489)	(116.505)	(552.176)	(1.806.111)	(680.984)
Total Inflow	**68.202.885**	**57.868.789**	**56.402.258**	**63.066.717**	**14.056.744**
Total Outflow	**(61.233.571)**	**(53.676.209)**	**(66.071.101)**	**(59.749.980)**	**(14.619.623)**

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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 2019, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 11,08% (31 December 2018: 9,37%). This ratio is above the minimum ratio which is 3%.

b. Disclosure of Leverage ratio template:

		Current Period 31 December 2019 (*)	Prior Period 31 December 2018 (*)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	342.271.786	317.742.753
2	(Assets deducted from Core capital)	-	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	342.271.786	317.742.753
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	12.596.877	16.039.665
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.879.314	4.898.308
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	17.476.191	20.937.973
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.559.964	3.296.687
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	1.559.964	3.296.687
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	122.150.500	132.769.389
11	(Correction amount due to multiplication with credit conversion rates)	(886.628)	(1.189.952)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	121.263.872	131.579.437
	Capital and total risk		
13	Core Capital	53.421.955	44.231.597
14	Total risk amount(sum of lines 3, 6, 9 and 12)	482.571.813	473.556.850
	Leverage ratio		
15	Leverage ratio	11,08	9,37

(*) Three months average values.

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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 financial assets measured at amortised cost 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.

	Carrying Value		Fair Value	
	Current Period 31 December 2019	**Prior Period 31 December 2018**	**Current Period 31 December 2019**	**Prior Period 31 December 2018**
Financial Assets	**300.647.886**	**258.302.891**	**305.745.175**	**248.746.694**
Money Markets	-	539.374	-	537.746
Banks	16.596.746	18.001.985	16.573.613	17.988.838
Financial Assets at Fair Value Through Other Comprehensive Income	64.642.107	42.373.507	64.642.107	42.373.507
Other Financial Assets Measured at Amortised Cost	15.574.858	12.263.481	15.786.054	11.858.083
Loans	203.834.175	185.124.544	208.743.401	175.988.520
Financial Liabilities	**284.879.147**	**250.921.791**	**285.064.708**	**249.776.110**
Bank Deposits	7.161.925	7.449.290	7.156.449	7.439.337
Other Deposits	216.892.602	180.941.763	216.957.038	181.064.826
Borrowings	31.371.096	39.727.165	30.873.454	38.897.661
Securities Issued (Net)	18.899.734	12.152.006	19.523.977	11.722.721
Miscellaneous Payables	10.553.790	10.651.567	10.553.790	10.651.565

(*) 31 December 2018 loan balances have shown with their net balances.

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 Bank according to the foregoing principles is given in the table below:

Current Period - 31 December 2019	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	262.864	-	-	262.864
- Share Certificates	220.294	-	-	220.294
- Other Financial Assets (*)	33.532	-	6.723.419	6.756.951
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	51.703.078	-	-	51.703.078
- Share Certificates	-	-	-	-
- Other Financial Assets	11.020.651	1.902.161	-	12.922.812
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	774	14.282.505	-	14.283.279
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2.127.012	-	2.127.012
Loans	-	208.743.401	-	208.743.401
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	14.030.740	-	-	14.030.740
- Other Financial Assets	1.755.313	-	-	1.755.313
Total Assets	**79.027.246**	**227.055.079**	**6.723.419**	**312.805.744**
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	311	7.957.428	-	7.957.739
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	901.104	-	901.104
Deposits	-	224.113.486	-	224.113.486
Funds Borrowed	-	30.873.454	-	30.873.454
Money Markets	-	8.046.234	-	8.046.234
Securities Issued (Net)	-	19.523.977	-	19.523.977
Total Liabilities	**311**	**291.415.683**	**-**	**291.415.994**

(*) Fair value of the financial assets at fair value through profit or loss classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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Prior Period - 31 December 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	137.461	-	-	137.461
- Other Financial Assets	6.126	-	-	6.126
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	36.502.564	-	-	36.502.564
- Share Certificates	-	-	-	-
- Other Financial Assets	4.671.110	1.186.378	-	5.857.488
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.371	20.679.029	-	20.680.400
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.989.608	-	1.989.608
Loans (*)	-	169.298.312	6.690.208	175.988.520
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	9.411.205	-	-	9.411.205
- Other Financial Assets	2.446.878	-	-	2.446.878
Total Assets	**53.176.715**	**193.153.327**	**6.690.208**	**253.020.250**
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	248	12.311.248	-	12.311.496
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	644.958	-	644.958
Deposits	-	188.504.163	-	188.504.163
Funds Borrowed	-	38.897.661	-	38.897.661
Money Markets	-	12.195.466	-	12.195.466
Securities Issued (Net)	-	16.722.168	-	16.722.168
Total Liabilities	**248**	**269.275.664**	**-**	**269.275.912**

(*) Fair value of the loans classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan. Loan balances have shown with their net balances.

As explained in the note of VII-b of the Third Section, share certificates classified as financial assets at fair value through other comprehensive income 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.

The movement of financial assets in Level 3 is presented below:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balances at Beginning of Period	**6.690.208**	**-**
Purchases During the Period	-	-
Disposals Through Sale/Redemptions	-	-
Valuation Effect	759.654	-
Transfers	(726.443)	6.690.208
Balances at the End of Period	**6.723.419**	**6.690.208**

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:

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.

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 Presidency 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.

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.

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2. Overview of RWA:

		Risk Weighted Amount		Minimum capital requirement
		Current Period 31 December 2019	**Prior Period 31 December 2018**	**Current Period 31 December 2019**
1	Credit risk (excluding counterparty credit risk) (CCR)	249.073.962	226.613.119	19.925.917
2	Standardized approach (SA)	249.073.962	226.613.119	19.925.917
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	16.641.838	22.406.964	1.331.347
5	Standardized approach for counterparty credit risk (SA-CCR)	16.641.838	22.406.964	1.331.347
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	309.273	237.585	24.742
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
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	6.775.331	5.071.915	542.026
17	Standardized approach (SA)	6.775.331	5.071.915	542.026
18	Internal model approaches (IMM)	-		-
19	Operational Risk	27.269.597	21.346.323	2.181.568
20	Basic Indicator Approach	27.269.597	21.346.323	2.181.568
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)**	**300.070.001**	**275.675.906**	**24.005.600**

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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				
Current Period - 31.12.2019	**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						
Cash and balances at central bank	29.893.917	29.893.917	-	-	-	-
Banks	16.596.292	16.596.292	-	-	-	-
Receivables from money markets	-	-	-	-	-	-
Financial assets at fair value through P&L	7.240.109	6.943.419	-	-	296.690	-
Financial assets at fair value through other comprehensive income	64.642.107	64.642.021	-	-	-	86
Derivative financial assets	16.410.291	-	16.410.291	-	3.636.926	-
Loans (net)	191.553.594	191.551.945	-	-	-	1.649
Lease Receivables (net)	-	-	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	15.565.530	15.565.530	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	636.017	636.017	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	6.730.785	6.730.785	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	4.863.982	4.823.551	-	-	-	40.431
Intangible assets (net)	933.979	-	-	-	-	933.979
Investment properties (net)	-	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Deferred tax assets	2.438	2.438	-	-	-	-
Other assets	5.426.550	5.426.550	-	-	-	-
Total assets	**360.501.112**	**342.817.986**	**16.410.291**	**-**	**3.933.616**	**976.145**
Liabilities						
Deposits	224.054.527	-	-	-	-	224.054.527
Loans	31.371.096	-	-	-	-	31.371.096
Debt to money markets	8.811.764	-	8.811.764	-	-	8.811.764
Debt securities in issue	13.518.200	-	-	-	-	13.518.200
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	8.858.843	-	8.858.843	-	3.225.422	8.858.843
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	574.553	-	-	-	-	574.553
Provisions	1.531.077	-	-	-	-	1.531.077
Tax liability	758.992	-	-	-	-	758.992
Deferred tax liability	704.309	-	-		-	704.309
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	5.381.534	-	-	-	-	5.381.534
Other liabilities	10.553.790	-	-	-	-	10.553.790
Equity	54.382.427	-	-	-	-	54.382.427
Total liabilities	**360.501.112**	**-**	**17.670.607**	**-**	**3.225.422**	**360.501.112**

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) 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 - 31.12.2018	**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						
Cash and balances at central bank	30.113.792	30.113.792	-	-	-	-
Banks	18.001.985	18.001.985	-	-	-	-
Receivables from money markets	539.374	539.374	-	-	-	-
Financial assets at fair value through P&L	143.587	143.587	-	-	-	
Financial assets at fair value through other comprehensive income (net)	42.373.507	42.192.471	-	-	180.741	295
Financial assets measured at amortised cost (net)	12.263.481	12.263.481	-	-	-	-
Derivative financial assets	22.670.008		22.670.008		6.342.908	-
Loans (net)	185.124.544	185.121.036	-	-	-	3.508
Non-current assets and disposal groups classified as held for sale (net)	90.305	90.305	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	5.452.141	5.452.141	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	3.948.417	3.915.980	-	-	-	32.437
Intangible assets (net)	624.243	-	-	-	-	624.243
Investment properties (net)	-	-	-	-	-	-
Tax assets	262.217	262.217	-	-	-	-
Deferred tax assets	23.410	23.410	-	-	-	-
Other assets	6.005.592	6.005.592	-	-	-	-
Total assets	**327.642.124**	**304.130.892**	**22.670.008**	**-**	**6.523.649**	**660.483**
Liabilities						
Deposits	188.391.053	-	-	-	-	188.391.053
Loans	39.727.165	-	-	-	-	39.727.165
Debt to money markets	13.062.199	-	13.062.199	-	-	13.062.199
Debt securities in issue	12.152.006	-	-	-	-	12.152.006
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	12.956.454	-	12.956.454		3.469.022	12.956.454
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	25.048	-	-	-	-	25.048
Provisions	1.294.978	-	-	-	-	1.294.978
Tax liability	504.394	-	-	-	-	504.394
Deferred tax liability	283.695	-	-	-	-	283.695
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	4.784.477	-	-	-	-	4.784.477
Other liabilities	10.651.565	-	-	-	-	10.651.565
Equity	43.809.090	-	-	-	-	43.809.090
Total liabilities	**327.642.124**	**-**	**26.018.653**	**-**	**3.469.022**	**327.642.124**

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) 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 - 31.12.2019	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
1	**Asset carrying value amount under scope of regulatory consolidation**	**359.524.967**	**342.817.986**	**-**	**16.410.291**	**3.933.616**
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	17.670.607	3.225.422
3	Total net amount under regulatory scope of consolidation	**359.524.967**	**342.817.986**	**-**	**34.080.898**	**7.159.038**
4	Off-balance sheet amounts	377.058.995	30.712.212	-	-	-
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		8.412.429	-	-	-
8	Differences due to prudential filters		-	-	-	(383.707)
9	Differences due to risk reduction		(4.753.987)		(16.590.519)	-
10	**Exposure amounts considered for regulatory purposes**		**377.188.640**	**-**	**17.490.379**	**6.775.331**

(*)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 - 31.12.2018	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
1	**Asset carrying value amount under scope of regulatory consolidation**	**326.981.641**	**304.130.892**	**-**	**22.670.008**	**6.523.649**
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	26.018.653	3.469.022
3	Total net amount under regulatory scope of consolidation	**326.981.641**	**304.130.892**	**-**	**48.688.661**	**9.992.671**
4	Off-balance sheet amounts	424.882.542	36.612.060	-	-	-
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		5.306.509	-	-	-
8	Differences due to prudential filters		-	-	-	(4.920.756)
9	Differences due to risk reduction		(2.981.492)	-	(25.680.584)	-
10	**Exposure amounts considered for regulatory purposes**		**343.067.969**	**-**	**23.008.077**	**5.071.915**

(*) 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".

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 Presidency 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.

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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.

2. Credit quality of assets:

		Gross carrying values of (according to TAS)			
	Current Period - 31.12.2019	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	14.857.080	188.977.095	12.280.581	191.553.594
2	Debt Securities	-	86.910.787	64.477	86.846.310
3	Off-balance sheet explosures	258.506	109.439.577	304.813	109.393.270
4	**Total**	**15.115.586**	**385.327.459**	**12.649.871**	**387.793.174**

		Gross carrying values of (according to TAS)			
	Prior Period - 31.12.2018	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	7.838.621	185.230.425	7.944.502	185.124.544
2	Debt Securities	-	54.385.948	33.265	54.352.683
3	Off-balance sheet explosures	258.445	116.801.044	388.224	116.671.265
4	**Total**	**8.097.066**	**356.417.417**	**8.365.991**	**356.148.492**

3. Changes in stock of defaulted loans and debt securities:

	Current Period 31 December 2019	**Prior Period 31 December 2018**
Defaulted loans and debt securities at end of the previous reporting period	**8.097.066**	**4.713.388**
Loans and debt securities that have defaulted since the last reporting period	10.503.539	9.746.074
Returned to non-defaulted status	24.193	26.935
Amounts written off	1.755.640	4.583.196
Other changes	1.705.186	1.752.265
Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	**15.115.586**	**8.097.066**

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented below:

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 / specific 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".

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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 2018.

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, 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:

Breakdown by geographical area:

	Current Period 31.12.2019	**Prior Period 31.12.2018**
Domestic	182.910.135	172.311.041
European Union Countries	5.628.672	5.637.163
OECD Countries (*)	3.386	4.404
Off-Shore Banking Regions	-	-
USA, Canada	2.472	24.550
Other	432.430	560.521
Total	**188.977.095**	**178.537.679**

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period 31.12.2019	**Prior Period 31.12.2018**
Agricultural	263.225	293.227
Farming and raising livestock	181.652	215.889
Forestry	78.221	69.567
Fishing	3.352	7.771
Manufacturing	42.557.754	40.762.014
Mining	1.546.784	1.799.420
Production	24.701.130	23.240.616
Electricity, Gas, Water	16.309.840	15.721.978
Construction	29.916.673	29.147.206
Services	49.834.766	63.361.759
Wholesale and Retail Trade	25.177.866	24.022.734
Hotel,Food,Beverage Services	4.093.195	4.539.682
Transportation and Telecommunication	4.366.481	2.760.280
Financial Institutions	12.882.063	22.303.280
Real Estate and Lending Services	483.730	266.968
Self employment Service	530.682	700.741
Education Service	629.549	646.936
Health and social Services	1.671.200	1.430.930
Other	66.404.677	51.663.681
Total	**188.977.095**	**178.537.679**

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Breakdown by outstanding maturity:

Current Period - 31.12.2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	47.707.426	14.543.019	40.104.056	65.182.311	21.440.283	**188.977.095**

Prior Period - 31.12.2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	35.366.453	21.848.892	32.887.071	65.117.392	23.317.871	**178.537.679**

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 - 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Domestic	14.134.481	7.991.135	7.255.168	4.486.916
European Union Countries	722.400	355.524	583.164	75.672
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	29	30	28
USA, Canada	39	39	164	146
Other	130	109	95	86
Total	**14.857.080**	**8.346.836**	**7.838.621**	**4.562.848**

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period- 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Agricultural	33.783	21.262	11.781	7.767
Farming and raising livestock	26.011	16.765	8.549	5.714
Forestry	7.698	4.433	3.060	1.899
Fishing	74	64	172	154
Manufacturing	2.780.458	1.367.017	1.650.303	911.347
Mining	420.559	118.595	31.584	27.478
Production	1.502.867	884.349	837.649	557.990
Electricity, Gas, Water	857.032	364.073	781.070	325.879
Construction	4.708.895	2.421.621	942.587	515.273
Services	4.687.589	2.564.664	3.162.657	1.534.905
Wholesale and Retail Trade	2.779.322	1.663.965	1.731.592	1.098.623
Hotel,Food,Beverage Services	449.266	88.674	352.695	76.042
Transportation and Telecommunication	145.985	89.989	114.479	68.556
Financial Institutions	997.002	522.271	607.349	92.797
Real Estate and Lending Services	99.131	89.629	144.627	81.011
Self employment Service	4.391	3.673	4.632	3.689
Education Service	115.569	47.202	104.043	49.439
Health and social Services	96.923	59.261	103.240	64.748
Other	2.646.355	1.972.272	2.071.293	1.593.556
Total	**14.857.080**	**8.346.836**	**7.838.621**	**4.562.848**

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g) Aging analysis for overdue receivables:

	Current Period 31.12.2019	Prior Period 31.12.2018
30-60 days overdue	1.202.049	3.939.002
60-90 days overdue	1.394.265	1.522.542
Total	**2.596.314**	**5.461.544**

h) Breakdown of restructured receivables based on whether or not provisions are allocated:

Restructured Receivables	Current Period 31.12.2019	Prior Period 31.12.2018
Loans restructured from Loans underFollow-up and Other Receivables	17.737.321	12.113.776
Loans restructured from Non-Performing Loans	749.792	252.881

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) 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:

	Current Period - 31.12.2019	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	188.729.079	2.824.515	1.450.932	4.223.971	3.254.282	-	-
2	Debt Securities	86.846.310	-	-	-	-	-	-
3	**Total**	**275.575.389**	**2.824.515**	**1.450.932**	**4.223.971**	**3.254.282**	**-**	**-**
4	Of which defaulted	15.115.586	-	-	-	-	-	-

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	Prior Period - 31.12.2018	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	181.440.771	3.683.773	1.633.274	9.910.626	8.818.566	-	-
2	Debt Securities	54.352.683	-	-	-	-	-	-
3	**Total**	**235.793.454**	**3.683.773**	**1.633.274**	**9.910.626**	**8.818.566**	**-**	**-**
4	Of which defaulted	8.097.066	-	-	-	-	-	-

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:

	Current Period - 31.12.2019	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	93.879.245	308.794	97.166.640	7.362	18.880.934	%19,43
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	%50,00
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	%100,00
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	32.305.576	48.615.035	32.305.576	13.743.906	23.886.860	%51,87
7	Exposures to corporates	122.067.679	44.941.125	120.934.615	29.197.468	145.032.696	%96,60
8	Retail exposures	56.885.229	40.402.371	54.643.744	4.519.115	44.372.144	%75,00
9	Exposures secured by residential property	8.096.458	317.711	8.090.022	133.739	2.878.316	%35,00
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	%65,02
11	Past-due loans	6.510.244	-	5.788.591	-	4.790.239	%82,75
12	Higher-risk categories by the Agency Board	-	297.191	-	121.440	171.601	%141,31
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)	309.776	-	309.776	-	309.776	%100,00
16	Other assets	10.316.599	-	10.316.599	-	6.964.430	%67,51
17	Investments in equities	6.988.179	-	6.988.179	-	6.988.179	%100,00
18	**Total**	**346.823.663**	**136.273.576**	**345.938.648**	**48.740.371**	**260.859.385**	**%66,09**

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	Prior Period - 31.12.2018	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	73.950.587	3.425.166	82.640.747	149.220	16.719.246	20,19%
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	31.212.428	53.213.263	31.212.428	17.279.457	23.012.356	47,46%
7	Exposures to corporates	106.630.637	58.727.937	101.860.561	36.789.511	134.723.138	97,17%
8	Retail exposures	51.076.840	35.511.909	46.502.203	4.190.708	38.019.683	75,00%
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
11	Past-due loans	3.277.986	-	3.277.986	-	3.416.959	104,24%
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)	243.711	214.972	243.711	4.472	248.183	100,00%
16	Other assets	9.216.778	-	9.216.778	-	5.536.732	60,07%
17	Investments in equities	5.462.209	-	5.462.209	-	5.462.209	100,00%
18	**Total**	**307.299.601**	**153.123.573**	**306.455.908**	**59.620.138**	**242.638.371**	**66,28%**

8. Standardised Approach – Exposures by asset classes and risk weights:

	Current Period - 31.12.2019 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	76.870.228	-	289.669	-	2.321.359	-	17.661.053	-	-	31.693	97.174.002
2	Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3	Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4	Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	30.709	-	19.969.201	-	12.368.873	-	13.624.930	55.769	-	-	46.049.482
7	Exposures to corporates	1.740.401	-	1.062.556	-	3.982.041	-	142.809.301	-	-	537.784	150.132.083
8	Retail exposures	-	-	-	-	-	59.162.859	-	-	-	-	59.162.859
9	Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10	Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11	Past-due loans	-	-	-	-	2.686.235	-	2.412.825	689.531	-	-	5.788.591
12	Higher-risk categories by the Agency Board	-	-	-	-	996	-	19.127	101.317	-	-	121.440
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)	-	-	-	-	-	-	309.776	-	-	-	309.776
16	Investments in equities	-	-	-	-	-	-	6.988.179	-	-	-	6.988.179
17	Other assets	3.352.158	-	14	-	-	-	6.964.427	-	-	-	10.316.599
18	**Total**	**82.301.515**	**-**	**21.321.440**	**8.223.761**	**28.399.541**	**59.162.859**	**193.853.809**	**846.617**	**-**	**569.477**	**394.679.019**

(*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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	Prior Period - 31.12.2018 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	65.777.893	-	366.035	-	-	-	16.646.039	-	-	-	82.789.967
2	Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3	Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	228.628	-	23.508.508	-	12.888.191	-	11.866.558	-	-	-	48.491.885
7	Exposures to corporates	1.988.832	-	83.905	-	3.741.956	-	132.835.379	-	-	-	138.650.072
8	Retail exposures	-	-	-	-	-	50.692.911	-	-	-	-	50.692.911
9	Exposures secured by residential property	-	-	-	11.266.220	-	-	-	-	-	-	11.266.220
10	Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11	Past-due loans	-	-	-	-	1.051.695	-	896.650	1.329.641	-	-	3.277.986
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)	-	-	-	-	-	-	248.183	-	-	-	248.183
16	Investments in equities	-	-	-	-	-	-	5.462.209	-	-	-	5.462.209
17	Other assets	3.680.042	-	5	-	-	-	5.536.731	-	-	-	9.216.778
18	**Total**	**71.675.395**	**-**	**23.958.453**	**11.266.220**	**26.528.135**	**50.692.911**	**180.625.291**	**1.329.641**	**-**	**-**	**366.076.046**

(*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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 dweterioration 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.

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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 CCR 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.
- 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 - 31.12.2019	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)	11.466.931	4.574.336	-	1,4	15.966.340	10.728.429
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	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 Security transactions with credit)	-	-	-	-	-	-
4	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 Security transactions with credit)	-	-	-	-	1.524.037	727.857
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	1.524.037	727.857
6	**Total**						**11.456.286**

(*) Effective Expected Positive Exposure

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	Prior Period - 31.12.2018	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)	14.558.995	5.274.323	-	1,4	19.833.318	14.363.501
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	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 Security transactions with credit)	-	-	-	-	-	-
4	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 Security transactions with credit)	-	-	-	-	3.174.759	1.424.166
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	3.174.759	1.424.166
6	**Total**						**15.787.667**

(*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

		Current Period - 31.12.2019		Prior Period - 31.12.2018	
		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	16.504.125	5.165.689	19.833.318	6.596.521
4	**Total subject to the CVA capital charge**	**16.504.125**	**5.165.689**	**19.833.318**	**6.596.521**

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights:

Current Period - 31.12.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.277.140	8.184.318	-	120.618	-	-	4.668.205
Corporates	88.613	-	-	58	-	6.676.710	-	-	6.676.739
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
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	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	**92.737**	**-**	**2.277.140**	**8.184.376**	**109.825**	**6.826.301**	**-**	**-**	**11.456.286**

(*) 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 - 31.12.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.741.323	9.422.582	-	2.558	-	-	5.262.114
Corporates	226.517	-	-	444	-	10.479.324	-	-	10.479.547
Retail portfolios	-	-	-	-	52.570	-	-	-	39.428
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	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	**302.697**	**-**	**2.741.323**	**9.423.026**	**52.570**	**10.488.460**	**-**	**-**	**15.787.667**

(*) 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.

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 Period- 31.12.2019		**Prior Period - 31.12.2018**	
	Protection bought	**Protection sold**	**Protection bought**	**Protection sold**
Nominal				
Single-name credit default swaps	1.018.240	29.600	5.917.500	26.300
Index credit default swaps	-	-	-	-
Total return swaps	-	7.633.926	-	7.603.757
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	**1.018.240**	**7.663.526**	**5.917.500**	**7.630.057**
Fair values				
Positive fair value (asset)	71.879	2.704.586	642.017	2.607.339
Negative fair value (liability)	-	(34)	-	(1.235)

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7. Exposures to central counterparties (CCP):

		Current Period - 31.12.2019		Prior Period - 31.12.2018	
	Current Period – 31.12.2019	**Exposure at default (post-CRM)**	**RWA**	**Exposure at default (post-CRM)**	**RWA**
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**21.132**		**22.777**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	537.785	19.864	571.403	22.759
3	(i) OTC Derivatives	537.785	19.864	571.403	22.759
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product ting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin				
9	Pre-funded default fund contributions	31.693	1.268	7.655	18
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 ting 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 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-

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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 2018, 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 31.12.2019	Prior Period 31.12.2018
		RWA	**RWA**
	Outright products		
1	Interest rate risk (general and specific)	2.385.200	2.635.025
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	4.316.356	2.404.065
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	73.775	32.825
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**6.775.331**	**5.071.915**

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 operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2019 is calculated once a year by using the gross income of the Bank in 2016, 2017 and 2018.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2016	31.12.2017	31.12.2018	Total/Positive GI year number	Ratio (%)	Total
Gross income	11.216.375	13.270.197	19.144.784	3	15	2.181.586
Amount subject to Operational Risk (Amount*12,5)						27.269.597

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 are considered under interest rate risk scope.

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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:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.555.552	%5,65
TL	500	(3.992.463)	(%6,34)
USD	(200)	665.453	%1,06
USD	200	(598.799)	(%0,95)
EURO	(200)	(18.322)	(%0,03)
EURO	200	(689.551)	(%1,10)
Total (for negative shocks)		**4.202.682**	**%6,68**
Total (for positive shocks)		**(5.280.813)**	**(%8,39)**

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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 and cross currency 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 "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" 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 due to ineffectiveness of efficiency tests;

- 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.

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 net investment risk hedging in order to hedge its foreign currency risk from its investments abroad. The effective part of the fair value change of the hedging instrument in the hedging transaction in question was accounted in the "Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account under equity.

According to the Financial Stability Board's report of "Major Indicator Interest Rates Reform" which was dated July 2014, the Bank evaluates the transition effects related to hedging transactions within the scope of the 'Indicator Interest Rate Reform' which expresses the market-wide reform regarding the interest rate.

As of 31 December 2019, 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:

	Current Period 31 December 2019			Prior Period 31 December 2018		
	Notional Amount	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
Interest Rate and Cross Currency Swaps						
-TL	13.674.935	5.166.090	919.269	16.237.238	4.693.776	647.569
-FC	50.919.357	184.595	244.871	45.826.317	363.508	41.041
Total	**64.594.292**	**5.350.685**	**1.164.140**	**62.063.555**	**5.057.284**	**688.610**

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1. Explanations on Net Investment Risk:

The Group 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".

2. Explanations on Fair Value Hedge:

Current Period: 31.12.2019

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	(23.858)	23.858	-

(*) 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.
(**) 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.

Prior Period: 31.12.2018

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	9.438	(9.438)	-

(*) 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.
(**) 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.

As of 31 December 2019 fair value hedge transactions have been proven to be 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 due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 31 December 2019, 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 1.566 (31 December 2018: TL 7.263).

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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	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(19.847)	-	(189.937)	69.300	(5.134)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	2.093.795	268.156	(1.591.231)	(592.705)	(131.285)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	88.830	391.002	268.384	(7.037)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	-	491.053	(207.806)	(8.627)	(10.056)

As of 31 December 2019 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 2019, 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 10.260 (31 December 2018: TL (5.927)).

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XII. EXPLANATIONS ON QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

Explanations on Remuneration Committee

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2019. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

- Overseeing the remuneration processes and practices with the aim of providing an independent and effective remuneration system.
- Reviewing the remuneration policy practices within the framework of the Corporate Governance principles and ensuring that the remuneration management system is up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance principles to the Board of Directors as an annual report
- Reviewing as to whether remuneration policies, processes and practices comply with risk appetite, strategies and long term targets of the Bank
- Ensuring the implementation of premium payments within the framework of Corporate Governance principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank
- Ensuring the preparation of the decisions regarding the remuneration, particularly the decisions about the remuneration of qualified employees, submitted to the approval of the Board of Directors; the regular observation of compliance and effectiveness of the remuneration policies with the risk appetite and targets of the bank; providing support and opinion to the Board of Directors with regard to the establishment and supervising of the operations of the remuneration system; overseeing the remuneration of the senior management of the units within the scope of Internal Systems

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2019, there are 19 employees that are considered as qualified employees in the Bank.

Information on the Design and Structure of the Remuneration Process:

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created as follows.

- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management

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Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

Evaluation of the Methods of Associating Premiums with Performance

Performance and risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The premium budget is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income.

The units within the scope of Internal Systems have independent premium systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and premium processes of these units are agreed at the Board of Directors level.

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XIII. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including retail banking, commercial banking, and corporate-investment and private banking and wealth management 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.

Retail banking offers a variety of retail services such as deposit accounts, retail 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. Retail Banking provides financial solutions and banking services to SME customers.

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 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 2019 and 31 December 2018 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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	Retail Banking	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Current Period - 31 December 2019					
Operating Income	9.643.218	6.715.031	3.087.099	1.011.281	20.456.629
Profit from Operating Activities	3.317.164	657.854	2.709.894	(530.457)	6.154.455
Income from Subsidiaries	-	-	-	6.509	6.509
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	640.370	640.370
Profit before Tax	3.317.164	657.854	2.709.894	116.422	6.801.334
Corporate Tax	-			(1.383.866)	(1.383.866)
Net Profit for the Period	3.317.164	657.854	2.709.894	(1.267.444)	5.417.468
Segment Assets	78.687.822	140.181.290	119.395.316	-	338.264.428
Investments in Associates	-	-	-	6.736.306	6.736.306
Undistributed Assets	-	-	-	15.500.378	15.500.378
Total Assets					360.501.112
Segment Liabilities	148.360.737	69.572.454	74.062.774	-	291.995.965
Undistributed Liabilities	-	-	-	14.122.720	14.122.720
Shareholders' Equity	-	-	-	54.382.427	54.382.427
Total Liabilities					360.501.112

	Retail Banking	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period - 31 December 2018					
Operating Income	8.837.376	6.000.259	1.335.552	2.493.298	18.666.485
Profit from Operating Activities	3.840.279	619.144	1.005.889	1.200.984	6.666.296
Income from Subsidiaries	-	-	-	4.601	4.601
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	304.959	304.959
Profit before Tax	3.840.279	619.144	1.005.889	1.510.544	6.975.856
Corporate Tax	-			(1.286.212)	(1.286.212)
Net Profit for the Period	3.840.279	619.144	1.005.889	224.332	5.689.644
Segment Assets	71.535.564	132.521.609	103.342.019	-	307.399.192
Investments in Associates	-	-	-	5.457.662	5.457.662
Undistributed Assets	-	-	-	14.785.271	14.785.271
Total Assets					327.642.125
Segment Liabilities	124.653.231	57.955.297	88.464.828	-	271.073.356
Undistributed Liabilities	-	-	-	12.759.680	12.759.680
Shareholders' Equity	-	-	-	43.809.089	43.809.089
Total Liabilities					327.642.125

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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:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	1.510.065	1.772.119	1.796.417	1.826.103
The CBRT (*)	733.159	25.808.586	2.928.915	23.504.830
Other (**)	-	69.988	-	57.527
Total	**2.243.224**	**27.650.693**	**4.725.332**	**25.388.460**

(*) Precious metal account amounting to TL 1.154.187 are included in FC. (31 December 2018: TL 3.432.683)
(**) Precious metal account amounting to TL 69.974 are included in FC. (31 December 2018: TL 57.522)

2. Information related to the account of the CBRT:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.753	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	726.406	25.808.586	2.928.791	23.504.830
Total	**733.159**	**25.808.586**	**2.928.915**	**23.504.830**

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. The CBRT pays interest to banks that provide credit growth in accordance with the communique principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required reserve rates for TL liabilities vary between 1% and 7% for TL deposits and other liabilities according to their maturities as of 31 December 2019 (31 December 2018: 1,5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

b. Information on financial assets at fair value through profit or loss:

As of 31 December 2019, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2018: None) and given as collateral/blocked (31 December 2018: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018.The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial

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statements under the line "Assets for Sale and Discontinued Operations". As of 31 December 2019, the value of the part pursued as loan is TL 6.723.419, and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value decrease accounted for the total amount turned into credit and capital is TL 938.822, and the entire amount is classified under the item "Assets Held for Sale and Discontinued Operations".

Financial assets, whose fair value difference is reflected in profit and loss and the part that is transformed into capital, amount to TL 7.200.669 in total, these are measured at fair value within the scope of TFRS 9 Financial Instruments Standard and TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. This value is determined based on the valuation study of an independent valuation company. In this valuation study, the fair value was determined by taking into account the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). Within the scope of IFRS 13, loans are followed under Level 3. Possible changes in the basic assumptions in the valuation study will affect the carrying value of the loan and the amount converted into capital.

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international invesment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors will be initiated.

c. Information on derivative financial assets held-for-trading:

Table of positive differences related to derivative financial assets (*)

		Current Period 31 December 2019		Prior Period 31 December 2018
	TL	**FC**	**TL**	**FC**
Forward Transactions	482.816	-	1.004.135	-
Swap Transactions	5.987.707	4.519.244	11.441.676	4.645.436
Futures Transactions	-	-	-	-
Options	9.077	60.763	67.222	454.254
Other	-	-	-	-
Total	**6.479.600**	**4.580.007**	**12.513.033**	**5.099.690**

(*) Excluding hedging derivatives financial assets.

d. Information on banks and foreign banks:

1. Information on banks account:

		Current Period 31 December 2019		Prior Period 31 December 2018
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	371	799.261	207	601.823
Foreign	251.091	15.546.023	463.733	16.936.222
Head Quarters and Branches Abroad	-	-	-	-
Total	**251.462**	**16.345.284**	**463.940**	**17.538.045**

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2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
European Union Countries	7.102.860	7.038.537	3.626.936	4.387.506
USA, Canada	4.627.643	5.329.591	-	615.389
OECD Countries (*)	65.098	16.399	-	-
Off-Shore Banking Regions	168	-	289.803	-
Other	84.606	12.533	-	-
Total	**11.880.375**	**12.397.060**	**3.916.739**	**5.002.895**

(*) OECD Countries other than EU countries, USA and Canada.
(**) Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

e. Information on financial assets at fair value through other comprehensive income:

1. As of 31 December 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 7.479.313 (31 December 2018: TL 11.515.081); and those given as collateral/blocked amounting to TL 16.700.959 (31 December 2018: TL 8.421.116).

2. Information on financial assets fair value through other comprehensive income:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	65.544.278	44.953.968
Quoted at Stock Exchange (*)	63.642.115	43.557.799
Unquoted at Stock Exchange	1.902.163	1.396.169
Share Certificates	16.217	13.455
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.217	13.455
Impairment Provision (-)	918.388	2.593.916
Total	**64.642.107**	**42.373.507**

(*) Investment funds are included.

f. 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 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.444.515	1.048.264	5.281.095	1.073.121
Loans Granted to Employees	132.254	-	114.675	-
Total	**6.576.769**	**1.048.361**	**5.395.770**	**1.074.561**

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2. Information on standard loans and loans under follow-up including loans that have been restructured or rescheduled:

Current Period - 31 December		Loans under follow-up		
			Restructured Loans	
Cash Loans	**Standard Loans**	**Loans not subejct to restructuring**	**Loans with revised contract terms**	**Refinance**
Non-specialized Loans				
Loans given to enterprises	20.993.028	1.711.929	6.179	2.646.579
Export Loans	9.186.116	191.573	26.535	216.764
Import Loans	-	-	-	-
Loans Given to Financial Sector	9.043.558	104	-	-
Consumer Loans	28.687.077	2.459.337	944.603	23.315
Credit Cards	14.579.181	892.762	647.945	-
Other	76.373.938	7.097.378	180.269	13.068.925
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**158.862.898**	**12.353.083**	**1.805.531**	**15.955.583**

	Current Period 31 December 2019		Prior Period 31 December 2018	
Expected Credit Loss Stage I and Stage II	**Standard Loans**	**Loans under Follow-up**	**Standard Loans**	**Loans under Follow-up**
12 Month Expected Credit Losses	578.360	-	637.503	-
Significant Increase in Credit Risk	-	3.355.385	-	2.741.613
Total	**578.360**	**3.355.385**	**637.503**	**2.741.613**

3. Breakdown of loans according to their maturities (*)

		Loans Under Follow-Up	
	Standard Loans	**Non-restructured**	**Restructured or rescheduled**
Short-term Loans	47.599.629	2.456.903	937.971
Medium and Long-Term Loans	111.263.269	9.896.180	16.823.143
Total	**158.862.898**	**12.353.083**	**17.761.114**

(*) The balances of loans at fair value profit or loss has not been included.

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4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**416.245**	**30.237.038**	**30.653.283**
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**1.065**	**1.065**
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	**12.854.524**	**617.059**	**13.471.583**
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
Consumer Credit Cards-FC	**14.658**	**-**	**14.658**
With Installment	-	-	-
Without Installment	14.658	-	14.658
Personnel Loans-TL	**3.762**	**70.496**	**74.258**
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
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	**57.635**	**108**	**57.743**
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
Personnel Credit Cards-FC	**253**	**-**	**253**
With Installment	-	-	-
Without Installment	253	-	253
Credit Deposit Account - TL (Real Person)	**1.385.726**	**-**	**1.385.726**
Credit Deposit Account - FC (Real Person)	**-**	**-**	**-**
Total Consumer Loans	**14.732.803**	**30.925.766**	**45.658.569**

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Prior Period - 31.12.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**641.242**	**27.032.858**	**27.674.100**
Mortgage Loans	1.600	10.799.366	10.800.966
Automotive Loans	1.211	136.735	137.946
Consumer Loans	638.431	16.096.757	16.735.188
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**1.289**	**1.289**
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	**11.428.605**	**568.087**	**11.996.692**
With Installment	3.869.730	566.715	4.436.445
Without Installment	7.558.875	1.372	7.560.247
Consumer Credit Cards-FC	**11.816**	**-**	**11.816**
With Installment	-	-	-
Without Installment	11.816	-	11.816
Personnel Loans-TL	**5.100**	**57.903**	**63.003**
Mortgage Loans	-	3.592	3.592
Automotive Loans	-	36	36
Consumer Loans	5.100	54.275	59.375
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	**51.496**	**24**	**51.520**
With Installment	16.959	24	16.983
Without Installment	34.537	-	34.537
Personnel Credit Cards-FC	**152**	**-**	**152**
With Installment	-	-	-
Without Installment	152	-	152
Credit Deposit Account-TL (Real Person)	**1.403.700**	**-**	**1.403.700**
Credit Deposit Account-FC (Real Person)	**-**	**-**	**-**
Total Consumer Loans	**13.542.111**	**27.660.161**	**41.202.272**

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5. Information on commercial installment loans and corporate credit cards:

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	**159.072**	**13.267.296**	**13.426.368**
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
FC Indexed Commercial Installment Loans	**-**	**98.153**	**98.153**
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
Commercial Installment Loans-FC	**9.807**	**353.752**	**363.559**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
Corporate Credit Cards-TL	**2.561.575**	**10.361**	**2.571.936**
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
Corporate Credit Cards-FC	**3.715**	**-**	**3.715**
With Installment	-	-	-
Without Installment	3.715	-	3.715
Credit Deposit Account - TL (Legal Person)	**1.029.463**	**-**	**1.029.463**
Credit Deposit Account - FC (Legal person)	**-**	**-**	**-**
Total	**3.763.632**	**13.729.562**	**17.493.194**

Prior Period – 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	**1.013.895**	**12.614.322**	**13.628.217**
Mortgage Loans	5.555	8.397	13.952
Automotive Loans	38.764	66	38.830
Consumer Loans	969.576	12.605.859	13.575.435
Other	-	-	-
FC Indexed Commercial Installment Loans	**4.555**	**353.390**	**357.945**
Mortgage Loans	-	1.019	1.019
Automotive Loans	-	-	-
Consumer Loans	4.555	352.371	356.926
Other	-	-	-
Commercial Installment Loans-FC	**8.487**	**199.661**	**208.148**
Mortgage Loans	-	-	-
Automotive Loans	3.515		3.515
Consumer Loans	4.972	199.661	204.633
Other	-	-	-
Corporate Credit Cards-TL	**2.693.636**	**50**	**2.693.686**
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	**2.752**	**-**	**2.752**
With Installment		-	
Without Installment	2.752	-	2.752
Credit Deposit Account - TL (Legal Person)	**1.159.752**	**-**	**1.159.752**
Credit Deposit Account - FC (Legal person)	**-**	**-**	**-**
Total	**4.883.077**	**13.167.423**	**18.050.500**

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6. Loans according to types of borrowers:

	Current Period 31 December 2019	Prior Period 31 December 2018
Public	2.503.803	956.112
Private	201.330.372	185.420.188
Total	**203.834.175**	**186.376.300**

7. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers:

	Current Period 31 December 2019	Prior Period 31 December 2018
Domestic Loans	197.042.913	179.566.003
Foreign Loans	6.791.262	6.810.297
Total	**203.834.175**	**186.376.300**

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	727.217	291.767
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	**727.217**	**291.767**

9. Credit-Impaired Losses (Stage III / Specific Provision):

	Current Period 31 December 2019	Prior Period 31 December 2018
Loans with Limited Collectibility	2.109.995	724.871
Loans with Doubtful Collectibility	2.054.098	1.226.217
Uncollectible Loans	4.182.743	2.611.760
Total	**8.346.836**	**4.562.848**

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 with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period: 31 December 2019			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109
Prior Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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10. (ii) Information on the movement of total non-performing loans:

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Prior Period End Balance: 31 December 2018	**1.681.186**	**2.853.788**	**3.303.647**
Additions (+)	9.140.694	959.803	402.980
Transfers from Other Categories of Non-Performing Loans (+)	-	6.418.830	5.625.402
Transfers to Other Categories of Non-Performing Loans (-)	6.418.830	5.625.402	-
Collections (-)	518.922	542.377	668.079
Write-offs (-) (**)	5.755	5.810	1.126.624
Sold Portfolio (-) (*)	163	1.140	616.148
Corporate and Commercial Loans	40	993	232.435
Consumer Loans	114	78	199.167
Credit Cards	9	68	184.546
Other	-	-	-
Balance at the End of the Period	**3.878.210**	**4.057.692**	**6.921.178**
Specific Provisions (-)	2.109.995	2.054.098	4.182.743
Net Balance at Balance Sheet	**1.768.215**	**2.003.594**	**2.738.435**

(*) TL 714 million (in full TL amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 32,9 million TL (in full TL amount) to Istanbul Varlık Yönetimi A.Ş. and Gelecek Varlık Yönetim A.Ş. 113,8 million TL portion of 714 million TL has been written off as of 2017 and before.
(**) The amount of write-off made 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 27 November 2019 and numbered 30961 is 1.119.998 thousand TL and its effect on the NPL ratio is 51 basis point.

10. (iii) Information on non-performing loans granted as foreign currency loans:

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Current Period: 31 December 2019			
Balance at the End of the Period	233.478	1.205.378	2.406.060
Specific Provision (-)	77.439	454.769	1.084.871
Net Balance on Balance Sheet	156.039	750.609	1.321.189
Prior Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance at Balance Sheet	152.096	1.050.449	254.039

Non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

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10. (iv) Breakdown of non-performing loans according to their gross and net values:

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Current Period (Net): 31 December 2019			
Loans granted to corporate entities and real persons (Gross)	3.878.210	4.057.692	6.921.178
Specific Provision Amount (-)	2.109.995	2.054.098	4.182.743
Loans granted to corporate entities and real persons (Net)	1.768.215	2.003.594	2.738.435
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 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.303.647
Specific Provision Amount (-)	724.871	1.226.217	2.611.760
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	691.887
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

10. (v) Information on the collection policy of non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
Current Period: 31 December 2019			
Interest accruals and valuation differences	240.638	601.068	1.269.183
Provision (-)	126.357	342.227	755.419
Prior Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	119.378
Provision (-)	84.613	168.980	88.875

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:

The general policy of the Bank in the deletion of NPLs from assets is that the receivables that are documented that the collection is not possible during the legal follow-up process and that are classified under the 5th group and do not have reasonable expectations regarding their recovery and 100% of all fraud and fraud-related follow-up accounts with a provision ratio. Legal proceedings are tracked from where they left off for the follow-up accounts that are not recorded in the legal proceedings.

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g. Financial assets measured at amortised cost:

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Given as collateral/blocked	352.296	-	-	659.977
Subject to repurchase agreements	145.327	1.229.269	151.531	2.482.866
Total	**497.623**	**1.229.269**	**151.531**	**3.142.843**

2. Information on government debt securities:

	Current Period 31 December 2019	Prior Period 31 December 2018
Government Bonds	13.080.081	9.062.489
Treasury Bills	-	-
Other Government Debt Securities	779.177	691.694
Total	**13.859.258**	**9.754.183**

3. Information on financial assets measured at amortised cost:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	15.602.379	12.328.067
Quoted at Stock Exchange	15.602.379	12.328.067
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	27.521	64.586
Total	**15.574.858**	**12.263.481**

4. The movement of financial assets measured at amortised cost:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	414.623	1.683.147
Purchases During Year	5.397.163	1.654.189
Disposals Through Sales and Redemptions (*)	(3.214.762)	(10.713.907)
Impairment Provision (-)	37.065	184.506
Change in Amortized Cost	677.288	572.514
Balance at the End of the Period	**15.574.858**	**12.263.481**

(*) The Bank has reviewed its management model for securities in accordance with TFRS 9 standard in the prior period. Securities amounting to TL 4.927.185 previously classified as held to maturity and measured at amortized cost are classified to fair value through other comprehensive income because of the appropriate management model is intended to be used for selling or financing cash flows.

h. Information on investments in associates (Net):

1. Information about investments in associates:

	Title	Address (City / Country)	Bank's share percentage-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

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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 date 30 September 2019.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	147.868	93.468	73.689	3.852	-	28.503	15.603	-
2	348.965	224.008	234.334	8.774	-	26.579	34.818	-

3. Movement schedule of investments in associates:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.521	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	1.598
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	5.521	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

i. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2019 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	360.007	96.802	10.534	740.648	27.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	4.006.165	(14)
Gains recognized in equity as per TAS	-	(2.010)	(150)	-	-
Profit/Loss	95.149	362.028	108.825	364.203	(15.347)
- Net Current Period Profit	95.149	128.174	65.994	364.203	(12.255)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	37	754	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.222	12.421	365	4.755	-
Total Common Equity	**947.957**	**509.761**	**137.078**	**5.106.261**	**11.639**
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" (-)	-	-	-	-	-
Total Tier I Capital	**947.957**	**509.761**	**137.078**	**5.106.261**	**11.639**
Tier II Capital	**85.351**	**221**	**1**	**35.269**	**-**
CAPITAL	**1.033.308**	**509.982**	**137.079**	**5.141.530**	**11.639**
Deductions from Capital	**-**	**-**	**-**	**-**	**-**
TOTAL CAPITAL	**1.033.308**	**509.982**	**137.079**	**5.141.530**	**11.639**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

2. Accounting method used for the valuation of subsidiaries: Disclosed in Note III of Section Three.

3. Information on subsidiaries:

	Title	Address (City / Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk 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
5	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Turkey	100,00	100,00

4. 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 2019 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.859.395	947.893	32.832	492.229	-	95.149	(81.083)	-
2	1.241.943	522.936	19.479	321.198	9.391	128.174	113.732	-
3	157.748	137.443	5.153	14.128	-	65.994	42.277	-
4	29.795.339	5.111.016	51.060	1.323.785	113.336	364.203	233.114	-
5	18.585	11.639	1.282	1.326	-	(12.255)	(3.092)	-

5. Movement schedule of subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	139.981	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	640.370	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	498.293	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.730.785	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts arise from the capital increase of Ak Finansal Kiralama A.Ş. which is 99.99% subsidiary of the Bank by TL 125.000 for the current period and arise from 15.000 TL increase on AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly- owned subsidiary of the Bank, and for the prior period, TL 12,000 that was paid by the Bank for AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank as founding capital and the capital increase Ak Yatırım Menkul Değerler A.Ş. which is a wholly-owned subsidiary of the Bank by TL 50.000.

(**) 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:

Subsidiaries	Current Period 31 December 2019	Prior Period 31 December 2018
Banks	5.111.016	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	947.751	727.051
Finance Companies	-	-
Other Financial Subsidiaries	672.018	476.897

7. Subsidiaries quoted to a stock exchange: None.

j. Information on joint ventures: None (31 December 2018: None).

k. Information on finance lease receivables (Net): None (31 December 2018: None).

l. Information on the Hedging Derivative Financial Assets:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge	3.072.295	151.377	2.957.837	109.839
Cash Flow Hedge	2.093.795	33.218	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
Total	**5.166.090**	**184.595**	**4.693.776**	**363.508**

m. Information on property and equipment:

The "TFRS 16 Leases" Standard was published in the Official Gazette no.29826 dated 16 April 2018 to be applied in the accounting periods starting after 31 December 2018. The Bank has applied the TFRS 16 "Leases" standard, which replaces TAS 17 "Leasing Transactions", as of January 1, 2019, the first implementation date and the transition effect is indicated in the table below.

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2018				
Cost	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation (-)	138.749	954.721	0	1.093.470
Net Book Value	**2.953.624**	**646.998**	**347.795**	**3.948.417**
Current Period End: 31 December 2019				
Net Book Value at the Beginning of the Period	2.953.624	646.998	347.795	3.948.417
TFRS 16 Transition Effect				
Cost	740.988	-	-	740.988
Accumulated Depreciation (-)	290.240	-	-	290.240
Additions	164.381	584.896	81.576	830.853
Investment Properties Revaulation differences	-	-	-	-
Transferred	422.302	-	(422.302)	-
Disposals (-), net	40.098	750	-	40.848
Depreciation (-)	109.675	215.513	-	325.188
Impairment	-	-	-	-
Cost at Period End	4.317.812	2.136.545	7.069	6.461.426
Accumulated Depreciation at Period End (-)	476.530	1.120.914	-	1.597.444
Closing Net Book Value	**3.841.282**	**1.015.631**	**7.069**	**4.863.982**

(*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2019, asset usage rights are TL 767.786, and accumulated depreciation amount is TL 308.557.

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	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2017				
Cost	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation(-)	138.749	954.721	-	1.093.470
Net Book Value	**2.953.624**	**646.998**	**347.795**	**3.948.417**
Current Period End: 31 December 2018				
Net Book Value at the Beginning of the Period	2.948.920	421.417	46.101	3.416.438
Additions	23.900	380.882	313.680	718.462
Investment Properties Revaulation differences	-	-	-	-
Transferred	11.986	-	(11.986)	-
Disposals (-), net	4.404	772	-	5.176
Depreciation (-)	27.207	154.529	-	181.736
Impairment	429	-	-	429
Cost at Period End	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation at Period End (-)	138.749	954.721	-	1.093.470
Closing Net Book Value	**2.953.624**	**646.998**	**347.795**	**3.948.417**

As of 31 December 2018, net book value of the tangible fixed assets obtained by financial leasing is TL 64.056.

n. Information on intangible assets:

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cost	1.423.037	1.344.288
Accumulated Amortization (-)	489.058	720.045
Net Book Value	**933.979**	**624.243**

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	**624.243**	**471.650**
Additions	493.127	322.126
Disposals (-), net	118	-
Depreciation (-)	183.273	169.533
Closing Net Book Value	**933.979**	**624.243**

o. Information on the investment properties: None (31 December 2018: None).

p. Information on deferred tax asset:

As of 31 December 2019, the Bank has 2.438 TL deferred tax asset (31 December 2018: TL 23.410). 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 temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Employee benefits	434.942	311.510	95.687	68.532
Expected Credit Loss Provisons (Stage 1-2)	4.384.835	3.799.336	964.664	836.514
Differences between book value and tax base of property, plant and equipment	(1.058.181)	(740.506)	(232.800)	(162.911)
Differences between book value and tax base of financial assets	(6.985.720)	(3.509.077)	(1.519.478)	(765.191)
Investment Properties Revaulation differences	(2.460.656)	(2.461.256)	(300.168)	(300.829)
Other	1.319.199	289.095	290.224	63.600
Deferred Tax Asset/(Liabilities) Net			**(701.871)**	**(260.285)**

r. Information on property and equipment held for sale and related to discontinued operations:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cost	636.090	90.384
Accumulated Depreciation (-)	73	79
Net Book Value	**636.017**	**90.305**

	Current Period 31 December 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	**90.305**	**57.520**
Additions (*)	1.519.564	70.412
Disposals (-), net	34.985	37.545
İmpairment (-)	938.867	82
Depreciation (-)	-	-
Closing Net Book Value	**636.017**	**90.305**

(*) As stated in Note I-b of Section Five, the Bank has 35.56% participation in the newly established LYY Telekomünikasyon A.Ş., and has reclassified its 18 TL shares under fair value through other comprehensive income in the prior period. Within this scope, for the current period the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from 18 TL to 1.416.090 TL. Related amounts are presented in the "additions" row of table above. The fair value decrease amount of 938.822 TL that the Bank has calculated for LYY Telekomünikasyon A.Ş. is shown in the "impairment" row of the table above.

s. Information on other assets:

Other assets amounting to TL 5.426.550 (31 December 2018: TL 6.038.884) 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 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	10.127.048	10.183.799	41.122.113	182.618	262.221	531.691	12.977	**62.422.467**
Foreign Currency Deposits	23.853.639	13.620.278	72.689.822	1.976.053	1.398.287	3.965.590	1.154	**117.504.823**
Residents in Turkey	22.388.628	13.463.878	69.046.946	1.838.378	900.541	2.387.611	1.102	**110.027.084**
Residents Abroad	1.465.011	156.400	3.642.876	137.675	497.746	1.577.979	52	**7.477.739**
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	**1.183.421**
Commercial Deposits	8.529.451	8.303.694	10.753.261	229.160	83.142	58.392	-	**27.957.100**
Other Institutions Deposits	272.526	829.067	2.177.831	46.465	6.085	971	-	**3.332.945**
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	**4.491.847**
Interbank Deposits	1.547.408	480.512	4.436.295	430.526	254.539	12.644	-	**7.161.924**
The CBRT	-	-	-	-	-	-	-	**-**
Domestic Banks	11.470	19.373	200.551	332.045	173.450	-	-	**736.889**
Foreign Banks	238.602	461.139	4.235.744	98.481	81.089	12.644	-	**5.127.699**
Participation Banks	1.297.336	-	-	-	-	-	-	**1.297.336**
Other	-	-	-	-	-	-	-	**-**
Total	**49.619.288**	**33.431.629**	**131.210.733**	**2.868.193**	**2.272.978**	**4.637.575**	**14.131**	**224.054.527**

1 (ii). Prior period - 31 December 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.090	36.807.153	1.721.311	3.056.761	1.092.246	20.081	**55.865.622**
Foreign Currency Deposits	20.486.286	14.924.449	53.057.717	1.775.228	5.318.165	3.180.646	1.781	**98.744.272**
Residents in Turkey	19.558.995	14.662.394	49.737.935	1.291.185	1.135.781	1.590.011	1.622	**87.977.923**
Residents Abroad	927.291	262.055	3.319.782	484.043	4.182.384	1.590.635	159	**10.766.349**
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	**1.118.222**
Commercial Deposits	6.767.674	5.804.222	6.575.839	247.305	153.440	306.084	-	**19.854.564**
Other Institutions Deposits	250.105	469.459	1.277.231	10.479	629.880	237.530	-	**2.874.684**
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	**2.484.399**
Interbank Deposits	1.477.434	1.476.165	3.737.561	301.072	457.058	-	-	**7.449.290**
The CBRT	-	-	-	-	-	-	-	**-**
Domestic Banks	10.485	1.438.256	81.704	6.275	342.171	-	-	**1.878.891**
Foreign Banks	112.726	37.909	3.655.857	294.797	114.887	-	-	**4.216.176**
Participation Banks	1.354.223	-	-	-	-	-	-	**1.354.223**
Other	-	-	-	-	-	-	-	**-**
Total	**39.151.132**	**29.038.848**	**101.480.333**	**4.062.979**	**9.801.111**	**4.834.788**	**21.862**	**188.391.053**

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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:

	Under the Guarantee of Deposit Insurance		**Exceeding the Limit of Deposit Insurance**	
	Current Period 31 December 2019	**Prior Period 31 December 2018**	**Current Period 31 December 2019**	**Prior Period 31 December 2018**
Saving Deposits	30.875.550	23.246.737	30.609.809	32.618.885
Foreign Currency Saving Deposits	16.110.198	10.341.024	56.626.928	50.682.638
Other Deposits in the Form of Saving Deposits	2.373.387	1.256.207	1.807.082	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 31 December 2019	**Prior Period 31 December 2018**
Foreign Branches' Deposits and other accounts	18	375
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	1.625.947	1.208.455
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:

(i). Table of derivative financial liabilities (*):

	Current Period 31 December 2019		**Prior Period 31 December 2018**	
	TL	**FC**	**TL**	**FC**
Forward Transactions	143.501	-	344.315	-
Swap Transactions	6.134.864	1.316.141	10.338.317	975.810
Futures Transactions	-	-	-	-
Options	5.686	94.511	2.892	606.511
Other	-	-	-	-
Total	**6.284.051**	**1.410.652**	**10.685.524**	**1.582.321**

(*) Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	302.890	801.659	253.088	375.142
From Foreign Banks, Institutions and Funds	-	30.266.547	398.158	38.700.777
Total	**302.890**	**31.068.206**	**651.246**	**39.075.919**

2. Information on maturity structure of borrowings

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Short-term	302.890	641.868	253.088	1.515.561
Medium and Long-term	-	30.426.338	398.158	37.560.358
Total	**302.890**	**31.068.206**	**651.246**	**39.075.919**

Securitized borrowings procured via A.R.T.S. Ltd. ("Structured Entity") which the Bank has 100% controlling power, are included in external funding sources of the Bank. Under the securitization program agreements, the Bank has sold foreign trade and customer receivables to A.R.T.S. Ltd.

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.

d. Information on securities issued (Net):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Bank bills	2.372.587	-	2.042.561	-
Bonds	2.532.944	8.612.669	1.907.081	8.202.364
Total	**4.905.531**	**8.612.669**	**3.949.642**	**8.202.364**

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 2.127.772 (31 December 2018: TL 3.246.378) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of TFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	Gross	**Net**	**Gross**	**Net**
Less Than 1 Year	150.140	63.805	29.392	25.048
Between 1-4 Years	388.038	188.559	-	-
More Than 4 Years	490.565	322.189	-	-
Total	**1.028.743**	**574.553**	**29.392**	**25.048**

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge	71.230	191.806	2.611	41.041
Cash Flow Hedge	848.039	53.065	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	**919.269**	**244.871**	**647.569**	**41.041**

h. Information on provisions:

1. Information on reserves for employee rights:

Balance Sheet Obligations for:	**Current Period 31 December 2019**	**Prior Period 31 December 2018**
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	316.980	208.632
- Reserve for unused vacation	117.962	102.878
Total	**434.942**	**311.510**

1. (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 31 December 2019	**Prior Period 31 December 2018**
Discount Rate (%)	3,97	5,73
Rate for the Probability of Retirement (%)	95,13	94,45

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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 6.730,15 (full TL) (1 January 2019: TL 6.017,60 (full TL)) effective from 1 January 2020 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 31 December 2019	Prior Period 31 December 2018
Prior Period Closing Balance	**208.631**	**204.276**
Recognized as an Expense During the Period	84.344	68.105
Actuarial Loss / (Gain)	88.706	(6.579)
Paid During the Period	(64.701)	(57.171)
Balance at the End of the Period	**316.980**	**208.631**

As of 31 December 2019, the Bank has allocated vacation liability amounting to TL 117.962 (31 December 2018: TL 102.878).

1. (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%). Based on the actuary reports, as of 31 December 2019, deficit of the Fund amounts to TL 38.125 (31 December 2018: TL 6.194 excess).

	Current Period 31 December 2019	Prior Period 31 December 2018
Total Obligations	(6.729.229)	(5.784.979)
Cash value of future contributions	4.895.180	4.163.438
Total Transfer Obligations to SSI	**(1.834.049)**	**(1.621.541)**
Past service obligation	(269.546)	(167.755)
Total Transfer to SSI and Other Obligations	**(2.103.595)**	**(1.789.296)**
Fair value of assets	(2.065.470)	(1.795.490)
Deficit	**(38.125)**	**6.194**

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:

Discount rate	Current Period 31 December 2019	Prior Period 31 December 2018
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits	3,97%	5,73%

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 19 years for men and 24 years for women.

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The movement in the fair value of plan assets of the year is as follows:

	Current Period 31 December 2019	Prior Period 31 December 2018
Prior period end	**1.795.491**	**1.551.402**
Actual return on plan assets	333.700	338.869
Employer contributions	343.326	232.880
Employee contributions	232.839	199.473
Benefits paid	(639.886)	(527.133)
Period end	**2.065.470**	**1.795.491**

Plan assets are comprised as follows:

	Current Period 31 December 2019		Prior Period 31 December 2018	
Bank placements	1.181.437	57%	1.160.797	65%
Property and equipment	17.495	1%	17.975	1%
Marketable securities and share certificates	571.189	28%	358.510	20%
Other	295.349	14%	258.209	14%
Period end	**2.065.470**	**100%**	**1.795.491**	**100%**

2. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2019, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2018: None).

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash: Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 297.102 as of 31 December 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 650.000 (31 December 2018: TL 550.000).

The Bank has provided free provision amounting TL 650.000 thousand out of which TL 100.000 thousand had been recognized in current period and TL 550.000 thousand had been recognized in prior years. (31 December 2018: TL 550.000).

4 (ii). Information on provisions for banking services promotion:

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 52.721 (31 December 2018: TL 50.044).

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 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 273.982 (31 December 2018: None). As of 31 December 2019, the Bank has no current tax asset (31 December 2018: TL 262.217).

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1 (i). Information on taxes payable:

	Current Period 31 December 2019	Prior Period 31 December 2018
Corporate Taxes Payable	273.982	-
Taxation on Marketable Securities	187.962	165.369
Property Tax	2.383	1.983
Banking Insurance Transaction Tax (BITT)	182.507	196.929
Foreign Exchange Transaction Tax	4.875	-
Value Added Tax Payable	12.527	13.657
Other	89.368	121.816
Total	**753.604**	**499.754**

1 (ii). Information on premium payables:

	Current Period 31 December 2019	Prior Period 31 December 2018
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	1	1
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.678	1.423
Unemployment Insurance – Employer	3.355	2.847
Other	348	363
Total	**5.388**	**4.640**

2. Information on deferred tax liability:

As of 31 December 2019, Turkish Lira deferred tax liability of the Bank amounts to TL 704.309 (31 December 2018: TL 283.695). An explanation about the net deferred tax asset is given in Note I-p of Section Five.

j. Information on subordinated loan (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	5.381.534	-	4.784.477
Subordinated loans		-		-
Subordinated debt instruments	-	5.381.534	-	4.784.477
Total	**-**	**5.381.534**	**-**	**4.784.477**

(*) Explanation about the subordinated loans is given in Note I-b of Section Four.

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k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 31 December 2019	Prior Period 31 December 2018
Common Stock	5.200.000	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	5.200.000	10.000.000

3. Capital increases and sources in the current period and other information based on increased capital shares:

Date	Amount	Cash	Profit reserves subject to increase	Capital reserves subject to increase
28 February 2019	1.200.000	1.200.000	-	-

The explanation of the capital increase is disclosed in the footnote XX of Section Three

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 Bank'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 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	854.152	825.085	854.478	581.490
Valuation Difference	113.916	(83.371)	(1.769.593)	(1.141.797)
Foreign Currency Differences	-	-	-	-
Total	**968.068**	**741.714**	**(915.115)**	**(560.307)**

(*) 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 14.762.968 asset purchase commitments (31 December 2018: TL 15.158.299), TL 23.193.073 commitments for credit card limits (31 December 2018: TL 19.788.847), TL 2.632.311 commitments for cheque books (31 December 2018: TL 2.514.769).

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 31 December 2019	Prior Period 31 December 2018
Bank Acceptance Loans	50.678	2.740.341
Letters of Credit	4.366.865	6.562.959
Other Guarantees and Warranties	7.906.461	8.977.106
Total	**12.324.004**	**18.280.406**

2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period 31 December 2019	Prior Period 31 December 2018
Revocable Letters of Guarantee	1.081.737	1.015.501
Irrevocable Letters of Guarantee	17.634.443	20.344.230
Letters of Guarantee Given in Advance	1.922.507	2.723.574
Guarantees Given to Customs	2.249.728	2.094.996
Other Letters of Guarantee	8.234.994	8.878.849
Total	**31.123.409**	**35.057.150**

3. Information on non-cash loans:

(i). Total amount of non-cash loans:	Current Period 31 December 2019	Prior Period 31 December 2018
Non-cash Loans Given against Cash Loans	12.783.000	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	5.064.000	5.190.839
With Original Maturity of More Than 1 Year	7.719.000	5.316.778
Other Non-cash Loans	30.664.413	42.829.939
Total	**43.447.413**	**53.337.556**

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(ii). Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2019				Current Period 31 December 2018			
	TL	**(%)**	**FC**	**(%)**	**TL**	**(%)**	**FC**	**(%)**
Agricultural	18.735	0,10	14.336	0,06	23.433	0,11	6.801	0,02
Farming and Raising Livestock	1.394	0,01	14.336	0,06	1.020	0,00	-	0,00
Forestry	17.302	0,09	-	0,00	21.678	0,10	-	0,00
Fishing	39	0,00	-	0,00	735	0,00	6.801	0,02
Manufacturing	3.934.128	19,76	10.597.615	45,06	4.725.707	21,33	12.685.872	40,68
Mining	77.629	0,39	108.268	0,46	60.568	0,27	164.438	0,53
Production	2.948.379	14,81	8.727.588	37,11	3.412.643	15,41	11.151.343	35,76
Electric, Gas and Water	908.120	4,56	1.761.759	7,49	1.252.496	5,65	1.370.091	4,39
Construction	2.981.820	14,97	5.116.263	21,76	3.380.984	15,26	4.735.272	15,18
Services	12.238.861	61,46	5.876.277	24,99	13.301.520	60,05	10.925.029	35,03
Wholesale and Retail Trade	8.664.782	43,52	2.213.970	9,41	8.235.314	37,18	6.491.677	20,82
Hotel, Food and Beverage Services	122.287	0,61	191.394	0,81	130.842	0,59	130.856	0,42
Transportation and Telecommunication	493.055	2,48	782.390	3,33	448.191	2,02	446.583	1,43
Financial Institutions	2.694.689	13,53	2.487.109	10,58	4.222.399	19,06	3.646.654	11,69
Real Estate and Leasing Services	17.891	0,09	34.858	0,15	20.016	0,09	40.439	0,13
Self-Employment Services	30.955	0,16	4.297	0,02	20.135	0,09	4.620	0,01
Education Services	24.535	0,12	5.869	0,02	28.564	0,13	8.553	0,03
Health and Social Services	190.667	0,96	156.390	0,66	196.059	0,89	155.647	0,50
Other	738.469	3,71	1.930.909	8,13	718.865	3,25	2.834.073	9,09
Total	**19.912.013**	**100,00**	**23.535.400**	**100,00**	**22.150.509**	**100,00**	**31.187.047**	**100,00**

(iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	**FC**	**TL**	**FC**
Non-Cash Loans	**18.458.893**	**21.912.565**	**1.235.464**	**1.581.983**
Letters of Guarantee	15.559.442	12.623.949	1.179.152	1.502.408
Bank Acceptances	-	50.678	-	-
Letters of Credit	8.409	4.286.549	-	71.906
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	14.790	-	-
Other Commitments and Contingencies	2.891.042	4.936.599	56.312	7.669

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b. Information on derivative transactions:

	Current Period 31 December 2019	Prior Period 31 December 2018
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	268.116.019	364.299.428
FC Trading Forward Transactions	20.638.249	28.251.475
Trading Swap Transactions	236.390.462	279.960.704
Futures Transactions	170.951	-
Trading Option Transactions	10.916.357	56.087.249
Interest Related Derivative Transactions (II)	174.580.336	157.104.278
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	153.305.264	137.692.000
Interest Rate Options	21.275.072	19.412.278
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	22.180.546	25.036.577
A. Total Trading Derivative Transactions (I+II+III)	464.876.901	546.440.283
Types of Hedging Transactions		
Fair Value Hedges	26.749.047	21.168.037
Cash Flow Hedges	37.845.245	40.895.518
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	64.594.292	62.063.555
Total Derivative Transactions (A+B)	**529.471.193**	**608.503.838**

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2019, tha Bank has credit default swap of TL 1.047.840 (31 December 2018: TL 5.943.800).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 67.183 (31 December 2018: TL 52.249) 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 (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Short-term Loans	9.281.399	671.360	9.331.145	244.314
Medium and Long-term Loans	12.314.718	3.933.849	11.444.804	3.906.326
Interest on Loans Under Follow-Up	650.479	-	241.006	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	**22.246.596**	**4.605.209**	**21.016.955**	**4.150.640**

(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
From the CBRT	467	-	222.229	1.673
From Domestic Banks	238.891	6.658	60.621	18.550
From Foreign Banks	65.752	355.447	44.477	349.267
From Headquarters and Branches Abroad	-	-	-	-
Total	**305.110**	**362.105**	**327.327**	**369.490**

3. Information on interest income on marketable securities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
From Financial Assets at Fair Value through Profit or Loss	864	193	-	-
Financial Assets at Fair Value through Other Comprehensive Income	3.893.628	1.139.951	4.669.923	837.011
Financial Assets Measured at Amortised Cost	1.042.642	229.585	1.100.786	293.674
Total	**4.937.134**	**1.369.729**	**5.770.709**	**1.130.685**

4. Information on interest income received from associates and subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Interests Received From Investments in Associates and Subsidiaries	61.468	38.840

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b. Information on interest expense:

1. Information of interest expense on borrowings (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Banks	55.363	1.239.633	62.052	1.295.977
The CBRT	-	-	-	-
Domestic Banks	41.433	11.670	17.240	8.073
Foreign Banks	13.930	1.227.963	44.812	1.287.904
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	200.393	-	141.416
Total	**55.363**	**1.440.026**	**62.052**	**1.437.393**

(*) Fee and commission expense from cash loans are included.

2. Information on interest expense given to associates and subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
To Associates and Subsidiaries	30.698	63.688

3. Information on interest expense given to securities issued:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Interest expense on securities issued	1.172.059	777.354	700.228	677.657

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

		Time Deposits					
Current Period- 31.12.2019	**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	39.711	95.669	64.182	4.426	2.418	1.865	**208.271**
Saving Deposits	-	1.053.956	6.438.747	95.906	316.340	200.960	**8.105.909**
Public Sector Deposits	-	2.888	4.477	344	17	57	**7.783**
Commercial Deposits	-	1.181.280	1.763.408	21.237	32.761	49.695	**3.048.381**
Other Deposits	7	67.987	422.790	7.447	64.684	11.408	**574.323**
Total	**39.718**	**2.401.780**	**8.693.604**	**129.360**	**416.220**	**263.985**	**11.944.667**
FC							
Foreign Currency Deposits	-	351.043	1.703.220	43.710	64.545	64.587	**2.227.105**
Bank Deposits	676	2.259	94.149	8.790	13.693	246	**119.813**
Precious Metals Deposits	-	1	36	-	2.108	683	**2.828**
Total	**676**	**353.303**	**1.797.405**	**52.500**	**80.346**	**65.516**	**2.349.746**
Grand Total	**40.394**	**2.755.083**	**10.491.009**	**181.860**	**496.566**	**329.501**	**14.294.413**

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		Time Deposits					
Prior Period - 31.12.2018	**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	18.990	231.687	37.747	8.159	4.149	-	**300.732**
Saving Deposits	-	1.441.959	5.843.666	119.559	151.457	95.007	**7.651.648**
Public Sector Deposits	-	6.022	2.890	273	8	45	**9.238**
Commercial Deposits	-	1.016.865	1.730.627	72.544	49.464	71.300	**2.940.800**
Other Deposits	4	65.553	276.323	23.291	27.653	35.143	**427.967**
Total	**18.994**	**2.762.086**	**7.891.253**	**223.826**	**232.731**	**201.495**	**11.330.385**
FC							
Foreign Currency Deposits	-	521.289	2.057.057	90.111	252.711	58.574	**2.979.742**
Bank Deposits	567	32.337	130.564	16.835	11.653	313	**192.269**
Precious Metals Deposits	-	1	180	23	1.636	640	**2.480**
Total	**567**	**553.627**	**2.187.801**	**106.969**	**266.000**	**59.527**	**3.174.491**
Grand Total	**19.561**	**3.315.713**	**10.079.054**	**330.795**	**498.731**	**261.022**	**14.504.876**

c. Information on dividend income:

	Current Period 31 December 2019	**Prior Period 31 December 2018**
From Financial Assets at Fair Value Through Profit or Loss	1.106	-
From Financial Assets at Fair Value Through Other Comprehensive Income	3.517	1.755
Other	1.886	2.846
Total	**6.509**	**4.601**

d. Information on trading profit/loss (Net):

	Current Period 31 December 2019	**Prior Period 31 December 2018**
Profit	**966.498.131**	**1.442.795.172**
Income From Capital Market Transactions	435.262	542.691
Income From Derivative Financial Transactions (*)	34.601.436	30.432.004
Foreign Exchange Gains	931.461.433	1.411.820.477
Loss (-)	**967.207.642**	**1.443.130.761**
Loss from Capital Market Transactions	157.126	1.648.297
Loss from Derivative Financial Transactions (*)	33.087.527	25.380.430
Foreign Exchange Loss	933.962.989	1.416.102.034
Total (Net)	**(709.511)**	**(335.589)**

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.949.944 (31 December 2018: TL 2.809.149).

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 Bank:

	Current Period 31 December 2019	Prior Period 31 December 2018
Expected Credit Loss	6.661.947	6.367.623
12 month expected credit loss (Stage 1)	268.859	135.542
Significant increase in credit risk (Stage 2)	316.178	347.115
Non-performing loans (Stage 3)	6.076.910	5.884.966
Marketable Securities Impairment Expense	28	382
Financial Assets at Fair Value through Profit or Loss	28	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	382
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.091.231	102.538
Total	**7.753.206**	**6.470.543**

(*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations and free provision allocated in the current year.

g. Information related to other operating expenses:

	Current Period 31 December 2019	Prior Period 31 December 2018
Reserve for Employee Termination Benefits	19.643	10.936
Bank Social Aid Fund Deficit Provision	38.125	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	325.187	181.736
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	183.273	169.533
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	44	82
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	2.649.252	2.413.939
Leasing Expenses on TFRS 16 Exceptions (*)	112.417	230.043
Maintenance Expenses	54.844	60.102
Advertisement Expenses	138.693	120.903
Other Expenses	2.343.298	2.002.891
Loss on Sales of Assets	1.293	413
Other	742.580	629.810
Total	**3.959.397**	**3.406.449**

(*) 31 December 2018 amounts are all finance lease expenses.

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 2019

(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 15.712.937, net fees and commission income amounting to TL 4.634.359 and the amount of other operating expense is TL 6.548.968.

The Bank has no discontinued operations.

i. Information on tax provision of continued and discontinued operations:

As of 31 December 2019, the Bank has a current tax expense of TL 1.609.738 (31 December 2018: TL 818.761), deferred tax expense of TL 583.474 (31 December 2018: TL 967.998) and a deferred tax income of TL 809.346 (31 December 2018: TL 500.547).

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 5.417.468 (31 December 2018: TL 5.689.644).

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.

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 Bank was held on 25 March 2019. It was also resolved in the General Assembly to allocate TL 5.689.644 which is realized as unconsolidated net profit 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 XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2019, 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 1.566 (31 December 2018: TL 7.263).

c. Information on financial assets at fair value through other comprehensive income:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income 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 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. EXPLANATIONS AND NOTES RELATED TO 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 31 December 2019	Prior Period 31 December 2018
Cash	**10.245.590**	**4.266.470**
Cash, Foreign Currency and Other	3.622.525	2.205.222
Demand Deposits in Banks (*)	6.623.065	2.061.248
Cash Equivalents	**7.234.608**	**6.668.762**
Interbank Money Market Placements	537.746	1.544.270
Time Deposits in Banks	6.689.000	5.117.991
Marketable Securities	7.862	6.501
Total Cash and Cash Equivalents	**17.480.198**	**10.935.232**

(*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of the period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cash	**11.741.651**	**10.245.590**
Cash, Foreign Currency and Other	3.282.198	3.622.525
Demand Deposits in Banks (*)	8.459.453	6.623.065
Cash Equivalents	**4.094.333**	**7.234.609**
Interbank Money Market Placements	-	537.746
Time Deposits in Banks	3.978.195	6.689.000
Marketable Securities	116.138	7.862
Total Cash and Cash Equivalents	**15.835.984**	**17.480.199**

(*) 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 TL (2.511.902) (31 December 2018: TL (3.174.819) TL) 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 (10.271.939) (31 December 2018: TL (18.954.606) TL) consists mainly of changes in funds from repurchase agreements, 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 2.795.591 (31 December 2018: TL 4.232.846).

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 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

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 2019:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business 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						
Balance at the Beginning of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Interest and Commission Income Received	61.468	187	844.512	7.291	691	77

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 11.033.880 as of 31 December 2019 (31 December 2018: TL 10.613.539).

2. Prior Period - 31 December 2018:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business 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						
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Interest and Commission Income Received	38.840	202	512.592	7.893	651	42

3. Information on deposits of the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018
Balance at the Beginning of the Period	417.786	836.532	5.011.285	3.074.694	1.228.947	2.311.399
Balance at the End of the Period	569.432	417.786	4.572.838	5.011.285	1.403.075	1.228.947
Interest expense on Deposits	30.698	63.688	280.932	506.095	125.657	108.540

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 2019
(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 Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	3.860.965	3.501.130	10.451.000	13.638.708	-	-
Balance at the End of the Period	2.916.547	3.860.965	11.408.705	10.451.000	-	-
Total Income/Loss	(2.216)	15.592	(8.668)	42.206	-	-
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 2019, the net exposure for investments in associates and subsidiaries is TL (822) (31 December 2018: TL 184.140). For direct and indirect shareholders of the Bank TL (184.042) (31 December 2018: TL (303.581)).

5. Information regarding benefits provided to the Bank's key management:

As of 31 December 2019 benefits provided to the Bank's key management amounting to TL 47.748 (31 December 2018: TL 41.555).

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	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branches	770	12.750			
Foreign Representation Office	-	-	-		
Foreign Branch	-	-	-	-	-
Off-shore Banking Region Branches	1	13	Malta	42.742.096	-

3. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2019, the Bank has closed up 10 domestic branches.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Due to the violation of Article 32 of the Insurance Law and other relevant legislation provisions by the General Directorate of Insurance by the Ministry of Treasury and Finance; It was decided to impose an administrative fine of 94.703.256 TL on our bank and to temporarily cease the insurance brokerage activity between 15 January 2020 and 13 February 2020 for 15 days.

The administrative fine is due to 17/6 of the Misdemeanors Law No. 5326. In accordance with the article, it will be paid by taking advantage of 25% cash discount and insurance intermediary will be stopped between the specified dates.

The administrative suspension and the decision to cease this activity will not have a material impact on our Bank's financial statements.

SECTION SIX
OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

None.

SECTION SEVEN
EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2019 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2020 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 2019 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced consolidated financial statements, related disclosures and independent auditor's 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 General Assembly 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 2019, 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 2019, 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2019 include a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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 Group 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. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
Impairment of loans and lease receivables in accordance with TFRS 9	
The Group has total provision for impairment of TL 12.707.076 thousands in respect to loans and lease receivables of TL 231.916.617 thousands which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2019. Explanations and notes related to provision for impairment of loans and lease receivables are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-I, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying consolidated financial statements as at 31 December 2019. The Group recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans and lease receivables of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loans and lease receivables balances; the classification of loans and lease receivables as per their credit risk (staging) and the importance of determination of the associated impairment allowances. 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.	Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and lease receivables and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures. Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macro-economic expectations, life time expected credit losses, losses given default. We have carried credit review on a selected sample of loans and lease receivables with the objective to identify whether the classification of loans is performed appropriately in line with TFRS 9 staging rules, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework. In addition, we have evaluated the appropriateness of specific impairment provision with supportable input on non-performing loans and on other significant individual loans. Based on our discussions with the Group management, we evaluated and challenged whether the key assumptions and other judgements underlying the estimation of impairment were reasonable. We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and lease receivables and related impairment provision.#

Key Audit Matters	***How Our Audit Addressed the Key Audit Matter***
Valuation of Pension Fund Obligations	
The Bank has booked provision amounting to TL 38.125 thousand for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2019. Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b and section V part II-h in the accompanying consolidated financial statements. 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 discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits 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. In addition to the above procedures we have reviewed disclosures made with respect to pension fund.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank 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.

5. 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 2019 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 Mali Müşavirlik A.Ş.

Talar Gül, SMMM
Partner

Istanbul, 31 January 2020

CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

THE CONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 31 DECEMBER 2019

Address : Sabancı Center 34330, 4. Levent / İstanbul
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E-mail : http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx

The consolidated financial report, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDITOR'S 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	-	-
5.	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	-

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 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 2020

Suzan SABANCI DİNÇER	Eyüp ENGİN	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	Türker TUNALI	Zeynep TERZİOĞLU
Chairman of the Board of Directors	Head of the Audit Committee	Member of the Audit Committee	CEO	Executive Vice President	Senior Vice President

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President
Phone No : (0 212) 385 55 55
Fax No : (0 212) 325 12 31

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	SECTION ONE	
	General Information about the Bank	
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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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE
GENERAL INFORMATION ABOUT THE BANK

I. PARENT 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 PARENT 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 THAT THE PARENT 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 2019, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2018: 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 PARENT BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

Title	Name	Responsibility	Education
Chairman:	Suzan SABANCI DİNÇER	Chairman	Graduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Eyüp ENGİN	Executive Board Member	Undergraduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Savas KÜLCÜ	Head of Internal Audit	Graduate
Executive Vice Presidents:	Bülent OĞUZ	Retail Banking	Graduate
	H. Burcu CİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	Pınar ANAPA	People and Culture	Graduate
Internal Audit Committee:	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	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.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. Savaş Külcü was assigned as the Chairman of the Board of Inspection instead of Eyüp Engin.

As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 3 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

The name of the Human Resources and Strategy Business Unit is continuing its operations as "Human Resources Business Unit" and as of 3 June 2019, Pınar Anapa has been appointed as Executive Vice President of the Human Resources.

The name of the Human Resources Business Unit has changed as People and Culture on 29 August 2019.

IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE PARENT BANK:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	2.119.027	40,75%	2.119.027	-

V. INFORMATION ON THE PARENT BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, 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. via it's branch network. As of 31 December 2019, the Bank has 770 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad). As of 31 December 2019, the Bank has 12.750 employees (31 December 2018: 13.367).

The Parent Bank and its subsidiaries, Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together 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 a "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group".

As at 31 December 2019, the Group employed 13.136 people (31 December 2018: 13.757).

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 2019 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**50.353.146**	**88.847.971**	**139.201.117**	**46.382.717**	**77.050.098**	**123.432.815**
1.1	**Cash and Cash Equivalents**		**2.401.694**	**45.498.382**	**47.900.076**	**4.742.816**	**44.875.030**	**49.617.846**
1.1.1	Cash and Balances with Central Bank	(I-a)	2.243.226	27.650.703	29.893.929	4.725.334	25.388.490	30.113.824
1.1.2	Banks	(I-d)	92.372	17.848.302	17.940.674	12.206	18.947.192	18.959.398
1.1.3	Money Markets		66.120	-	66.120	5.283	539.374	544.657
1.1.4	Expected Loss Provision (-)		24	623	647	7	26	33
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(I-b)**	**195.719**	**7.069.120**	**7.264.839**	**41.355**	**6.827.669**	**6.869.024**
1.2.1	Government Debt Securities		182.344	92.378	274.722	10.113	-	10.113
1.2.2	Equity Instruments		12.470	220.294	232.764	13.223	137.461	150.684
1.2.3	Other Financial Assets		905	6.756.448	6.757.353	18.019	6.690.208	6.708.227
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(I-e)**	**36.203.273**	**31.315.167**	**67.518.440**	**24.621.916**	**19.718.126**	**44.340.042**
1.3.1	Government Debt Securities		35.534.282	16.168.796	51.703.078	23.928.005	12.574.559	36.502.564
1.3.2	Equity Instruments		15.777	607	16.384	13.013	607	13.620
1.3.3	Other Financial Assets		653.214	15.145.764	15.798.978	680.898	7.142.960	7.823.858
1.4	**Derivative Financial Assets**	**(I-c, I-l)**	**11.552.460**	**4.965.302**	**16.517.762**	**16.976.630**	**5.629.273**	**22.605.903**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		9.458.665	4.932.085	14.390.750	15.240.691	5.375.604	20.616.295
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2.093.795	33.217	2.127.012	1.735.939	253.669	1.989.608
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**147.259.503**	**87.515.563**	**234.775.066**	**127.799.798**	**91.661.834**	**219.461.632**
2.1	**Loans**	**(I-f)**	**144.802.842**	**81.973.456**	**226.776.298**	**127.299.268**	**82.014.178**	**209.313.446**
2.2	**Lease Receivables**	**(I-k)**	**1.534.777**	**3.605.542**	**5.140.319**	**1.885.058**	**4.530.478**	**6.415.536**
2.3	**Factoring Receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other Financial Assets Measured at Amortised Cost**	**(I-g)**	**11.814.099**	**3.760.759**	**15.574.858**	**5.942.844**	**6.320.637**	**12.263.481**
2.4.1	Government Debt Securities		11.479.840	2.379.418	13.859.258	5.942.844	3.811.339	9.754.183
2.4.2	Other Financial Assets		334.259	1.381.341	1.715.600	-	2.509.298	2.509.298
2.5	**Expected Credit Loss (-)**		**10.892.215**	**1.824.194**	**12.716.409**	**7.327.372**	**1.203.459**	**8.530.831**
III.	**ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(I-o)**	**666.067**	**-**	**666.067**	**264.384**	**-**	**264.384**
3.1	Held for Sale Purpose		666.067	-	666.067	264.384	-	264.384
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**5.521**	**-**	**5.521**	**5.521**	**-**	**5.521**
4.1	**Investments in Associates (Net)**	**(I-h)**	**5.521**	**-**	**5.521**	**5.521**	**-**	**5.521**
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		5.521	-	5.521	5.521	-	5.521
4.2	**Subsidiaries (Net)**	**(I-i)**	**-**	**-**	**-**	**-**	**-**	**-**
4.2.1	Unconsolidated Financial Subsidiaries				-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries				-	-	-	-
4.3	**Joint Ventures (Net)**	**(I-j)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**4.866.527**	**53.170**	**4.919.697**	**3.951.289**	**7.763**	**3.959.052**
VI.	**INTANGIBLE ASSETS (Net)**		**948.305**	**4.883**	**953.188**	**640.599**	**5.594**	**646.193**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		948.305	4.883	953.188	640.599	5.594	646.193
VII.	**INVESTMENT PROPERTY (Net)**	**(I-m)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**9.971**	**-**	**9.971**	**274.086**	**31.948**	**306.034**
IX.	**DEFERRED TAX ASSET**	**(I-n)**	**80.564**	**55.408**	**135.972**	**102.264**	**41.544**	**143.808**
X.	**OTHER ASSETS (Net)**	**(I-p)**	**2.631.103**	**3.874.735**	**6.505.838**	**2.781.989**	**3.680.182**	**6.462.171**
	TOTAL ASSETS		**206.820.707**	**180.351.730**	**387.172.437**	**182.202.647**	**172.478.963**	**354.681.610**

AKBANK T.A.Ş.
I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**(II-a)**	**95.854.279**	**148.858.054**	**244.712.333**	**81.384.628**	**127.245.272**	**208.629.900**
II.	**FUNDS BORROWED**	**(II-c)**	**548.615**	**34.287.866**	**34.836.481**	**756.713**	**42.893.170**	**43.649.883**
III.	**MONEY MARKETS**		**763.198**	**9.343.352**	**10.106.550**	**3.918.298**	**10.356.718**	**14.275.016**
IV.	**SECURITIES ISSUED (Net)**	**(II-d)**	**4.924.276**	**8.612.669**	**13.536.945**	**4.854.728**	**8.216.719**	**13.071.447**
4.1	Bills		2.391.332	-	2.391.332	2.847.485	-	2.847.485
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		2.532.944	8.612.669	11.145.613	2.007.243	8.216.719	10.223.962
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**				**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(II-b, II-g)**	**7.245.411**	**1.700.291**	**8.945.702**	**11.323.624**	**1.501.379**	**12.825.003**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		6.397.372	1.647.226	8.044.598	10.678.666	1.501.379	12.180.045
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		848.039	53.065	901.104	644.958	-	644.958
VIII.	**FACTORING LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**(II-f)**	**576.563**	**47.591**	**624.154**	-	-	**-**
X.	**PROVISIONS**	**(II-h)**	**1.411.459**	**181.183**	**1.592.642**	**1.080.235**	**262.149**	**1.342.384**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		450.238	646	450.884	324.504	745	325.249
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		961.221	180.537	1.141.758	755.731	261.404	1.017.135
XI.	**CURRENT TAX LIABILITY**	**(II-i)**	**772.096**	**59.603**	**831.699**	**465.431**	**65.112**	**530.543**
XII.	**DEFERRED TAX LIABILITY**		**704.309**	**132.903**	**837.212**	**283.695**	**128.970**	**412.665**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTIUED OPERATIONS (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(II-j)**	**-**	**5.381.534**	**5.381.534**	**-**	**4.784.477**	**4.784.477**
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	5.381.534	5.381.534	-	4.784.477	4.784.477
XV.	**OTHER LIABILITIES**	**(II-e)**	**7.465.579**	**3.939.153**	**11.404.732**	**7.784.203**	**3.589.048**	**11.373.251**
XVI.	**SHAREHOLDERS' EQUITY**	**(II-k)**	**54.875.134**	**(512.681)**	**54.362.453**	**44.778.283**	**(991.242)**	**43.787.041**
16.1	Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2	Capital Reserves		5.320.613	-	5.320.613	3.607.551	-	3.607.551
16.2.1	Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1.814.871	-	1.814.871	1.907.551	-	1.907.551
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.025.172	6.055	2.031.227	2.094.642	6.055	2.100.697
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		1.632.533	(518.736)	1.113.797	(267.437)	(997.297)	(1.264.734)
16.5	Profit Reserves		34.576.406	-	34.576.406	28.961.397	-	28.961.397
16.5.1	Legal Reserves		1.626.891	-	1.626.891	1.621.374	-	1.621.374
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		32.684.032	-	32.684.032	27.075.472	-	27.075.472
16.5.4	Other Profit Reserves		265.483	-	265.483	264.551	-	264.551
16.6	Income or (Loss)		6.120.251	-	6.120.251	6.382.004	-	6.382.004
16.6.1	Prior Periods' Income or (Loss)		767.926	-	767.926	672.838	-	672.838
16.6.2	Current Period Income or (Loss)		5.352.325	-	5.352.325	5.709.166	-	5.709.166
16.7	Minority Interest		159	-	159	126		126
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**175.140.919**	**212.031.518**	**387.172.437**	**156.629.838**	**198.051.772**	**354.681.610**

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 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

		Note (Section Five)	CURRENT PERIOD (31/12/2019) TL	FC	Total	PRIOR PERIOD (31/12/2018) TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			**162.285.048**	**473.496.707**	**635.781.755**	**217.077.279**	**503.919.575**	**720.996.854**
I.	**GUARANTEES AND WARRANTIES**	**(III-2, 3)**	**19.905.773**	**22.793.252**	**42.699.025**	**22.122.020**	**30.673.351**	**52.795.371**
1.1	Letters of Guarantee		16.949.962	14.187.155	31.137.117	19.262.070	15.680.573	34.942.643
1.1.1	Guarantees Subject to State Tender Law		282.800	1.422.854	1.705.654	404.937	2.056.174	2.461.111
1.1.2	Guarantees Given for Foreign Trade Operations		-	2.223.470	2.223.470	-	2.836.723	2.836.723
1.1.3	Other Letters of Guarantee		16.667.162	10.540.831	27.207.993	18.857.133	10.787.676	29.644.809
1.2	Bank Acceptances		-	50.678	50.678	-	2.740.341	2.740.341
1.2.1	Import Letter of Acceptance		-	50.678	50.678	-	2.740.341	2.740.341
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		8.409	4.396.101	4.404.510	47.035	6.485.727	6.532.762
1.3.1	Documentary Letters of Credit		8.409	3.747.283	3.755.692	47.035	5.905.823	5.952.858
1.3.2	Other Letters of Credit		-	648.818	648.818	-	579.904	579.904
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
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		-	-	-	-	-	-
1.7	Factoring Guarantees		-	14.790	14.790	-	24.353	24.353
1.8	Other Guarantees		5.990	4.131.474	4.137.464	14.645	5.734.646	5.749.291
1.9	Other Collaterals		2.941.412	13.054	2.954.466	2.798.270	7.711	2.805.981
II.	**COMMITMENTS**	**(III-1)**	**43.611.686**	**12.978.081**	**56.589.767**	**42.300.534**	**12.166.965**	**54.467.499**
2.1	Irrevocable Commitments		42.539.957	12.676.833	55.216.790	41.404.186	11.705.009	53.109.195
2.1.1	Asset Purchase Commitments		3.512.234	11.250.734	14.762.968	6.589.831	8.568.468	15.158.299
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		8.228.762	1.423.408	9.652.170	8.203.743	3.134.146	11.337.889
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		2.632.311	-	2.632.311	2.514.769	-	2.514.769
2.1.8	Tax and Fund Liabilities from Export Commitments		4.430	-	4.430	3.693	-	3.693
2.1.9	Commitments for Credit Card Limits		23.193.073	-	23.193.073	19.788.847	-	19.788.847
2.1.10	Commitments for Credit Cards and Banking Services Promotions		94.381	-	94.381	82.378	-	82.378
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		4.874.766	2.691	4.877.457	4.220.925	2.395	4.223.320
2.2	Revocable Commitments		1.071.729	301.248	1.372.977	896.348	461.956	1.358.304
2.2.1	Revocable Loan Granting Commitments		992.817	-	992.817	837.281	-	837.281
2.2.2	Other Revocable Commitments		78.912	301.248	380.160	59.067	461.956	521.023
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**98.767.589**	**437.725.374**	**536.492.963**	**152.654.725**	**461.079.259**	**613.733.984**
3.1	Hedging Derivative Financial Instruments		13.674.935	50.984.080	64.659.015	16.237.238	45.937.006	62.174.244
3.1.1	Fair Value Hedges		4.122.135	22.691.635	26.813.770	4.768.063	16.510.663	21.278.726
3.1.2	Cash Flow Hedges		9.552.800	28.292.445	37.845.245	11.469.175	29.426.343	40.895.518
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		85.092.654	386.741.294	471.833.948	136.417.487	415.142.253	551.559.740
3.2.1	Forward Foreign Currency Buy/Sell Transactions		6.344.720	14.506.012	20.850.732	10.443.845	17.807.630	28.251.475
3.2.1.1	Forward Foreign Currency Transactions-Buy		5.802.042	4.937.886	10.739.928	6.988.529	7.632.814	14.621.343
3.2.1.2	Forward Foreign Currency Transactions-Sell		542.678	9.568.126	10.110.804	3.455.316	10.174.816	13.630.132
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		73.868.613	322.537.764	396.406.377	98.347.488	324.424.673	422.772.161
3.2.2.1	Foreign Currency Swap-Buy		22.948.085	97.089.617	120.037.702	37.673.866	105.283.829	142.957.695
3.2.2.2	Foreign Currency Swap-Sell		48.590.528	74.408.155	122.998.683	57.920.302	84.122.398	142.042.700
3.2.2.3	Interest Rate Swap-Buy		1.165.000	75.519.996	76.684.996	1.376.660	67.509.223	68.885.883
3.2.2.4	Interest Rate Swap-Sell		1.165.000	75.519.996	76.684.996	1.376.660	67.509.223	68.885.883
3.2.3	Foreign Currency, Interest Rate and Securities Options		4.702.430	27.522.912	32.225.342	27.559.961	47.939.566	75.499.527
3.2.3.1	Foreign Currency Options-Buy		1.934.397	3.443.224	5.377.621	12.676.191	15.377.034	28.053.225
3.2.3.2	Foreign Currency Options-Sell		2.734.120	2.804.616	5.538.736	14.883.770	13.150.254	28.034.024
3.2.3.3	Interest Rate Options-Buy		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.4	Interest Rate Options-Sell		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.5	Securities Options-Buy		19.333	-	19.333	-	-	-
3.2.3.6	Securities Options-Sell		14.580	-	14.580	-	-	-
3.2.4	Foreign Currency Futures		85.946	85.005	170.951	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		85.946	-	85.946	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	85.005	85.005	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		90.945	22.089.601	22.180.546	66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			**871.352.485**	**344.368.703**	**1.215.721.188**	**832.861.014**	**307.602.995**	**1.140.464.009**
IV.	**ITEMS HELD IN CUSTODY**		**61.762.629**	**24.508.688**	**86.271.317**	**55.629.940**	**19.655.922**	**75.285.862**
4.1	Customer Fund and Portfolio Balances		9.483.940	1.309.375	10.793.315	3.954.484	-	3.954.484
4.2	Investment Securities Held in Custody		17.737.273	2.996.399	20.733.672	18.877.625	2.062.528	20.940.153
4.3	Cheques Received for Collection		28.123.634	3.036.679	31.160.313	26.095.801	2.704.389	28.800.190
4.4	Commercial Notes Received for Collection		6.116.849	3.118.920	9.235.769	6.151.125	3.550.546	9.701.671
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		300.933	14.047.315	14.348.248	550.905	11.338.459	11.889.364
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**209.087.002**	**109.793.747**	**318.880.749**	**202.720.210**	**89.021.704**	**291.741.914**
5.1	Marketable Securities		785.963	1.137.538	1.923.501	805.358	1.368.190	2.173.548
5.2	Guarantee Notes		652.116	574.500	1.226.616	763.134	565.924	1.329.058
5.3	Commodity		-	135.780	135.780	113.226	7.890	121.116
5.4	Warranty		-	-	-	-	-	-
5.5	Immovables		166.259.977	84.587.022	250.846.999	165.010.393	65.430.456	230.440.849
5.6	Other Pledged Items		41.388.946	23.358.907	64.747.853	36.028.099	21.649.244	57.677.343
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL, GUARANTEES AND WARRANTEES**		**600.502.854**	**210.066.268**	**810.569.122**	**574.510.864**	**198.925.369**	**773.436.233**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**1.033.637.533**	**817.865.410**	**1.851.502.943**	**1.049.938.293**	**811.522.570**	**1.861.460.863**

AKBANK T.A.Ş.
III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

	INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
I.	**INTEREST INCOME**	**(IV-a)**	**36.498.492**	**35.445.105**
1.1	Interest on Loans	(IV-a-1)	28.136.339	26.383.644
1.2	Interest on Reserve Requirements		364.578	472.136
1.3	Interest on Banks	(IV-a-2)	754.821	793.556
1.4	Interest on Money Market Transactions		226.360	227.286
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	6.411.341	6.974.975
1.5.1	Fair Value Through Profit or Loss		4.257	5.417
1.5.2	Fair Value Through Other Comprehensive Income		5.134.857	5.575.098
1.5.3	Measured at Amortised Cost		1.272.227	1.394.460
1.6	Financial Lease Interest Income		460.232	508.121
1.7	Other Interest Income		144.821	85.387
II.	**INTEREST EXPENSE (-)**	**(IV-b)**	**19.560.065**	**19.849.235**
2.1	Interest on Deposits	(IV-b-4)	14.599.127	14.864.744
2.2	Interest on Funds Borrowed	(IV-b-1)	1.650.489	1.667.243
2.3	Interest Expense on Money Market Transactions		1.071.788	1.692.320
2.4	Interest on Securities Issued	(IV-b-3)	2.135.409	1.623.025
2.5	Interest on Leases		94.135	-
2.6	Other Interest Expenses		9.117	1.903
III.	**NET INTEREST INCOME (I - II)**		**16.938.427**	**15.595.870**
IV.	**NET FEES AND COMMISSIONS INCOME**		**4.958.293**	**3.718.214**
4.1	Fees and Commissions Received		6.292.102	4.767.331
4.1.1	Non-cash Loans		569.326	407.903
4.1.2	Other		5.722.776	4.359.428
4.2	Fees and Commissions Paid (-)		1.333.809	1.049.117
4.2.1	Non-cash Loans		3.605	1.825
4.2.2	Other		1.330.204	1.047.292
V.	**DIVIDEND INCOME**		**6.743**	**6.567**
VI.	**TRADING INCOME / (LOSS) (Net)**	**(IV-c)**	**(1.145.675)**	**(637.489)**
6.1	Trading Gains / (Losses) on Securities		296.385	(1.112.205)
6.2	Gains / (Losses) on Derivative Financial Transactions		1.123.645	4.653.563
6.3	Foreign Exchange Gains / (Losses)		(2.565.705)	(4.178.847)
VII.	**OTHER OPERATING INCOME**	**(IV-d)**	**855.488**	**1.015.593**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**21.613.276**	**19.698.755**
IX.	**EXPECTED CREDIT LOSS (-)**	**(IV-e)**	**6.704.938**	**6.657.054**
X.	**OTHER PROVISION EXPENSES (-)**		**1.099.204**	**102.920**
XI.	**PERSONNEL EXPENSE (-)**		**2.757.578**	**2.261.321**
XII.	**OTHER OPERATING EXPENSES (-)**	**(IV-f)**	**4.124.730**	**3.541.026**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**6.926.826**	**7.136.434**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**			
XV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED**		**-**	**-**
	BASED ON EQUITY METHOD		**-**	**-**
XVI.	**INCOME/(LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)**		**6.926.826**	**7.136.434**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(IV-h)**	**1.574.487**	**1.427.281**
18.1	Current Tax Provision		1.830.603	1.123.468
18.2	Deferred Tax Income Effect (+)		629.451	845.137
18.3	Deferred Tax Expense Effect (-)		885.567	541.324
XIX.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(IV-i)**	**5.352.339**	**5.709.153**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET INCOME/(LOSS) (XIX+XXIV)**	**(IV-i)**	**5.352.339**	**5.709.153**
25.1	Income/(Loss) from the Group	(IV-g)	5.352.325	5.709.166
25.2	Income/(Loss) from Minority Interest		14	(13)
	Earning/(Loss) per share (in TL full)		0,01069	0,01427

AKBANK T.A.Ş.
IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

		CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (31/12/2018)
I.	**CURRENT PERIOD INCOME/LOSS**	**5.352.339**	**5.709.153**
II.	**OTHER COMPREHENSIVE INCOME**	**2.309.000**	**(1.411.490)**
2.1	**Not Reclassified Through Profit or Loss**	**(69.531)**	**5.422**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	(89.142)	6.951
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	19.611	(1.529)
2.2	**Reclassified Through Profit or Loss**	**2.378.531**	**(1.416.912)**
2.2.1	Foreign Currency Translation Differences	453.906	1.041.539
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	3.987.740	(2.974.522)
2.2.3	Cash Flow Hedge Income/Loss	(1.321.392)	315.750
2.2.4	Foreign Net Investment Hedge Income/Loss	(198.880)	(493.088)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(542.843)	693.409
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**7.661.339**	**4.297.663**

AKBANK T.A.Ş.
V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
		Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
	CURRENT PERIOD (31/12/2019)																	
I.	**Prior Period End Balance**		4.000.000	1.700.000	-	1.907.551	2.207.533	(110.731)	3.895	2.329.472	(2.979.278)	(614.928)	28.961.397	672.838	5.709.166	43.786.915	126	43.787.041
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	(92.680)	-	-	-	-	-	-	-	-	-	(92.680)	-	(92.680)
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	(92.680)	-	-	-	-		-	-	-	-	(92.680)	-	(92.680)
III.	**Adjusted Beginning Balance (I+II)**		4.000.000	1.700.000	-	1.814.871	2.207.533	(110.731)	3.895	2.329.472	(2.979.278)	(614.928)	28.961.397	672.838	5.709.166	43.694.235	126	43.694.361
IV.	Total Comprehensive Income		-	-	-	-	-	(69.531)	-	453.906	3.110.437	(1.185.812)	-	-	5.352.325	7.661.325	14	7.661.339
V.	Capital Increase by Cash		1.200.000	1.805.742	-	-	-	-	-	-	-	-	-	-	-	3.005.742	19	3.005.761
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	61	-	-	-	-	-	(94.157)	95.088	-	992	-	992
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	5.709.166	-	(5.709.166)	-	-	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5.709.166	-	(5.709.166)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (I+II+III+...+X+XI)		**5.200.000**	**3.505.742**	**-**	**1.814.871**	**2.207.594**	**(180.262)**	**3.895**	**2.783.378**	**131.159**	**(1.800.740)**	**34.576.406**	**767.926**	**5.352.325**	**54.362.294**	**159**	**54.362.453**

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

AKBANK T.A.Ş.
V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
		Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
	PRIOR PERIOD (31/12/2018)																	
I.	**Prior Period End Balance**		4.000.000	1.700.000	-	1.405.892	2.348.962	(116.153)	3.895	1.287.933	(770.120)	(476.604)	24.456.460	752.895	6.020.273	40.613.433	139	40.613.572
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
III.	**Adjusted Beginning Balance (I+II)**		4.000.000	1.700.000	-	1.907.551	2.348.962	(116.153)	3.895	1.287.933	(659.151)	(476.604)	24.456.460	752.895	6.020.273	41.226.061	139	41.226.200
IV.	Total Comprehensive Income		-	-	-	-	-	5.422	-	1.041.539	(2.320.127)	(138.324)	-	-	5.709.166	4.297.676	(13)	4.297.663
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	(141.429)	-	-	-	-	-	84.664	(80.057)	-	(136.822)	-	(136.822)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.420.273	-	(6.020.273)	(1.600.000)	-	(1.600.000)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(1.600.000)	(1.600.000)	-	(1.600.000)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.420.273	-	(4.420.273)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (I+II+III+...+X+XI)		**4.000.000**	**1.700.000**	**-**	**1.907.551**	**2.207.533**	**(110.731)**	**3.895**	**2.329.472**	**(2.979.278)**	**(614.928)**	**28.961.397**	**672.838**	**5.709.166**	**43.786.915**	**126**	**43.787.041**

AKBANK T.A.Ş.
VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

		Note (Section Five)	CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (31/12/2018)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit before changes in operating assets and liabilities		15.027.474	10.873.189
1.1.1	Interest received		31.128.043	30.013.845
1.1.2	Interest paid		(20.049.770)	(19.433.579)
1.1.3	Dividend received		3.981	3.754
1.1.4	Fees and commissions received		6.236.140	4.771.235
1.1.5	Other income		2.232.070	(35.634)
1.1.6	Collections from previously written-off loans and other receivables		1.857.605	1.845.638
1.1.7	Cash Payments to personnel and service suppliers		(2.978.113)	(2.448.636)
1.1.8	Taxes paid		(230.634)	(206.973)
1.1.9	Other		(3.171.848)	(3.636.461)
1.2	Changes in operating assets and liabilities		329.514	(15.009.394)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(392.258)	(137.684)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		2.042.262	(441.148)
1.2.3	Net (increase) / decrease in loans		(19.880.506)	(8.834.100)
1.2.4	Net (increase) / decrease in other assets		89.175	(1.087.656)
1.2.5	Net increase / (decrease) in bank deposits		(1.261.584)	(5.878.529)
1.2.6	Net increase / (decrease) in other deposits		37.978.898	12.609.364
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(8.686.838)	9.503.933
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		(9.559.635)	(20.743.574)
I.	Net cash provided from banking operations		15.356.988	(4.136.205)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	Net cash provided from investing activities		(22.163.365)	6.755.629
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(1.225.140)	(1.074.283)
2.4	Disposals of property and equipment		23.072	5.228
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(31.065.143)	(14.547.720)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		10.251.002	15.688.550
2.7	Purchase of Financial Assets Measured at Amortised Cost		(5.397.163)	(1.654.189)
2.8	Sale of Financial Assets Measured at Amortised Cost		3.214.762	10.713.907
2.9	Other		2.035.245	(2.375.864)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	Net cash provided from financing activities		3.820.442	(1.483.420)
3.1	Cash obtained from funds borrowed and securities issued		31.772.465	22.123.648
3.2	Cash used for repayment of funds borrowed and securities issued		(30.681.560)	(22.007.068)
3.3	Issued equity instruments		3.005.742	-
3.4	Dividends paid		-	(1.600.000)
3.5	Payments for finance leases		(276.205)	-
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		3.245.458	4.598.984
V.	Net increase in cash and cash equivalents (I+II+III+IV)		259.523	5.734.988
VI.	Cash and cash equivalents at beginning of the period	**(V-a)**	18.432.454	12.697.466
VII.	Cash and cash equivalents at end of the period	**(V-a)**	18.691.977	18.432.454

AKBANK T.A.Ş.
VII. PROFIT APPROPRIATION STATEMENT
(Amounts are expressed in thousands of Turkish Lira (TL)).

		CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (31/12/2018)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	6.801.334	6.975.856
1.2	TAXES AND DUTIES PAYABLE	1.383.866	1.286.212
1.2.1	Corporate Tax (Income Tax)	1.609.738	818.761
1.2.2	Income Withholding Tax	-	-
1.2.3	Other taxes and duties	(225.872)	467.451
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**5.417.468**	**5.689.644**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	(225.872)	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**5.643.340**	**5.689.644**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	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 (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
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 (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	5.689.644
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
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	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	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	0,011	0,014
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,1	1,4
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	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Amounts are expressed in TL.

NOTES:

(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.

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.)

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 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 TFRS 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.

b. Explanation for convenience translation to 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 used in the preparation of the financial statements:

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation) put into force by Public Oversight, Accounting and Auditing Standards Authority (POA). As per the TFRS 16 provisions related to the transition, financial statements and footnotes of previous periods have not readjusted. Impact and application regarding TFRS 16 transition process have been explained in footnote XXIX of Section Three.

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.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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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 retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, 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 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9200 and TL 6,6397 for USD, EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

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., AkÖde Elektronik Para ve Ödeme Hizmetleri 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.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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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 Yönetimi A.Ş. was established on 28 June 2000 and manages its own investment (mutual) funds and AvivaSA Emeklilik ve Hayat A.Ş. and some of the pension funds established by Axa Hayat Emeklilik A.Ş., Allianz Hayat Emeklilik A.Ş. and Allianz Yaşam Emeklilik A.Ş., The company also is managing both individual and institutional customers' portfolios, it continues investing in the Fund SICAV 2 Turkey on the international market and founder of 1 Sompo Japan in money market funds management activities.

Akbank AG operates in Germany, providing corporate, consumer and private banking services.

Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş., 100% owned by the Bank, has been established on 19 February 2018 to provide payment services and electronic money issuance under the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions registered in the trade registry.

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 Group's major derivative instruments consists of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" in accordance with "TFRS 9 Financial Instruments" (TFRS 9).

Liabilities 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 "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". 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 XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 31 December 2019, the Group has no embedded derivative instruments.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, Group has started to calculate interest accrual on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted with effective interest rate and recognized with the gross book value of the non-performing loan.

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" and TFRS 15 "Revenue from Contracts with Customers" 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.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortised Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

The Group fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortised cost or fair value through other comprehensive income.

The Group recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

When the business model determined by the Group management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In this case, no adjustment is made for the gain, loss or interest rates previously recognized in the financial statements.

a. Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss 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.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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b. Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. 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.

During initial recognition the Bank can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

c. Financial Assets Measured at Amortised Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortised cost by using effective interest rate method. Interest income obtained from financial assets measured at amortised cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using 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 prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

d. Derivative Financial Assets:

The major derivative instruments utilized by the Group are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of the Group are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss".

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the footnote numbered XI of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

e. Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortised cost using the "Effective Interest Rate (internal rate of return) Method".

1. Loans measured at amortised cost:

These financial assets are 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 is 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 is transferred to Stage 2. Impairment for credit risk is 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.

2. Loans measured at fair value through profit or loss:

Loans at fair value through profit and loss, terms of the contract for loans, if at certain dates it does not result in cash flows involving interest payments arising from the principal and principal balances, it is recorded at fair value and is subject to fair value assessment following the recognition. Gains and losses resulting from the valuation are included in profit/loss accounts.

In certain circumstances, restructuring or altering the contractual cash flows of a financial instrument may result in the disposal of the existing financial asset in accordance with TFRS 9. A revised financial asset is considered as a new financial asset when the change in the financial asset is once excluded from the financial statement and the revised financial asset is recognized in accordance with TFRS 9.

The Bank assesses whether the new financial asset contains solely payments of principal and interest when the new conditions for the instrument have determined that there are significant changes compared to the initial conditions in the relevant contracts.

In the event that the contractual conditions for the financial asset do not result in cash flows that include solely payments of principal and interest on certain dates, the related financial asset is recognized with its fair value and is subject to valuation.

Significant increase in credit risk:

If the credit risk of financial assets determined to be significantly increasing, afore-mentioned assets are transferred to the stage II. For stage I loans expected loss (provision) amounts are calculated for 1-year and for stage II loans expected loss (provision) is calculated for the remaining life of the loan.

In addition, the key considerations in determining whether a significant increase in the credit risk of financial asset and transferring it to stage 2, but are not limited with these, the following;

- Past due date is 30 or more

- Restructuring of loans

- If the loan classified as under follow-up

- Assessment of significant increase in the probability of impairment based on rating notes.

Definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from bank's internal rating-based credit rating models and probability of default on reporting date. If the loan's estimated probability of default on reporting date exceeds the threshold values determined, it is considered to be worsening of the probability of default.

Definition of Default:

The Bank considers that there is a default on the relevant debt in the following two cases:

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.

2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.

Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSS:

The Group allocates impairment for expected loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Group recognize provisions for impairment in accordance with 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 is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Expected Credit Loss (ECL) Calculation – Input and Forecasting Methodologies

Expected Credit Loss (ECL) is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance. Calculated LGD remains constant until its overdue.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period. However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of TFRS 9, models of Probability of default (PD), Lost given default (LGD) and Exposure at default (EAD) have been developed. The models used by the IRB "(Internal Rating Based Approach)" are taken into account when creating these models. The models developed under TFRS 9 have a detailed segment structure. Loans that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the loans is taken into consideration.

1. Customer type (retail or corporate / commercial)
2. Product type
3. IRB rating notes /scores
4. Customer credit performance
5. Collateral type
6. Collection Period
7. Exposure at default

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the IFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the policy interest rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The ECL calculations are reviewed once a year. After the last review during the reporting period ;

- There has been no change in the assumptions in forecasting techniques.
- Model risk parameters and macroeconomic forecast models have been updated with recent data.
- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

Within the scope IFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down.The main parameters of default ratio model are "Growth Rate" and "Policy Interest". Therefore, the calculated provisions can change when the macroeconomic expectations are taken into consideration.

The PD values subject to the ECL calculation have been obtained for the following portfolios.

Consumer/Commercial	Portfolio
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account
Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

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", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortised cost" 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 money market" 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 securities lending transactions amounting TL 474.457 as of 31 December 2019 (31 December 2018: TL 335.021).

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):

Assets 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 (TFRS 5)".

The Group has no discontinued operations.

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 amortised 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.

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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 Group 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.

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.

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:

Buildings	50 years
Vault	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 years

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:

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Impact and application of TFRS 16 concerning the transition were explained in Section three, footnote XXIX.

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.

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 Group; 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 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

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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 paragraph (I) of Article 203 of Law no. 703 which published İn the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

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.

The Group has made a provision in the financial statements for the technical deficit amounted 38.125 TL determined by the report prepared by an actuary registered in the actuaries register.

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%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, 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 deductible 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 calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period. 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 a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the last 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 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:

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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 were 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 had not been 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 calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

Calculated deferred tax receivables and deferred tax liabilities have shown in net balances in the financial statements separately for domestic and international branches and for different subsidiaries subject to consolidation. Net balances of deferred tax assets and liabilities from companies are shown are shown separately in assets and liabilities.

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:

Issued capital of the bank was increased by TL 1.200.000.000 (full TL) from TL 4.000.000.000 (full TL) to TL 5.200.000.000 (full TL).

Within this scope,

- The total of funds earned were TL 3.005.741.611,22 (full TL) and TL 2.996.306.795,62 (full TL) of this amount results from using right of purchasing amounting TL 2.5 for each stock with a nominal value of TL 1 with the usage period of right of purchasing new stocks between 3 January 2019 and 17 January 2019, and TL 9.434.815,60 (full TL) results from the sales of the stock, which were left after using the right of purchasing new stocks, at the primary market of Borsa İstanbul A.Ş.
- Rights issue was completed on 28 February 2019 through completing registration and announcements pursuant to receiving the approvals from Capital Markets Board and Banking Regulation and Supervision Agency.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2019 and 31 December 2018, 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 DISTRIBUTION:

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 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.

Ordinary General Assembly Meeting of the Bank was held on 25 March 2019. In the General Assembly Meeting, it was decided to allocate the entire unconsolidated net profit amounting TL 5.689.644, which was earned from activities in 2018, as extraordinary legal reserve.

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 31 December 2019	Prior Period 31 December 2018
Net Profit for the Period of the Group	5.352.325	5.709.166
Average Number of Issued Common Shares (Thousand)	500.602.740	400.000.000
Earnings Per Share (Amounts presented as full TL)	**0,01069**	**0,01427**

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.

The number of rights issued in 2019 is 120.000.000.000 (2018: 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.

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XXVIII. RECLASSIFICATIONS:

Within the scope of "The Communiqué On The Amendments To The Communiqué Regarding Disclosures about Financial Statements and Related Notes to be Announced to Public by Banks " published in the Official Gazette No. 30673 dated 1 February 2019, the Group made some classifications on statement of financial position dated 31 December 2018 and profit or loss statement, other comprehensive income, statement of changes in shareholders' equity and cash flow dated 31 December 2018 to be in compliance with the presentation of financial statements dated 31 December 2019.

XXIX. DISCLOSURES OF TFRS 16 LEASES:

The group has implemented accounting policy changes resulting from the initial implementation of the "TFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

TFRS 16 "Leases" Standard

Group – lessee :

The Group assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Group reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

a) The initial measurement amount of the lease obligation,

b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;

c) all initial direct costs incurred by the Group

When Group applying the cost method, the existence of the right to use:

a) accumulated depreciation and accumulated impairment losses are deducted and

b) Measures the restatement of the lease obligation at the restated cost.

The group applies the provisions of depreciation regulated under the TMS 16 Tangible Assets Standards, while depreciating the rights of use assets.

The Lease Obligations:

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Group measures the leasing liability as follows:

a) Increase the book value to reflect the interest on the lease obligation

b) Reduces the book value to reflect the lease payments made and

c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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First Transition to TFRS 16 Leasing Standard

"TFRS 16 Leasing" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Group applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Other Capital Reserves" in expense equities amounting TL 118.848 Within this scope, deferred tax asset amounting TL 26.168 was reflected in the financial figures as of 1 January 2019 and classified under "Other Capital Reserves" in equities. The Bank re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

During the first implementation, the Group recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the average borrowing rate of interest of remaining lease payments on 1 January 2019.

Details based on the asset with regard to the recognised right of use is as follows:

	31 December 2019	1 January 2019
Real estate	852.500	784.613
Total right of use assets	**852.500**	**784.613**

Details of depreciation expense based on the asset with regard to the recognised right of use is as follows:

	31 December 2019	1 January 2019
Real estate	345.737	310.941
Total right of use assets depreciation	**345.737**	**310.941**

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 113.340 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

	1 January 2019
Operational leasing commitments	1.061.378
- Contracts that are excluded from the scope of TFRS 16 (-)	113.106
Low value leases (-)	113.106
Total leasing liability	948.272
Discounted lease liabilities (1 January 2019)	**592.493**

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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 2019, the current period equity of the Group has been calculated as TL 63.110.300 (31 December 2018: TL 50.233.673), the capital adequacy ratio is 19,66% (31 December 2018: 16,77%). This ratio is above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

	Current Period 31 December 2019	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	7.014.871	
Share issue premiums	3.505.742	
Reserves	34.576.406	
Gains recognized in equity as per TAS	5.122.131	
Profit	6.120.251	
Current Period Profit	5.352.325	
Prior Period Profit	767.926	
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	159	
Common Equity Tier 1 Capital Before Deductions	**56.343.455**	
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	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.279.788	
Improvement costs for operating leasing	41.222	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	778.469	778.469
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	2.099.565	
Total Common Equity Tier 1 Capital	**54.243.890**	

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	Current Period 31 December 2019	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 (-)	-	
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)	**54.243.890**	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
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)	3.540.059	
Tier II Capital Before Deductions	**8.868.059**	
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 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	**8.868.059**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**63.111.949**	
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	-	
Other items to be defined by the BRSA	1.649	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
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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	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	63.110.300	
Total risk weighted amounts	320.975.502	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	16,90%	
Tier 1 Capital Adequacy Ratio	16,90%	
Capital Adequacy Ratio	19,66%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
c) Systemic significant bank buffer ratio (%)	2,00%	
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	8,90%	
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	(701.240)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.538.537	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.540.059	
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 2018	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	5.907.551	
Share issue premiums	1.700.000	
Reserves	28.961.397	
Gains recognized in equity as per TAS	4.537.005	
Profit	6.382.004	
Current Period Profit	5.709.166	
Prior Period Profit	672.838	
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	126	
Common Equity Tier 1 Capital Before Deductions	**47.491.978**	
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	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	4.034.408	
Improvement costs for operating leasing	33.984	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	570.758	570.758
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	**4.639.445**	
Total Common Equity Tier 1 Capital	**42.852.533**	

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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 (-)	-	
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)	**42.852.533**	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
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)	2.650.648	
Tier II Capital Before Deductions	**7.384.648**	
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 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	**7.384.648**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**50.237.181**	
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	-	
Other items to be defined by the BRSA (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
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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TOTAL CAPITAL		
Total Capital	50.233.673	
Total risk weighted amounts	299.614.763	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,30%	
Tier 1 Capital Adequacy Ratio	14,30%	
Capital Adequacy Ratio	16,77%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	3,43%	
a) Capital conservation buffer requirement (%)	1,88%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,05%	
c) Systemic significant bank buffer ratio (%)	1,50%	
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	6,30%	
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	143.808	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.040.886	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.650.648	
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 2019
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)	2.960 million TL (in full TL amount)
Nominal value of instrument	2.960 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 2.960 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 immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-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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	Current Period 31 December 2019
Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
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)	2.368 million TL (in full TL amount)
Nominal value of instrument	2.368 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
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 27.04.2023. The reimbursement amount is 2.368 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	6,8%
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 immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-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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c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% 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, 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 explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note X-c-4-a of Section Four.

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	97.354.373	91.370.221
Conditional and unconditional receivables from regional or local governments	46.956	35.285
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	71.982	65.033
Conditional and unconditional receivables from multilateral development banks	308.019	75.974
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	71.920.955	91.586.364
Conditional and unconditional receivables from corporate	192.712.668	192.253.111
Conditional and unconditional receivables from retail portfolios	97.682.127	91.334.028
Conditional and unconditional receivables secured by mortgages	18.843.239	25.126.028
Past due receivables	6.791.236	4.907.979
Receivables defined under high risk category by BRSA	297.191	24.766
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	309.776	620.906
Equity security investments	242.192	210.687
Other receivables	11.470.950	11.269.941
Total	**498.051.664**	**508.880.323**

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

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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 6,7% (31 December 2018: 3,9%).

f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 38% and 46% respectively (31 December 2018: 34% and 41%).

2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 61% and 75% (31 December 2018: 66% and 81%).

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 27% respectively. (31 December 2018: 22% and 38%).

g. The Bank provided excpected credit loss provision (Stage 1 and Stage 2) amounting to TL 4.067.766 (31 December 2018: TL 4.040.886).

h. Information on loan types and expected credit loss provisions:

Current Period- 31.12.2019	Commercial Loans Balance	Commercial Loans Excpected Credit Loss	Consumer Loans Balance	Consumer Loans Excpected Credit Loss	Credit Cards Balance	Credit Cards Excpected Credit Loss	Financial Lease Balance	Financial Lease Excpected Credit Loss	Total Balance	Total Excpected Credit Loss
Loans	**175.909.902**	**9.980.873**	**33.717.006**	**1.362.081**	**17.149.390**	**962.411**	**5.140.319**	**401.711**	**231.916.617**	**12.707.076**
Stage 1	138.538.764	486.248	28.687.077	59.540	14.579.181	57.358	4.082.394	46.066	185.887.416	649.212
Stage 2	25.146.235	3.188.192	3.427.255	100.130	1.540.707	67.061	484.459	63.171	30.598.656	3.418.554
Stage 3	12.224.903	6.306.433	1.602.674	1.202.411	1.029.502	837.992	573.466	292.474	15.430.545	8.639.310
Financial Assets	**101.850.036**	**185.359**	**-**	**-**	**-**	**-**	**-**	**-**	**101.850.036**	**185.359**
Other	**12.222.751**	**53.097**	**-**	**-**	**-**	**-**	**-**	**-**	**12.222.751**	**53.097**
Non-Cash Loans	**42.699.025**	**297.102**	**-**	**-**	**-**	**-**	**-**	**-**	**42.699.025**	**297.102**
Stage 1 and 2	42.440.518	232.314	-	-	-	-	-	-	42.440.518	232.314
Stage 3	258.507	64.788	-	-	-	-	-	-	258.507	64.788
Total	**332.681.714**	**10.516.431**	**33.717.006**	**1.362.081**	**17.149.390**	**962.411**	**5.140.319**	**401.711**	**388.688.429**	**13.242.634**

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i. Information on the expected credit loss of loans (***):

	Stage 1	Stage 2	Stage 3
Opening (31 December 2018)	**737.932**	**2.863.613**	**4.880.901**
Additions (*)	317.250	1.391.275	2.386.510
Disposa l(**)	(207.625)	(1.061.581)	(216.050)
Effect of change in foreign exchange	28.776	174.315	-
Loans classified under Stage 1 in two periods (Model effect)	(126.320)	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	12.743	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(107.971)	321.186	-
Loans classified under Stage 2 in two periods (Model effect)	-	(108.630)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	681.674	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	18.434	(211.484)	-
Transfers from Stage 1 to Stage 3	(24.007)	-	514.588
Transfers from Stage 2 to Stage 3	-	(631.814)	2.267.496
Loans classified under Stage 2 in two periods (Change in balance and model effect)	-	-	646.088
Write-offs	-	-	(1.183.319)
Sold Portfolio effect	-	-	(656.904)
Closing (31 December 2019)	**649.212**	**3.418.554**	**8.639.310**

(*) Loans which are not included in the loan portfolio as of 31 December 2018 and included in the credit portfolio and calculated provisior as of 31 December 2019.
(**) Loans which are included in the credit portfolio and calculated provisions as of 31 December 2018 but which are not included in the loan portfolio as of 31 December 2019.
(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

j. Information on movement of loans:

	Stage 1	Stage 2	Stage 3	Total
Opening (31 December 2018)	**177.937.025**	**29.352.929**	**8.439.028**	**215.728.982**
Additions	50.832.320	2.989.554	1.463.534	55.285.408
Disposals	(41.490.936)	(4.556.714)	(1.733.360)	(47.781.010)
Sold portfolio	-	-	(668.247)	(668.247)
Write-offs	-	-	(1.230.345)	(1.230.345)
Transfers to Stage 1	1.905.004	(1.905.004)	-	-
Transfers to Stage 2	(9.261.624)	9.261.624	-	-
Transfers to Stage 3	(1.883.739)	(7.276.196)	9.159.935	-
Foreign exchange effect	7.849.366	2.732.463	-	10.581.829
Closing (31 December 2019)	**185.887.416**	**30.598.656**	**15.430.545**	**231.916.617**

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k. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2019	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	170.485	2.319.297	334.259	**2.824.041**
Aa1, Aa2, Aa3	-	275.375	-	**275.375**
A1, A2, A3	-	272.190	-	**272.190**
Baa1, Baa2, Baa3	-	132.165	-	**132.165**
Ba1	-	-	-	**-**
Ba2	-	-	-	**-**
Ba3	-	-	-	**-**
B1, B2, B3	137.668	64.078.364	15.240.599	**79.456.631**
Total	**308.153**	**67.077.391**	**15.574.858**	**82.960.402**

Prior Period - 31 December 2018	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	-	-	-	**-**
Aa1, Aa2, Aa3	-	253.903	-	**253.903**
A1, A2, A3	-	239.278	-	**239.278**
Baa1, Baa2, Baa3	-	266.730	-	**266.730**
Ba1	-	840	-	**840**
Ba2	-	62.051	-	**62.051**
Ba3	22.006	37.193.092	9.754.326	**46.969.424**
B1, B2, B3	-	6.072.943	2.509.155	**8.582.098**
Total	**22.006**	**44.088.837**	**12.263.481**	**56.374.324**

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l. Profile on significant risks in significant regions:

Current Period	Risk Categories (*)																	
31 December 2019	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	91.717.587	46.956	67.698	-	-	17.779.105	166.660.994	62.043.382	18.274.516	6.424.337	121.833	-	-	-	309.776	241.585	11.470.950	375.158.719
European Union Countries	3.314.123	-	-	125.617	-	28.477.684	9.122.925	20.687	16.018	366.875	-	-	-	-	-	607	-	41.444.536
OECD Countries(**)	-	-	-	-	-	1.316.943	59.401	5.292	2.048	-	-	-	-	-	-	-	-	1.383.684
Off- Shore Regions	-	-	-	-	-	195.389	35.709	57	171	-	-	-	-	-	-	-	-	231.326
USA, Canada	2.321.359	-	-	-	-	8.613.520	435	9.652	986	1	-	-	-	-	-	-	-	10.945.953
Other Countries	1	-	-	182.402	-	766.566	814.246	9.222	3.529	23	-	-	-	-	-	-	-	1.775.989
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**97.353.070**	**46.956**	**67.698**	**308.019**	**-**	**57.149.207**	**176.693.710**	**62.088.292**	**18.297.268**	**6.791.236**	**121.833**	**-**	**-**	**-**	**309.776**	**242.192**	**11.470.950**	**430.940.207**

Prior Period	Risk Categories (*)																	
31 December 2018	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	76.995.418	26.833	10.949	-	-	15.915.706	161.250.081	55.944.935	27.395.994	3.033.045	-	-	-	-	458.683	18.529	9.746.187	350.796.360
European Union Countries	2.170.940	-	-	-	-	31.340.941	7.622.381	20.869	11.903	519.818	-	-	-	-	-	607	-	41.687.458
OECD Countries(**)	-	-	-	-	-	3.576.357	47.605	2.110	3.047	5	-	-	-	-	-	-	-	3.629.124
Off- Shore Regions	-	-	-	-	-	117.626	-	86	228	-	-	-	-	-	-	-	-	117.939
USA, Canada	-	-	-	-	-	9.833.594	342.600	3.164	1.464	9	-	-	-	-	-	-	-	10.180.830
Other Countries	-	-	-	-	-	664.092	1.112.998	9.299	5.044	7.463	-	-	-	-	-	-	-	1.798.895
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**79.166.358**	**26.833**	**10.949**	**-**	**-**	**61.448.315**	**170.375.664**	**55.980.463**	**27.417.679**	**3.560.340**	**-**	**-**	**-**	**-**	**458.683**	**19.135**	**9.746.187**	**408.210.606**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
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

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m. Risk Profile according to sectors and counterparties:

Current Period	Risk Classifications (*)																			
31 December	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	-	-	-	-	-	-	55.629	291.397	76.017	12.616	101	-	-	-	-	-	-	435.720	40	**435.760**
Farming and raising livestock	-	-	-	-	-	-	27.206	212.570	52.540	9.341	27	-	-	-	-	-	-	301.644	40	**301.684**
Forestry	-	-	-	-	-	-	28.274	75.004	22.375	3.265	67	-	-	-	-	-	-	128.985	-	**128.985**
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	-	5.091	-	**5.091**
Manufacturing	-	-	-	-	-	-	58.454.196	6.023.369	2.997.518	1.454.423	14.431	-	-	-	-	-	-	68.442.499	501.438	**68.943.937**
Mining	-	-	-	-	-	-	2.043.228	192.766	100.491	301.965	246	-	-	-	-	-	-	2.630.751	7.945	**2.638.696**
Production	-	-	-	-	-	-	35.342.204	5.699.240	2.824.952	658.513	7.596	-	-	-	-	-	-	44.052.935	479.570	**44.532.505**
Electricity, Gas, Water	-	-	-	-	-	-	21.068.764	131.363	72.075	493.945	6.589	-	-	-	-	-	-	21.758.813	13.923	**21.772.736**
Construction	-	-	63	-	-	-	29.986.489	2.114.850	2.228.573	2.209.993	75.727	-	-	-	-	-	-	36.553.042	62.653	**36.615.695**
Services	1.145	46.956	18.057	308.019	-	56.987.549	79.043.025	15.752.498	6.236.244	2.428.649	28.591	-	-	-	-	9.642	-	160.645.967	214.408	**160.860.375**
Wholesale and Retail Trade	-	-	83	-	-	-	23.504.697	12.637.745	3.825.132	1.159.565	23.779	-	-	-	-	-	-	41.004.137	146.864	**41.151.001**
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.730.558	831.593	1.093.099	427.885	930	-	-	-	-	-	-	6.031.947	52.118	**6.084.065**
Transportation and Telecommunication	1.123	-	-	-	-	-	14.193.188	1.052.774	369.762	112.482	1.094	-	-	-	-	-	-	15.717.354	13.069	**15.730.423**
Financial Institutions	-	-	-	308.019	-	56.987.549	28.170.919	64.325	38.880	474.731	691	-	-	-	-	7.818	-	86.052.732	200	**86.052.932**
Real Estate and Lending Services	-	-	-	-	-	-	6.745.935	93.434	395.312	147.240	46	-	-	-	-	-	-	7.381.956	11	**7.381.967**
Self employment Service	-	-	276	-	-	-	628.030	140.758	30.847	718	18	-	-	-	-	-	-	800.456	191	**800.647**
Education Service	22	-	551	-	-	-	321.140	240.401	155.596	68.367	411	-	-	-	-	-	-	786.421	67	**786.488**
Health and social Services	-	46.956	17.147	-	-	-	1.748.558	691.468	327.616	37.661	1.622	-	-	-	-	1.824	-	2.870.964	1.888	**2.872.852**
Other	97.351.925	-	49.578	-	-	161.658	9.154.371	37.906.178	6.758.916	685.555	2.983	-	-	-	309.776	232.550	11.470.950	164.037.212	47.228	**164.084.440**
Total	**97.353.070**	**46.956**	**67.698**	**308.019**	**-**	**57.149.207**	**176.693.710**	**62.088.292**	**18.297.268**	**6.791.236**	**121.833**	**-**	**-**	**-**	**309.776**	**242.192**	**11.470.950**	**430.114.440**	**825.767**	**430.940.207**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
16. Equity security transactions
17. Other receivables

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Prior Period	Risk Classifications (*)																			
31 December	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agricultural	-	-	-	-	-	-	43.730	308.527	80.214	3.985	-	-	-	-	-	-	-	424.317	12.139	**436.456**
Farming and raising livestock	-	-	-	-	-	-	29.791	222.964	59.031	2.812	-	-	-	-	-	-	-	314.449	149	**314.597**
Forestry	-	-	-	-	-	-	2.247	81.739	20.330	1.155	-	-	-	-	-	-	-	104.932	539	**105.470**
Fishing	-	-	-	-	-	-	11.692	3.824	854	18	-	-	-	-	-	-	-	4.936	11.452	**16.389**
Manufacturing	-	-	105	-	-	-	61.321.149	5.365.979	3.764.681	767.910	-	-	-	-	-	-	-	28.440.149	42.779.674	**71.219.824**
Mining	-	-	-	-	-	-	2.345.366	182.586	124.645	4.216	-	-	-	-	-	-	-	780.371	1.876.443	**2.656.813**
Production	-	-	105	-	-	-	38.884.118	5.007.822	3.488.272	319.104	-	-	-	-	-	-	-	21.991.574	25.707.847	**47.699.421**
Electricity, Gas, Water	-	-	-	-	-	-	20.091.665	175.571	151.764	444.589	-	-	-	-	-	-	-	5.668.205	15.195.385	**20.863.589**
Construction	-	-	-	-	-	-	31.259.773	2.664.795	3.967.062	545.375	-	-	-	-	-	-	-	17.566.335	20.870.670	**38.437.005**
Services	1.142	26.833	3.110	-	-	61.413.582	69.284.113	15.708.562	11.192.281	1.758.578	-	-	-	-	-	6.880	-	67.555.790	91.839.290	**159.395.080**
Wholesale and Retail Trade	-	-	86	-	-	-	22.751.575	12.698.399	4.548.214	648.005	-	-	-	-	-	-	-	32.171.130	8.475.149	**40.646.279**
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.849.583	667.979	1.757.253	339.119	-	-	-	-	-	-	-	3.619.896	2.994.038	**6.613.934**
Transportation and Telecommunication	1.123	-	-	-	-	-	12.435.122	1.130.440	255.169	86.853	-	-	-	-	-	-	-	2.258.446	11.650.260	**13.908.706**
Financial Institutions	-	-	-	-	-	61.413.569	22.456.339	37.606	3.696.818	526.883	-	-	-	-	-	5.056	-	25.102.152	63.034.120	**88.136.272**
Real Estate and Lending Services	-	-	-	-	-	-	5.364.827	98.369	250.625	63.633	-	-	-	-	-	-	-	1.115.052	4.662.402	**5.777.454**
Self employment Service	-	-	168	-	-	-	680.523	120.902	128.713	905	-	-	-	-	-	-	-	379.370	551.841	**931.211**
Education Service	18	-	864	-	-	-	276.354	232.764	231.678	54.601	-	-	-	-	-	-	-	698.006	98.273	**796.279**
Health and social Services	1	26.833	1.991	-	-	14	1.469.790	722.102	323.810	38.580	-	-	-	-	-	1.824	-	2.211.738	373.206	**2.584.944**
Other	79.165.216	-	7.735	-	-	34.733	8.466.899	31.932.600	8.413.441	484.492	-	-	-	-	458.683	12.255	9.746.187	91.786.395	46.935.846	**138.722.241**
Total	**79.166.358**	**26.833**	**10.949**	**-**	**-**	**61.448.315**	**170.375.664**	**55.980.463**	**27.417.679**	**3.560.340**	**-**	**-**	**-**	**-**	**458.683**	**19.135**	**9.746.187**	**205.772.986**	**202.437.620**	**408.210.606**

(*) 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
2. Conditional and unconditional receivables from regional or local governments
3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4. Conditional and unconditional receivables from multilateral development banks
5. Conditional and unconditional receivables from international organizations
6. Conditional and unconditional receivables from banks and brokerage houses
7. Conditional and unconditional receivables from corporates
8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages
10. Past due receivables
11. Receivables defined under high risk category by BRSA
12. Securities collateralized by mortgages
13. Securitization positions
14. Short-term receivables from banks, brokerage houses and corporates
15. Investments similar to collective investment funds
16. Equity security transactions
17. Other receivables

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n. Term distribution of risks with term structure:

31 December 2019 Risk Categories	Time to Maturity 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Unallocated
Conditional and unconditional receivables from central governments and Central Banks	3.359.347	28.455.458	8.537.754	7.367.603	49.632.908	-
Conditional and unconditional receivables from regional or local governments	-	-	5.864	-	41.092	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	6.186	25.411	622	10	35.469	-
Conditional and unconditional receivables from multilateral development banks	33.893	-	182.402	91.724	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	20.026.961	2.565.421	4.845.821	1.232.966	28.478.038	-
Conditional and unconditional receivables from corporates	14.762.574	12.659.176	12.863.559	29.516.970	106.891.431	-
Conditional and unconditional receivables from retail portfolios	1.132.414	1.878.208	18.233.842	6.801.148	34.042.680	-
Conditional and unconditional receivables secured by mortgages	468.617	648.035	1.069.552	2.127.032	13.984.032	-
Past due receivables	-	-	-	-	-	6.791.236
Receivables defined under high risk category by BRSA	5.745	16.318	7.792	17.651	74.327	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	309.273	503	-	-	-	-
Equity security investments	-	-	-	-	-	242.192
Other Receivables	-	-	-	-	-	11.470.950
Total	**40.105.010**	**46.248.530**	**45.747.208**	**47.155.104**	**233.179.977**	**18.504.378**

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o. 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.

Ratings to be matched	Credit Quality Degrees	Fitch
Ratings of long-term credits	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Ratings of short-term credits	1	F1+ and F1
	2	F2
	3	F3
	4	Below F3
	5	---
	6	---
Long-term securitization position ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and below
Short-term securitization position ratings	1	F1+ and F1
	2	F2
	3	F3
	Diğerleri	F3 below
Matchings regarding collective investment institutes	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

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p. Risk amounts according to risk weights:

31 December 2019	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights														
Amount Before Credit Risk Mitigation	81.073.391	86.190	487.106	-	20.896.915	-	30.739.298	72.148.153	224.290.225	1.218.929	-	-	-	1.649
Amount After Credit Risk Mitigation	84.060.602	86.190	487.106	-	20.526.708	8.223.761	29.925.125	59.532.687	212.594.944	926.045	-	-	-	1.649

(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

r. Miscellaneous information regarding important sectors or counterparty type (**):

	Loans (*)		Provisions (*)
	Impaired		
31 December 2019 Sectors / Counterparties	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	Expected Credit Loss Provisions
Agricultural	58.081	33.929	24.277
Farming and raising livestock	51.186	26.154	19.385
Forestry	6.374	7.701	4.764
Fishing	521	74	128
Manufacturing	4.683.627	2.865.654	2.306.420
Mining	139.659	420.559	132.325
Production	2.263.496	1.573.654	1.139.861
Electricity, Gas, Water	2.280.472	871.441	1.034.234
Construction	6.274.205	4.928.768	3.250.336
Services	4.013.637	4.952.841	3.116.192
Wholesale and Retail Trade	2.085.392	2.839.508	1.864.905
Hotel, Food, Beverage Services	688.496	566.323	204.938
Transportation and Telecommunication	274.216	233.895	143.252
Financial Institutions	119.540	997.059	535.481
Real Estate and Lending Service	92.424	99.131	97.671
Self Employment Service	9.834	4.391	4.213
Education Service	86.745	115.569	56.515
Health and social services	656.990	96.965	209.217
Other	15.569.106	2.649.353	3.360.639
Total	**30.598.656**	**15.430.545**	**12.057.864**

(*) Breakdown of cash loans
(**) The balances of loans at fair value profit or loss has not been included.

s. Information related to impairment and loan loss provisions:

31 December 2019	Openning balance	Provisions reserved during the period	Provision reversals	Other adjustments (*)	Closing balance
Specific Provisions (Stage 3)	4.880.901	7.423.336	(1.824.705)	(1.840.222)	8.639.310
Excpected Credit Losses (Stage 1 and Stage 2)	3.601.545	466.221	-	-	4.067.766

(*) Presents the Write-Offs and Sales from Loans under Follow-up portfolio.

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t. Risk involved in counter-cyclical capital buffer calculation:

31 December 2019

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	219.010.964	6.415.404	225.426.368
Ireland	5.724.999	17.625	5.742.624
Holland	1.633.627	73	1.633.700
Great Britain	1.186.601	23.572	1.210.173
Russian Federation	441.317	25.519	466.836
Luxemburg	461.286	-	461.286
France	240.871	-	240.871
USA	178.647	-	178.647
Croatia	124.325	-	124.325
Egypt	51.808	11.344	63.152
Other	218.580	2.055	220.635

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 5,9200	TL 6,6397
1.Day bid rate	TL 5,9200	TL 6,6397
2.Day bid rate	TL 5,9402	TL 6,6506
3.Day bid rate	TL 5,9370	TL 6,6117
4.Day bid rate	TL 5,9370	TL 6,6117
5.Day bid rate	TL 5,9370	TL 6,6117

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 5,8408
EURO : TL 6,4922

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

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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 and 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 2019	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (*)	9.942.565	16.281.123	1.427.015	**27.650.703**
Banks	6.241.860	9.244.553	2.361.889	**17.848.302**
Financial Assets at Fair Value through Profit or Loss	76.564	6.992.556	-	**7.069.120**
Interbank Money Market Placements	-	-	-	**-**
Financial Assets measured at other comprehensive income	5.340.645	25.018.710	955.812	**31.315.167**
Loans (**)	49.359.650	37.056.191	99.635	**86.515.476**
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	**-**
Financial assets measured at amortised cost	34.448	3.726.311	-	**3.760.759**
Hedging Derivative Financial Assets	83.764	35.156	65.807	**184.727**
Tangible Assets (Net)	46.194	6.976	-	**53.170**
Intangible Assets (Net)	4.867	16	-	**4.883**
Other Assets (***)	1.867.752	4.935.184	2.322	**6.805.258**
Total Assets	**72.998.309**	**103.296.776**	**4.912.480**	**181.207.565**
Liabilities				
Bank Deposits (****)	2.222.713	1.135.325	2.468.154	**5.826.192**
Foreign Currency Deposits (****)	54.008.179	81.655.611	7.368.072	**143.031.862**
Funds from Interbank Money Market	1.480.827	7.862.525	-	**9.343.352**
Borrowings	7.595.238	26.692.628	-	**34.287.866**
Marketable Securities Issued (Net) (*****)	67.154	13.927.049	-	**13.994.203**
Miscellaneous Payables	2.628.523	1.109.794	9.193	**3.747.510**
Hedging Derivative Financial Liabilities	-	244.871	-	**244.871**
Other Liabilities	983.381	1.046.532	38.430	**2.068.343**
Total Liabilities	**68.986.015**	**133.674.335**	**9.883.849**	**212.544.199**
Net on Balance Sheet Position	**4.012.294**	**(30.377.559)**	**(4.971.369)**	**(31.336.634)**
Net off-Balance Sheet Position (******)	**(1.675.480)**	**30.698.654**	**4.940.754**	**33.963.928**
Financial Derivative Assets	37.973.894	85.934.310	7.222.087	**131.130.291**
Financial Derivative Liabilities	39.649.374	55.235.656	2.281.333	**97.166.363**
Non-cash Loans	**10.952.020**	**11.192.434**	**648.798**	**22.793.252**
Prior Period - 31 December 2018				
Total Assets	72.825.804	96.596.689	5.912.155	**175.334.648**
Total Liabilities	57.159.165	134.910.552	6.973.297	**199.043.014**
Net on-Balance Sheet Position	**15.666.639**	**(38.313.863)**	**(1.061.142)**	**(23.708.366)**
Net off-Balance Sheet Position (******)	**(13.231.094)**	**38.120.115**	**831.974**	**25.720.995**
Financial Derivative Assets	33.384.001	107.101.730	3.366.893	**143.852.624**
Financial Derivative Liabilities	46.615.095	68.981.615	2.534.919	**118.131.629**
Non-cash Loans	**13.863.804**	**16.296.526**	**513.021**	**30.673.351**

(*) Of the Cash Equivalents and Central Bank and Other FC, TL 1.224.161 (31 December 2018: TL 3.490.205) are precious metal deposit account in demand.
(**) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 936.478 (31 December 2018: TL 3.062.779).
(***) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 17.794 (31 December 2018: TL 120.518). Prepaid assets amounted TL 62.849 (31 December 2018: TL 86.577) is excluded in the financial statements.
(****) Of Bank Deposits Other FC of the TL 3.314 (31 December 2018: TL 1.892) and the foreign currency deposits TL 4.491.847 (31 December 2018: TL 2.484.399) are precious metal deposit account in demand.
(*****) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(******) 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.

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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 31 December 2019**
(+) 10%	20.415
(-) 10%	(20.415)

(*) Presents amounts before Tax.

	Effect on Profit/Loss(*)
Change in exchange rate	**Prior Period 31 December 2018**
(+) 10%	(16.444)
(-) 10%	16.444

(*) 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.

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

Current Period - 31 December 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	726.416	-	-	-	-	29.167.513	**29.893.929**
Banks	3.978.963	13.417	-	-	-	13.948.294	**17.940.674**
Financial Assets at Fair Value Through Profit or Loss	20.042	2.672	6.860.315	121.421	27.121	233.268	**7.264.839**
Interbank Money Market Placements	21.263	44.857	-	-	-	-	**66.120**
Financial Assets at measured Fair Value Other Comprehensive Income	5.617.995	5.626.542	20.937.234	25.214.664	9.680.956	441.049	**67.518.440**
Loans (*)	64.889.342	24.291.100	51.365.711	69.302.548	6.506.434	15.561.482	**231.916.617**
Financial Assets measured at amortised cost	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	**15.574.858**
Other Assets (**)	5.442.631	6.180.818	4.844.638	2.885.880	1.066.276	(3.423.283)	**16.996.960**
Total Assets	**83.540.490**	**37.314.419**	**90.016.400**	**102.432.460**	**17.940.345**	**55.928.323**	**387.172.437**
Liabilities							
Bank Deposits	3.296.911	1.664.155	258.941	-	-	1.555.546	**6.775.553**
Other Deposits	132.490.853	33.970.761	11.311.844	7.469.389	980.691	51.713.242	**237.936.780**
Funds from Interbank Money Market	2.997.414	4.393.016	2.226.509	-	-	489.611	**10.106.550**
Miscellaneous Payables	891.208	1.363.963	1.111.225	176.860	2.155	5.607.451	**9.152.862**
Marketable Securities Issued (Net) (***)	4.474.181	1.136.751	246.560	4.878.114	8.182.873	-	**18.918.479**
Borrowings	11.396.262	20.443.056	1.883.764	1.028.179	85.220	-	**34.836.481**
Other Liabilities (****)	1.973.290	3.799.673	3.277.469	649.051	633.535	59.112.714	**69.445.732**
Total Liabilities	**157.520.119**	**66.771.375**	**20.316.312**	**14.201.593**	**9.884.474**	**118.478.564**	**387.172.437**
Balance Sheet Long Position	-	-	69.700.088	88.230.867	8.055.871	-	**165.986.826**
Balance Sheet Short Position	(73.979.629)	(29.456.956)	-	-	-	(62.550.241)	**(165.986.826)**
Off-balance Sheet Long Position	6.118.715	8.950.376	-	1.876.541	921.275	-	**17.866.907**
Off-balance Sheet Short Position	(37.065)	(14.222)	(7.849.822)	-	-	-	**(7.901.109)**
Total Position	**(67.897.979)**	**(20.520.802)**	**61.850.266**	**90.107.408**	**8.977.146**	**(62.550.241)**	**9.965.798**

(*) Included lease receivables. Non-performing loans are shown in the" non-interest bearing " column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(**) Derivative financial assets and expected credit losses are classified under other assets.

(***) 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 Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	14.451.277	-	-	-	-	15.662.547	**30.113.824**
Banks	5.669.725	691.374	-	-	-	12.598.299	**18.959.398**
Financial Assets at Fair Value Through Profit or Loss	7.759	4.134	10.113	-	-	156.810	**178.816**
Interbank Money Market Placements	544.657	-	-	-	-	-	**544.657**
Financial Assets at Fair Value Other Comprehensive Income	3.678.381	4.880.167	13.649.466	15.263.375	6.617.448	251.205	**44.340.042**
Loans (***)	58.270.975	25.574.235	58.416.662	63.467.197	7.843.859	363.816	**213.936.744**
Financial Assets measured at amortised cost (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	**12.263.481**
Other Assets (****)	6.154.935	10.223.954	5.407.231	2.593.071	2.392.992	7.572.465	**34.344.648**
Total Assets	**91.263.814**	**42.858.855**	**81.703.538**	**84.291.662**	**17.958.598**	**36.605.142**	**354.681.610**
Liabilities							
Bank Deposits	4.793.806	1.364.602	406.303	-	-	1.486.674	**8.051.385**
Other Deposits	113.941.371	24.915.246	18.030.445	5.511.751	535.332	37.644.369	**200.578.514**
Funds from Interbank Money Market	6.411.083	4.890.617	2.529.534	443.782	-	-	**14.275.016**
Miscellaneous Payables	1.144.009	1.264.025	730.525	186.714	4.232	4.679.675	**8.009.180**
Marketable Securities Issued (Net) (*)	764.991	2.408.787	566.668	6.802.096	7.313.382	-	**17.855.924**
Borrowings	6.007.889	28.133.604	8.091.870	1.220.030	196.490	-	**43.649.883**
Other Liabilities (**)	3.295.363	5.533.259	3.363.956	991.854	90.491	48.986.785	**62.261.708**
Total Liabilities	**136.358.512**	**68.510.140**	**33.719.301**	**15.156.227**	**8.139.927**	**92.797.503**	**354.681.610**
Balance Sheet Long Position	-	-	47.984.237	64.816.933	10.184.783	-	**126.938.343**
Balance Sheet Short Position	(45.094.697)	(25.651.285)	-	-	-	(56.192.361)	**(126.938.343)**
Off-balance Sheet Long Position	9.526.754	12.226.615	-	1.712.968	1.699.121	-	**25.165.458**
Off-balance Sheet Short Position	-	-	(11.734.925)	-	-	-	**(11.734.925)**
Total Position	**(35.567.943)**	**(13.424.670)**	**36.249.312**	**70.848.403**	**11.517.792**	**(56.192.361)**	**13.430.533**

(*) 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.
(***) Included lease receivables.Non-performing loans are shown in the" non-interest bearing " column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(****) Derivative financial assets and expected credit losses are classified under other assets.

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 2019	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	-	-	10,00
Banks	0,03	1,41	-	10,70
Financial Assets at Fair Value Through Profit or Loss	0,90	5,62	-	11,17
Interbank Money Market Placements	-	-	-	17,78
Financial Assets at Fair Value Other Comprehensive Income	2,70	5,20	3,09	14,14
Loans	4,45	6,88	7,19	15,47
Financial Assets measured at amortised cost	3,46	5,22	-	14,74
Liabilities				
Bank Deposits (**)	0,05	2,15	-	9,43
Other Deposits (**)	0,36	1,70	-	8,42
Funds from Interbank Money Market	0,21	2,34	-	9,64
Miscellaneous Payables	-	2,16	-	-
Marketable Securities Issued (Net) (*)	4,00	5,68	-	12,14
Borrowings	2,11	4,08	-	13,12

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Demand deposit balances are included in average interest rate calculation.

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Prior Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,22	2,35	-	23,83
Financial Assets at Fair Value Through Profit or Loss	-	-	-	13,22
Interbank Money Market Placements	-	2,27	-	23,64
Financial Assets at Fair Value Other Comprehensive Income	2,38	4,55	3,09	20,97
Loans	4,28	7,26	9,06	18,41
Financial Assets measured at amortised cost	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (**)	0,26	3,51	-	22,55
Other Deposits (**)	0,90	3,42	0,01	17,18
Funds from Interbank Money Market	0,15	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	19,42
Borrowings	2,32	4,57	-	14,04

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Demand deposit balances are included in average interest rate calculation.

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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 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.

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 "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
Current Period – 31 December 2019		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			77.855.943	41.149.120
CASH OUTFLOWS					
2	Retail and Customers Deposits	152.652.860	84.738.337	13.890.847	8.473.834
3	Stable deposits	27.488.793	-	1.374.440	-
4	Less stable deposits	125.164.067	84.738.337	12.516.407	8.473.834
5	Unsecured Funding other than Retail and Small Business Customers Deposits	81.052.521	51.835.815	43.041.388	27.745.563
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	72.591.635	47.764.774	35.863.380	23.674.808
8	Other Unsecured Funding	8.460.886	4.071.041	7.178.008	4.070.755
9	Secured funding	-	-	516.999	516.999
10	Other Cash Outflows	84.495.600	52.940.846	75.358.359	44.411.019
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	74.337.000	43.465.453	74.337.000	43.465.453
12	Debts related to the structured financial products	10.370	-	10.370	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.148.230	9.475.393	1.010.989	945.566
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.004.640	-	50.232	-
15	Other irrevocable or conditionally revocable commitments	56.299.127	10.556.620	2.814.956	527.831
16	**TOTAL CASH OUTFLOWS**			**135.672.781**	**81.675.246**
CASH INFLOWS					
17	Secured Lending Transactions	966.384	345.242	-	-
18	Unsecured Lending Transactions	31.041.817	14.265.302	22.930.327	12.931.479
19	Other contractual cash inflows	70.538.222	52.746.269	70.537.808	52.746.244
20	**TOTAL CASH INFLOWS**	**102.546.423**	**67.356.813**	**93.468.135**	**65.677.723**
				Upper limit applied amounts	
21	**TOTAL HQLA STOCK**			**83.535.258**	**41.642.153**
22	**TOTAL NET CASH OUTFLOWS**			**42.204.646**	**20.418.811**
23	**Liquidity Coverage Ratio (%)**			**198,10**	**204,05**

(*) 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 "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
Prior Period - 31 December 2018		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			62.115.029	41.023.489
CASH OUTFLOWS					
2	Retail and Customers Deposits	135.961.243	70.812.253	12.528.138	7.081.225
3	Stable deposits	21.359.720	-	1.067.986	-
4	Less stable deposits	114.601.523	70.812.253	11.460.152	7.081.225
5	Unsecured Funding other than Retail and Small Business Customers Deposits	76.724.402	54.574.871	38.672.168	26.678.979
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	73.644.112	54.302.703	36.742.368	26.408.105
8	Other Unsecured Funding	3.080.290	272.168	1.929.800	270.874
9	Secured funding	-	-	55.501	55.501
10	Other Cash Outflows	62.457.150	40.461.061	52.748.041	31.451.064
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.674.570	30.452.091	51.674.570	30.452.091
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.782.580	10.008.970	1.073.471	998.973
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	775.027	-	38.751	-
15	Other irrevocable or conditionally revocable commitments	62.153.153	17.346.360	3.107.658	867.318
16	**TOTAL CASH OUTFLOWS**			**107.150.257**	**66.134.087**
CASH INFLOWS					
17	Secured Lending Transactions	3.774.025	3.774.025	-	-
18	Unsecured Lending Transactions	41.387.759	28.394.466	33.782.118	26.630.775
19	Other contractual cash inflows	45.640.815	29.873.356	45.637.514	29.873.279
20	**TOTAL CASH INFLOWS**	**90.802.599**	**62.041.847**	**79.419.632**	**56.504.054**
				Upper limit applied amounts	
21	**TOTAL HQLA STOCK**			**62.115.029**	**41.023.489**
22	**TOTAL NET CASH OUTFLOWS**			**28.967.779**	**16.533.522**
23	**Liquidity Coverage Ratio (%)**			**216,23**	**248,58**

(*) 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 194% 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 37% and securities issued by Treasury of Republic of Turkey by 54%. Funding sources are mainly distributed between individual and retail deposits by 64%, corporate deposits by 26%, borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 1%.

Cash outflow amounting to TL 1.760 million 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 Period - 31.12.2019	
	TL+FC	**FC**
October	195,97	222,89
November	194,26	205,87
December	204,07	183,38

	Prior Period - 31.12.2018	
	TL+FC	**FC**
October	205,37	246,10
November	245,86	274,78
December	197,45	224,87

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2019	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	17.359.130	12.527.839	6.960	-	-	-	-	**29.893.929**
Banks	13.948.294	3.978.963	13.417	-	-	-	-	**17.940.674**
Financial Assets at Fair Value Through Profit or Loss	233.268	9.925	530	6.872.173	121.822	27.121	-	**7.264.839**
Interbank Money Market Placements	-	21.263	44.857	-	-	-	-	**66.120**
Financial Assets measured at other comprehensive income	441.049	444.121	2.126.573	13.755.388	38.853.989	11.897.320	-	**67.518.440**
Loans (*)	130.937	50.318.181	24.201.764	42.137.606	78.158.642	21.538.941	15.430.546	**231.916.617**
Financial Assets measured at amortised cost	-	147.301	280.173	3.752.287	10.735.539	659.558	-	**15.574.858**
Other Assets (**)	859.332	1.638.135	1.135.076	1.258.717	11.704.683	4.683.633	(4.282.616)	**16.996.960**
Total Assets	**32.972.010**	**69.085.728**	**27.809.350**	**67.776.171**	**139.574.675**	**38.806.573**	**11.147.930**	**387.172.437**
Liabilities								
Bank Deposits	1.555.546	3.296.911	1.664.154	258.942	-	-	-	**6.775.553**
Other Deposits	51.713.242	132.490.853	33.937.379	11.321.205	7.493.410	980.691	-	**237.936.780**
Borrowings	-	370.785	2.700.010	13.921.226	14.187.643	3.656.817	-	**34.836.481**
Funds from Interbank Money Market	-	1.209.681	654.391	2.253.559	4.236.210	1.752.709	-	**10.106.550**
Marketable Securities Issued (Net) (***)	-	4.474.181	1.136.750	246.560	4.878.115	8.182.873	-	**18.918.479**
Miscellaneous Payables	610.543	298.188	145.697	282.834	2.001.636	703.013	5.110.951	**9.152.862**
Other Liabilities (****)	528.379	2.284.987	495.401	1.231.865	5.581.003	2.372.071	56.952.026	**69.445.732**
Total Liabilities	**54.407.710**	**144.425.586**	**40.733.782**	**29.516.191**	**38.378.017**	**17.648.174**	**62.062.977**	**387.172.437**
Net Liquidity Excess/ (Gap)	**(21.435.700)**	**(75.339.858)**	**(12.924.432)**	**38.259.980**	**101.196.658**	**21.158.399**	**(50.915.047)**	**-**
Net Off-balance sheet Position	-	461.971	525.869	210.967	5.920.462	2.846.529	-	**9.965.798**
Financial Derivative Assets	-	57.483.288	27.843.540	44.927.036	94.048.788	56.042.115	-	**280.344.767**
Financial Derivative Liabilities	-	57.021.317	27.317.671	44.716.069	88.128.326	53.195.586	-	**270.378.969**
Non-cash Loans (*****)	**-**	**2.447.214**	**203.957**	**6.506.926**	**12.239.893**	**21.301.035**	**-**	**42.699.025**
Prior Period - 31 December 2018								
Total Assets	32.514.274	57.967.946	27.870.057	60.347.221	128.102.097	42.260.891	5.619.124	**354.681.610**
Total Liabilities	42.327.806	131.577.083	34.759.169	43.587.819	39.780.479	18.862.213	43.787.041	**354.681.610**
Net Liquidity Excess/ (Gap)	**(9.813.532)**	**(73.609.137)**	**(6.889.112)**	**16.759.402**	**88.321.618**	**23.398.678**	**(38.167.917)**	**-**
Net Off-balance sheet Position	**-**	**77.620**	**(1.315.703)**	**333.174**	**8.660.889**	**5.674.553**	**-**	**13.430.533**
Financial Derivative Assets	-	72.096.655	34.606.470	46.684.420	101.972.261	65.710.763	-	**321.070.569**
Financial Derivative Liabilities	-	72.019.035	35.922.173	46.351.246	93.311.372	60.036.210	-	**307.640.036**
Non-cash Loans (*****)	**-**	**4.239.932**	**5.288.100**	**16.267.385**	**4.944.533**	**22.055.421**	-	**52.795.371**

(*) Included lease receivables. The non-performing loans is presented "Unallocatable" column.

(**) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, derivative financial assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

(***) 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:

Current Period - 31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	200.503.743	24.704.573	11.813.403	7.838.529	1.042.921	**245.903.169**
Funds borrowed from other financial institutions	408.290	2.902.877	14.913.116	16.061.358	3.884.442	**38.170.083**
Funds from interbank money market	1.212.743	681.306	2.368.909	4.455.719	1.877.196	**10.595.873**
Marketable Securities Issued (Net)	4.505.109	1.359.997	673.624	6.451.999	9.075.598	**22.066.327**

Prior Period - 31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	160.497.771	24.443.993	19.238.430	5.752.733	572.306	**210.505.233**
Funds borrowed from other financial institutions	970.489	3.248.653	19.811.915	17.913.407	6.345.665	**48.290.129**
Funds from interbank money market	3.926.499	837.456	2.055.139	6.320.219	2.077.886	**15.217.199**
Marketable Securities Issued (Net)	626.698	2.583.448	1.142.470	14.146.698	2.880.523	**21.379.837**

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2019	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	55.018.176	43.705.762	34.753.796	39.514.897	4.701.585
– Outflow	(54.997.273)	(41.973.311)	(39.769.422)	(39.770.648)	(4.522.721)
Interest rate derivatives:					
– Inflow	13.350	184.023	744.424	1.590.564	674.261
– Outflow	(16.355)	(200.297)	(675.078)	(1.472.805)	(619.052)
Derivatives held for hedging					
Foreign exchange derivatives:					
– Inflow	1.060.768	1.652.945	1.219.583	10.321.428	6.065.938
– Outflow	(470.411)	(1.506.372)	(1.626.145)	(8.640.972)	(6.010.963)
Interest rate derivatives:					
– Inflow	21.047	133.207	350.615	956.601	330.112
– Outflow	(10.645)	(155.872)	(543.770)	(1.460.712)	(606.412)
Total Inflow	**56.113.341**	**45.675.937**	**37.068.418**	**52.383.490**	**11.771.896**
Total Outflow	**(55.494.684)**	**(43.835.852)**	**(42.614.415)**	**(51.345.137)**	**(11.759.148)**

Prior Period - 31 December 2018	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	68.810.593	58.496.001	51.520.970	50.226.799	6.755.663
– Outflow	(61.801.687)	(53.753.751)	(62.051.437)	(48.054.324)	(6.584.737)
Interest rate derivatives:					
– Inflow	61.522	183.587	902.044	2.343.890	1.115.964
– Outflow	(75.794)	(184.474)	(867.948)	(2.201.300)	(1.028.432)
Derivatives held for hedging					
Foreign exchange derivatives:					
– Inflow	25.513	126.593	5.367.326	8.792.627	5.741.823
– Outflow	(50.097)	(558.905)	(4.720.895)	(7.728.482)	(6.325.470)
Interest rate derivatives:					
– Inflow	34.098	194.215	597.285	1.649.181	443.294
– Outflow	(9.363)	(116.505)	(551.869)	(1.805.732)	(680.984)
Total Inflow	**68.931.726**	**59.000.397**	**58.387.625**	**63.012.497**	**14.056.744**
Total Outflow	**(61.936.941)**	**(54.613.635)**	**(68.192.149)**	**(59.789.838)**	**(14.619.623)**

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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 2019, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 10,71% (31 December 2018: 9,03%). This ratio is above the minimum ratio which is 3%.

b. Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

		Current Period 31 December 2019	Prior Period 31 December 2018 (**)
1	Total assets in the consolidated financial statements prepared in accordance with TAS (*)	387.775.601	371.069.543
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 in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	(143.000)	(106.333)
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4.931.013	5.052.237
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	(13.855.418)	(18.663.166)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.222.119)	(1.655.423)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	121.029.921	136.053.411
7	Total Risk	498.515.998	491.750.269

(*) 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.
(**) The arithmetic average of the last 3 months in the related periods.

c. Disclosure of Leverage ratio template:

		Current Period 31 December 2019 (*)	Prior Period 31 December 2018 (*)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	369.924.352	345.914.898
2	(Assets deducted from Core capital)	-	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	369.924.352	345.914.898
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	12.695.680	16.077.472
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.931.013	5.052.237
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	17.626.693	21.129.709
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.841.829	3.552.867
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	1.841.829	3.552.867
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	110.345.243	122.808.218
11	(Correction amount due to multiplication with credit conversion rates)	(1.222.119)	(1.655.423)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	109.123.124	121.152.795
	Capital and total risk		
13	Core Capital	53.368.506	44.224.046
14	Total risk amount(sum of lines 3, 6, 9 and 12)	498.515.998	491.750.269
	Leverage ratio		
15	Leverage ratio	10,71	9,03

(*) Three months average values.

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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 financial assets measured at amortised cost 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.

	Carrying Value		Fair Value	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
Financial Assets	**333.016.709**	**290.044.322**	**337.865.171**	**279.912.310**
Interbank Money Market Placements	66.120	544.657	66.120	543.029
Banks	17.940.674	18.959.398	17.861.462	18.946.088
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	67.518.440	44.340.042	67.518.440	44.340.042
Financial Assets Measured at Amortised Cost	15.574.858	12.263.483	15.786.054	11.858.083
Loans (*)	231.916.617	213.936.744	236.633.095	204.225.068
Financial Liabilities	**309.872.025**	**276.724.484**	**310.595.298**	**275.283.210**
Bank Deposits	6.775.553	8.051.385	6.771.079	8.038.247
Other Deposits	237.936.780	200.578.514	238.485.531	200.556.524
Borrowings	34.836.481	43.649.883	34.391.281	42.838.254
Marketable Securities Issued (Net)	18.918.479	13.071.447	19.542.679	12.476.931
Miscellaneous Payables	11.404.728	11.373.254	11.404.728	11.373.254

(*) 31 December 2018 loan balances have shown with their net balances.

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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 Group according to the foregoing principles is given in the table below:

Current Period - 31 December 2019	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	274.722	-	-	274.722
- Share Certificates	232.764	-	-	232.764
- Other Financial Assets (*)	33.533	401	6.723.419	6.757.353
Financial Assets at Fair Value Through Other Comprehensive				
- Government Debt Securities	51.703.078	-	-	51.703.078
- Share Certificates	-	-	-	-
- Other Financial Assets	13.781.425	2.017.553	-	15.798.978
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	774	14.389.976	-	14.390.750
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2.127.012	-	2.127.012
Loans	-	236.633.095	-	236.633.095
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	14.030.740	-	-	14.030.740
- Other Financial Assets	1.755.313	-	-	1.755.313
Total Assets	**81.812.349**	**255.168.037**	**6.723.419**	**343.703.805**
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	311	8.044.287	-	8.044.598
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	901.104	-	901.104
Deposits	-	245.256.610	-	245.256.610
Funds Borrowed	-	34.391.281	-	34.391.281
Funds from Interbank Money Market	-	9.339.944	-	9.339.944
Securities Issued (Net)	-	19.542.679	-	19.542.679
Total Liabilities	**311**	**317.475.905**	**-**	**317.476.216**

(*) Fair value of the financial assets at fair value through profit or loss classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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Prior Period - 31 December 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	10.113	-	-	10.113
- Share Certificates	150.684	-	-	150.684
- Other Financial Assets	18.019	-	-	18.019
Financial Assets at Fair Value Through Other Comprehensive				
- Government Debt Securities	36.502.564	-	-	36.502.564
- Share Certificates	-	-	-	-
- Other Financial Assets	6.637.480	1.186.378	-	7.823.858
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.371	20.614.924	-	20.616.295
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.989.608	-	1.989.608
Loans (*)	-	197.534.860	6.690.208	204.225.068
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	9.411.205	-	-	9.411.205
- Other Financial Assets	2.446.878	-	-	2.446.878
Total Assets	**55.178.314**	**221.325.770**	**6.690.208**	**283.194.292**
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	248	12.179.797	-	12.180.045
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	644.958	-	644.958
Deposits	-	208.594.771	-	208.594.771
Funds Borrowed	-	42.838.254	-	42.838.254
Funds from Interbank Money Market	-	13.393.164	-	13.393.164
Securities Issued (Net)	-	17.476.378	-	17.476.378
Total Liabilities	**248**	**295.127.322**	**-**	**295.127.570**

(*) Fair value of the loans classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan. Loan balances have shown with their net balances.

As explained in the note of VII-b of the Third Section, share certificates, that are classified as financial assets at fair value through other comprehensive income 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.

The movement of financial assets in Level 3 is presented below:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balances at Beginning of Period	**6.690.208**	**-**
Purchases During the Period	-	-
Disposals Through Sale/Redemptions	-	-
Valuation Effect	759.654	-
Transfers	(726.443)	6.690.208
Balances at the End of Period	**6.723.419**	**6.690.208**

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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 Group'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.

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2. Overview of RWA:

		Risk Weighted Amount		Minimum capital requirement
		Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	268.541.573	248.816.671	21.483.326
2	Standardized approach (SA)	268.541.573	248.816.671	21.483.326
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	16.975.855	22.807.044	1.358.068
5	Standardized approach for counterparty credit risk (SA-CCR)	16.975.855	22.807.044	1.358.068
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	309.273	237.585	24.742
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
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	6.256.135	5.087.744	500.491
17	Standardized approach (SA)	6.256.135	5.087.744	500.491
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	28.892.666	22.665.719	2.311.413
20	Basic Indicator Approach	28.892.666	22.665.719	2.311.413
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)**	**320.975.502**	**299.614.763**	**25.678.040**

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.

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		Carrying values of items				
Current Period - 31.12.2019	**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						
Cash and balances at central bank	29.893.929	29.893.929	-	-	-	-
Banks	17.940.027	17.940.027	-	-	-	-
Receivables from money markets	66.120	66.120	-	-	-	-
Financial assets at fair value through P&L	7.264.839	6.943.419	-	-	321.420	-
Financial assets at fair value through other comprehensive income	67.518.440	67.518.354	-	-	-	86
Derivative financial assets	16.517.762		16.517.762	-	3.651.493	-
Loans (Net)	214.470.932	214.469.283	-	-	-	1.649
Lease Receivables (Net)	4.738.608	4.738.608	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	15.565.526	15.565.526	-	-	-	-
Non-current assets and disposal groups classified as held for sale (Net)	666.067	666.067	-	-	-	-
Investments in associates (Net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Investments in joint ventures (Net)	-	-	-	-	-	-
Tangible assets (Net)	4.919.697	4.878.475	-	-	-	41.222
Intangible assets (Net)	953.188	-	-	-	-	953.188
Investment properties (Net)	-	-	-	-	-	-
Tax assets	9.971	9.971	-	-	-	-
Deferred tax assets	135.972	135.972	-	-	-	-
Other assets	6.505.838	6.505.838	-	-	-	-
Total assets	**387.172.437**	**369.337.110**	**16.517.762**	**-**	**3.972.913**	**996.145**
Liabilities						
Deposits	244.712.333	-	-	-	-	244.712.333
Funds Borrowed	34.836.481	-	-	-	-	34.836.481
Money Markets	10.106.550	-	10.106.550	-	-	10.106.550
Securities Issued	13.536.945	-	-	-	-	13.536.945
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	8.945.702	-	8.945.702	-	3.236.587	8.945.702
Factoring Liabilites	-	-	-	-	-	-
Lease Liabilities	624.154	-	-	-	-	-
Provisions	1.592.642	-	-	-	-	1.592.642
Current Tax Liability	831.699	-	-	-	-	831.699
Deferred Tax Liability	837.212	-	-	-	-	837.212
Liabilities For Property and Equipment Held For Sale and Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	5.381.534	-	-	-	-	5.381.534
Other Liabilities	11.404.732	-	-	-	-	11.404.732
Shareholders' Equity	54.362.453	-	-	-	-	54.362.453
Total liabilities	**387.172.437**	**-**	**19.052.252**	**-**	**3.236.587**	**386.548.283**

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) 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 - 31.12.2018	**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						
Cash and Cash Equivalents	30.113.824	30.113.824	-	-	-	-
Banks	18.959.398	18.959.398	-	-	-	-
Money Markets	544.657	544.657	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	178.816	178.816	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive income	44.340.042	44.137.860	-	-	201.887	295
Financial Assets Measured at Amortised Cost (Net)	12.263.481	12.263.481	-	-	-	-
Derivative Financial Assets	22.605.903	-	22.605.903		6.356.603	-
Loans (Net)	213.936.744	213.936.744	-	-	-	3.508
Property and Equipment Held For Sale Purpose and Related To Discontinued Operations (Net)	264.384	264.384	-	-	-	-
Investments in Associates (Net)	5.521	5.521	-	-	-	-
Subsidiaries (Net)	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	-	-	-
Property and Equipment (Net)	3.959.052	3.925.068	-	-	-	33.984
Intangible Assets (Net)	646.193	-	-	-	-	646.193
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	306.034	306.034	-	-	-	-
Deferred Tax Asset	143.808	143.808	-	-	-	-
Other Assets	6.413.756	6.413.756	-	-	-	-
Total assets	**354.681.613**	**331.193.351**	**22.605.903**	**-**	**6.558.490**	**683.980**
Liabilities						
Deposits	208.629.900	-	-	-	-	208.629.900
Funds Borrowed	43.649.883	-	-	-	-	43.649.883
Money Markets	14.275.016	-	14.275.016	-	-	14.275.016
Securities Issued	13.071.447	-	-	-	-	13.071.447
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	12.825.003	-	12.825.003	-	3.469.539	12.825.003
Factoring Liabilites	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-
Provisions	1.342.384	-	-	-	-	1.342.384
Current Tax Liability	530.543	-	-	-	-	530.543
Deferred Tax Liability	412.665	-	-	-	-	412.665
Liabilities For Property and Equipment Held For Sale and Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	4.784.477	-	-	-	-	4.784.477
Other Liabilities	11.373.254	-	-	-	-	11.373.254
Shareholders' Equity	43.787.041	-	-	-	-	43.787.041
Total liabilities	**354.681.613**	**-**	**27.100.019**	**-**	**3.469.539**	**354.681.613**

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) 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 - 31.12.2019	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
1	**Asset carrying value amount under scope of regulatory consolidation**	**359.524.967**	**369.337.110**	**-**	**16.517.762**	**3.972.913**
2	Liabilities carrying value amount under regulatory scope of consolidation	624.154	-	-	19.052.252	3.236.587
3	**Total net amount under regulatory scope of consolidation**	**358.900.813**	**369.337.110**	**-**	**35.570.014**	**7.209.500**
4	Off-balance sheet amounts	369.191.923	29.930.260	-	-	-
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		8.704.903	-	-	-
8	Differences due to prudential filters		-	-	-	(953.365)
9	Differences due to risk reduction		(9.566.280)	-	(17.612.841)	-
10	**Exposure amounts considered for regulatory purposes**		**398.405.993**	**-**	**17.957.173**	**6.256.135**

(*)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 - 31.12.2018	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
1	**Asset carrying value amount under scope of regulatory consolidation**	**326.981.641**	**331.193.351**	**-**	**22.605.903**	**6.558.490**
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	27.100.019	3.469.539
3	**Total net amount under regulatory scope of consolidation**	**326.981.641**	**331.193.351**	**-**	**49.705.922**	**10.028.029**
4	Off-balance sheet amounts	416.934.991	36.349.639	-	-	-
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		5.648.173	-	-	-
8	Differences due to prudential filters		-	-	-	(4.940.285)
9	Differences due to risk reduction		(6.415.738)	-	(26.407.445)	-
10	**Exposure amounts considered for regulatory purposes**		**366.775.425**	**-**	**23.298.477**	**5.087.744**

(*)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) 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.

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

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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.

2. Credit quality of assets:

		Gross carrying values of (according to TAS)			
	Current Period - 31.12.2019	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	15.430.545	216.486.072	12.707.076	219.209.541
2	Debt Securities	-	89.799.213	83.688	89.715.525
3	Off-balance sheet explosures	258.507	97.657.308	304.813	97.611.002
4	**Total**	**15.689.052**	**403.942.593**	**13.095.577**	**406.536.068**

		Gross carrying values of (according to TAS)			
	Prior Period - 31.12.2018	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	8.439.028	213.980.162	8.482.446	213.936.744
2	Debt Securities	-	56.374.324	48.385	56.325.939
3	Off-balance sheet explosures	258.446	105.646.122	388.224	105.516.343
4	**Total**	**8.697.474**	**376.000.608**	**8.919.055**	**375.779.026**

3. Changes in stock of defaulted loans and debt securities:

		Current Period 31.12.2019	**Prior Period 31.12.2018**
1	**Defaulted loans and debt securities at end of the previous reporting period**	**8.697.474**	**5.141.300**
2	Loans and debt securities that have defaulted since the last reporting period	10.714.875	10.048.233
3	Returned to non-defaulted status	24.193	26.936
4	Amounts written off	1.898.592	4.583.202
5	Other changes	1.800.512	1.881.923
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions**	**15.689.052**	**8.697.474**

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented below:

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 / specific 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".

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

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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 2019.

c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of Section Three.

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, 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:

Breakdown by geographical area:

	Current Period 31.12.2019	**Prior Period 31.12.2018**
Domestic	207.806.435	205.272.380
European Union Countries	8.113.434	7.995.920
OECD Countries (*)	29.434	10.757
Off-Shore Banking Regions	-	-
USA, Canada	2.474	39.697
Other	534.295	661.408
Total	**216.486.072**	**213.980.162**

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period 31.12.2019	**Prior Period 31.12.2018**
Agricultural	713.229	910.917
Farming and raising livestock	631.654	616.229
Forestry	78.223	286.917
Fishing	3.352	7.771
Manufacturing	54.196.614	53.644.811
Mining	2.421.717	2.890.485
Production	33.864.911	33.665.195
Electricity, Gas, Water	17.909.986	17.089.131
Construction	30.674.491	33.913.762
Services	63.685.010	70.868.901
Wholesale and Retail Trade	28.052.964	26.081.774
Hotel,Food,Beverage Services	4.429.101	4.893.307
Transportation and Telecommunication	6.455.628	11.589.738
Financial Institutions	16.122.386	24.833.186
Real Estate and Lending Services	4.122.113	304.271
Self employment Service	1.871.654	711.914
Education Service	644.503	662.888
Health and social Services	1.986.661	1.791.823
Other	67.216.728	54.641.771
Total	**216.486.072**	**213.980.162**

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Breakdown by outstanding maturity:

Current Period 31.12.2019	Demand Deposit	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	130.937	50.318.181	24.201.764	42.137.606	78.158.642	21.538.942	**216.486.072**

Prior Period 31.12.2018	Demand Deposit	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	407.234	37.596.615	24.049.587	50.028.752	78.223.864	23.674.110	**213.980.162**

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 - 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Domestic	14.707.946	8.283.609	7.855.575	4.804.969
European Union Countries	722.400	355.524	583.164	75.672
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	29	30	28
USA, Canada	39	39	164	146
Other	130	109	95	86
Total	**15.430.545**	**8.639.310**	**8.439.028**	**4.880.901**

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period - 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Agricultural	33.929	21.313	12.161	8.075
Farming and raising livestock	26.154	16.813	8.698	5.791
Forestry	7.701	4.436	3.291	2.130
Fishing	74	64	172	154
Manufacturing	2.865.654	1.411.233	1.764.405	989.906
Mining	420.559	118.595	42.603	38.321
Production	1.573.654	915.142	925.008	613.309
Electricity, Gas, Water	871.441	377.496	796.794	338.276
Construction	4.928.768	2.571.861	1.111.111	577.364
Services	4.952.841	2.661.805	3.425.132	1.639.248
Wholesale and Retail Trade	2.839.508	1.679.819	1.800.721	1.132.145
Hotel,Food,Beverage Services	566.323	138.437	453.680	112.242
Transportation and			195.173	92.163
Telecommunication	233.895	121.414		
Financial Institutions	997.059	522.328	613.231	98.029
Real Estate and Lending			144.627	81.011
Services	99.131	89.629		
Self employment Service	4.391	3.673	4.916	3.973
Education Service	115.569	47.202	104.043	49.439
Health and social Services	96.965	59.303	108.741	70.246
Other	2.649.353	1.973.098	2.126.219	1.666.308
Total	**15.430.545**	**8.639.310**	**8.439.028**	**4.880.901**

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g) Aging analysis for overdue receivables:

	Current Period 31.12.2019	Prior Period 31.12.2018
30-60 days overdue	1.253.357	4.268.500
60-90 days overdue	1.554.869	1.676.140
Total	**2.808.226**	**5.944.640**

h) Breakdown of restructured receivables based on whether or not provisions are allocated:

Restructured Receivables	Current Period 31.12.2019	Prior Period 31.12.2018
Loans restructured from Loans underFollow-up and Other Receivables	18.150.678	12.456.701
Loans restructured from Non-Performing Loans	749.792	252.881

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) 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.

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5. Credit risk mitigation techniques – overview:

	Current Period - 31.12.2019	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	211.695.292	7.514.249	6.113.347	4.223.971	3.254.282	-	-
2	Debt Securities	89.715.525	-	-	-	-	-	-
3	**Total**	**301.410.817**	**7.514.249**	**6.113.347**	**4.223.971**	**3.254.282**	**-**	**-**
4	Of which defaulted	15.689.052	-	-	-	-	-	-

	Prior Period - 31.12.2018	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	206.312.068	7.624.676	5.704.796	9.910.626	8.818.566	-	-
2	Debt Securities	56.325.939	-	-	-	-	-	-
3	**Total**	**262.638.007**	**7.624.676**	**5.704.796**	**9.910.626**	**8.818.566**	**-**	**-**
4	Of which defaulted	8.697.474	-	-	-	-	-	-

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:

	Current Period - 31.12.2019	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	97.045.441	308.932	100.332.836	7.447	19.276.444	19,21%
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	50,00%
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	100,00%
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.607.299	37.313.656	34.607.299	14.253.551	27.116.938	55,50%
7	Exposures to corporates	148.188.186	44.524.482	142.412.240	28.367.158	166.174.507	97,30%
8	Retail exposures	57.251.736	40.430.391	55.004.330	4.528.357	44.649.515	75,00%
9	Exposures secured by residential property	8.096.458	317.712	8.090.022	133.739	2.878.316	35,00%
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	65,02%
11	Past-due loans	6.791.236	-	6.069.582	-	5.078.686	83,67%
12	Higher-risk categories by the Agency Board	-	297.190	-	121.440	171.601	-
13	Exposures secured by commercial real estate	-	-	-	-	-	-
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)	309.776	-	309.776	-	309.776	100,00%
16	Other assets	11.470.950	-	11.470.950	-	8.118.771	70,78%
17	Investments in equities	242.192	-	242.192	-	242.192	100,00%
18	**Total**	**373.467.952**	**124.583.712**	**367.934.133**	**48.429.033**	**280.600.956**	**67,39%**

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	Prior Period - 31.12.2018	**Exposures before credit conversion factor and CRM**		**Exposures post-credit conversion factor and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	75.742.406	3.425.166	84.432.566	149.220	16.719.246	19,77%
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.531.326	42.274.292	34.531.326	17.769.900	26.508.607	50,68%
7	Exposures to corporates	133.788.589	58.341.580	124.926.153	36.318.389	157.977.461	97,97%
8	Retail exposures	51.506.981	35.527.485	46.927.084	4.199.363	38.344.835	75,00%
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
11	Past-due loans	3.560.340	-	3.560.340	-	3.715.515	104,36%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures secured by commercial real estate	-	-	-	-	-	-
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)	243.711	214.972	243.711	4.472	248.183	100,00%
16	Other assets	9.746.187	-	9.746.187	-	6.066.111	62,24%
17	Investments in equities	19.135	-	19.135	-	19.135	100,00%
18	**Total**	**335.367.100**	**141.813.821**	**330.425.787**	**59.648.114**	**265.098.968**	**67,96%**

8. Standardised Approach – Exposures by asset classes and risk weights:

	Current Period - 31.12.2019 Asset 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	79.641.000	-	289.669	-	2.321.358	-	18.056.563	-	-	31.693	100.340.283
2	Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3	Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4	Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	18.735.862	-	13.566.213	-	16.503.006	55.769	-	-	48.860.850
7	Exposures to corporates	759.415	-	1.501.163	-	4.245.767	-	163.731.449	-	-	541.604	170.779.398
8	Retail exposures	-	-	-	-	-	59.532.687	-	-	-	-	59.532.687
9	Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10	Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11	Past-due loans	-	-	-	-	2.750.752	-	2.549.871	768.959	-	-	6.069.582
12	Higher-risk categories by the Agency Board	-	-	-	-	997	-	19.127	101.316	-	-	121.440
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)	-	-	-	-	-	-	309.776	-	-	-	309.776
16	Investments in equities	-	-	-	-	-	-	242.192	-	-	-	242.192
17	Other assets	3.352.169	-	14	-	-	-	8.118.767	-	-	-	11.470.950
18	**Total**	**84.060.603**	**-**	**20.526.708**	**8.223.761**	**29.925.124**	**59.532.687**	**212.594.942**	**926.044**	**-**	**573.297**	**416.363.166**

(*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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	Prior Period - 31.12.2018 **Asset 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	67.569.712	-	366.035	-	-	-	16.646.039	-	-	-	84.581.785
2	Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3	Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	202.080	-	23.212.856	-	14.040.507	-	14.845.783	-	-	-	52.301.226
7	Exposures to corporates	1.314.832	-	83.905	-	3.770.253	-	156.075.553	-	-	-	161.244.543
8	Retail exposures	-	-	-	-	-	51.126.447	-	-	-	-	51.126.447
9	Exposures secured by residential property	-	-	-	11.266.221	-	-	-	-	-	-	11.266.221
10	Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11	Past-due loans	-	-	-	-	1.069.647	-	1.110.693	1.379.999	-	-	3.560.340
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)	-	-	-	-	-	-	248.183	-	-	-	248.183
16	Investments in equities	-	-	-	-	-	-	19.135	-	-	-	19.135
17	Other assets	3.680.072	-	5	-	-	-	6.066.110	-	-	-	9.746.187
18	**Total**	**72.766.696**	**-**	**23.662.801**	**11.266.221**	**27.726.700**	**51.126.447**	**202.145.039**	**1.379.999**	**-**	**-**	**390.073.902**

(*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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 CCR 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.
- 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.

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2. Analysis of counterparty credit risk exposure by approach:

	Current Period - 31.12.2019	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)	11.519.585	4.623.614		1,4	16.068.273	10.819.881
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	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 Security transactions with credit)					-	-
4	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 Security transactions with credit)					1.888.899	910.288
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					1.888.899	910.288
6	**Total**						**11.730.169**

(*) Effective Expected Positive Exposure

	Prior Period - 31.12.2018	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)	14.611.271	5.320.025		1,4	19.931.296	14.524.323
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	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 Security transactions with credit)					-	-
4	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 Security transactions with credit)					3.367.180	1.520.377
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					3.367.180	1.520.377
6	**Total**						**16.044.700**

(*) Effective Expected Positive Exposure

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3. Credit valuation adjustment (CVA) capital charge:

		Current Period - 31.12.2019		Prior Period - 31.12.2019	
		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	16.609.876	5.225.746	19.931.297	6.739.551
4	**Total subject to the CVA capital charge**	**16.609.876**	**5.225.746**	**19.931.297**	**6.739.551**

4. Standardised approach of CCR exposures by regulatory portfolio and risk weights:

Current Period - 31.12.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Regulatory portfolia									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.290.425	8.726.111	-	120.949	-	-	4.942.089
Corporates	-	-	-	58	-	6.676.710	-	-	6.676.738
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
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	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**4.124**	**-**	**2.290.425**	**8.726.169**	**109.825**	**6.826.633**	**-**	**-**	**11.730.169**

(*) 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 - 31.12.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Regulatory portfolia									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.746.064	9.934.757	-	2.558	-	-	5.519.149
Corporates	-	-	-	444	-	10.479.324	-	-	10.479.546
Retail portfolios	-	-	-	-	52.570	-	-	-	39.427
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	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**76.180**	**-**	**2.746.064**	**9.935.201**	**52.570**	**10.488.460**	**-**	**-**	**16.044.700**

(*) 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.

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 Period - 31.12.2019		Prior Period - 31.12.2018	
	Protection bought	**Protection Sold**	**Protection bought**	**Protection Sold**
Nominal				
Single-name credit default	1.018.240	29.600	5.917.500	26.300
Index credit default swaps	-	-	-	-
Total return swaps	-	7.633.926	-	7.603.757
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	**1.018.240**	**7.663.526**	**5.917.500**	**7.630.057**
Fair values				
Positive fair value (asset)	71.879	2.704.586	642.017	2.607.339
Negative fair value (liability)	-	(34)	-	(1.235)

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7. Exposures to central counterparties (CCP):

		Current Period - 31.12.2019		Prior Period - 31.12.2018	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**21.208**		**22.790**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	541.603	19.940	572.078	22.772
3	(i) OTC Derivatives	541.603	19.940	572.078	22.772
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	-	-	-	-
10	Unfunded default fund contributions	31.693	1.268	7.655	18
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	(iii) Netting sets where cross-product				
	netting has been approved	-	-	-	-
7	Segregated initial margin			-	-
8	Non-segregated initial margin	-	-		
9	Pre-funded default fund contributions	-	-	-	-
10	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

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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 2019, 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 31.12.2019	Prior Period 31.12.2018
		RWA	RWA
	Outright products (*)		
1	Interest rate risk (general and specific)	2.220.963	2.644.038
2	Equity risk (general and specific)	61.762	29.800
3	Foreign exchange risk	3.899.635	2.381.081
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	73.775	32.825
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**6.256.135**	**5.087.744**

(*) 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 2019 is calculated by using the gross income of the Bank in 2016, 2017 and 2018.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2016	31.12.2017	31.12.2018	Total/Positive GI year number	Ratio (%)	Total
Gross income	11.948.171	14.107.718	20.172.377	3	15	2.311.413
Amount subject to Operational Risk (Amount*12,5)						28.892.666

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.

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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.

The Group's calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.588.028	5,69%
TL	500	(4.027.453)	(6,38)%
USD	(200)	922.614	(1,46)%
USD	200	(882.350)	(1,40)%
EURO	(200)	(35.477)	(0,06)%
EURO	200	(828.729)	(1,31)%
Total (for negative shocks)		**4.475.165**	**7,09%**
Total (for positive shocks)		**(5.738.532)**	**(9,09)%**

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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 financial assets measured at fair value through other comprehensive income.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency 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 "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" 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 due to ineffectiveness of efficiency tests;

- 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.

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 hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency 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 "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement.

According to the Financial Stability Board's report of "Major Indicator Interest Rates Reform" which was dated July 2014, the Group evaluates the transition effects related to hedging transactions within the scope of the 'Indicator Interest Rate Reform' which expresses the market-wide reform regarding the interest rate.

As of 31 December 2019, 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 2019			Prior Period 31 December 2018		
	Notional Amount	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
Interest Rate and Cross Currency Swaps						
-TL	13.674.935	5.166.090	919.269	16.237.237	4.693.776	647.569
-FC	50.984.080	184.727	244.871	45.937.007	364.658	41.041
Total	**64.659.015**	**5.350.817**	**1.164.140**	**62.174.244**	**5.058.434**	**688.610**

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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 EUR 320 million which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EUR 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 2019

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL financial assets at other comprehensive income,	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC Borrowings	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC Borrowings	Interest rate and currency risk	(23.858)	23.858	-
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(9)	6	(3)

(*) 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.
(**) 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.

Prior Period - 31 December 2018

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	9.438	(9.438)	-
Interest Rate swap	Fixed interest rate Lease Receivables	Interest rate risk	93	(95)	(2)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	22.074	(22.686)	(612)

(*) 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.
(**) 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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As of 31 December 2019 fair value hedge transactions have been proven to be 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 due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 31 December 2019, 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 1.566 (31 December 2018: TL 7.263).

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	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(33.217)	53.065	(189.937)	69.300	(5.134)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	2.093.795	268.156	(1.591.231)	(592.705)	(131.285)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	88.830	391.002	268.384	(7.037)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	-	491.053	(207.806)	(8.627)	(10.056)

As of 31 December 2019 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 2019, 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 10.105 (31 December 2018: TL (6.113)).

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XII. QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

Explanations on Remuneration Committee:

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2019. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

- Overseeing the remuneration processes and practices with the aim of providing an independent and effective remuneration system.
- Reviewing the remuneration policy practices within the framework of the Corporate Governance principles and ensuring that the remuneration management system is up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance principles to the Board of Directors as an annual report
- Reviewing as to whether remuneration policies, processes and practices comply with risk appetite, strategies and long term targets of the Bank
- Ensuring the implementation of premium payments within the framework of Corporate Governance principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank
- Ensuring the preparation of the decisions regarding the remuneration, particularly the decisions about the remuneration of qualified employees, submitted to the approval of the Board of Directors; the regular observation of compliance and effectiveness of the remuneration policies with the risk appetite and targets of the bank; providing support and opinion to the Board of Directors with regard to the establishment and supervising of the operations of the remuneration system; overseeing the remuneration of the senior management of the units within the scope of Internal Systems

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2019, there are 19 employees that are considered as qualified employees in the Bank.

Information on the Design and Structure of the Remuneration Process:

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created as follows.

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- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management,

Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

Evaluation of the Methods of Associating Premiums with Performance

Performance and risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The premium budget is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income.

The units within the scope of Internal Systems have independent premium systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and premium processes of these units are agreed at the Board of Directors level.

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XIII. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including retail banking, commercial banking, and corporate-investment and private banking and wealth management 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.

Retail banking offers a variety of retail services such as deposit accounts, retail 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 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 2019 and 31 December 2018 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Current Period - 31 December 2019					
Operating Income	9.554.449	7.740.260	2.635.580	1.676.244	21.606.533
Profit from Operating Activities	3.212.508	1.641.173	2.243.069	(176.667)	6.920.083
Income from Subsidiaries	-	-	-	6.743	6.743
Profit before Tax	3.212.508	1.641.173	2.243.069	(169.924)	6.926.826
Tax Expense	-	-	-	(1.574.487)	(1.574.487)
Minority Shares	3.212.508	1.641.173	2.243.069	(1.744.411)	5.352.339
Net Profit for the Period					
Segment Assets	78.687.822	162.204.989	123.749.563	6.539.052	371.181.426
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	15.985.490	15.985.490
Total Assets					387.172.437
Segment Liabilities	156.685.999	82.201.250	74.576.328	6.564.326	320.027.903
Undistributed Liabilities	-	-	-	12.782.081	12.782.081
Shareholders' Equity	-	-	-	54.362.453	54.362.453
Total Liabilities					387.172.437

	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Prior Period - 31 December 2018					
Operating Income	8.780.673	6.846.656	1.341.430	2.723.429	19.692.188
Profit from Operating Activities	3.783.576	1.387.588	1.011.768	946.935	7.129.867
Income from Subsidiaries	-	-	-	6.567	6.567
Profit before Tax	3.783.576	1.387.588	1.011.768	953.502	7.136.434
Corporate Tax	-	-	-	(1.427.281)	(1.427.281)
Minority Shares	3.783.576	1.387.588	1.011.768	(473.779)	5.709.153
Net Profit for the Period					
Segment Assets	71.535.56 4	155.414.381	106.291.403	7.093.603	340.334.951
Investments in Associates.	-	-	-	-	5.521
Undistributed Assets	-	-	-	-	14.341.141
Total Assets					354.681.610
Segment Liabilities	131.439.325	70.722.739	89.927.997	6.902.026	298.992.087
Undistributed Liabilities	-	-	-	-	11.902.485
Shareholders' Equity	-	-	-	-	43.787.041
Total Liabilities					354.681.610

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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 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Cash/Foreign Currency	1.510.067	1.772.129	1.796.419	1.826.133
The CBRT (*)	733.159	25.808.586	2.928.915	23.504.830
Other (**)	-	69.988	-	57.527
Total	**2.243.226**	**27.650.703**	**4.725.334**	**25.388.490**

(*) Precious metal account amounting to TL 1.154.187 are included in FC (31 December 2018: TL 3.432.683).
(**) Precious metal account amounting to TL 69.974 are included in FC (31 December 2018: TL 57.522).

2. Information related to the account of the CBRT:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	6.753	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	726.406	25.808.586	2.928.791	23.504.830
Total	**733.159**	**25.808.586**	**2.928.915**	**23.504.830**

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. The CBRT pays interest to banks that provide credit growth in accordance with the communique principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required reserve rates for TL liabilities vary between 1 % and 7% for TL deposits and other liabilities according to their maturities as of 31 December 2019 (31 December 2018: 1,5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

b. Financial Assets at Fair Value Through Profit or Loss

As of 31 December 2019, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 10.049 (31 December 2018: TL 10.599); and there are no financial assets subject to repo transactions (31 December 2018: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018.The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

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Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial statements under the line "Assets for Sale and Discontinued Operations". As of 31 December 2019, the value of the part pursued as loan is TL 6.723.419, and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value decrease accounted for the total amount turned into credit and capital is TL 938.822, and the entire amount is classified under the item "Assets Held for Sale and Discontinued Operations".

Financial assets, whose fair value difference is reflected in profit and loss and the part that is transformed into capital, amount to TL 7.200.669 in total, these are measured at fair value within the scope of TFRS 9 Financial Instruments Standard and TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. This value is determined based on the valuation study of an independent valuation company. In this valuation study, the fair value was determined by taking into account the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). Within the scope of IFRS 13, loans are followed under Level 3. Possible changes in the basic assumptions in the valuation study will affect the carrying value of the loan and the amount converted into capital.

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international invesment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors will be initiated.

c. Trading derivative financial assets:

Table of positive differences related to derivative financial assets (*)

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Forward Transactions	482.816	162	1.004.135	-
Swap Transactions	5.892.415	4.719.651	11.211.063	4.810.361
Futures Transactions	-	-	-	-
Options	11.139	60.763	67.656	454.254
Other	-	-	-	-
Total	**6.386.370**	**4.780.576**	**12.282.854**	**5.264.615**

(*) Excluding hedging derivatives financial assets.

d. Information on banks account and foreign banks:

1. Information on banks account:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	90.699	881.906	9.099	664.819
Foreign	1.673	16.966.396	3.107	18.282.373
Head Quarters and Branches Abroad	-	-	-	-
Total	**92.372**	**17.848.302**	**12.206**	**18.947.192**

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2. Information on foreign banks account:

	Unrestricted Amount Current Period 31 December 2019	Restricted Amount (**) Current Period 31 December 2019	Unrestricted Amount Prior Period 31 December 2018	Restricted Amount (**) Prior Period 31 December 2018
European Union Countries	8.266.904	3.627.070	7.880.602	4.387.506
USA, Canada	4.634.554	-	5.372.917	615.389
OECD Countries (*)	65.098	-	16.399	-
Off-Shore Banking Regions	168	289.669	134	-
Other	84.606	-	12.533	-
Total	**13.051.330**	**3.916.739**	**13.282.585**	**5.002.895**

(*) OECD Countries other than EU countries, USA and Canada.
(**) Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

e. Information on financial assets fair value through other comprehensive income:

1. As of 31 December 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 8.422.563 (31 December 2018: TL 12.114.655); and those given as collateral/blocked amounting to TL 17.108.499 (31 December 2018: TL 8.854.043).

2. (i) Information on financial assets fair value through other comprehensive income:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	68.420.444	46.920.338
Quoted at Stock Exchange (*)	66.265.514	45.524.169
Unquoted at Stock Exchange	2.154.930	1.396.169
Share Certificates	16.384	13.620
Quoted at Stock Exchange		-
Unquoted at Stock Exchange	16.384	13.620
Impairment Provision (-)	918.388	2.593.916
Total	**67.518.440**	**44.340.042**

(*) Investment funds are included.

f. 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 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.723.184	1.048.264	5.476.437	1.073.121
Loans Granted to Employees	132.254	-	114.675	-
Total	**6.855.438**	**1.048.361**	**5.591.112**	**1.074.561**

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2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled (*):
   (i). Loans at amortised cost (*):

Current Period – 31 December 2019		Loans and other receivables under follow up		
			Restructured Loans and Receivables	
Cash Loans	**Standard Loans and Other Receivables**	**Loans and Receivables Not Subject to restructuring**	**Loans and Receivables with Revised Contract Terms**	**Refinance**
Non-specialized Loans				
Loans given to enterprises	34.534.813	1.711.929	6.179	2.646.579
Export Loans	13.308.149	191.573	26.535	216.764
Import Loans	1.810.906	-	-	-
Loans Given to Financial Sector	11.501.623	104	-	-
Consumer Loans	28.687.077	2.459.337	944.603	23.315
Credit Cards	14.579.181	892.762	647.945	-
Other	81.465.667	7.168.480	593.626	13.068.925
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**185.887.416**	**12.424.185**	**2.218.888**	**15.955.583**

(*) The balances of loans at fair value profit or loss has not been included. Included lease receivables.

		Current Period 31 December 2019		Prior Period 31 December 2018
Expected Credit Loss Stage I and Stage II (*)	**Standard Loans**	**Loans under Follow-up**	**Standard Loans**	**Loans under Follow-up**
12 Month Expected Credit Losses	649.212	-	737.932	-
Significant Increase in Credit Risk	-	3.418.554	-	2.863.613
Total	**649.212**	**3.418.554**	**737.932**	**2.863.613**

(*) Included expected credit losses of lease receivables.

3. Breakdown of loans according to their maturities:

		Loans Under Follow-up	
	Standard Loans	**Non-restructured**	**Restructured or rescheduled**
Short-term Loans	52.184.838	2.456.903	937.971
Medium and Long-term Loans	133.702.578	9.967.282	17.236.500
Total	**185.887.416**	**12.424.185**	**18.174.471**

(*) The balances of loans at fair value profit or loss has not been included.

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4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**416.245**	**30.237.038**	**30.653.283**
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**1.065**	**1.065**
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	**12.854.524**	**617.059**	**13.471.583**
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
Consumer Credit Cards-FC	**14.658**	**-**	**14.658**
With Installment	-	-	-
Without Installment	14.658	-	14.658
Personnel Loans-TL	**3.762**	**70.496**	**74.258**
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
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	**57.635**	**108**	**57.743**
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
Personnel Credit Cards-FC	**253**	**-**	**253**
With Installment	-	-	-
Without Installment	253	-	253
Credit Deposit Account-TL (Real Person)	**1.385.726**	**-**	**1.385.726**
Credit Deposit Account-FC (Real Person)	**-**	**-**	**-**
Total Consumer Loans	**14.732.803**	**30.925.766**	**45.658.569**

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Prior Period - 31.12.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**641.242**	**27.032.858**	**27.674.100**
Mortgage Loans	1.600	10.799.366	10.800.966
Automotive Loans	1.211	136.735	137.946
Consumer Loans	638.431	16.096.757	16.735.188
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**1.289**	**1.289**
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	**11.428.605**	**568.087**	**11.996.692**
With Installment	3.869.730	566.715	4.436.445
Without Installment	7.558.875	1.372	7.560.247
Consumer Credit Cards-FC	**11.816**	**-**	**11.816**
With Installment	-	-	-
Without Installment	11.816	-	11.816
Personnel Loans-TL	**5.100**	**57.903**	**63.003**
Mortgage Loans	-	3.592	3.592
Automotive Loans	-	36	36
Consumer Loans	5.100	54.275	59.375
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	**51.496**	**24**	**51.520**
With Installment	16.959	24	16.983
Without Installment	34.537	-	34.537
Personnel Credit Cards-FC	**152**	**-**	**152**
With Installment	-	-	-
Without Installment	152	-	152
Credit Deposit Account-TL (Real Person)	**1.403.700**	**-**	**1.403.700**
Credit Deposit Account-FC (Real Person)	**-**	**-**	**-**
Total Consumer Loans	**13.542.111**	**27.660.161**	**41.202.272**

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5. Information on commercial installment loans and corporate credit cards:

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	**159.072**	**13.267.296**	**13.426.368**
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
FC Indexed Commercial Installment Loans	**-**	**98.153**	**98.153**
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
Commercial Installment Loans-FC	**9.807**	**353.752**	**363.559**
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
Corporate Credit Cards-TL	**2.561.575**	**10.361**	**2.571.936**
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
Corporate Credit Cards-FC	**3.715**	**-**	**3.715**
With Installment	-	-	-
Without Installment	3.715	-	3.715
Credit Deposit Account-TL (Legal Person)	**1.029.463**	**-**	**1.029.463**
Credit Deposit Account-FC (Legal person)	**-**	**-**	**-**
Total	**3.763.632**	**13.729.562**	**17.493.194**

Prior Period - 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	**1.013.895**	**12.614.322**	**13.628.217**
Mortgage Loans	5.555	8.397	13.952
Automotive Loans	38.764	66	38.830
Consumer Loans	969.576	12.605.859	13.575.435
Other	-	-	-
FC Indexed Commercial Installment Loans	**4.555**	**353.390**	**357.945**
Mortgage Loans	-	1.019	1.019
Automotive Loans	-	-	-
Consumer Loans	4.555	352.371	356.926
Other	-	-	-
Commercial Installment Loans-FC	**8.487**	**199.661**	**208.148**
Mortgage Loans	-	-	-
Automotive Loans	3.515		3.515
Consumer Loans	4.972	199.661	204.633
Other	-	-	-
Corporate Credit Cards-TL	**2.693.636**	**50**	**2.693.686**
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	**2.752**	**-**	**2.752**
With Installment		-	
Without Installment	2.752	-	2.752
Credit Deposit Account-TL (Legal Person)	**1.159.752**	**-**	**1.159.752**
Credit Deposit Account-FC (Legal person)	**-**	**-**	**-**
Total	**4.883.077**	**13.167.423**	**18.050.500**

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6. Loans according to types of borrowers:

	Current Period 31 December 2019	Prior Period 31 December 2018
Public	3.079.818	1.508.632
Private	228.836.799	214.220.350
Total	**231.916.617**	**215.728.982**

7. Distribution of domestic and foreign loans (*): Loans are classified according to the locations of the customers.

	Current Period 31 December 2019	Prior Period 31 December 2018
Domestic Loans	222.653.350	206.437.542
Foreign Loans	9.263.267	9.291.440
Total	**231.916.617**	**215.728.982**

(*) Included leasing receivables.

8. Loans granted to investments in associates and subsidiaries: None.

9. (i) Credit-Impaired Losses (Stage III / Special Provision) (*):

	Current Period 31 December 2019	Prior Period 31 December 2018
Loans and Other Receivables with Limited Collectibility	2.183.880	724.871
Loans and Other Receivables with Doubtful Collectibility	2.054.163	1.226.217
Uncollectible Loans and Receivables	4.401.267	2.929.813
Total	**8.639.310**	**4.880.901**

(*) Included leasing receivables.

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
Current Period: 31 December 2019			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109
Prior Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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10. (ii) Information on the movement of total non-performing loans (*):

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Prior Period End Balance: 31 December 2018	**1.681.186**	**2.853.788**	**3.904.054**
Additions (+)	9.275.423	978.001	461.390
Transfers from Other Categories of Non-Performing Loans (+)	-	6.434.858	5.631.430
Transfers to Other Categories of Non-Performing Loans (-)	6.434.858	5.631.430	-
Collections (-)	533.124	554.481	737.100
Write-offs (-) (***)	5.755	5.810	1.218.780
Sold Portfolio (**)	163	1.140	666.944
Corporate and Commercial Loans	40	993	277.023
Consumer Loans	114	78	199.687
Credit Cards	9	68	184.546
Other	-	-	5.688
Balance at the End of the Period	**3.982.709**	**4.073.786**	**7.374.050**
Specific Provisions (-)	2.183.880	2.054.163	4.401.267
Net Balance at Balance Sheet	**1.798.829**	**2.019.623**	**2.972.783**

(*) Included leasing receivables.
(**) TL 714 million (in full TL amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 32,9 million TL (in full TL amount) to Istanbul Varlık Yönetimi A.Ş. and Gelecek Varlık Yönetim A.Ş. 113,8 million TL portion of 714 million TL has been written off as of 2017 and before. Ak Finansal Kiralama A.Ş. sold 50.8 million TL of non-performing finance lease receivables to Met-Ay Varlık Yönetim A.Ş. for a consideration of 425 thousand TL.
(***) The amount of write-off made 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 27 November 2019 and numbered 30961 is 1.119.998 thousand TL and its effect on the NPL ratio is 49 basis point.

10. (iii) Information on non-performing loans granted as foreign currency loans:

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period: 31 December 2019			
Balance at the End of the Period	328.325	1.221.406	2.779.344
Specific Provision (-)	144.060	454.769	1.285.111
Net Balance on Balance Sheet	184.265	766.637	1.494.233
Prior Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	1.011.627
Specific Provision (-)	87.114	532.960	562.963
Net Balance at Balance Sheet	152.096	1.050.449	448.664

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

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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 2019			
Loans granted to corporate entities and real persons (Gross)	3.982.709	4.073.786	7.374.050
Specific Provision Amount (-)	2.183.880	2.054.163	4.401.267
Loans granted to corporate entities and real persons (Net)	1.798.829	2.019.623	2.972.783
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 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.904.054
Specific Provision Amount (-)	724.871	1.226.217	2.929.813
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	974.241
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

(*)Included leasing receivables.

10. (v) Information on the collection policy of non-performing loans 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
Current Period: 31 December 2019			
Interest accruals and valuation differences	240.819	602.739	1.313.881
Provision (-)	126.538	343.611	797.273
Prior Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	139.094
Provision (-)	84.613	168.980	105.678

(*) Included leasing receivables.

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-of The general policy of the Bank in the deletion of NPLs from assets is that the receivables that are documented that the collection is not possible during the legal follow-up process and that are classified under the 5th group and do not have reasonable expectations regarding their recovery and 100% of all fraud and fraud-related follow-up accounts with a provision ratio. Legal proceedings are tracked from where they left off for the follow-up accounts that are not recorded in the legal proceedings.

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g. Financial Assets Measured at Amortised Cost

1. Information on financial subject to repurchase agreements and those given as collateral/blocked:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Given as collateral/blocked	352.296	-	-	659.977
Subject to repurchase agreements	145.327	1.229.269	151.531	2.482.866
Total	**497.623**	**1.229.269**	**151.531**	**3.142.843**

2. Information about Government debt securities:

	Current Period 31 December 2019	Prior Period 31 December 2018
Government debt	13.080.081	9.062.489
Treasury bonds	-	-
Other government debts	779.177	691.694
Total	**13.859.258**	**9.754.183**

3. Information on financial assets measured at amortised cost:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	15.602.381	12.328.066
Quoted at stock exchange	15.602.381	12.328.066
Not quoted at stock exchange	-	-
Impairment (-)	27.523	64.585
Total	**15.574.858**	**12.263.481**

4. The movement of financial assets at amortised costs:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	414.623	1.683.147
Purchases During Year	5.397.163	1.654.189
Disposals Through Sales and Redemptions (*)	(3.214.759)	(10.713.907)
Impairment Provision (-)	37.062	184.506
Change in Amortised Cost	677.288	572.514
Balance at the End of the Period	**15.574.858**	**12.263.481**

(*) The Bank has reviewed its management model for securities in accordance with TFRS 9 standard in the prior period. Securities amounting to TL 4.927.185 previously classified as held to maturity and measured at amortised cost are classified to fair value through other comprehensive income because of the appropriate management model is intended to be used for selling or financing cash flows.

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h. 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:

	Title	Address (City / Country)	Bank's share percentage- 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

1 (iii). Main financial figures of associates, in the order of the above table.

The financial figures stated below have been obtained from the financial statements date 30 September 2019.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	147.868	93.468	73.689	3.852	-	28.503	15.603	-
2	348.965	224.008	234.334	8.774	-	26.579	34.818	-

1 (iv). Movement schedule for non-consolidated subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.521	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	1.598
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	5.521	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

2. Consolidated subsidiaries within the current period: None.

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i. Information on subsidiaries (Net):

1. Information related to shareholders' equity of major subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2019 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş
Paid in Capital	360.007	96.802	10.534	740.648	27.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	4.006.165	(14)
Gains recognized in equity as per TAS	-	(2.010)	(150)	-	-
Profit/Loss	95.149	362.028	108.825	364.203	(15.347)
- Net Current Period Profit	95.149	128.174	65.994	364.203	(12.255)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	37	754	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.222	12.421	365	4.755	-
Total Common Equity	**947.957**	**509.761**	**137.078**	**5.106.261**	**11.639**
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" (-)	-	-	-	-	-
Total Tier I Capital	**947.957**	**509.761**	**137.078**	**5.106.261**	**11.639**
Tier II Capital	**85.351**	**221**	**1**	**35.269**	**-**
CAPITAL	**1.033.308**	**509.982**	**137.079**	**5.141.530**	**11.639**
Deductions from Capital	**-**	**-**	**-**	**-**	**-**
TOTAL CAPITAL	**1.033.308**	**509.982**	**137.079**	**5.141.530**	**11.639**

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:

	Title	Address (City / Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk 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
5	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Turkey	100,00	100,00

4. Main financial figures of consolidated subsidiaries, in the order of the above table:

The following amounts have been obtained from the financial statements as of 31 December 2019 prepared in accordance with legislation in which companies are subject to.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.859.395	947.893	32.832	492.229	-	95.149	(81.083)	-
2	1.241.943	522.936	19.479	321.198	9.391	128.174	113.732	-
3	157.748	137.443	5.153	14.128	-	65.994	42.277	-
4	29.795.339	5.111.016	51.060	1.323.785	113.336	364.203	233.114	-
5	18.585	11.639	1.282	1.326	-	(12.255)	(3.092)	-

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.

5. Movement schedule for consolidated subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	139.981	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	640.370	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	498.293	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.730.785	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts arise from the capital increase of Ak Finansal Kiralama A.Ş. which is 99.99% subsidiary of the Bank by TL 125.000 for the current period and arise from 15.000 TL increase on AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly- owned subsidiary of the Bank, and for the prior period, TL 12,000 that was paid by the Bank for AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank as founding capital and the capital increase Ak Yatırım Menkul Değerler A.Ş. which is a wholly-owned subsidiary of the Bank by TL 50.000.
(**) 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.

6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period 31 December 2019	Prior Period 31 December 2018
Banks	5.111.016	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	947.751	727.051
Finance Companies	-	-
Other Financial Subsidiaries	672.018	476.897

7. Subsidiaries quoted to a stock exchange: None (31 December 2018: None).

j. Information on joint ventures: None (31 December 2018: None).

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k. Information on finance lease receivables (Net):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	Gross	**Net**	**Gross**	**Net**
2019	-	-	2.480.090	2.178.794
2020	2.012.951	1.761.924	1.568.621	1.341.508
2021 and following years	3.182.173	2.804.929	2.563.373	2.294.827
Total	**5.195.124**	**4.566.853**	**6.612.084**	**5.815.129**

l. Information on the hedging derivative financial assets:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge	3.072.295	151.510	2.957.837	110.989
Cash Flow Hedge	2.093.795	33.217	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
Total	**5.166.090**	**184.727**	**4.693.776**	**364.658**

m. Information on tangible assets:

The "TFRS 16 Leases" Standard was published in the Official Gazette no.29826 dated 16 April 2018 to be applied in the accounting periods starting after 31 December 2018. The Bank has applied the TFRS 16 "Leases" standard, which replaces TAS 17 "Leasing Transactions", as of January 1, 2019, the first implementation date and the transition effect is indicated in the table below.

	Immovables (*)	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2018				
Cost	3.880.347	1.623.834	347.795	5.851.976
Accumulated Depreciation(-)	451.770	967.479	-	1.419.249
Net Book Value	**3.428.577**	**656.355**	**347.795**	**4.432.727**
Current Period End: 31 December 2019				
Net Book Value at the Beginning of the Period	3.428.577	656.355	347.795	4.432.727
TFRS 16 Transition Effect				
Cost	784.613	-	-	784.613
Accumulated Depreciation (-)	310.941	-	-	310.941
Additions	165.596	586.113	81.576	833.285
Investment Properties Revaulation differences	-	-	-	-
Transferred	422.302	-	(422.302)	-
Disposals (-), net	35.934	996	-	36.930
Depreciation (-)	120.369	218.516	-	338.885
Impairment	-	-	-	-
Currency Translation Differences on Foreign Operations, Net	29.425	75	-	29.500
Cost at Period End	4.405.887	2.159.285	7.069	6.572.241
Accumulated Depreciation at Period End (-)	516.290	1.136.254	-	1.652.544
Closing Net Book Value	**3.889.597**	**1.023.031**	**7.069**	**4.919.697**

(*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2019, asset usage rights are TL 852.500, and accumulated depreciation amount is TL 345.737.

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	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2017				
Cost	3.066.411	1.298.285	49.731	4.414.427
Accumulated Depreciation(-)	117.491	871.020	-	988.511
Net Book Value	**2.948.920**	**427.265**	**49.731**	**3.425.916**
Current Period End: 31 December 2018				
Net Book Value at the Beginning of the Period	2.948.920	427.265	49.731	3.425.916
Additions	25.432	386.666	321.617	733.715
Investment Properties Revaulation differences	-	-	-	-
Transferred	11.986	2	(23.553)	(11.565)
Disposals (-), net	4.404	824	-	5.228
Depreciation (-)	27.458	156.757	-	184.215
Impairment	429	-	-	429
Cost at Period End	3.095.734	1.623.832	347.795	5.067.361
Accumulated Depreciation at Period End (-)	140.829	967.480	-	1.108.309
Closing Net Book Value	**2.954.905**	**656.352**	**347.795**	**3.959.052**

n. Information on intangible assets:

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cost	1.461.990	1.379.705
Accumulated Amortization (-)	508.802	733.512
Net Book Value	**953.188**	**646.193**

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	**646.192**	**478.542**
Additions	496.271	340.863
Disposals (-), net	118	-
İmpairment (-)	-	-
Depreciation (-)	189.157	173.212
Closing Net Book Value	**953.188**	**646.193**

o. Information on the investment properties: None (31 December 2018: None).

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p. Information on deferred tax asset:

As of 31 December 2019, the Group has TL 135.972 deferred tax asset (31 December 2018: TL 143.808). 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. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

	Accumulated temporary differences		Deferred tax assets / (liabilities)	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Employee benefits	450.884	325.249	99.053	71.324
Expected Credit Loss Provisons (Stage 1-2)	4.519.329	4.040.886	999.147	893.268
Differences between book value and tax base of property, plant and equipment	(1.068.576)	(743.336)	(234.893)	(163.498)
Differences between book value and tax base of financial assets	(6.854.216)	(3.509.346)	(1.485.545)	(765.250)
Investment Properties Revaluation differences	(2.460.656)	(2.461.256)	(300.168)	(300.829)
Country risk provision	(426.515)	(340.612)	(136.485)	(108.996)
Other	1.573.354	589.796	351.402	126.938
Deferred Tax Asset/(Liabilities) Net			**(701.240)**	**(247.043)**

r. Information on property and equipment held for sale and related to discontinued operations:

	Current Period 31 December 2019	**Prior Period 31 December 2018**
Cost	666.140	264.463
Accumulated Depreciation (-)	73	79
Net Book Value	**666.067**	**264.384**

	Current Period 31 December 2019	**Prior Period 31 December 2018**
Opening Balance Net Book Value	**264.384**	**133.515**
Additions (*)	1.575.616	180.171
Disposals (-), net	235.066	49.220
İmpairment (-)	938.867	82
Depreciation (-)	-	-
Closing Net Book Value	**666.067**	**264.384**

(*) As stated in Note I-b of Section Five, the Bank has 35.56% participation in the newly established LYY Telekomünikasyon A.Ş., and has reclassified its 18 TL shares under fair value through other comprehensive income in the prior period. Within this scope, the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from 18 TL to 1.416.090 TL. Related amounts are presented in the "additions" row of table above. The fair value decrease amount of 938.822 TL that the Bank has calculated for LYY Telekomünikasyon A.Ş. is shown in the "impairment" row of the table above.

s. Information on other assets:

Other assets amounting to TL 6.505.838 (31 December 2018: TL 6.462.174) 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 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	10.127.048	10.183.799	41.132.279	182.618	262.221	531.691	12.977	**62.432.633**
Foreign Currency Deposits	27.509.477	13.423.063	74.235.005	2.709.505	2.970.256	17.691.555	1.154	**138.540.015**
Residents in Turkey	22.472.756	13.252.797	69.514.476	2.346.602	1.234.268	4.024.290	1.102	**112.846.291**
Residents Abroad	5.036.721	170.266	4.720.529	362.903	1.735.988	13.667.265	52	**25.693.724**
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	**1.183.421**
Commercial Deposits	8.514.974	8.212.215	10.741.257	229.145	82.984	175.345	-	**27.955.920**
Other Institutions Deposits	272.527	829.067	2.177.831	46.463	6.085	971	-	**3.332.944**
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	**4.491.847**
Interbank Deposits	1.555.546	480.512	4.008.293	430.528	288.030	12.644	-	**6.775.553**
The CBRT	-	-	-	-	-	-	-	**-**
Domestic Banks	11.574	19.373	200.551	332.047	173.450	-	-	**736.995**
Foreign Banks	246.636	461.139	3.807.742	98.481	114.580	12.644	-	**4.741.222**
Participation Banks	1.297.336	-	-	-	-	-	-	**1.297.336**
Other	-	-	-	-	-	-	-	**-**
Total	**53.268.788**	**33.142.935**	**132.326.076**	**3.601.630**	**3.878.280**	**18.480.493**	**14.131**	**244.712.333**

1 (ii). Prior period - 31 December 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.091	36.807.411	1.723.512	3.056.761	1.092.246	20.081	**55.868.082**
Foreign Currency Deposits	23.465.232	14.864.820	54.167.714	2.668.885	7.938.266	15.349.849	1.782	**118.456.548**
Residents in Turkey	19.626.445	14.444.683	50.220.130	1.518.271	1.709.742	2.829.814	1.623	**90.350.708**
Residents Abroad	3.838.787	420.137	3.947.584	1.150.614	6.228.524	12.520.035	159	**28.105.840**
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	**1.118.222**
Commercial Deposits	6.762.192	5.773.856	6.509.480	244.718	153.281	333.052	-	**19.776.579**
Other Institutions Deposits	250.105	469.459	1.277.232	10.479	629.880	237.530	-	**2.874.685**
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	**2.484.399**
Interbank Deposits	1.487.220	1.476.252	4.329.783	301.072	457.058	-	-	**8.051.385**
The CBRT	-	-	-	-	-	-	-	**-**
Domestic Banks	9.795	1.438.343	345.038	6.275	342.171	-	-	**2.141.622**
Foreign Banks	123.202	37.909	3.984.745	294.797	114.887	-	-	**4.555.540**
Participation Banks	1.354.223	-	-	-	-	-	-	**1.354.223**
Other	-	-	-	-	-	-	-	**-**
Total	**42.134.382**	**28.948.941**	**103.116.452**	**4.956.250**	**12.421.053**	**17.030.959**	**21.863**	**208.629.900**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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.

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
Saving Deposits	30.875.550	23.246.737	30.609.809	32.618.885
Foreign Currency Saving Deposits	16.110.198	10.341.024	56.626.928	50.682.638
Other Deposits in the Form of Saving Deposits	2.373.387	1.256.207	1.807.082	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 31 December 2019	Prior Period 31 December 2018
Foreign Branches' Deposits and other accounts	18	375
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	1.625.947	1.208.455
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:

(i). Table of derivative financial liabilities (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	143.501	401	344.315	-
Swap Transactions	6.176.955	1.360.509	10.328.830	853.826
Futures Transactions	-	-	-	-
Options	5.686	94.510	2.910	606.512
Other	-	-	-	-
Total	**6.326.142**	**1.455.420**	**10.676.055**	**1.460.338**

(*) Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	548.615	1.187.028	279.606	1.268.471
From Foreign Banks, Institutions and Funds	-	33.100.838	477.107	41.624.699
Total	**548.615**	**34.287.866**	**756.713**	**42.893.170**

2. Information on maturity structure of borrowings:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Short-term	303.879	641.868	253.087	1.223.517
Medium and Long-term	244.736	33.645.998	503.626	41.669.653
Total	**548.615**	**34.287.866**	**756.713**	**42.893.170**

Securitized borrowings procured via A.R.T.S. Ltd. ("Structured Entity") which the Bank has 100% controlling power, are included in external funding sources of the Bank. Under the securitization program agreements, the Bank has sold foreign trade and customer receivables to A.R.T.S. Ltd.

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):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Bank bills	2.391.332	-	2.847.485	-
Bonds	2.532.944	8.612.669	2.007.243	8.216.719
Total	**4.924.276**	**8.612.669**	**4.854.728**	**8.216.719**

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 2.251.871 under "Other Liabilities" (31 December 2018: TL 3.364.074) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of TFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	Gross	**Net**	**Gross**	**Net**
Less Than 1 Year	150.202	63.868	-	-
Between 1-4 Years	388.038	188.559	-	-
More Than 4 Years	544.539	371.727	-	-
Total	**1.082.779**	**624.154**	**-**	**-**

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge	71.230	191.806	2.611	41.041
Cash Flow Hedge	848.039	53.065	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	**919.269**	**244.871**	**647.569**	**41.041**

h. Information on provisions:

1. Information on reserves for employee rights:

Balance Sheet Obligations for:	**Current Period 31 December 2019**	**Prior Period 31 December 2018**
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	324.669	208.632
- Reserve for unused vacation	126.215	102.878
Total	**450.884**	**311.510**

1. (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 31 December 2019	**Prior Period 31 December 2018**
Discount Rate (%)	3,97	5,73
Rate for the Probability of Retirement (%)	95,13	94,45

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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 6.730,15 (1 January 2019: TL 6.017,60) effective from 1 January 2020 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 31 December 2019	Prior Period 31 December 2018
Prior Period Closing Balance	**215.202**	**209.829**
Recognized as an Expense During the Period	86.885	69.921
Actuarial Loss / (Gain)	89.142	(6.951)
Paid During the Period	(66.408)	(57.597)
Balance at the End of the Period	**324.821**	**215.202**

As of 31 December 2019, the Group has allocated vacation liability amounting to TL 126.215 (31 December 2018: TL 110.046).

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%). Based on the actuary report, as of 31 December 2019, the deficit of the Fund amounts to TL 38.125 (31 December 2018: TL 6.194 excess).

	Current Period 31 December 2019	Prior Period 31 December 2018
Total Obligations	(6.729.229)	(5.784.979)
Cash value of future contributions	4.895.180	4.163.438
Total Transfer Obligations to SSI	**(1.834.049)**	**(1.621.541)**
Past service obligation	(269.546)	(167.755)
Total Transfer to SSI and Other Obligations	**(2.103.595)**	**(1.789.296)**
Fair value of assets	(2.065.470)	(1.795.491)
Deficit	**(38.125)**	**6.194**

The amount of the post-employment medical benefits transferrable to SSI are calculated over discounted net present value of medical liabilities and health premiumsThe principal actuarial assumptions used were as follows:

Discount rate:

	Current Period 31 December 2019	Prior Period 31 December 2018
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits	3,97%	5,73%

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 19 years for men and 24 years for women.

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The movement in the fair value of plan assets of the year is as follows:

	Current Period 31 December 2019	Pior Period 31 December 2018
Prior period end	**1.795.491**	**1.551.402**
Actual return on plan assets	333.700	338.869
Employer contributions	343.326	232.880
Employee contributions	232.839	199.473
Benefits paid	(639.886)	(527.133)
Period end	**2.065.470**	**1.795.491**

Plan assets are comprised as follows:

	Current Period 31 December 2019		Prior Period 31 December 2018	
Bank placements	1.181.437	57%	1.160.797	65%
Property and equipment	17.495	1%	17.975	1%
Marketable securities and share certificates	571.189	28%	358.510	20%
Other	295.349	14%	258.209	14%
Period end	**2.065.470**	**100%**	**1.795.491**	**100%**

2. Information on provisions related with foreign currency difference of foreign indexed loans:

   As of 31 December 2019, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2018: None) and the related prior period amount is offset with the balance of foreign currency indexed loans.

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash:

   Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 297.102 as of 31 December 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

4 (i).Information on free provision for possible risks: TL 650.000 (31 December 2018: TL 550.000).

The Bank has provided free provision amounting TL 650.000 thousand out of which TL 100.000 thousand had been recognized in current period and TL 550.000 thousand had been recognized in prior years. (31 December 2018: TL 550.000).

4 (ii).The Group has provision for credit cards and banking services promotion activities amounting to TL 52.721 (31 December 2018: TL 50.044).

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 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 326.797 (31 December 2018: TL 8.037). The current tax asset is TL 9.971 as of 31 December 2019 (31 December 2018: TL 306.034).

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1 (i). Information on taxes payable:

	Current Period 31 December 2019	Prior Period 31 December 2018
Corporate Taxes Payable	326.797	8.037
Taxation on Marketable Securities	187.962	165.369
Property Tax	2.383	1.983
Banking Insurance Transaction Tax (BITT)	185.204	198.927
Foreign Exchange Transaction Tax	4.875	-
Value Added Tax Payable	18.454	24.042
Other	99.098	125.982
Total	**824.773**	**524.340**

1 (ii). Information on premium payables:

	Current Period 31 December 2019	Prior Period 31 December 2018
Social Security Premiums – Employee	1.243	1.162
Social Security Premiums – Employer	155	257
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance – Employee	1.800	1.525
Unemployment Insurance – Employer	3.374	2.873
Other	348	380
Total	**6.926**	**6.203**

2. Information on deferred tax liability:

As of 31 December 2019, Turkish Lira deferred tax liability of the Group amounts to TL 837.212 (31 December 2018: TL 412.665). An explanation about the net deferred tax asset is given in Note I-p of Section Five.

j. Information on subordinated loan:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Debt Instruments subject to common equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 equity	-	5.381.534	-	4.784.477
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	5.381.534	-	4.784.477
Total	**-**	**5.381.534**	**-**	**4.784.477**

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 31 December 2019	Prior Period 31 December 2018
Common Stock	5.200.000	4.000.000
Preferred Stock	-	-

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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	5.200.000	10.000.000

3. Capital increases and sources in the current period and other information based on increased capital shares:

Date	Amount	Cash	Profit reserves subject to increase	Capital reserves subject to increase
28 February 2019	1.200.000	1.200.000	-	-

The explanation of the capital increase is disclosed in the footnote XX of Section Three.

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.
8. Information on marketable securities value increase fund:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	113.916	(57.111)	(1.769.593)	(1.209.685)
Foreign Currency Differences	-	-	-	-
Total	**113.916**	**(57.111)**	**(1.769.593)**	**(1.209.685)**

l. Information on minority shares:

	Current Period 31 December 2019	Prior Period 31 December 2018
Beginning Balance	126	139
Net Profit Share of other shareholders	14	(13)
Previous Term Dividend	-	-
Net Currency difference due to foreign subsidiaries	-	-
Effect of Changes within scope of consolidation	19	-
Balance end of Period	**159**	**126**

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III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 14.762.968 asset purchase commitments (31 December 2018: TL 15.158.299), TL 23.193.073 commitments for credit card limits (31 December 2018: TL 19.788.847) and TL 2.632.311 commitments for cheque books (31 December 2018: TL 2.514.769).

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 2019	Prior Period 31 December 2018
Bank Acceptance Loans	50.678	2.740.341
Letters of Credit	4.404.510	6.532.762
Other Guarantees and Warranties	7.106.720	8.579.625
Total	**11.561.908**	**17.852.728**

2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period 31 December 2019	Prior Period 31 December 2018
Revocable Letters of Guarantee	1.081.737	1.015.501
Irrevocable Letters of Guarantee	17.634.443	20.344.230
Letters of Guarantee Given in Advance	1.922.507	2.723.574
Guarantees Given to Customs	2.251.380	2.096.019
Other Letters of Guarantee	8.247.050	8.763.319
Total	**31.137.117**	**34.942.643**

3. Information on non-cash loans:

3.(i) Total amount of non-cash loans:

	Current Period 31 December 2019	Prior Period 31 December 2018
Non-cash Loans Given against Cash Loans	12.545.219	10.507.618
With Original Maturity of 1 Year or Less Than 1 Year	5.064.000	5.190.839
With Original Maturity of More Than 1 Year	7.481.219	5.316.779
Other Non-cash Loans	30.153.806	42.287.753
Total	**42.699.025**	**52.795.371**

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3.(ii) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2019				Prior Period 31 December 2018			
	TL	**(%)**	**FC**	**(%)**	**TL**	**(%)**	**FC**	**(%)**
Agricultural	18.735	0,09	14.336	0,06	23.433	0,11	6.801	0,02
Farming and Raising Livestock	1.394	0,01	14.336	0,06	1.020	-	-	-
Forestry	17.302	0,09	-	-	21.678	0,10	-	-
Fishing	39	-	-	-	735	-	6.801	0,02
Manufacturing	3.934.128	19,75	10.677.064	45,06	4.725.707	21,33	12.798.375	40,68
Mining	77.629	0,39	150.629	0,46	60.568	0,27	164.438	0,53
Production	2.948.379	14,80	8.764.676	37,11	3.412.643	15,41	11.263.846	35,76
Electric, Gas and Water	908.120	4,56	1.761.759	7,49	1.252.496	5,65	1.370.091	4,39
Construction	2.981.820	14,97	5.231.577	21,76	3.380.984	15,26	4.735.272	15,18
Services	12.232.621	61,47	4.937.473	24,99	13.273.031	60,05	10.297.806	35,03
Wholesale and Retail Trade	8.664.782	43,52	2.238.502	9,41	8.235.314	37,18	6.492.279	20,82
Hotel, Food and Beverage Services	122.287	0,61	191.394	0,81	130.842	0,59	130.856	0,42
Transportation and Telecommunication	493.055	2,48	782.390	3,33	448.191	2,02	459.754	1,43
Financial Institutions	2.688.449	13,53	1.523.773	10,58	4.193.910	19,06	3.005.406	11,69
Real Estate and Leasing Services	17.891	0,09	34.858	0,15	20.016	0,09	40.691	0,13
Self-Employment Services	30.955	0,16	4.297	0,02	20.135	0,09	4.620	0,01
Education Services	24.535	0,12	5.869	0,02	28.564	0,13	8.553	0,03
Health and Social Services	190.667	0,96	156.390	0,66	196.059	0,89	155.647	0,50
Other	738.469	3,71	1.932.802	8,13	718.865	3,25	2.835.096	9,09
Total	**19.905.773**	**100,00**	**22.793.252**	**100,00**	**22.122.020**	**100,00**	**30.673.350**	**100,00**

3.(iii) Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	**FC**	**TL**	**FC**
Non-Cash Loans	**18.452.653**	**21.170.417**	**1.235.464**	**1.581.984**
Letters of Guarantee	15.553.202	12.643.897	1.179.152	1.502.408
Bank Acceptances	-	50.678	-	-
Letters of Credit	8.409	4.324.194	-	71.907
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	14.790	-	-
Other Commitments and Contingencies	2.891.042	4.136.858	56.312	7.669

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b. Information on derivative transactions:

	Current Period 31 December 2019	Prior Period 31 December 2018
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	274.974.425	369.339.119
FC Trading Forward Transactions	20.850.732	28.251.475
Trading Swap Transactions	243.036.385	285.000.395
Futures Transactions	170.951	-
Trading Option Transactions	10.916.357	56.087.249
Interest Related Derivative Transactions (II)	174.645.064	157.184.043
Forward Interest Rate Agreements	-	-
Interst Rate Swaps	153.369.992	137.771.766
Interest Rate Options	21.275.072	19.412.277
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	22.214.459	25.036.577
A. Total Trading Derivative Transactions (I+II+III)	471.833.948	551.559.739
Types of Hedging Transactions		
Fair Value Hedges	26.813.770	21.278.727
Cash Flow Hedges	37.845.245	40.895.518
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	64.659.015	62.174.245
Total Derivative Transactions (A+B)	**536.492.963**	**613.733.984**

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2019: 1.047.840 (31 December 2018: TL 5.943.000).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 68.948 (31 December 2018: TL 54.154) 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 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term Loans	9.699.491	790.975	9.808.587	332.683
Medium and Long-term Loans	12.438.118	4.557.276	11.550.602	4.450.766
Interest on Loans Under Follow-Up	650.479	-	241.006	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	**22.788.088**	**5.348.251**	**21.600.195**	**4.783.449**

(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From the CBRT	467	-	222.229	1.673
From Domestic Banks	196.614	135.901	77.811	133.419
From Foreign Banks	65.189	356.650	8.464	349.961
From Headquarters and Branches Abroad	-	-	-	-
Total	**262.270**	**492.551**	**308.504**	**485.053**

3. Information on interest income on marketable securities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	4.063	193	5.417	-
Financial Assets at Fair Value through Other Comprehensive Income	3.893.628	1.241.230	4.669.923	905.176
Financial Assets Measured at Amortised Cost	1.042.642	229.585	1.100.786	293.674
Total	**4.940.333**	**1.471.008**	**5.776.126**	**1.198.850**

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4. Information on interest income received from associates and subsidiaries: None.

b. Information on interest expense:

1. Information of interest expense on borrowings (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Banks	83.270	1.366.826	84.018	1.441.808
The CBRT	-	-	-	-
Domestic Banks	41.433	38.136	23.883	42.731
Foreign Banks	41.837	1.328.690	60.135	1.399.077
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	200.393	-	141.416
Total	**83.270**	**1.567.219**	**84.018**	**1.583.224**

(*) Fee and commission expense from cash loans are included.

2. Information on interest expense given to associates and subsidiaries: None.

3. Information on interest expense given to securities issued:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	**FC**	**TL**	**FC**
Interest expense on securities issued	1.358.055	777.354	933.182	689.842

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

		Time Deposits					
Current Period - 31.12.2019	**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	39.711	95.669	49.259	4.426	2.418	1.865	**193.348**
Saving Deposits	-	1.053.956	6.438.747	96.573	316.340	200.960	**8.106.576**
Public Sector Deposits	-	2.888	4.477	344	17	57	**7.783**
Commercial Deposits	-	1.181.280	1.763.408	36.476	32.761	49.695	**3.063.620**
Other Deposits	7	67.987	422.790	7.447	64.684	11.408	**574.323**
Total	**39.718**	**2.401.780**	**8.678.681**	**145.266**	**416.220**	**263.985**	**11.945.650**
FC							
Foreign Currency Deposits	12.889	353.407	1.730.774	14.700	113.546	278.912	**2.504.228**
Bank Deposits	676	2.259	120.757	8.790	13.693	246	**146.421**
Precious Metals Deposits	-	1	36	-	2.108	683	**2.828**
Total	**13.565**	**355.667**	**1.851.567**	**23.490**	**129.347**	**279.841**	**2.653.477**
Grand Total	**53.283**	**2.757.447**	**10.530.248**	**168.756**	**545.567**	**543.826**	**14.599.127**

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Prior Period - 31.12.2018	Demand Deposits	Time 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	18.990	227.979	37.747	8.159	4.149	-	**297.024**
Saving Deposits	-	1.441.959	5.843.666	120.486	151.457	95.007	**7.652.575**
Public Sector Deposits	-	6.022	2.890	273	8	45	**9.238**
Commercial Deposits	-	970.126	1.878.039	72.544	49.464	71.300	**3.041.473**
Other Deposits	4	65.554	276.323	23.291	27.653	35.143	**427.968**
Total	**18.994**	**2.711.640**	**8.038.665**	**224.753**	**232.731**	**201.495**	**11.428.278**
FC							
Foreign Currency Deposits	11.206	503.176	2.094.606	106.471	297.960	201.118	**3.214.537**
Bank Deposits	567	31.990	158.091	16.835	11.653	313	**219.449**
Precious Metals Deposits	-	1	180	23	1.636	640	**2.480**
Total	**11.773**	**535.167**	**2.252.877**	**123.329**	**311.249**	**202.071**	**3.436.466**
Grand Total	**30.767**	**3.246.807**	**10.291.542**	**348.082**	**543.980**	**403.566**	**14.864.744**

c. Explanations on dividend income:

	Current Period 31 December 2019	Prior Period 31 December 2018
From Financial Assets at Fair Value Through Profit or Loss	1.340	1.966
From Financial Assets at Fair Value Through Other Comprehensive	3.517	1.755
Other	1.886	2.845
Total	**6.743**	**6.566**

d. Information on trading profit/loss (Net):

	Current Period 31 December 2019	Prior Period 31 December 2018
Profit	**966.290.935**	**1.443.072.660**
Income From Capital Market Transactions	466.707	558.060
Income From Derivative Financial Transactions (*)	34.356.906	30.092.471
Foreign Exchange Gains	931.467.322	1.412.422.129
Loss (-)	**967.436.610**	**1.443.710.149**
Loss from Capital Market Transactions	170.322	1.670.266
Loss from Derivative Financial Transactions (*)	33.233.261	25.438.905
Foreign Exchange Loss	934.033.027	1.416.600.978
Total (Net)	**(1.145.675)**	**(637.489)**

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.961.315 (31 December 2018: TL 2.716.425).

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:

f. (i) Expected provision expense:

	Current Period 31 December 2019	Prior Period 31 December 2018
Expected Credit Loss	6.704.938	6.657.054
12 month expected credit loss (stage 1)	243.090	240.919
Significant increase in credit risk (stage 2)	274.192	417.177
Non-performing loans (stage 3)	6.187.656	5.998.958
Marketable Securities Impairment Expense	28	382
Financial Assets at Fair Value through Profit or Loss	28	-
Financial Assets at Fair Value through Other Comprehensive Income	-	382
Investments in Associates and Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.099.176	102.538
Total	**7.804.142**	**6.759.974**

(*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations and free provision allocated in the current year.

g. Information related to other operating expenses:

	Current Period 31 December 2019	Prior Period 31 December 2018
Reserve for Employee Termination Benefits	20.477	12.224
Bank Social Aid Fund Deficit Provision	38.125	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	338.866	184.147
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	189.654	173.867
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	44	82
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	2.760.066	2.501.208
Leasing Expenses on TFRS 16 Exceptions (*)	111.643	240.461
Maintenance Expenses	55.221	60.861
Advertisement Expenses	143.359	125.642
Other Expenses	2.449.843	2.074.244
Loss on Sales of Assets	1.293	413
Other	776.205	669.085
Total	**4.124.730**	**3.541.026**

(*) 31 December 2018 amounts are all finance lease expenses.

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h. Information on income/loss from minority interest:

	Current Period 31 December 2019	Prior Period 31 December 2018
Income/(loss) from minority interest	14	(13)

i. 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 16.938.427 (31 December 2018: TL 15.595.870), net fees and commission income amounting to TL 4.958.293 (31 December 2018: TL 3.718.214) and the amount of other operating expense is TL 6.882.308 (31 Aralık 2018: TL 5.802.347).

The Bank has no discontinued operations.

j. Information on tax provision of continued and discontinued operations:

As of 31 December 2019, the Group has a current tax expense of TL 1.830.603 (31 December 2018: TL 1.123.468), deferred tax expense of TL 629.451 (31 December 2018: TL 845.137) and deferred tax income of TL 885.567 (31 December 2018: TL 541.324).

The Group has no discontinued operations.

k. Explanation on current period net profit and loss of continued and discontinued operations:

Net profit of the Group is TL 5.352.325 (31 December 2018: TL 5.709.166).

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 (31 December 2018: 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 (31 December 2018: 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 25 March 2019. It was also resolved in the General Assembly to allocate TL 5.689.644 which is realized as unconsolidated net profit 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 XI of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2019, 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 (1.566) (31 December 2018: TL 7.263).

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 2019, the amount directly recognized in equity is TL (1.099.526) (31 December 2018: TL (944.399)).

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 financial assets at fair value through other comprehensive income:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through profit or loss 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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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 31 December 2019	Prior Period 31 December 2018
Cash	**11.904.016**	**5.790.226**
Cash, Foreign Currency and Other	3.622.557	2.205.232
Demand Deposits in Banks (*)	8.281.459	3.584.994
Cash Equivalents	**6.528.438**	**6.907.240**
Interbank Money Market Placements	543.010	1.544.455
Time Deposits in Banks	5.977.566	5.356.284
Marketable Securities	7.862	6.501
Total Cash and Cash Equivalents	**18.432.454**	**12.697.466**

(*) The restricted demand accounts are not included.

1. Cash and cash equivalents at the end of period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cash	**14.265.890**	**11.904.016**
Cash, Foreign Currency and Other	3.282.210	3.622.557
Demand Deposits in Banks (*)	10.983.680	8.281.459
Cash Equivalents	**4.426.087**	**6.528.438**
Interbank Money Market Placements	65.609	543.010
Time Deposits in Banks	4.244.340	5.977.566
Marketable Securities	116.138	7.862
Total Cash and Cash Equivalents	**18.691.977**	**18.432.454**

(*) 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 TL (3.171.848) (31 December 2018: TL (3.636.461)) 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 (9.642.564) (31 December 2018 TL (20.743.574)) consists mainly of changes in funds from repurchase agreements, 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 3.245.458 (31 December 2018: TL 4.598.984).

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VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP BELONGS TO:

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 2019:

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	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Balance at the End of the Period	-	-	6.723.184	1.048.361	6.429	1.096
Interest and Commission Income Received	-	-	847.472	7.291	691	77

2. Prior Period – 31 December 2018:

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	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	5.605.978	923.699	-	-
Balance at the End of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Interest and Commission Income Received	-	-	538.870	7.893	651	42

3. Information on deposits of the Group's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018
Balance at the Beginning of the Period	-	-	5.011.321	3.074.721	1.228.947	2.311.399
Balance at the End of the Period	-	-	4.572.874	5.011.321	1.403.075	1.228.947
Interest expense on Deposits	-	-	280.932	506.095	125.658	108.540

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4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018	Current Period 31.12.2019	Prior Period 31.12.2018
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	10.451.000	13.638.708	-	-
Balance at the End of the Period	-	-	11.408.705	10.451.000	-	-
Total Income/Loss	-	-	(8.668)	42.206	-	-
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 2019, the net exposure for direct and indirect shareholders of the Group is TL (184.042) (30 December 2018: TL (303.581)).

5. Information regarding benefits provided to the Group's key management:

As of 31 December 2019 benefits provided to the Group's key management amounting to TL 69.207 (31 December 2018: TL 60.407).

VIII. 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	770	13.136			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking Region Branches	1	13	Malta	42.742.096	1

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2019, the Bank has closed up 10 domestic branches.

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IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Due to the violation of Article 32 of the Insurance Law and other relevant legislation provisions by the General Directorate of Insurance by the Ministry of Treasury and Finance; It was decided to impose an administrative fine of 94.703.256 TL on our bank and to temporarily cease the insurance brokerage activity between 15 January 2020 and 13 February 2020 for 15 days.

The administrative fine is due to 17/6 of the Misdemeanors Law No. 5326. In accordance with the article, it will be paid by taking advantage of 25% cash discount and insurance intermediary will be stopped between the specified dates.

The administrative suspension and the decision to cease this activity will not have a material impact on our Bank's financial statements.

SECTION SIX
OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

None.

SECTION SEVEN
EXPLANATIONS ON AUDIT REPORT

II. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements for the interim period ended 31 December 2019 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2020 is presented preceding the consolidated financial statements.

III. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

Amendments to the Articles of Association

OLD FORM

Capital and Mode and Terms of Payment of Capital: Article: 9 -

A- 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 Kuruş.

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 5,200,000,000 (five billion and two hundred million) divided into 520,000,000,000 (five hundred and twenty billion) registered shares each with a nominal value of 1 Kuruş.

C- The issued capital of TL 5,200,000,000 (five billion and two hundred million) 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.

NEW FORM

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 Kuruş.

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 5,200,000,000 (five billion and two hundred million) divided into 520,000,000,000 (five hundred and twenty billion) registered shares each with a nominal value of 1 Kuruş.

C- The issued capital of TL 5,200,000,000 (five billion and two hundred million) 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.

Amendments to the Articles of Association

OLD FORM

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 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.

Meetings of the Board of Directors: Article: 27 -

The Board of Directors meets as rendered necessary by the business and transactions of the Bank. However, a minimum of one meeting per month is mandatory. Each member may request the Chairman in writing to call a meeting of the Board. The meetings of the Board of Directors take place at the Bank's headquarters. Meeting at another location which is deemed appropriate is permitted with the approval of more than half of the members and due to exceptional reasons.

NEW FORM

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 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.

F- The Board of Directors is authorized to pass resolutions with respect to issuing shares at a premium or at a discount to the nominal value accordance with the provisions of the Capital Markets Law.

Meetings of the Board of Directors: Article: 27 -

The Board of Directors meets as rendered necessary by the business and transactions of the Bank. However, a minimum of one meeting per month is mandatory. Each member may request the Chairman in writing to call a meeting of the Board. The meetings of the Board of Directors take place at the Bank's headquarters. Meeting at another location which is deemed appropriate is permitted with the approval of more than half of the members and due to exceptional reasons.

Those entitled to attend the Board of Directors' meeting of the Bank may do so by electronic means pursuant to Article 1527 of the Turkish Commercial Code. The Bank may establish an Electronic Meetings System by itself to enable those entitled to attend such meetings and vote by electronic means or purchase service from the systems made for this purpose pursuant to the provisions of Communiqué on Attendance at Meetings of Trading Companies by Electronic Means other than Joint Stock Companies' General Assembly Meetings. The Bank shall enable those entitled to exercise their rights set forth in the relevant regulations within the scope of the Communiqué via the said system or the service to be purchased from system providers pursuant to this provision of the Articles of Association at all meetings.

Appropriation of profits

The dividend policy of the Bank is to distribute cash and/or shares to a maximum of 40% of its distributable profit to shareholders, provided that there is no negative development in national and/or global economic conditions and that the Bank's capital adequacy ratio is at the targeted level.

However, with regards to the guidance of the BRSA communicated to the banking sector on sustaining the strength of capital structures and therefore refraining from the distribution of net profit, the Board of Directors has decided to propose to the General Assembly not to distribute the net profit of TL 5.417.467.871,42 resulting from operations conducted in 2019, and to allocate all of the net profit to "Extraordinary Reserves" after the allocation of TL 240.000.000 to general legal reserves.

Resolutions of the Ordinary General Assembly on March 23, 2020

The resolutions of the Ordinary General Assembly on March 23,2020 are stated below.

1- Discussion of the Board of Directors Annual Report for 2019,

2- Discussion of the Auditors Reports for 2019,

3- Discussion and ratification of the financial statements for 2019,

4- Discharge of liability of the members of the Board of Directors,

5- Distribution of the 2019 net profit in accordance with the proposal of the Board of Directors, as follows; The dividend policy of the Bank is to distribute cash and/or shares to a maximum of 40% of its distributable profit to shareholders, provided that there is no negative development in national and/or global economic conditions and that the Bank's capital adequacy ratio is at the targeted level. However, with regards to the guidance of the BRSA communicated to the banking sector on sustaining the strength of capital structures and therefore refraining from the distribution of net profit, the Board of Directors has decided to propose to the General Assembly not to distribute the net profit of TL 5.417.467.871,42 resulting from operations conducted in 2019, and to allocate all of the net profit to "Extraordinary Reserves" after the allocation of TL 240.000.000 to general legal reserves.

6- Election of Suzan SABANCI DİNÇER, Eyüp ENGİN Ahmet Fuat AYLA, Şakir Yaman TÖRÜNER, Nafiz Can PAKER, Emre DERMAN, İsmail Aydın GÜNTER, and Mehmet Tuğrul BELLİ as Member of the Board of Directors and Kemal Özgür DEMİRTAŞ 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 2021,

7- To pay the Members of the Board of Directors a gross salary of TL 15,000. -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 in case they assume specific duties within the Bank; and to determine an upper limit of TL 28,000,000.-in gross total, for the payments that will be made to those Members who assume specific duties within the Bank until the Ordinary General Assembly that will be held in 2021,

8- Approval of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for the bank's independent auditor in 2020,

9- Approval of donation limits for the bank up to 0.4% of its equity in accordance with the Banking Law article 59.

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,

Additionally, in accordance with item 10 of the Agenda, shareholders have been informed about Donations of TL 85.834 were made by the Bank in 2019 to the foundations, associations and similar institutions.

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