

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2020 WITH
AUDITOR'S REVIEW REPORT**

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

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Akbank T.A.Ş.;

Introduction

We have reviewed the consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2020 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

As mentioned 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 March 2020 include a free provision amounting to TL 900.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 250.000 thousand recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. and its consolidated subsidiaries at 31 March 2020 and the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

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, 28 April 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 MARCH 2020**

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 consolidated financial report for the three-month period, 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** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY 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 for three-month period 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 reviewed.

28 April 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

	Page
SECTION ONE	
General Information about the Bank	
I. Parent Bank's foundation date, start-up status, history regarding the changes in this status	1
II. Explanation about the Parent Bank's capital structure, shareholders of the Parent 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	1
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	1
IV. Information on the individual and corporate shareholders having control shares of the Parent Bank	2
V. Information on the Parent Bank's service types and fields of operation	2
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	2
VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts	2
SECTION TWO	
Consolidated Financial Statements of the Bank	
I. Consolidated Balance sheet	3
II. Consolidated Off Balance Sheet Commitments	5
III. Consolidated Income statement	6
IV. Consolidated Statement of profit or loss and other comprehensive income	7
V. Consolidated Statement of changes in shareholders' equity	8
VI. Consolidated Statement of cash flows	10
SECTION THREE	
Explanations on Accounting Policies	
I. Explanations on basis of presentation	11
II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions	12
III. Explanations on equity investments	12
IV. Explanations on forward transactions, options and derivative instruments	13
V. Explanations on interest income and expense	14
VI. Explanations on fee and commission income and expenses	14
VII. Explanations on financial assets	14
VIII. Explanations on expected credit loss	18
IX. Explanations on offsetting financial instruments	19
X. Explanations on sales and repurchase agreements and securities lending transactions	19
XI. Explanations on assets held for sale and related to discontinued operations (Net)	20
XII. Explanations on goodwill and other intangible assets	20
XIII. Explanations on property and equipment	20
XIV. Explanations on leasing transactions	20
XV. Explanations on provisions and contingent liabilities	21
XVI. Explanations on contingent assets	21
XVII. Explanations on obligations related to employee rights	21
XVIII. Explanations on taxation	22
XIX. Explanations on borrowings	24
XX. Explanations on issuance of share certificates	24
XXI. Explanations on avalized drafts and acceptances	24
XXII. Explanations on government grants	24
XXIII. Explanations on segment reporting	24
XXIV. Profit reserves and profit distribution	24
XXV. Earnings per share	24
XXVI. Related parties	25
XXVII. Cash and cash equivalent assets	25
XXVIII. Reclassifications	25
XXIX. Disclosures of TFRS 16 Leases	25
SECTION FOUR	
Information Related to Financial Position and Risk Management of the Group	
I. Explanations on equity	27
II. Explanations on currency risk	36
III. Explanations on interest rate risk	38
IV. Explanations on position risk of equity securities	40
V. Explanations on liquidity risk management and liquidity coverage ratio	40
VI. Explanations on leverage ratio	46
VII. Explanations on risk management target and policies	47
VIII. Explanations on risk hedge transactions	48
IX. Explanations on business segments	51
SECTION FIVE	
Information and Disclosures Related to Consolidated Financial Statements	
I. Explanations and notes related to consolidated assets	53
II. Explanations and notes related to consolidated liabilities	69
III. Explanations and notes related to consolidated off-balance sheet accounts	76
IV. Explanations and notes related to consolidated income statement	77
V. Explanations and notes related to consolidated statement of cash flows	81
VI. Explanations and notes related to risk group that the group belongs to	82
VII. Explanations and notes related to subsequent events	83
SECTION SIX	
Explanations on Auditor's Review Report	
I. Explanations on Auditor's Review Report	83
II. Explanations on notes prepared by independent auditors	83
SECTION SEVEN	
Explanations on Interim Activity Report	
I. Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities	84

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

[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 March 2020, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2019: 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 of the Board of Directors	Graduate
Board of Directors:	Eyüp ENGİN	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	N. Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	Mehmet Tuğrul BELLİ	Board Member	Graduate
	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 ŞARSEL	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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Executive Director and Chairman of the Audit Committee, Eyüp Engin was appointed as the Vice Chairman of the Board of Directors, instead of Hayri Çulhacı, at the new Bank's Board of Directors elected at the Bank's Ordinary General Assembly Meeting held on March 23, 2020.

Mehmet Tuğrul Belli was elected as a member of the board of directors at the Bank's Ordinary General Assembly Meeting held on March 23, 2020.

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 its branch network. As of 31 March 2020, the Bank has 757 branches dispersed throughout the country and 1 branch operating abroad (31 December 2019: 770 branches and 1 branch operating abroad). As of 31 March 2020, the Bank has 12.682 employees (31 December 2019: 12.750).

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 March 2020, the Group employed 13.063 people (31 December 2019: 13.136).

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 MARCH 2020 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/03/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		59.769.643	102.534.037	162.303.680	50.353.146	88.847.971	139.201.117
1.1 Cash and Cash Equivalents		11.715.834	55.453.519	67.169.353	2.401.694	45.498.382	47.900.076
1.1.1 Cash and Balances with Central Bank	(I-a)	7.596.132	37.090.758	44.686.890	2.243.226	27.650.703	29.893.929
1.1.2 Banks	(I-d)	1.573.283	18.363.045	19.936.328	92.372	17.848.302	17.940.674
1.1.3 Money Markets		2.546.446	-	2.546.446	66.120	-	66.120
1.1.4 Expected Loss Provision (-)		27	284	311	24	623	647
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	91.872	7.665.712	7.757.584	195.719	7.069.120	7.264.839
1.2.1 Government Debt Securities		70.841	198.248	269.089	182.344	92.378	274.722
1.2.2 Equity Instruments		4.975	208.681	213.656	12.470	220.294	232.764
1.2.3 Other Financial Assets		16.056	7.258.783	7.274.839	905	6.756.448	6.757.353
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	34.568.577	33.199.430	67.768.007	36.203.273	31.315.167	67.518.440
1.3.1 Government Debt Securities		33.944.685	16.157.301	50.101.986	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.777	607	16.384	15.777	607	16.384
1.3.3 Other Financial Assets		608.115	17.041.522	17.649.637	653.214	15.145.764	15.798.978
1.4 Derivative Financial Assets	(I-c, I-l)	13.393.360	6.215.376	19.608.736	11.552.460	4.965.302	16.517.762
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		10.380.085	6.215.376	16.595.461	9.458.665	4.932.085	14.390.750
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.013.275	-	3.013.275	2.093.795	33.217	2.127.012
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		152.270.135	92.706.879	244.977.014	147.259.503	87.515.563	234.775.066
2.1 Loans	(I-f)	145.903.823	86.307.208	232.211.031	144.802.842	81.973.456	226.776.298
2.2 Lease Receivables	(I-k)	1.441.895	3.667.941	5.109.836	1.534.777	3.605.542	5.140.319
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	16.482.378	4.744.922	21.227.300	11.814.099	3.760.759	15.574.858
2.4.1 Government Debt Securities		16.178.441	3.531.493	19.709.934	11.479.840	2.379.418	13.859.258
2.4.2 Other Financial Assets		303.937	1.213.429	1.517.366	334.259	1.381.341	1.715.600
2.5 Expected Credit Loss (-)		11.557.961	2.013.192	13.571.153	10.892.215	1.824.194	12.716.409
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	189.794	-	189.794	666.067	-	666.067
3.1 Held for Sale Purpose		189.794	-	189.794	666.067	-	666.067
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		8.421	-	8.421	5.521	-	5.521
4.1 Investments In Associates (Net)	(I-h)	8.421	-	8.421	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		8.421	-	8.421	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)		5.004.757	55.387	5.060.144	4.866.527	53.170	4.919.697
VI. INTANGIBLE ASSETS (Net)		961.313	4.682	965.995	948.305	4.883	953.188
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		961.313	4.682	965.995	948.305	4.883	953.188
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		11.138	-	11.138	9.971	-	9.971
IX. DEFERRED TAX ASSET	(I-n)	70.318	-	70.318	80.564	55.408	135.972
X. OTHER ASSETS (Net)	(I-s)	2.963.264	4.844.492	7.807.756	2.631.103	3.874.735	6.505.838
TOTAL ASSETS		221.248.783	200.145.477	421.394.260	206.820.707	180.351.730	387.172.437

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

AKBANK T.A.S.
I. CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2020 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/03/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	105.971.006	164.809.314	270.780.320	95.854.279	148.858.054	244.712.333
II. FUNDS BORROWED	(II-c)	740.288	35.104.119	35.844.407	548.615	34.287.866	34.836.481
III. MONEY MARKETS		6.831.109	11.043.000	17.874.109	763.198	9.343.352	10.106.550
IV. SECURITIES ISSUED (Net)	(II-d)	5.172.593	6.522.412	11.695.005	4.924.276	8.612.669	13.536.945
4.1 Bills		2.982.641	-	2.982.641	2.391.332	-	2.391.332
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.189.952	6.522.412	8.712.364	2.532.944	8.612.669	11.145.613
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)	7.654.574	3.213.220	10.867.794	7.245.411	1.700.291	8.945.702
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		6.952.617	2.863.170	9.815.787	6.397.372	1.647.226	8.044.598
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		701.957	350.050	1.052.007	848.039	53.065	901.104
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	581.287	50.031	631.318	576.563	47.591	624.154
X. PROVISIONS	(II-h)	1.687.622	136.132	1.823.754	1.411.459	181.183	1.592.642
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		473.483	785	474.268	450.238	646	450.884
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.214.139	135.347	1.349.486	961.221	180.537	1.141.758
XI. CURRENT TAX LIABILITY	(II-i)	661.788	40.975	702.763	772.096	59.603	831.699
XII. DEFERRED TAX LIABILITY	(II-i)	248.998	4.768	253.766	704.309	132.903	837.212
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	5.918.959	5.918.959	-	5.381.534	5.381.534
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	5.918.959	5.918.959	-	5.381.534	5.381.534
XV. OTHER LIABILITIES	(II-e)	6.818.330	4.277.328	11.095.658	7.465.579	3.939.153	11.404.732
XVI. SHAREHOLDERS' EQUITY	(II-k)	56.749.966	(2.843.559)	53.906.407	54.875.134	(512.681)	54.362.453
16.1 Paid-in capital		5.200.000	-	5.200.000	5.200.000	-	5.200.000
16.2 Capital Reserves		5.320.613	-	5.320.613	5.320.613	-	5.320.613
16.2.1 Share Premium		3.505.742	-	3.505.742	3.505.742	-	3.505.742
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.814.871	-	1.814.871	1.814.871	-	1.814.871
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.011.423	6.055	2.017.478	2.025.172	6.055	2.031.227
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		2.205.564	(2.849.614)	(644.050)	1.632.533	(518.736)	1.113.797
16.5 Profit Reserves		40.117.963	-	40.117.963	34.576.406	-	34.576.406
16.5.1 Legal Reserves		1.882.950	-	1.882.950	1.626.891	-	1.626.891
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37.956.649	-	37.956.649	32.684.032	-	32.684.032
16.5.4 Other Profit Reserves		278.364	-	278.364	265.483	-	265.483
16.6 Income or (Loss)		1.894.239	-	1.894.239	6.120.251	-	6.120.251
16.6.1 Prior Periods' Income or (Loss)		591.573	-	591.573	767.926	-	767.926
16.6.2 Current Period Income or (Loss)		1.302.666	-	1.302.666	5.352.325	-	5.352.325
16.7 Minority Interest		164	-	164	159	-	159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		193.117.561	228.276.699	421.394.260	175.140.919	212.031.518	387.172.437

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

AKBANK T.A.S.
II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2020

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

	Note (Section Five)	CURRENT PERIOD (31/03/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)		147.156.119	477.971.848	625.127.967	162.285.048	473.496.707	635.781.755
I. GUARANTEES AND WARRANTIES	(III-2, 3)	19.677.196	23.416.771	43.093.967	19.905.773	22.793.252	42.699.025
1,1 Letters of Guarantee		16.739.609	15.100.238	31.839.847	16.949.962	14.187.155	31.137.117
1.1.1 Guarantees Subject to State Tender Law		273.837	1.531.932	1.805.769	282.800	1.422.854	1.705.654
1.1.2 Guarantees Given for Foreign Trade Operations		-	2.266.261	2.266.261	-	2.223.470	2.223.470
1.1.3 Other Letters of Guarantee		16.465.772	11.302.045	27.767.817	16.667.162	10.540.831	27.207.993
1,2 Bank Acceptances		-	54.751	54.751	-	50.678	50.678
1.2.1 Import Letter of Acceptance		-	54.751	54.751	-	50.678	50.678
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1,3 Letters of Credit		13.336	4.530.698	4.544.034	8.409	4.396.101	4.404.510
1.3.1 Documentary Letters of Credit		13.336	3.821.164	3.834.500	8.409	3.747.283	3.755.692
1.3.2 Other Letters of Credit		-	709.534	709.534	-	648.818	648.818
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		-	13.706	13.706	-	14.790	14.790
1,8 Other Guarantees		3.990	3.712.455	3.716.445	5.990	4.131.474	4.137.464
1,9 Other Collaterals		2.920.261	4.923	2.925.184	2.941.412	13.054	2.954.466
II. COMMITMENTS	(III-1)	46.185.175	7.776.554	53.961.729	43.611.686	12.978.081	56.589.767
2,1 Irrevocable Commitments		45.055.176	7.326.009	52.381.185	42.539.957	12.676.833	55.216.790
2.1.1 Asset Purchase Commitments		2.218.876	6.004.130	8.223.006	3.512.234	11.250.734	14.762.968
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		8.499.483	1.318.978	9.818.461	8.228.762	1.423.408	9.652.170
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.878.088	-	2.878.088	2.632.311	-	2.632.311
2.1.8 Tax and Fund Liabilities from Export Commitments		4.506	-	4.506	4.430	-	4.430
2.1.9 Commitments for Credit Card Limits		26.186.031	-	26.186.031	23.193.073	-	23.193.073
2.1.10 Commitments for Credit Cards and Banking Services Promotions		106.275	-	106.275	94.381	-	94.381
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		5.161.917	2.901	5.164.818	4.874.766	2.691	4.877.457
2,2 Revocable Commitments		1.129.999	450.545	1.580.544	1.071.729	301.248	1.372.977
2.2.1 Revocable Loan Granting Commitments		1.029.802	-	1.029.802	992.817	-	992.817
2.2.2 Other Revocable Commitments		100.197	450.545	550.742	78.912	301.248	380.160
III. DERIVATIVE FINANCIAL INSTRUMENTS		81.293.748	446.778.523	528.072.271	98.767.589	437.725.374	536.492.963
3,1 Hedging Derivative Financial Instruments		16.155.682	56.423.947	72.579.629	13.674.935	50.984.080	64.659.015
3.1.1 Fair Value Hedges		3.557.987	23.421.413	26.979.400	4.122.135	22.691.635	26.813.770
3.1.2 Cash Flow Hedges		12.597.695	33.002.534	45.600.229	9.552.800	28.292.445	37.845.245
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3,2 Trading Derivative Financial Instruments		65.138.066	390.354.576	455.492.642	85.092.654	386.741.294	471.833.948
3.2.1 Forward Foreign Currency Buy/Sell Transactions		5.531.973	13.812.164	19.344.137	6.344.720	14.506.012	20.850.732
3.2.1.1 Forward Foreign Currency Transactions-Buy		5.192.306	4.616.219	9.808.525	5.802.042	4.937.886	10.739.928
3.2.1.2 Forward Foreign Currency Transactions-Sell		339.667	9.195.945	9.535.612	542.678	9.568.126	10.110.804
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		54.003.944	320.037.406	374.041.350	73.868.613	322.537.764	396.406.377
3.2.2.1 Foreign Currency Swap-Buy		15.258.054	88.506.167	103.764.221	22.948.085	97.089.617	120.037.702
3.2.2.2 Foreign Currency Swap-Sell		32.427.890	74.571.559	106.999.449	48.590.528	74.408.155	122.998.683
3.2.2.3 Interest Rate Swap-Buy		3.159.000	78.479.840	81.638.840	1.165.000	75.519.996	76.684.996
3.2.2.4 Interest Rate Swap-Sell		3.159.000	78.479.840	81.638.840	1.165.000	75.519.996	76.684.996
3.2.3 Foreign Currency, Interest Rate and Securities Options		5.132.364	29.699.883	34.832.247	4.702.430	27.522.912	32.225.342
3.2.3.1 Foreign Currency Options-Buy		1.853.879	4.080.136	5.934.015	1.934.397	3.443.224	5.377.621
3.2.3.2 Foreign Currency Options-Sell		3.267.314	2.835.975	6.103.289	2.734.120	2.804.616	5.538.736
3.2.3.3 Interest Rate Options-Buy		-	11.391.886	11.391.886	-	10.637.536	10.637.536
3.2.3.4 Interest Rate Options-Sell		-	11.391.886	11.391.886	-	10.637.536	10.637.536
3.2.3.5 Securities Options-Buy		2.952	-	2.952	19.333	-	19.333
3.2.3.6 Securities Options-Sell		8.219	-	8.219	14.580	-	14.580
3,2,4 Foreign Currency Futures		381.834	388.241	770.075	85.946	85.005	170.951
3.2.4.1 Foreign Currency Futures-Buy		381.834	-	381.834	85.946	-	85.946
3.2.4.2 Foreign Currency Futures-Sell		-	388.241	388.241	-	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		87.951	26.416.882	26.504.833	90.945	22.089.601	22.180.546
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		887.146.758	383.692.466	1.270.839.224	871.352.485	344.368.703	1.215.721.188
IV. ITEMS HELD IN CUSTODY		63.814.256	28.072.267	91.886.523	61.762.629	24.508.688	86.271.317
4,1 Customer Fund and Portfolio Balances		9.879.078	2.174.551	12.053.629	9.483.940	1.309.375	10.793.315
4,2 Investment Securities Held in Custody		18.285.411	3.896.041	22.181.452	17.737.273	2.996.399	20.733.672
4,3 Cheques Received for Collection		29.109.070	3.534.188	32.643.258	28.123.634	3.036.679	31.160.313
4,4 Commercial Notes Received for Collection		6.239.523	3.503.904	9.743.427	6.116.849	3.118.920	9.235.769
4,5 Other Assets Received for Collection		-	-	-	-	-	-
4,6 Assets Received for Public Offering		-	-	-	-	-	-
4,7 Other Items Under Custody		301.174	14.963.583	15.264.757	300.933	14.047.315	14.348.248
4,8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		216.409.902	122.254.641	338.664.543	209.087.002	109.793.747	318.880.749
5,1 Marketable Securities		2.770.419	1.427.849	4.198.268	785.963	1.137.538	1.923.501
5,2 Guarantee Notes		648.951	629.953	1.278.904	652.116	574.500	1.226.616
5,3 Commodity		155.288	150.000	305.288	-	135.780	135.780
5,4 Warranty		-	-	-	-	-	-
5,5 Immovables		168.494.916	92.971.667	261.466.583	166.259.977	84.587.022	250.846.999
5,6 Other Pledged Items		44.340.328	27.075.172	71.415.500	41.388.946	23.358.907	64.747.853
5,7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTEES		606.922.600	233.365.558	840.288.158	600.502.854	210.066.268	810.569.122
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.034.302.877	861.664.314	1.895.967.191	1.033.637.533	817.865.410	1.851.502.943

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

AKBANK T.A.Ş.
III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2020
(Amounts are expressed in thousands of Turkish Lira (TL).)

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-31/03/2020)	PRIOR PERIOD (01/01-31/03/2019)
I.	INTEREST INCOME	(IV-a)	8.460.481	9.133.187
1.1	Interest on Loans	(IV-a-1)	6.099.429	7.111.206
1.2	Interest on Reserve Requirements		13.689	120.363
1.3	Interest on Banks	(IV-a-2)	98.403	194.827
1.4	Interest on Money Market Transactions		48.775	519
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	2.081.498	1.546.016
1.5.1	Fair Value Through Profit or Loss		5.864	740
1.5.2	Fair Value Through Other Comprehensive Income		1.530.116	1.231.760
1.5.3	Measured at Amortised Cost		545.518	313.516
1.6	Financial Lease Interest Income		105.532	123.137
1.7	Other Interest Income		13.155	37.119
II.	INTEREST EXPENSE (-)	(IV-b)	3.219.355	5.467.579
2.1	Interest on Deposits	(IV-b-4)	2.281.394	4.030.165
2.2	Interest on Funds Borrowed	(IV-b-1)	340.071	467.138
2.3	Interest Expense on Money Market Transactions		158.109	450.076
2.4	Interest on Securities Issued	(IV-b-3)	331.098	493.052
2.5	Interest on Leases		23.615	23.523
2.6	Other Interest Expenses		85.068	3.625
III.	NET INTEREST INCOME (I - II)		5.241.126	3.665.608
IV.	NET FEES AND COMMISSIONS INCOME		1.263.983	1.192.810
4.1	Fees and Commissions Received		1.509.001	1.501.983
4.1.1	Non-cash Loans		113.226	145.102
4.1.2	Other		1.395.775	1.356.881
4.2	Fees and Commissions Paid (-)		245.018	309.173
4.2.1	Non-cash Loans		1.036	141
4.2.2	Other		243.982	309.032
V.	DIVIDEND INCOME		235	3.993
VI.	TRADING INCOME / (LOSS) (Net)	(IV-c)	(485.684)	200.532
6.1	Trading Gains / (Losses) on Securities		(21.846)	64.294
6.2	Gains / (Losses) on Derivative Financial Transactions		367.047	2.611.801
6.3	Foreign Exchange Gains / (Losses)		(830.885)	(2.475.563)
VII.	OTHER OPERATING INCOME	(IV-d)	393.246	225.592
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		6.412.906	5.288.535
IX.	EXPECTED CREDIT LOSS (-)	(IV-e)	1.455.271	1.264.826
X.	OTHER PROVISION EXPENSES (-)		1.128.704	494.864
XI.	PERSONNEL EXPENSE (-)		807.898	679.651
XII.	OTHER OPERATING EXPENSES (-)	(IV-f)	1.247.109	999.286
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1.773.924	1.849.908
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)		1.773.924	1.849.908
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	471.253	442.168
18.1	Current Tax Provision		275.314	47.499
18.2	Deferred Tax Income Effect (+)		614.074	1.058.215
18.3	Deferred Tax Expense Effect (-)		418.135	663.546
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-i)	1.302.671	1.407.740
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)	1.302.671	1.407.740
25.1	Income/(Loss) from the Group	(IV-g)	1.302.666	1.407.736
25.2	Income/(Loss) from Minority Interest		5	4
Earning/(Loss) per share (in TL full)			0,00251	0,00319

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

AKBANK T.A.Ş.**IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020**

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

	CURRENT PERIOD	PRIOR PERIOD
	(31/03/2020)	(31/03/2019)
I. CURRENT PERIOD INCOME/LOSS	1.302.671	1.407.740
II. OTHER COMPREHENSIVE INCOME	(1.758.889)	(602.205)
2.1 Not Reclassified Through Profit or Loss	(1.042)	(11.054)
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	(1.336)	(14.172)
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	294	3.118
2.2 Reclassified Through Profit or Loss	(1.757.847)	(591.151)
2.2.1 Foreign Currency Translation Differences	411.459	193.302
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(2.691.568)	(1.116.515)
2.2.3 Cash Flow Hedge Income/Loss	82.726	196.790
2.2.4 Foreign Net Investment Hedge Income/Loss	(172.320)	(85.984)
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	611.856	221.256
III. TOTAL COMPREHENSIVE INCOME (I+II)	(456.218)	805.535

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 MARCH 2020

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through 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		
		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 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)
CURRENT PERIOD																	
(31/03/2020)																	
I. Prior Period End Balance		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
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		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
IV. Total Comprehensive Income		-	-	-	-	-	(1.042)	-	411.459	(2.099.423)	(69.883)	-	-	1.302.666	(456.223)	5	(456.218)
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		-	-	-	-	(12.707)	-	-	-	-	189.232	(176.353)	-	-	172	-	172
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5.352.325	(5.352.325)	-	-	-	-
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5.352.325	(5.352.325)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+III+IV+V+VI+VII+VIII+IX+X+XI)		5.200.000	3.506.742	-	1.814.871	2.194.887	(181.304)	3.895	3.194.837	(1.968.264)	(1.870.423)	40.117.963	891.873	1.302.666	53.906.243	164	53.906.407

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

AKBANK T.A.S.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Total Equity Except from Minority Interest			Total Shareholders' Equity		
		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 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)		Minority Interest	Minority Interest
PRIOR 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	-	-	-	-	-	(11,054)	-	193,302	(870,882)	86,429	-	1,407,736	805,531	4	805,535	
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	-	-	-	-	-	-	-	-	-	-	5,614,077	81,711	-	5,695,788	-	5,695,788
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	(5,709,166)	(5,709,166)	-	(5,709,166)	
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	(5,709,166)	(5,709,166)	-	(5,709,166)	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+XI)		5,200,000	3,505,742	-	1,814,871	2,207,533	(121,785)	3,895	2,522,774	(3,850,160)	[628,699]	34,575,476	754,549	1,407,736	47,492,130	149	47,492,279

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

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

	Note (Section Five)	CURRENT PERIOD (31/03/2020)	PRIOR PERIOD (31/12/2019)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities	4.244.448	2.750.109
1.1.1	Interest received	7.917.920	7.596.960
1.1.2	Interest paid	(3.210.857)	(5.391.307)
1.1.3	Dividend received	235	-
1.1.4	Fees and commissions received	1.477.996	1.465.588
1.1.5	Other income	(648.394)	236.568
1.1.6	Collections from previously written-off loans and other receivables	555.462	353.930
1.1.7	Cash Payments to personnel and service suppliers	(866.507)	(730.720)
1.1.8	Taxes paid	(76.101)	(54.373)
1.1.9	Other	(905.306)	(726.537)
1.2	Changes in operating assets and liabilities	5.173.739	9.876.076
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(675.852)	(328.052)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	(2.576.147)	8.624.562
1.2.3	Net (increase) / decrease in loans	(5.986.595)	(10.121.941)
1.2.4	Net (increase) / decrease in other assets	(16.121.087)	(6.539.534)
1.2.5	Net increase / (decrease) in bank deposits	(1.196.028)	1.525.137
1.2.6	Net increase / (decrease) in other deposits	27.272.756	17.842.183
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	884.902	(270.986)
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	3.571.790	(855.293)
I.	Net cash provided from banking operations	9.418.187	12.626.185
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(6.680.199)	(6.885.404)
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	(312.615)	106.137
2.4	Disposals of property and equipment	33.960	178.869
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(8.675.951)	(9.408.606)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	9.269.222	2.191.540
2.7	Purchase of Financial Assets Measured at Amortised Cost	(5.798.089)	(5.841)
2.8	Sale of Financial Assets Measured at Amortised Cost	713.021	714.895
2.9	Other	(1.909.747)	(662.398)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	(1.324.893)	7.111.371
3.1	Cash obtained from funds borrowed and securities issued	6.343.642	18.871.757
3.2	Cash used for repayment of funds borrowed and securities issued	(7.601.381)	(14.687.385)
3.3	Issued equity instruments	-	3.005.742
3.4	Dividends paid	-	-
3.5	Payments for finance leases	(67.154)	(78.743)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	1.881.579	1.363.945
V.	Net increase in cash and cash equivalents (I+II+III+IV)	3.294.674	14.216.097
VI.	Cash and cash equivalents at beginning of the period	(V-a) 18.691.977	18.432.454
VII.	Cash and cash equivalents at end of the period	(V-a) 21.986.651	32.648.551

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

(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, Turkish Accounting Standard 34 ("TAS 34") Interim Financial Reporting Standard 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.

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has many citizens' health and safety measures, as well as to ensure that companies and regulators to support the households in these challenging circumstances, fiscal and monetary actions have been implemented. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. On the other hand, estimations and assumptions used to reflect COVID 19 impacts on 31 March 2020 financial statements of the Bank are explained in the relevant footnotes. A limited time has passed to evaluate the reflections of the measures taken on economic activity regarding the reporting period that ended on March 31, 2020. Therefore, it is still too early to estimate the impact of these reflections on the future financial results and afterwards on asset quality. Meanwhile, the progress of the epidemic disease and the duration of movement restrictions across the country will be closely monitored and evaluated for impact assessment.

Due to COVID-19, The Bank has provided opportunity to postpone the principal, interest and installment payments of its individual and corporate customers with the existing conditions, and has started to apply the postponement within this scope.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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/IFRS (together "BRSA Accounting and Financial Reporting Legislation") put into force by Public Oversight, Accounting and Auditing Standards Authority (POA).

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.

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 March 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 6,5400 and TL 7,1782 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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.

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 "IFRS 9 Financial Instruments" (IFRS 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 March 2020, the Group has no embedded derivative instruments (31 December 2019: None).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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.

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 instruments classified as financial assets at fair value though other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method, and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 "IFRS 9 Financial Instruments" ("IFRS 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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.

However, with the related legislation of BRSA dated 23 March 2020 and numbered 8970, it was decided to limit for entry to close monitoring due to delay days has been moved from the end of the 30th delay day to the end of the 90th delay day as of 17 March 2020. This amendment does not include loans that were delayed by 90 days before 17 March 2020.

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.

However, due to COVID-19, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" as of 17 March 2020 in accordance with the decision of BRSA. This application will be valid until December 31, 2020. In accordance with the related amendment, the Bank has made provision in accordance with its risk policies.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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. 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 TFRS 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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. Within the scope of COVID-19 impact to the ECL, since the macroeconomic data used in the scenarios are not clearly predictable as of 31 March 2020, the weight of the negative scenario was increased by reducing the weights of the base and positive scenarios from the 3 scenarios used in line with the estimates of the Economic Research Unit.

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 167.296 as of 31 March 2020 (31 December 2019: TL 474.457).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 does not have any goodwill items that should be reflected in the consolidated financial statements.

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.

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.

The group reassessed the immovable properties accounted for with its revalued amounts, as of the reporting period, taking the current market conditions and macroeconomic indicators into account, and did not change its recorded values as of the end of the year.

As of each reporting date, the Bank evaluates whether there is any indication that its assets may be impaired; If such indication exists, it estimates the recoverable amount of the related asset in accordance with TAS 36 - Impairment in Assets and if the recoverable amount is below the book value of the related asset, it reserves provision for impairment.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 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 in 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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:

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 separately in assets and liabilities.

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Group. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2020.

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 March 2020 and 31 December 2019, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity;

- 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),
- 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
- 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.

The Ordinary General Assembly Meeting of the Parent Bank was held on 23 March 2020. In the General Assembly Meeting, it was decided to transfer the remaining amount of TL 5.177.468 to extraordinary reserves after allocating TL 240.000 of the unconsolidated net profit amounting to TL 5.417.468 from 2019 activities.

XXV. EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned.

	Current Period	Prior Period
	31 March 2020	31 March 2019
Net Profit for the Period of the Group	1.302.666	1.407.736
Average Number of Issued Common Shares (Thousand)	520.000.000	441.333.333
Earnings Per Share (Amounts presented as full TL)	0,00251	0,00319

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 2020: None (2019: 120.000.000.000).

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:

The Group made some classifications on profit or loss statement, other comprehensive income, statement of changes in shareholders' equity and cash flow dated 31 March 2019 to be in compliance with the presentation of financial statements dated 31 March 2020.

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:

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- 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.

Details based on the asset with regard to the recognised right of use is as follows:

	31 March 2020	31 December 2019
Real estate	860.225	852.500
Total right of use assets	860.225	852.500

Details of depreciation expense based on the asset with regard to the recognised right of use is as follows:

	31 March 2020	31 December 2019
Real estate	345.695	345.737
Total right of use assets depreciation	345.695	345.737

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 30.671 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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", additionally, calculated according to BRSA regulations dated 23 March 2020 and numbered 3397. Based on recent regulation changes ;

1) In calculating the amount subject to credit risk, the purchase rate of foreign exchange, which is the basis for the preparation of the financial statements dated 31 December 2019, can be used while calculating the valued amounts in foreign currency.

2) As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, these differences may not be taken into consideration in the equity amount.

As of 31 March 2020, taking into consideration the above-mentioned regulations, the current period equity of the Group has been calculated as TL 65.566.366 (31 December 2019: TL 63.110.300), and the capital adequacy ratio is 20,36% (31 December 2019: 19,66%). This ratio is above the minimum ratio required by the legislation.

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 MARCH 2020

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

a. Information about total consolidated capital items:

	Current Period 31 March 2020	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	40.117.963	
Gains recognized in equity as per TAS	5.389.724	
Profit	1.894.239	
Current Period Profit	1.302.666	
Prior Period Profit	591.573	
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	164	
Common Equity Tier 1 Capital Before Deductions	57.926.598	
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	1.642	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	962.006	
Improvement costs for operating leasing	38.627	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	772.684	772.684
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	1.774.959	
Total Common Equity Tier 1 Capital	56.151.639	

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 MARCH 2020

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

	Current Period 31 March 2020	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)	56.151.639	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.872.992	
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)	3.543.046	
Tier II Capital Before Deductions	9.416.038	
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	9.416.038	
Total Capital (The sum of Tier I Capital and Tier II Capital)	65.567.677	
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	1.311	
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	-	

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 March 2020

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

	Current Period 31 March 2020	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital (Total of Tier I and Tier II Capital)	65.566.366	
Total Risk Weighted Amounts	322.007.846	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	17,44%	
Tier 1 Capital Adequacy Ratio (%)	17,44%	
Capital Adequacy Ratio (%)	20,36%	
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 (%)	9,44%	
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	(183.448)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.550.533	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.543.046	
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.

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 MARCH 2020

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

	Prior 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	

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 MARCH 2020

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

	Prior 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	-	

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 MARCH 2020

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

	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital (Total of Tier I and Tier II 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.

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 MARCH 2020

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

b. Information about instruments that will be included in total capital calculation:

**Current Period
31 March 2020**

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)	3.270 million TL (in full TL amount)
Nominal value of instrument	3.270 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 3.270 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 incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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 MARCH 2020

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

**Current Period
31 March 2020**

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)	2.603 million TL (in full TL amount)
Nominal value of instrument	2.603 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 2.603 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 incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

[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 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 6,5400	TL 7,1782
1.Day bid rate	TL 6,5160	TL 7,2150
2.Day bid rate	TL 6,4346	TL 7,0896
3.Day bid rate	TL 6,4346	TL 7,0896
4.Day bid rate	TL 6,4346	TL 7,0896
5.Day bid rate	TL 6,4560	TL 7,0610

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 6,3221
EURO : TL 6,9929

As of 31 December 2019;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,9200	TL 6,6397

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 MARCH 2020

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

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 March 2020	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (*)	16.862.453	17.464.688	2.763.617	37.090.758
Banks	4.151.618	11.981.451	2.229.976	18.363.045
Financial Assets at Fair Value through Profit or Loss	112.615	7.553.097	-	7.665.712
Interbank Money Market Placements	-	-	-	-
Financial Assets measured at other comprehensive income	6.023.968	26.122.048	1.053.414	33.199.430
Loans (**)	54.825.788	35.896.699	81.205	90.803.692
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost	935.499	3.809.423	-	4.744.922
Hedging Derivative Financial Assets	151.199	239	63.196	214.634
Tangible Assets (Net)	48.390	6.997	-	55.387
Intangible Assets (Net)	4.667	15	-	4.682
Other Assets (***)	3.141.525	5.609.404	7.879	8.758.808
Total Assets	86.257.722	108.444.061	6.199.287	200.901.070
Liabilities				
Bank Deposits (****)	1.111.969	544.533	2.746.107	4.402.609
Foreign Currency Deposits (****)	62.720.758	87.533.671	10.152.276	160.406.705
Funds from Interbank Money Market	949.834	10.093.166	-	11.043.000
Borrowings	7.747.371	27.356.748	-	35.104.119
Marketable Securities Issued (Net) (*****)	71.885	12.369.486	-	12.441.371
Miscellaneous Payables	2.498.037	1.298.427	224.814	4.021.278
Hedging Derivative Financial Liabilities	-	842.521	-	842.521
Other Liabilities	794.934	2.040.975	22.746	2.858.655
Total Liabilities	75.894.788	142.079.527	13.145.943	231.120.258
Net on Balance Sheet Position	10.362.934	[33.635.466]	[6.946.656]	[30.219.188]
Net off-Balance Sheet Position (*****)	[7.426.441]	30.937.078	6.986.302	30.496.939
Financial Derivative Assets	36.369.349	79.691.238	9.760.885	125.821.472
Financial Derivative Liabilities	43.795.790	48.754.160	2.774.583	95.324.533
Non-cash Loans	11.743.370	11.122.940	550.461	23.416.771
Prior Period – 31 December 2019				
Total Assets	72.998.309	103.296.776	4.912.480	181.207.565
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

(*) Of the Cash Equivalents and Central Bank and Other FC, TL 2.554.917 (31 December 2019: TL 1.224.161) are precious metal deposit account in demand.

(**) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 828.543 (31 December 2019: TL 936.478).

(***) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 18.690 (31 December 2019: TL 17.794). Prepaid assets amounted TL 54.260 (31 December 2019: TL 62.849) is excluded in the financial statements.

(****) Of Bank Deposits Other FC of the TL 4.481 (31 December 2019: TL 3.314) and the foreign currency deposits TL 6.984.883 (31 December 2019: TL 4.491.847) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

III. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Group manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)

Current Period - 31 March 2020	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	5.820.315	-	-	-	-	38.866.575	44.686.890
Banks	4.021.707	1.444.313	-	-	-	14.470.308	19.936.328
Financial Assets at Fair Value Through Profit or Loss	63.702	119.779	7.228.006	71.737	44.649	229.711	7.757.584
Interbank Money Market Placements	2.546.446	-	-	-	-	-	2.546.446
Financial Assets at measured Fair Value Other Comprehensive Income	3.781.757	12.520.653	15.522.560	26.921.222	8.655.843	365.972	67.768.007
Loans (*)	60.282.256	28.180.747	56.125.273	70.101.241	6.214.300	16.417.050	237.320.867
Financial Assets measured at amortised cost	374.391	2.716.105	10.400.167	6.999.422	737.215	-	21.227.300
Other Assets (**)	6.081.710	6.243.167	8.590.991	2.897.952	982.490	(4.645.472)	20.150.838
Total Assets	82.972.284	51.224.764	97.866.997	106.991.574	16.634.497	65.704.144	421.394.260
Liabilities							
Bank Deposits	3.771.935	1.016.984	75.455	-	-	714.499	5.578.873
Other Deposits	150.581.184	30.631.815	11.514.551	8.772.726	1.171.088	62.530.083	265.201.447
Funds from Interbank Money Market	8.727.662	2.883.985	6.208.267	54.195	-	-	17.874.109
Miscellaneous Payables	779.685	1.162.667	1.297.291	300.382	11.030	5.228.251	8.779.306
Marketable Securities Issued (Net) (***)	1.556.753	1.761.474	154.489	8.236.637	5.904.611	-	17.613.964
Borrowings	12.210.824	21.205.944	1.128.520	1.229.317	69.802	-	35.844.407
Other Liabilities (****)	2.613.862	3.608.717	4.446.211	1.157.181	616.289	58.059.894	70.502.154
Total Liabilities	180.241.905	62.271.586	24.824.784	19.750.438	7,772.820	126.532.727	421.394.260
Balance Sheet Long Position	-	-	73.042.213	87.241.136	8.861.677	-	169.145.026
Balance Sheet Short Position	(97.269.621)	(11.046.822)	-	-	-	(60.828.583)	(169.145.026)
Off-balance Sheet Long Position	3.139.806	12.916.410	23.780	1.548.505	976.149	-	18.604.650
Off-balance Sheet Short Position	(16.329)	(16.600)	(7.289.185)	(16)	-	-	(7.322.130)
Total Position	(94.146.144)	1.852.988	65.776.808	88.789.625	9.837.826	(60.828.583)	11.282.520

(*) 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.

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 MARCH 2020

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

Prior 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							
Interbank Money Market Placements	20.042	2.672	6.860.315	121.421	27.121	233.268	7.264.839
Financial Assets at Fair Value Other	21.263	44.857	-	-	-	-	66.120
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 (Net)	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

(*) 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 March 2020	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	-	-	8,00
Banks	0,03	1,87	-	9,59
Financial Assets at Fair Value Through Profit or Loss	0,89	5,41	-	10,41
Interbank Money Market Placements	-	-	-	9,14
Financial Assets at Fair Value Other Comprehensive Income	2,77	5,30	3,09	14,28
Loans	4,16	6,62	7,19	13,81
Financial Assets measured at amortised cost	1,58	5,19	-	13,74
Liabilities				
Bank Deposits (**)	0,09	2,16	-	8,18
Other Deposits (**)	0,23	1,20	-	7,85
Funds from Interbank Money Market	0,19	1,85	-	9,57
Miscellaneous Payables	-	1,23	-	-
Marketable Securities Issued (Net) (*)	4,00	6,06	-	11,97
Borrowings	2,06	3,24	-	11,38

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Prior 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	-	-	-	11,78
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.

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

V. 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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. Considering the negative economic general impact caused by the COVID-19 pandemic, it is aimed to measure the liquidity vulnerabilities that may arise by performing different scenario analyzes with using stress tests which are already part of the risk management process. The effects of cash inflows and outflows under different stress scenarios have been studied and evaluated.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 (*)	
	TL+FC	FC	TL+FC	FC
Current Period – 31.03.2020				
HIGH QUALITY LIQUID ASSETS (HQLA)				
1			87.382.453	43.713.767
CASH OUTFLOWS				
2	Retail and Customers Deposits	159.240.484	87.711.960	14.475.781
3	Stable deposits	28.965.347	-	1.448.267
4	Less stable deposits	130.275.137	87.711.960	13.027.514
5	Unsecured Funding other than Retail and Small Business Customers Deposits	84.484.820	54.190.176	45.318.535
6	Operational deposits			
7	Non-Operational Deposits	76.727.854	49.843.045	38.722.118
8	Other Unsecured Funding	7.756.966	4.347.131	6.596.417
9	Secured funding	-	-	533.170
10	Other Cash Outflows	20.506.061	25.268.931	12.820.567
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	11.808.484	17.630.684	11.808.484
12	Debts related to the structured financial products	161.520	-	161.520
13	Commitment related to debts to financial markets and other off balance sheet liabilities	8.536.057	7.638.247	850.563
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	987.033	-	49.352
15	Other irrevocable or conditionally revocable commitments	58.690.180	11.527.747	2.934.509
16	TOTAL CASH OUTFLOWS			76.131.914
CASH INFLOWS				
17	Secured Lending Transactions	710.392	5.184	-
18	Unsecured Lending Transactions	32.946.331	18.101.459	24.655.101
19	Other contractual cash inflows	7.979.000	26.143.623	7.978.892
20	TOTAL CASH INFLOWS	41.635.723	44.250.266	32.633.993
			Upper limit applied amounts	
21	TOTAL HQLA STOCK		87.382.453	43.713.767
22	TOTAL NET CASH OUTFLOWS		43.497.921	15.989.087
23	Liquidity Coverage Ratio (%)		200,89	273,40

[*] 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.

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 MARCH 2020

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

Prior Period – 31.12.2019	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets		83.535.258	41.642.153	
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
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.

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 186% during the period and remain at a quite higher level than the legal lower limit.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 53%. Funding sources are mainly distributed between individual and retail deposits by 64%, corporate deposits by 25%, borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 2%.

Cash outflow amounting to TL 1.592 million is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last 2 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 - 31.03.2020	
	TL+FC	FC
January	207,73	275,44
February	211,81	316,70
March	186,88	207,41

	Prior Period - 31.12.2019	
	TL+FC	FC
October	195,97	222,89
November	194,26	205,87
December	204,07	183,38

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 MARCH 2020

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

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 March 2020	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 Banks	24.388.778	20.284.423	13.689	-	-	-	-	44.686.890
Financial Assets at Fair Value Through Profit or Loss	14.470.308	4.021.707	1.444.313	-	-	-	-	19.936.328
Interbank Money Market Placements	229.711	44.555	130.157	7.227.856	80.656	44.649	-	7.757.584
Financial Assets measured at other comprehensive income	-	2.546.446	-	-	-	-	-	2.546.446
Loans (*)	365.972	846.504	5.895.218	10.119.176	39.612.828	10.928.309	-	67.768.007
Financial Assets measured at amortised cost	140.868	42.424.591	22.137.010	47.215.026	86.862.347	22.264.842	16.276.183	237.320.867
Other Assets (**)	-	374.391	390.069	3.737.156	12.948.707	3.776.977	-	21.227.300
Other Assets (**)	979.611	1.480.721	471.274	4.262.203	11.626.020	6.648.092	(5.317.083)	20.150.838
Total Assets	40.575.248	72.023.338	30.481.730	72.561.417	151.130.558	43.662.869	10.959.100	421.394.260
Liabilities								
Bank Deposits	714.499	3.771.935	1.016.984	75.455	-	-	-	5.578.873
Borrowings	62.530.083	150.581.184	30.631.815	11.514.551	8.772.724	1.171.090	-	265.201.447
Funds from Interbank Money Market	-	4.747.509	1.709.084	10.656.784	15.502.292	3.228.738	-	35.844.407
Marketable Securities Issued (Net) (***)	-	8.593.937	2.112.608	663.045	4.578.496	1.926.023	-	17.874.109
Miscellaneous Payables	-	1.556.754	1.761.473	154.489	8.236.637	5.904.611	-	17.613.964
Other Liabilities (****)	593.527	227.378	128.897	450.380	1.818.478	802.507	4.758.139	8.779.306
Other Liabilities (****)	544.955	2.542.275	509.343	1.661.872	7.153.025	3.183.988	54.906.696	70.502.154
Total Liabilities	64.383.064	172.020.971	37.870.205	25.176.576	46.061.654	16.216.955	59.664.835	421.394.260
Net Liquidity Excess / (Gap)	(23.807.816)	(99.997.633)	(7.388.475)	47.384.841	105.068.904	27.445.914	(48.705.735)	-
Net Off-balance sheet Position	-	543.545	(115.326)	1.732.361	5.496.330	3.625.610	-	11.282.520
Financial Derivative Assets	-	57.828.977	19.095.682	47.755.178	94.676.763	54.292.036	-	273.648.636
Financial Derivative Liabilities	-	57.285.432	19.211.008	46.022.817	89.180.433	50.666.426	-	262.366.116
Non-cash Loans (*****)	-	2.782.313	272.295	6.826.795	11.950.610	21.261.954	-	43.093.967
Prior Period - 31 December 2019								
Total Assets	32.972.010	69.085.728	27.809.350	67.776.171	139.574.675	38.806.574	11.147.929	387.172.437
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	21.158.400	(50.915.048)	-
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

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

VI. EXPLANATIONS ON LEVERAGE RATIO:

a. Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 March 2020, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 10,79% (31 December 2019: 10,71%). 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 March 2020 (**)	Prior Period 31 December 2019 (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	410.968.521	387.775.601
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 Communiqué on Preparation of Consolidated Financial Statements of the Banks	(161.333)	(143.000)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	5.145.261	4.931.013
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(18.510.108)	(13.855.418)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.354.369)	(1.222.119)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	114.787.636	121.029.921
7 Total Risk	510.875.607	498.515.998

(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué 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 March 2020 (*)	Prior Period 31 December 2019 (*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	392.785.006	369.924.352
2 [Assets deducted from Core capital]	-	-
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	392.785.006	369.924.352
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	13.098.732	12.695.680
5 Potential credit risk amount of derivative financial assets and credit derivatives	5.145.261	4.931.013
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	18.243.993	17.626.693
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	2.437.831	1.841.829
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)	2.437.831	1.841.829
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	98.763.146	110.345.243
11 [Correction amount due to multiplication with credit conversion rates]	(1.354.369)	(1.222.119)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	97.408.777	109.123.124
Capital and total risk		
13 Core Capital	55.100.343	53.368.506
14 Total risk amount (sum of lines 3, 6, 9 and 12)	510.875.607	498.515.998
Leverage ratio		
15 Leverage ratio	10,79	10,71

(*) Three months average values.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

VII. 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.

In the event of unexpected negative economic conditions, stress tests are carried out regularly considering the exchange rate and interest rate shocks and the deterioration of the loan portfolio at different stress rates. Also, for stresses caused by the COVID-19 pandemic, the intensities are increased and the effects on equity and capital adequacy ratios are measured.

Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 March 2020	Prior Period 31 December 2019	Current Period 31 March 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	265.246.250	268.541.573	21.219.700
2 Standardized approach (SA)	265.246.250	268.541.573	21.219.700
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	17.930.240	16.975.855	1.434.419
5 Standardized approach for counterparty credit risk (SA-CCR)	17.930.240	16.975.855	1.434.419
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	267.149	309.273	21.372
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	4.196.359	6.256.135	335.709
17 Standardized approach (SA)	4.196.359	6.256.135	335.709
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	34.367.848	28.892.666	2.749.428
20 Basic Indicator Approach	34.367.848	28.892.666	2.749.428
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)	322.007.846	320.975.502	25.760.628

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

VIII. 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.

Based on the "Main Benchmark Interest Rates Reform" report of the Financial Stability Board dated July 2014, it is expected that the hedging transactions within the scope of the "Benchmark Interest Rate Reform" are reviewed and the possible effects of the reform are reflected in the financial statements. The bank has made foreign currency interest rate swaps to hedge the cash flow risk of USD 1,009,018 of its floating rate USD LIBOR-indexed debts directly affected by the interest rate reform. In addition to this; with the regulation titled "Changes in TFRS 9, TMS 39 and TFRS 7 Benchmark Interest Rate Reform" published by the International Accounting Standards Board in September 2019, the applications related to the termination of hedge accounting required by the reform were temporarily exempted. Within this scope, there is no risk accounting transaction that was terminated due to reform in the 31 March 2020 reports.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

As of 31 March 2020, 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 March 2020			Prior Period 31 December 2019		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	16.155.682	5.714.738	756.628	13.674.935	5.166.090	919.269
-FC	56.423.947	214.634	842.521	50.984.080	184.727	244.871
Total	72.579.629	5.929.372	1.599.149	64.659.015	5.350.817	1.164.140

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 March 2020

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		509.737	(22.991)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	9.600	(8.088)	1.512
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(63.785)	63.246	(539)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	1.481.234	(1.476.645)	4.589
Cross-currency swap	Fixed interest rate TL Commercial Loans	Interest rate risk	(43.535)	44.163	628
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	(23.858)	23.492	(366)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(62)	60	(2)

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Prior 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 Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(23.858)	23.858	-
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency 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.

As of 31 March 2020 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 March 2020, 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 (4.251) (31 December 2019: TL 1.566).

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	-	350.050	(378.123)	(338)	(6.835)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.001.837	108.164	124.458	(250.468)	8.865
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	137.048	10.815	17.028	43
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	11.439	456.745	54.119	(31.691)	769

As of 31 March 2020 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 March 2020, 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 15.670 (31 December 2019: TL 10.105).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

IX. 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.

Other operations includes activities of Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetim A.Ş. ve AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş as subsidiaries of the Bank in consolidation.

Information on business segments as of 31 March 2020 and 31 December 2019 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Current Period - 31 March 2020					
Operating Income	2.160.138	1.700.554	2.293.765	258.214	6.412.671
Profit from Operating Activities	277.924	(139.007)	2.048.239	(413.467)	1.773.689
Income from Subsidiaries	-	-	-	235	235
Profit before Tax	277.924	(139.007)	2.048.239	(413.232)	1.773.924
Tax Expense	-	-	-	(471.253)	(471.253)
Net Profit for the Period	277.924	(139.007)	2.048.239	(884.485)	1.302.671
Segment Assets	88.168.572	169.148.852	140.662.006	6.377.113	404.356.543
Investments in Associates.	-	-	-	8.421	8.421
Undistributed Assets	-	-	-	17.029.296	17.029.296
Total Assets	-	-	-	-	421.394.260
Segment Liabilities	167.198.106	98.594.336	83.219.578	6.311.189	355.323.209
Undistributed Liabilities	-	-	-	12.164.644	12.164.644
Shareholders' Equity	-	-	-	53.906.407	53.906.407
Total Liabilities	-	-	-	-	421.394.260

	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Prior Period - 31 December 2019 (*)					
Operating Income	2.348.761	1.917.789	249.253	768.739	5.284.542
Profit from Operating Activities	634.461	707.158	147.412	356.884	1.845.915
Income from Subsidiaries	-	-	-	3.993	3.993
Profit before Tax	634.461	707.158	147.412	360.877	1.849.908
Corporate Tax	-	-	-	(442.168)	(442.168)
Net Profit for the Period	634.461	707.158	147.412	(81.291)	1.407.740
Segment Assets	-	-	-	-	-
Investments in Associates.	78.687.822	162.204.989	123.749.563	6.539.052	371.181.426
Undistributed Assets	-	-	-	5.521	5.521
Total Assets	-	-	-	15.985.490	15.985.490
Segment Liabilities	-	-	-	-	387.172.437
Undistributed Liabilities	156.685.999	82.201.250	74.576.328	6.564.326	320.027.903
Shareholders' Equity	-	-	-	12.782.081	12.782.081
Total Liabilities	-	-	-	54.362.453	54.362.453

(*) 31 March 2019 amounts are used for income statement accounts.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

**SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash equivalents and the account of the CBRT:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Cash/Foreign Currency	1.769.206	2.028.090	1.510.067	1.772.129
The CBRT (*)	5.826.926	34.995.422	733.159	25.808.586
Other (**)	-	67.246	-	69.988
Total	7.596.132	37.090.758	2.243.226	27.650.703

(*) Precious metal account amounting to TL 2.487.672 are included in FC (31 December 2019: TL 1.154.187).

(**) Precious metal account amounting to TL 67.245 are included in FC (31 December 2019: TL 69.974).

2. Information related to the account of the CBRT:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.625	-	6.753	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	5.820.301	34.995.422	726.406	25.808.586
Total	5.826.926	34.995.422	733.159	25.808.586

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 March 2020 (31 December 2019: 1% and 7% 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 March 2020 (31 December 2019: 5% and 21% for all foreign currency liabilities).

b. Financial Assets at Fair Value Through Profit or Loss

As of 31 March 2020, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 10.310 (31 December 2019: TL 10.049); and there are no financial assets subject to repo transactions (31 December 2019: 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 statements under the line "Assets for Sale and Discontinued Operations". As of 31 March 2020, the value of the part pursued as loan is TL 7.594.385, and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount turned into credit and capital is TL 1.809.806 and the amount of TL 1.416.090 of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and TL 393.716 is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets at Fair Value through Profit Loss".

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 investment 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.

As of the reporting date, the Group has reevaluated the fair value of LYY Telekomünikasyon A.Ş. by considering current market conditions and macroeconomic indicators and accordingly, there has been no change in the fair value of the financial asset as of the year-end.

c. Trading derivative financial assets:

Table of positive differences related to derivative financial assets (*)

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	382.726	778	482.816	162
Swap Transactions	7.271.648	5.928.097	5.892.415	4.719.651
Futures Transactions	-	-	-	-
Options	24.248	71.867	11.139	60.762
Other	-	-	-	-
Total	7.678.622	6.000.742	6.386.370	4.780.575

(*) Excluding hedging derivatives financial assets.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

d. Information on banks account and foreign banks:

1. Information on banks account:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	1.573.283	1.038.660	90.699	881.906
Foreign	-	17.324.385	1.673	16.966.396
Head Quarters and Branches Abroad	-	-	-	-
Total	1.573.283	18.363.045	92.372	17.848.302

e. Information on financial assets fair value through other comprehensive income:

1. As of 31 March 2020, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 13.167.513 (31 December 2019: TL 8.422.563); and those given as collateral/blocked amounting to TL 14.249.333 (31 December 2019: TL 17.108.499).

2. (i) Information on financial assets fair value through other comprehensive income:

	Current Period 31 March 2020	Prior Period 31 December 2019
	Debt Securities	70.174.532
Quoted at Stock Exchange (*)	69.646.972	66.265.514
Unquoted at Stock Exchange	527.560	2.154.930
Share Certificates	16.384	16.384
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.384	16.384
Impairment Provision (-)	2.422.909	918.388
Total	67.768.007	67.518.440

(*) 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 March 2020		Prior Period 31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	97
Corporate Shareholders	-	97	-	97
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.340.234	1.621.020	6.723.184	1.048.264
Loans Granted to Employees	129.577	-	132.254	-
Total	7.469.811	1.621.117	6.855.438	1.048.361

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 March 2020	Loans and other receivables under follow up			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables	
Loans and Receivables with Revised Contract Terms			Refinance	
Cash Loans				
Non-specialized Loans				
Loans given to enterprises	33.981.134	2.909.306	6.327	2.327.031
Export Loans	15.727.272	271.912	-	101.653
Import Loans	2.379.947	-	-	-
Loans Given to Financial Sector	11.783.318	757	-	4.573
Consumer Loans	33.070.989	1.609.706	869.925	4.948
Credit Cards	14.746.782	681.727	662.713	-
Other	80.642.316	5.306.269	981.159	12.974.920
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	192.331.758	10.779.677	2.520.124	15.413.125

(*) The balances of loans at fair value profit or loss has not been included. Included lease receivables.

Expected Credit Loss Stage I and Stage II (*)	Standard Loans	Current Period	Standard Loans	Prior Period
		31 March 2020		31 December 2019
		Loans under Follow-up		Loans under Follow-up
12 Month Expected Credit Losses	705.252	-	649.212	-
Significant Increase in Credit Risk	-	3.379.634	-	3.418.554
Total	705.252	3.379.634	649.212	3.418.554

(*) Included expected credit losses of lease receivables.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period - 31.03.2020	Short-term	Medium and Long-term	Total
Consumer Loans-TL	578.856	33.468.711	34.047.567
Mortgage Loans	865	9.550.201	9.551.066
Automotive Loans	212	139.128	139.340
Consumer Loans	577.779	23.779.382	24.357.161
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.002	1.002
Mortgage Loans	-	1.002	1.002
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	12.906.838	630.733	13.537.571
With Installment	4.346.294	629.740	4.976.034
Without Installment	8.560.544	993	8.561.537
Consumer Credit Cards-FC	8.597	-	8.597
With Installment	-	-	-
Without Installment	8.597	-	8.597
Personnel Loans-TL	3.891	75.949	79.840
Mortgage Loans	-	3.217	3.217
Automotive Loans	-	37	37
Consumer Loans	3.891	72.695	76.586
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	49.471	115	49.586
With Installment	17.622	115	17.737
Without Installment	31.849	-	31.849
Personnel Credit Cards-FC	151	-	151
With Installment	-	-	-
Without Installment	151	-	151
Credit Deposit Account-TL (Real Person)	1.427.159	-	1.427.159
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	14.974.963	34.176.510	49.151.473

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Prior 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

4. Information on commercial installment loans and corporate credit cards:

Current Period - 31.03.2020	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	345.568	12.409.767	12.755.335
Mortgage Loans	369	8.180	8.549
Automotive Loans	9.455	751	10.206
Consumer Loans	335.744	12.400.836	12.736.580
Other	-	-	-
FC Indexed Commercial Installment Loans	-	73.350	73.350
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	73.350	73.350
Other	-	-	-
Commercial Installment Loans-FC	6.044	364.076	370.120
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	6.044	364.076	370.120
Other	-	-	-
Corporate Credit Cards-TL	2.482.442	11.521	2.493.963
With Installment	789.648	11.473	801.121
Without Installment	1.692.794	48	1.692.842
Corporate Credit Cards-FC	1.354	-	1.354
With Installment	-	-	-
Without Installment	1.354	-	1.354
Credit Deposit Account-TL (Legal Person)	1.047.148	-	1.047.148
Credit Deposit Account-FC (Legal person)	-	-	-
Total	3.882.556	12.858.714	16.741.270
Prior 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

5. Distribution of domestic and foreign loans (*): Loans are classified according to the locations of the customers.

	Current Period 31 March 2020	Prior Period 31 December 2019
Domestic Loans	227.395.381	222.653.350
Foreign Loans	9.925.486	9.263.267
Total	237.320.867	231.916.617

(*) Included leasing receivables.

6. Loans granted to investments in associates and subsidiaries: None.
 7. (i) Credit-Impaired Losses (Stage III / Special Provision) (*):

	Current Period 31 March 2020	Prior Period 31 December 2019
Loans and Other Receivables with Limited Collectibility	616.927	2.183.880
Loans and Other Receivables with Doubtful Collectibility	3.775.491	2.054.163
Uncollectible Loans and Receivables	5.083.091	4.401.267
Total	9.475.509	8.639.310

(*) Included leasing receivables.

8. Information on non-performing loans (Net):

8. (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 March 2020			
(Gross Amounts Before Specific Provisions)	57.369	452.140	298.680
Rescheduled Loans and Other Receivables	57.369	452.140	298.680
Prior 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

8. (ii) Information on the movement of total non-performing loans (*):

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other
	Limited Collectibility	Doubtful Collectibility	Receivables
Prior Period End Balance: 31 December 2019	3.982.709	4.073.786	7.374.050
Additions (+)	1.159.810	91.176	152.733
Transfers from Other Categories of Non-Performing Loans (+)	-	4.021.011	975.206
Transfers to Other Categories of Non-Performing Loans (-)	4.021.011	975.206	-
Collections (-)	106.341	169.952	279.169
Write-offs (-) (**)	1.137	639	843
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.014.030	7.040.176	8.221.977
Specific Provisions (-)	616.931	3.775.491	5.083.087
Net Balance at Balance Sheet	397.099	3.264.685	3.138.890

(*) Included leasing receivables.

(**) There is no write-off process 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. (31 December 2019: TL 1.119.998) and its effect on the NPL ratio is 49 basis point.

8. (iii) Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other
	Limited	Doubtful	Receivables
	Collectibility	Collectibility	
Current Period: 31 March 2020			
Balance at the End of the Period	348.527	1.400.975	2.884.891
Specific Provision (-)	239.392	509.318	1.389.961
Net Balance on Balance Sheet	109.135	891.657	1.494.930
Prior 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 at Balance Sheet	184.265	766.637	1.494.233

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

8. (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 March 2020			
Loans granted to corporate entities and real persons (Gross)	1.014.030	7.040.176	8.221.977
Specific Provision Amount (-)	616.931	3.775.491	5.083.087
Loans granted to corporate entities and real persons (Net)	397.099	3.264.685	3.138.890
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 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)	-	-	-

(*) Included leasing receivables.

8. (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 March 2020			
Interest accruals and valuation differences	65.609	810.586	1.571.099
Provision (-)	43.467	435.974	910.914
Prior Period: 31 December 2019			
Interest accruals and valuation differences	240.819	602.739	1.313.881
Provision (-)	126.538	343.611	797.273

(*) Included leasing receivables.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

g. Financial Assets Measured at Amortised Cost

1. Information on financial subject to repurchase agreements and those given as collateral/blocked:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Given as collateral/blocked	4.000.095	-	352.296	-
Subject to repurchase agreements	2.375.803	2.381.063	145.327	1.229.269
Total	6.375.898	2.381.063	497.623	1.229.269

2. Information about Government debt securities:

	Current Period 31 March 2020	Prior Period 31 December 2019
Government debt	18.839.461	13.080.081
Treasury bonds	-	-
Other government debts	870.473	779.177
Total	19.709.934	13.859.258

3. Information on financial assets measured at amortised cost:

	Current Period 31 March 2020	Prior Period 31 December 2019
Debt Securities	21.269.842	15.602.381
Quoted at stock exchange	21.269.842	15.602.381
Not quoted at stock exchange	-	-
Impairment (-)	42.542	27.523
Total	21.227.300	15.574.858

4. The movement of financial assets at amortised costs:

	Current Period 31 March 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	15.574.858	12.263.481
Foreign Currency Differences on Monetary Assets	428.118	414.623
Purchases During Year	5.798.089	5.397.163
Disposals Through Sales and Redemptions	(713.021)	(3.214.759)
Impairment Provision (-)	(15.021)	37.062
Change in Amortised Cost	154.277	677.288
Balance at the End of the Period	21.227.300	15.574.858

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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
3 JCR Avrasya Derecelendirme A.Ş.	Istanbul/Turkey	2,86	2,86
4 Birleşik İpotek Finansmanı A.Ş.	Istanbul/Turkey	8,33	8,33

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 31 December 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	151.277	91.498	77.572	5.102	-	26.624	15.953	-
2	384.403	220.221	249.087	11.258	-	22.180	41.206	-
3	31.238	25.827	971	666	-	6.146	2.082	-

Birleşik İpotek Finansmanı A.Ş. started its operations in 2020 and is not included in the table above since have any published financial statements yet.

1 (iv). Movement schedule for non-consolidated subsidiaries:

	Current Period 31 March 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	5.521	5.521
Movements During the Period		
Purchases	2.900	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	8.421	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

[*] The mentioned amounts arise from the Bank's association to JCR Avrasya Derecelendirme A.Ş. to TL 2.067 for a share of 2.86% and TL 833 for a share of 8.33% to Birleşik İpotek Finansmanı A.Ş.

2. Consolidated subsidiaries within the current period: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 March 2020 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	589.210	76.251	24.157	4.574.592	(13)
Gains recognized in equity as per TAS	-	(2.852)	(318)	-	(32)
Profit/Loss	34.216	340.504	63.096	81.176	(25.312)
- Net Current Period Profit	34.216	49.917	19.924	81.176	(5.768)
- Prior Year Profit/Loss	-	290.587	43.172	-	(19.544)
Development Cost of Operating Lease (-)	38	1.123	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.203	11.936	325	4.563	-
Total Common Equity	982.192	497.646	97.144	5.391.853	1.643
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	982.192	497.646	97.144	5.391.853	1.643
Tier II Capital	67.610	196	1	37.725	-
CAPITAL	1.049.802	497.842	97.145	5.429.578	1.643
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.049.802	497.842	97.145	5.429.578	1.643

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.	Istanbul/Turkey	100,00	100,00

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 March 2020 prepared in accordance with legislation in which companies are subject to.

	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	5.808.954	982.288	29.964	109.735	-	34.216	29.480	-
2	1.091.214	510.704	24.134	26.016	(11.363)	49.917	29.252	-
3	113.932	97.469	5.239	454	-	19.924	13.099	-
4	30.318.703	5.396.416	53.058	257.778	40.401	81.176	80.896	-
5	9.922	1.642	1.052	200	-	(5.768)	(579)	-

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 March 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	6.730.785	5.452.141
Movements During the Period		
Additions (*)	-	139.981
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	174.485	640.370
Sales/Liquidation	-	-
Revaluation Increase (**)	83.102	498.293
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.988.372	6.730.785
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts are 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 prior period and also arise from 15.000 TL increase on AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly- owned subsidiary of the Bank.

(**) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period	Prior Period
	31 March 2020	31 December 2019
Banks	5.396.416	5.111.016
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	982.140	947.751
Finance Companies	-	-
Other Financial Subsidiaries	609.816	672.018

7. Subsidiaries quoted to a stock exchange: None (31 December 2019: None).

j. Information on joint ventures: None (31 December 2019: None).

k. Information on finance lease receivables (Net):

	Current Period		Prior Period	
	31 March 2020		31 December 2019	
	Gross	Net	Gross	Net
2019	-	-	-	-
2020	1.549.195	1.375.819	2.012.951	1.761.924
2021 and following years	3.420.574	3.041.880	3.182.173	2.804.929
Total	4.969.769	4.417.699	5.195.124	4.566.853

l. Information on the hedging derivative financial assets:

	Current Period		Prior Period	
	31 March 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	2.701.463	214.634	3.072.295	151.510
Cash Flow Hedge	3.013.275	-	2.093.795	33.217
Net Investment Hedge in a foreign operation	-	-	-	-
Total	5.714.738	214.634	5.166.090	184.727

m. Information on the investment properties: None (31 December 2019: None).

n. Information on deferred tax asset:

As of 31 March 2020, the Group has TL 70.318 deferred tax asset (31 December 2019: TL 135.972). 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

r. Information on property and equipment held for sale and related to discontinued operations:

	Current Period 31 March 2020	Prior Period 31 December 2019
Cost	189.865	666.140
Accumulated Depreciation (-)	71	73
Net Book Value	189.794	666.067

	Current Period 31 March 2020	Prior Period 31 December 2019
Opening Balance Net Book Value	666.067	264.384
Additions (*)	38.573	1.575.616
Disposals (-), net	37.425	235.066
Impairment (-)	477.421	938.867
Depreciation (-)	-	-
Closing Net Book Value	189.794	666.067

(*) For the prior period, the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from TL 18 to 1.416.090. Related amounts are presented in the "additions" row of table above. The total decrease in fair value allocated by the bank and the capital amount detailed in Note I-b of Section Five are presented as TL 1.416.090 in the line "Impairment (-)".

s. Information on other assets:

Other assets amounting to TL 7.807.756 (31 December 2019: TL 6.505.838) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 March 2020:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	11.726.006	10.406.514	43.829.727	192.031	252.988	530.951	11.374	66.949.591
Foreign Currency Deposits	34.524.066	11.642.941	81.603.580	3.767.749	2.867.756	19.015.766	983	153.422.841
Residents in Turkey	29.442.547	11.393.970	77.262.426	3.171.110	1.235.336	4.546.087	940	127.052.416
Residents Abroad	5.081.519	248.971	4.341.154	596.639	1.632.420	14.469.679	43	26.370.425
Public Sector Deposits	1.099.638	19.245	30.580	1.383	351	469	-	1.151.666
Commercial Deposits	8.423.500	11.570.823	12.486.343	203.919	60.349	143.560	-	32.888.494
Other Institutions Deposits	264.128	348.940	2.926.841	257.077	6.258	728	-	3.803.972
Precious metals Deposits	6.492.745	-	4.730	-	403.963	83.445	-	6.984.883
Interbank Deposits	714.499	931.869	3.580.027	33.591	304.099	14.788	-	5.578.873
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.403	481.506	33.486	-	183.413	-	-	712.808
Foreign Banks	309.468	450.363	3.546.541	33.591	120.686	14.788	-	4.475.437
Participation Banks	390.628	-	-	-	-	-	-	390.628
Other	-	-	-	-	-	-	-	-
Total	63.244.582	34.920.332	144.461.828	4.455.750	3.895.764	19.789.707	12.357	270.780.320

1 (ii). Prior 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

[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 March 2020	Prior Period 31 December 2019	Current Period 31 March 2020	Prior Period 31 December 2019
Saving Deposits	32.280.280	30.875.550	34.664.931	30.609.809
Foreign Currency Saving Deposits	16.072.408	16.110.198	61.410.300	56.626.928
Other Deposits in the Form of Saving Deposits	3.367.123	2.373.387	3.080.333	1.807.082
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 March 2020	Prior Period 31 December 2019
Foreign Branches' Deposits and other accounts	19	18
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	1.718.649	1.625.947
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 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	370.744	1.050	143.501	401
Swap Transactions	6.525.197	2.258.940	6.176.955	1.360.509
Futures Transactions	-	-	-	-
Options	2.005	110.709	5.686	94.510
Other	-	-	-	-
Total	6.897.946	2.370.699	6.326.142	1.455.420

[*] Excluding hedge transactions.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	740.288	4.431.781	548.615	1.187.028
From Foreign Banks, Institutions and Funds	-	30.672.338	-	33.100.838
Total	740.288	35.104.119	548.615	34.287.866

2. Information on maturity structure of borrowings:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term	156.900	219.108	303.879	641.868
Medium and Long-term	583.388	34.885.011	244.736	33.645.998
Total	740.288	35.104.119	548.615	34.287.866

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 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Bank bills	2.982.641	-	2.391.332	-
Bonds	2.189.952	6.522.412	2.532.944	8.612.669
Total	5.172.593	6.522.412	4.924.276	8.612.669

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 2.316.352 under "Other Liabilities" (31 December 2019: TL 2.251.871) and do not exceed 10% of the total balance sheet.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

f. Information on financial leasing agreements:

With the "IFRS 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 IFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	153.155	66.680	150.202	63.868
Between 1-4 Years	391.758	193.577	388.038	188.559
More Than 4 Years	537.301	371.061	544.539	371.727
Total	1.082.214	631.318	1.082.779	624.154

g. Information on the hedging derivative financial liabilities:

	Current Period 31 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	54.671	492.471	71.230	191.806
Cash Flow Hedge	701.957	350.050	848.039	53.065
Net Investment Hedge in a foreign operation	-	-	-	-
Total	756.628	842.521	919.269	244.871

h. Information on provisions:

1. Information on reserves for employee 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 March 2020	Prior Period 31 December 2019
Discount Rate (%)	3,97	3,97
Rate for the Probability of Retirement (%)	95,13	95,13

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 (in full TL amount).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period	Prior Period
	31 March 2020	31 December 2019
Prior Period Closing Balance	215.202	215.202
Recognized as an Expense During the Period	23.350	86.885
Actuarial Loss / (Gain)	1.336	89.142
Paid During the Period	(18.876)	(66.408)
Balance at the End of the Period	221.012	324.821

As of 31 March 2020, the Group has allocated vacation liability amounting to TL 143.941 (31 December 2019: TL 126.215).

2. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 March 2020, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2019: 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 283.923 as of 31 March 2020 (31 December 2019: TL 297.102).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 900.000 (31 December 2019: TL 650.000).

The Bank has provided free provision amounting TL 900.000 thousand out of which TL 250.000 thousand had been recognized in current period and TL 650.000 thousand had been recognized in prior years. (31 December 2019: TL 650.000).

4 (ii). The Group has provision for credit cards and banking services promotion activities amounting to TL 54.600 (31 December 2019: TL 52.721).

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 March 2020, the corporate tax liability after the deduction of temporary taxes paid is TL 330.824 (31 December 2019: TL 326.797). The current tax asset is TL 11.138 as of 31 March 2020 (31 December 2019: TL 9.971).

1 (i). Information on taxes payable:

	Current Period	Prior Period
	31 March 2020	31 December 2019
Corporate Taxes Payable	330.824	326.797
Taxation on Marketable Securities	150.957	187.962
Property Tax	2.798	2.383
Banking Insurance Transaction Tax (BITT)	132.308	185.204
Foreign Exchange Transaction Tax	10.637	4.875
Value Added Tax Payable	27.247	18.454
Other	41.977	99.098
Total	696.748	824.773

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

1 (ii). Information on premium payables:

	Current Period 31 March 2020	Prior Period 31 December 2019
Social Security Premiums – Employee	1.471	1.243
Social Security Premiums – Employer	197	155
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	1.461	1.800
Unemployment Insurance – Employer	2.621	3.374
Other	259	348
Total	6.015	6.926

2. Information on deferred tax liability:

As of 31 March 2020, Turkish Lira deferred tax liability of the Group amounts to TL 235.766 (31 December 2019: TL 837.212). 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 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Debt Instruments subject to common equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 equity	-	5.918.959	-	5.381.534
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	5.918.959	-	5.381.534
Total	-	5.918.959	-	5.381.534

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 March 2020	Prior Period 31 December 2019
Common Stock	5.200.000	5.200.000
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:

None.

4. Information on share capital increases from capital reserves during the current period: None.

5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the "subsequent interim period: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

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 March 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(83.403)	(1.974.208)	113.916	(57.111)
Foreign Currency Differences	-	-	-	-
Total	(83.403)	(1.974.208)	113.916	(57.111)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 8.223.006 asset purchase commitments (31 December 2019: TL 14.762.968), TL 26.186.031 commitments for credit card limits (31 December 2019: TL 23.193.073) and TL 2.878.088 commitments for cheque books (31 December 2019: TL 2.632.311).

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 March 2020	Prior Period 31 December 2019
Bank Acceptance Loans	54.751	50.678
Letters of Credit	4.544.034	4.404.510
Other Guarantees and Warranties	6.655.335	7.106.720
Total	11.254.120	11.561.908

- 2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period 31 March 2020	Prior Period 31 December 2019
Revocable Letters of Guarantee	1.157.211	1.081.737
Irrevocable Letters of Guarantee	18.024.806	17.634.443
Letters of Guarantee Given in Advance	1.872.838	1.922.507
Guarantees Given to Customs	2.283.508	2.251.380
Other Letters of Guarantee	8.501.484	8.247.050
Total	31.839.847	31.137.117

3. Information on non-cash loans:

Total amount of non-cash loans:

	Current Period 31 March 2020	Prior Period 31 December 2019
Non-cash Loans Given against Cash Loans	11.638.254	12.545.219
With Original Maturity of 1 Year or Less Than 1 Year	4.190.462	5.064.000
With Original Maturity of More Than 1 Year	7.447.792	7.481.219
Other Non-cash Loans	31.455.713	30.153.806
Total	43.093.967	42.699.025

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	Current Period 31 March 2020		Prior Period 31 March 2019	
	TL	FC	TL	FC
Short-term Loans	1.689.292	195.775	2.728.706	174.411
Medium and Long-term Loans	2.933.770	1.023.663	2.939.470	1.137.970
Interest on Loans Under Follow-Up	256.929	-	130.649	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	4.879.991	1.219.438	5.798.825	1.312.381

(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 March 2020		Prior Period 31 March 2019	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	38.890	3.474	21.026	75.653
From Foreign Banks	2.752	53.287	2.759	95.389
From Headquarters and Branches Abroad	-	-	-	-
Total	41.642	56.761	23.785	171.042

3. Information on interest income on marketable securities:

	Current Period 31 March 2020		Prior Period 31 March 2019	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	4.387	1.477	740	-
Financial Assets at Fair Value through Other Comprehensive Income	1.151.897	378.219	987.530	244.230
Financial Assets Measured at Amortised Cost	501.197	44.321	247.974	65.542
Total	1.657.481	424.017	1.236.244	309.772

4. Information on interest income received from associates and subsidiaries: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

b. Information on interest expense:

1. Information of interest expense on borrowings (*):

	Current Period 31 March 2020		Prior Period 31 March 2019	
	TL	FC	TL	FC
Banks	18.148	280.549	28.811	432.573
The CBRT	-	-	-	-
Domestic Banks	18.071	12.476	11.059	15.272
Foreign Banks	77	268.073	17.751	413.069
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	41.374	-	9.987
Total	18.148	321.923	28.810	438.328

(*): 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 March 2020		Prior Period 31 March 2019	
	TL	FC	TL	FC
Interest expense on securities issued	146.040	185.058	306.058	186.994

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period - 31.03.2020	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	9.573	28.352	13.072	-	63	-	51.060
Saving Deposits	-	216.359	1.017.228	4.292	6.912	17.750	1.262.541
Public Sector Deposits	-	337	693	25	8	16	1.079
Commercial Deposits	-	221.679	306.609	14.366	2.311	1.535	546.500
Other Deposits	-	7.915	77.369	544	151	17	85.996
Total	9.573	474.642	1.414.971	19.227	9.445	19.318	1.947.176
FC							
Foreign Currency Deposits	1.618	43.202	190.907	8.230	9.207	73.283	326.447
Bank Deposits	217	79	2.110	3.814	876	42	7.138
Precious Metals Deposits	-	-	6	-	429	198	633
Total	1.835	43.281	193.023	12.044	10.512	73.523	334.218
Grand Total	11.408	517.923	1.607.994	31.271	19.957	92.841	2.281.394

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Prior Period - 31.03.2019	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	6.227	68.397	5.047	742	327	915	81.655
Saving Deposits	-	219.218	1.743.116	64.031	168.719	53.322	2.248.406
Public Sector Deposits	-	710	1.395	22	2	12	2.141
Commercial Deposits	-	304.039	443.190	15.711	7.682	15.206	785.828
Other Deposits	1	14.141	93.270	313	39.131	7.404	154.260
Total	6.228	606.505	2.286.018	80.819	215.861	76.859	3.272.290
FC							
Foreign Currency Deposits	3.314	79.928	510.867	16.120	42.863	64.307	717.399
Bank Deposits	62	1.055	32.611	1.353	4.519	49	39.649
Precious Metals Deposits	-	1	18	-	622	186	827
Total	3.376	80.984	543.496	17.473	48.004	64.542	757.875
Grand Total	9.604	687.489	2.829.514	98.292	263.865	141.401	4.030.165

c. Information on trading profit/loss (Net):

	Current Period 31 March 2020	Prior Period 31 March 2019
Profit	249.351.491	285.935.484
Income From Capital Market Transactions	90.207	136.184
Income From Derivative Financial Transactions (*)	12.250.689	14.472.090
Foreign Exchange Gains	237.010.595	271.327.210
Loss (-)	249.837.175	285.734.952
Loss from Capital Market Transactions	112.053	71.890
Loss from Derivative Financial Transactions (*)	11.883.642	11.860.289
Foreign Exchange Loss	237.841.480	273.802.773
Total (Net)	(485.684)	200.532

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.487.856 (31 March 2019: TL 2.708.704).

d. 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

e. Provision expenses related to loans and other receivables of the Group:

f. (i) Expected provision expense:

	Current Period 31 March 2020	Prior Period 31 March 2019
Expected Credit Loss	1.455.271	1.264.826
12 month expected credit loss (stage 1)	196.781	186.468
Significant increase in credit risk (stage 2)	77.360	259.034
Non-performing loans (stage 3)	1.181.130	819.324
Marketable Securities Impairment Expense	7	-
Financial Assets at Fair Value through Profit or Loss	7	-
Financial Assets at Fair Value through Other	-	-
Comprehensive Income	-	-
Investments in Associates and Subsidiaries Securities	-	-
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.128.697	494.864
Total	2.583.975	1.759.690

(*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations, impairment losses on financial assets at fair value difference through profit or loss, lawsuit provision expenses and free provision allocated in the current year.

f. Information related to other operating expenses:

	Current Period 31 March 2020	Prior Period 31 March 2019
Reserve for Employee Termination Benefits	4.474	5.427
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	108.019	72.870
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	48.159	52.373
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	153	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	809.828	659.973
Leasing Expenses on TFRS 16 Exceptions	28.446	27.131
Maintenance Expenses	11.230	16.476
Advertisement Expenses	32.927	29.262
Other Expenses	737.225	587.104
Loss on Sales of Assets	-	-
Other	276.476	208.643
Total	1.247.109	999.286

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

g. Information on income/loss from minority interest:

	Current Period	Prior Period
	31 March 2020	31 March 2019
Income/(loss) from minority interest	5	4

h. Information on tax provision of continued and discontinued operations:

As of 31 March 2020, the Group has a current tax expense of TL 275.314 (31 March 2019: TL 47.499), deferred tax expense of TL 614.074 (31 March 2019: TL 1.058.215) and deferred tax income of TL 418.135 (31 March 2019: TL 663.546).

The Group has no discontinued operations.

i. Explanation on current period net profit and loss of continued and discontinued operations:

Net profit of the Group is TL 1.302.666 (31 March 2019: TL 1.407.736).

The Group has no discontinued operations.

j. 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 CONSOLIDATED STATEMENT OF CASH FLOWS

Disclosures are not prepared in accordance with the Article 25 of the "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced".

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

VI. 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 March 2020:

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	-	-	6.723.184	1.048.361	6.429	1.096
Balance at the End of the Period	-	-	7.340.234	1.621.117	4.692	908
Interest and Commission Income Received	-	-	199.643	2.678	126	6

2. Prior 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 and Other Receivables					
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 (*)	-	-	180.178	2.056	182	22

(*) 31 March 2019 balances used for income/expense accounts.

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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Balance at the Beginning of the Period	-	-	4.572.874	5.011.321	1.403.075	1.228.947
Balance at the End of the Period	-	-	6.484.748	4.572.874	558.828	1.403.075
Interest expense on Deposits (*)	-	-	43.495	86.344	7.503	34.208

(*) 31 March 2019 balances used for income/expense accounts.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

(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 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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	11.408.705	10.451.000	-	-
Balance at the End of the Period	-	-	11.811.366	11.408.705	-	-
Total Income/Loss (*)	-	-	6.132	52.831	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

(*) 31 March 2019 balances used for income/expense accounts.

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 March 2020, the net exposure for direct and indirect shareholders of the Group is TL (322.559) (31 December 2019: TL 184.042).

5. Information regarding benefits provided to the Group's key management:

As of 31 March 2020, benefits provided to the Group's key management amounting to TL 48.343 (31 December 2019: TL 69.207).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

**SECTION SIX
EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements for the interim period ended 31 March 2020 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 28 April 2020 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

**SECTION SEVEN (*)
EXPLANATIONS ON INTERIM ACTIVITY REPORT**

Message from the Chairman of the Board:

In the first quarter of 2020; the novel Corona virus, that had first appeared in China, started to be observed all over the world. Total number of cases affected by the virus continues to increase all over the world, and the economic activities of the countries are also negatively affected. In the World Economic Outlook Report; due to Corona virus developments, IMF revised its global economic growth expectations downwards. The global economy is projected to contract by 3% in 2020. With the weakening in demand, oil prices also fell sharply, even though OPEC + countries agreed to reduce their daily oil production considerably. Central banks and governments announced strong monetary and fiscal measures against the negative effects of the virus. Countries have also taken various isolation measures such as travel restrictions and lockdowns in some sectors.

Fed cut its policy rate by 150 basis points to 0-0,25% and made swap agreements with 14 central banks in order to meet the increasing dollar liquidity need. Fed also lifted the ceiling of maximum amount of assets to be purchased within its asset purchase program and announced additional liquidity measures. It also activated the temporary repo facility to provide dollars to other central banks to meet the dollar demand outside the US. With this opportunity, foreign central banks will have the opportunity to replace their US treasury issuances with dollar liquidity. Within the scope of the fight against the virus, 2.2 trillion dollar stimulus package has also been approved.

Due to lockdowns; especially service sectors are more affected by the virus. As a matter fact; service sector is currently experiencing a severe impact from the COVID-19 outbreak in Euro Area. The ECB has announced comprehensive monetary policy measures to support economic activity. In this context; with the long-term repo operations, liquidity support were provided with more favorable conditions, and a new asset purchase program was announced. Fiscal packages were also announced by the governments in the region.

Monetary and fiscal measures were taken to support the economy in the UK, as well. Bank of England cut its policy rate by 65 basis points to 0,10%, and increased the amount of asset purchase program. The government has also taken fiscal measures.

In our country, the economy continued to perform favorably in the first two months of the year. As of March, our government, the CBRT and BRSA announced measures and incentives, due to the spread of the virus in Europe, and in our country. The CBRT cut its policy rate and announced liquidity measures. The government has also announced the economic stability package in the amount of 100 billion TL. In this context, the Credit Guarantee Fund limit was increased from 25 billion TL to 50 billion TL. Within the fiscal package, deferral options for tax and debt payments were also announced.

In the first quarter of the year, we estimate that the economy will grow by about 5% a year, mainly due to the positive performance of the first two months. While a decrease was observed in exports, annual increase in imports lost momentum in March. In the second quarter of the year; due to virus developments, this trend can be expected to continue for a while. We anticipate that the downward trend in inflation will continue and will complete the year at 8%.

The budget balance gave a deficit of 29.6 billion TL in the January-March period, the primary balance gave a surplus of 8.7 billion TL. In the New Economy Program, the budget is expected to give 138.9 billion TL deficit by the end of 2020.

In our banking sector, steps continue to be taken to support the credit flow in the domestic economy. The NPL ratio in the sector is 5,2% as of February and the capital adequacy ratio is 17,7%.

In the second half of 2020, with the potential decrease of the Covid-19 a gradual lifting of containment measures and gradual normalization in economic activity are expected.

(*) Amounts in section seven expressed in full Turkish Lira ("TL") amount unless otherwise stated.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

Message from the CEO:

First of all, we respectfully remember those who lost their lives due to the COVID-19 pandemic, and extend our best wishes to all affected. We would like to thank everyone, especially our healthcare professionals, who are at the forefront of this extraordinary struggle. With our solid financials, strong technological infrastructure and qualified employees, we are prioritising providing uninterrupted service as well as standing by our customers in this tough period.

Since the very beginning, the well-being of our customers and employees, and provision of uninterrupted service have been our priorities. This tough period underlined the importance and necessity of the extensive investments we have made in our systems, technology and people. Thanks to our strong digital infrastructure, we have provided continuous service. While most of our employees have started to work remotely, for those who cannot, we have taken various measures including strict social distancing implementations and extensive disinfection activities. With all our employees, we are working devotedly to serve our customers. We fully recognize the importance of supporting our country, society and our customers in this challenging period.

Akbank owes its 72 years of existence to its customers who are the key to its success. Standing by our customers, we will emerge from this period together.

Our retail and corporate customers are able to defer their principal, interest and instalment payments with the same conditions, upon their request. In this context, the payment of almost 550.000 loans belonging to nearly 340.000 customers have been deferred. The principal amount of those loans is about TL 14 billion while their due payment is almost TL 3 billion. Furthermore, we have participated in The Banks Association of Turkey's Treasury-backed, Credit Guarantee Fund bonded, credit protocol for businesses. During this period, we will continue to evaluate all our customers' demands with great care and speed as well as doing our best to support them.

In a world where digitalization trend is changing consumer behaviour faster than ever, we have never made any compromises in our long-term innovation-driven mind set. Our digitalization strategy is a holistic one and we keep on reconsidering and designing our service models and business approach. We invested over USD 200 million on technology and infrastructure last year alone. Today, we are seeing the benefits of our vision and investments with our customers.

With rapid actions, we have introduced many measures and conveniences for the well-being of our customers. For example, healthcare professionals or customers aged over 65 calling our call centre are now directly connected to a customer representative.

Akbank Mobile's share in total number of financial transactions increased by 7%. Compared to the beginning of last year, the number of mobile customers performing transactions such as credit card debt payments and money transfers has increased 24%. The share of our direct channels on our consumer loans and credit card sales, which was already high, exceeded 80% during the pandemic.

Following this period, like all companies, banks should become more agile, take quick decisions, create meaningful digital experiences and work more productively. We are already trying to predict what this "new normal" will bring. With this awareness, our teams keep on developing new digital services as well as swiftly putting them into practice for our customers. With the experiences gained during the pandemic, we will further focus on our digital capabilities. Named as "World's Best Digital Bank" by Euromoney in 2019, Akbank will continue to lead digital transformation in both national and international level.

In this tough period, the support we provided to the economy increased to a total of TL 275 billion, with TL 232 billion in cash loans. Our deposits increased to TL 271 billion while our assets reached TL 421 billion. With our strong capital adequacy ratio of 20.4, we will continue to support the growth and development of the real sector.

In a period marked by a decrease in access to liquidity and FX, our syndicated loan facility has once again attracted a strong global response from international banks. Despite negative developments in the markets and our lowered interest rate; by 25 bps in USD tranche and 40 bps in Euro tranche, our syndicated loan exceeded our initial target and reached USD \$605 million with the participation of 29 banks from 15 countries. Our syndication renewal is a concrete sign of confidence in Akbank and in Turkey, even in this tough period.

Akbank will continue to invest in Turkey's future. With our qualified employees and strong technological infrastructure, we are resilient and well prepared against any challenges. We strongly believe that, with our sense of responsibility and solidarity culture, we will soon leave these days behind. I would like to thank our customers and shareholders for their confidence; our employees for their strong performance.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

A. INTRODUCTION

1. Changes in the Articles of Association during the period:

There have been no changes in the Articles of Association during the period.

2. Important Issues and Transactions during the period

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.

B. BANKING SECTOR FIRST QUARTER OVERVIEW

In the the first three months of 2020, loan growth in the sector was 7,4% and deposit growth in the funding side was 7,3%.

C. CONSOLIDATED FINANCIAL RESULTS

1. Main Balance Sheet Items (TL Million):

	31.03.2020	31.12.2019
	Consolidated	Consolidated
	Financial Results	Financial Results
Total Assets	421.394	387.172
Loans	232.211	226.776
Deposits	270.780	244.712
Equity	53.906	54.362
Net Income (31.03.2019)	1.303	1.408

2. Main Financial Ratios (%):

	31.03.2020	31.12.2019
	Consolidated	Consolidated
	Financial Results	Financial Results
Loan / Total Assets	55,1	58,6
Deposit / Total Assets	64,3	63,2
Return on Equity (31.03.2019)	9,6	12,3
Return on Assets (31.03.2019)	1,3	1,5
NPL Ratio	6,7	6,6
Capital Adequacy Ratio:	20,4	19,7
Earnings Per Share (TL)	0,00251	0,00319

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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

3. Akbank 1Q20 Results Overview:

Akbank reported a gross profit of TL 1.774 million, setting aside TL 471 million of tax provisions, reporting a net unconsolidated profit of TL 1.303 million in the first three months of the year. Capital adequacy ratio of the bank has realized at 20,4% in this period.

As of March 2020, Akbank's unconsolidated total asset realized at TL 421 billion, loans are approximately TL 232 billion and total deposits are approximately TL 271 billion.

Akbank's NPL ratio increased to 6,7 % compared to the end of the year.

4. Bank's Expectations for 2020:

Banks' forward-looking expectations which was announced publicly on January 7, 2020 are stated below:

2020 Guidance Outlook (%)	
TL Loan Growth	High-teens
FX Loan Growth (in USD)	Low-single digit
Leverage	> 8x
ROE	Mid-teens
NIM (swap ad.)	≤ %4.0
Net fees&comm. growth	High-single digit
Opex growth	Mid-teens
Cost/income	≤ %34
NPL	< % 6
Net total CoC	~200 bps

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