

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 JUNE 2018 TOGETHER 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 30 June 2018 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 six-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; a portion of free provision amounting to TL 250.000 thousand has been reversed and recorded as other operating income, during the period ended 30 June 2018, out of total free provision of TL 700.000 thousand provided in the prior years by the Bank Management considering the possible effect of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying consolidated financial statements is TL 450.000 thousand as at 30 June 2018.

### **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 30 June 2018 and the results of its operations and its cash flows for the six-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  
İstanbul, 25 July 2018

**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 30 JUNE 2018**

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The consolidated financial report for the six-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** - EXPLANATIONS ON INTERIM REVIEW REPORT
- **Section Seven** - INFORMATION ON 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 the six-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.

25 July 2018

Suzan SABANCI DİNÇER	Hayri ÇULHACI	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  
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## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

#### SECTION ONE GENERAL INFORMATION ABOUT THE BANK

##### I. BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank", "the Parent Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

##### II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 30 June 2018, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2017: 51%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

##### III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
<b>Chairman:</b>	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
<b>Board of Directors:</b>	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür Demirtaş	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
<b>President and CEO:</b>	S. Hakan BİNBAŞGİL	CEO	Graduate
<b>Head of Internal Audit:</b>	Eyüp ENGİN	Head of Internal Audit	Undergraduate
<b>Executive Vice Presidents:</b>	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu ÇİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Hasan Recai ANBARCI	Credit Allocation	Graduate
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Ali Batu KARAALİ	Treasury	Graduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
<b>Internal Audit Committee:</b>	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Parent Bank.

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

In the Ordinary General Assembly Meeting of the Bank held on 26 March 2018, Kemal Özgür Demirtaş has been assigned as a new member of the Bank's new Board of Directors, instead of Erol Sabancı.

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

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	1.630.021	40,75 %	1.630.021	-

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

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. As of 30 June 2018, the Bank has 799 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad). As of 30 June 2018, the Bank the Bank has 13.666 employees (31 December 2017: 13.884).

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., Akbank (Dubai) Limited 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 "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

As at 30 June 2018, the Group employed 14.057 people (31 December 2017: 14.253).

#### 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.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2018 (STATEMENT OF FINANCIAL POSITION)**

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2018)		Total
		TL	FC	
<b>I. FINANCIAL ASSETS (NET)</b>		<b>55.594.790</b>	<b>78.908.747</b>	<b>134.503.537</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>14.724.433</b>	<b>43.508.644</b>	<b>58.233.077</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	11.456.288	31.902.765	43.359.053
1.1.2 Banks	(I-d)	1.785.298	11.605.879	13.391.177
1.1.3 Money Markets		1.482.847	-	1.482.847
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>35.051</b>	<b>118.859</b>	<b>153.910</b>
1.2.1 Government Debt Securities		10.573	-	10.573
1.2.2 Equity Instruments		18.256	118.859	137.115
1.2.3 Other Financial Assets		6.222	-	6.222
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>22.854.660</b>	<b>22.973.915</b>	<b>45.828.575</b>
1.3.1 Government Debt Securities		22.703.079	15.961.939	38.665.018
1.3.2 Equity Instruments		13.013	607	13.620
1.3.3 Other Financial Assets		138.568	7.011.369	7.149.937
<b>1.4 Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>3.932.752</b>	<b>7.317.715</b>	<b>11.250.467</b>
1.4.1 Government Debt Securities		3.932.752	6.018.123	9.950.875
1.4.2 Other Financial Assets		-	1.299.592	1.299.592
<b>1.5 Derivative Financial Assets</b>	<b>(I-c, I-U)</b>	<b>14.117.183</b>	<b>4.992.607</b>	<b>19.109.790</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		12.895.155	4.670.997	17.566.152
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.222.028	321.610	1.543.638
<b>1.6 Non-Performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7 Expected Loss Provision (-)</b>		<b>69.289</b>	<b>2.993</b>	<b>72.282</b>
<b>II. LOANS (NET)</b>	<b>(I-f)</b>	<b>134.507.901</b>	<b>89.614.129</b>	<b>224.122.030</b>
<b>2.1 Loans</b>		<b>135.525.738</b>	<b>85.118.984</b>	<b>220.644.722</b>
2.1.1 Measured at Amortised Cost		135.525.738	85.118.984	220.644.722
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>1.455.315</b>	<b>4.504.881</b>	<b>5.960.196</b>
2.2.1 Financial Lease Receivables		1.775.814	5.040.813	6.816.627
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		320.499	535.932	856.431
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.3.1 Measured at Amortised Cost		-	-	-
2.3.2 Fair Value Through Profit or Loss		-	-	-
2.3.3 Fair Value Through Other Comprehensive Income		-	-	-
<b>2.4 Non-Performing Loans</b>		<b>5.962.169</b>	<b>-</b>	<b>5.962.169</b>
<b>2.5 Expected Credit Loss (-)</b>		<b>8.435.321</b>	<b>9.736</b>	<b>8.445.057</b>
2.5.1 12 Month Expected Credit Losses (Stage I)		752.585	9.736	762.321
2.5.2 Significant Increase in Credit Risk (Stage II)		3.647.500	-	3.647.500
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		4.035.236	-	4.035.236
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>250.647</b>	<b>-</b>	<b>250.647</b>
3.1 Held for Sale Purpose		250.647	-	250.647
3.2 Related to Discontinued Operations		-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>5.521</b>	<b>-</b>	<b>5.521</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>5.521</b>	<b>-</b>	<b>5.521</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-i)</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>3.525.343</b>	<b>7.852</b>	<b>3.533.195</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>514.855</b>	<b>1.904</b>	<b>516.759</b>
6.1 Goodwill		-	-	-
6.2 Other		514.855	1.904	516.759
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-n)</b>	<b>430.303</b>	<b>4.811</b>	<b>435.114</b>
<b>X. OTHER ASSETS</b>	<b>(I-p)</b>	<b>1.790.514</b>	<b>3.058.351</b>	<b>4.848.865</b>
<b>TOTAL ASSETS</b>		<b>196.619.874</b>	<b>171.595.794</b>	<b>368.215.668</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**AKBANK T.A.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

ASSETS	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-a)</b>	<b>8.461.584</b>	<b>26.901.592</b>	<b>35.363.176</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)</b>	<b>(I-b)</b>	<b>5.433.943</b>	<b>2.921.996</b>	<b>8.355.939</b>
2.1 Trading Financial Assets		5.433.943	2.921.996	8.355.939
2.1.1 Government Debt Securities		9.525	-	9.525
2.1.2 Equity Securities		23.431	-	23.431
2.1.3 Trading Derivative Financial Assets		5.394.053	2.921.996	8.316.049
2.1.4 Other Marketable Securities		6.934	-	6.934
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-
2.2.1 Government Debt Securities		-	-	-
2.2.2 Equity Securities		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
<b>III. BANKS</b>	<b>(I-d)</b>	<b>289.699</b>	<b>9.740.030</b>	<b>10.029.729</b>
<b>IV. MONEY MARKETS</b>		<b>1.552.346</b>	<b>-</b>	<b>1.552.346</b>
4.1 Interbank Money Market Placements		185	-	185
4.2 Istanbul Stock Exchange Money Market Placements		1.552.161	-	1.552.161
4.3 Receivables from Reverse Repurchase Agreements		-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>(I-e)</b>	<b>23.452.703</b>	<b>19.377.085</b>	<b>42.829.788</b>
5.1 Equity Securities		13.013	85.027	98.040
5.2 Government Debt Securities		23.159.176	13.657.443	36.816.619
5.3 Other Marketable Securities		280.514	5.634.615	5.915.129
<b>VI. LOANS and RECEIVABLES</b>	<b>(I-f)</b>	<b>134.438.198</b>	<b>75.040.191</b>	<b>209.478.389</b>
6.1 Loans and Receivables		134.285.579	75.040.191	209.325.770
6.1.1 Loans to Bank's Risk Group	<b>(VI)</b>	3.676.732	1.929.246	5.605.978
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		130.608.847	73.110.945	203.719.792
6.2 Loans under Follow-up		4.532.711	-	4.532.711
6.3 Specific Provisions [-]		4.380.092	-	4.380.092
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>(I-g)</b>	<b>5.995.041</b>	<b>12.887.991</b>	<b>18.883.032</b>
8.1 Government Debt Securities		5.995.041	10.148.338	16.143.379
8.2 Other Marketable Securities		-	2.739.653	2.739.653
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-h)</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>
9.1 Associates Consolidated Based on Equity Method		-	-	-
9.2 Unconsolidated Associates		3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923
<b>X. SUBSIDIARIES (Net)</b>	<b>(I-i)</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Financial Subsidiaries		-	-	-
10.2 Non-Financial Subsidiaries		-	-	-
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	<b>(I-k)</b>	<b>1.530.515</b>	<b>4.334.903</b>	<b>5.865.418</b>
12.1 Financial Lease Receivables		1.856.087	4.885.676	6.741.763
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income [-]		325.572	550.773	876.345
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>(I-l)</b>	<b>973.630</b>	<b>162.654</b>	<b>1.136.284</b>
13.1 Fair Value Hedge		973.630	31.206	1.004.836
13.2 Cash Flow Hedge		-	131.448	131.448
13.3 Foreign Net Investment Hedge		-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>3.418.021</b>	<b>7.895</b>	<b>3.425.916</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>476.470</b>	<b>2.072</b>	<b>478.542</b>
15.1 Goodwill		-	-	-
15.2 Other		476.470	2.072	478.542
<b>XVI. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>28.148</b>	<b>9.377</b>	<b>37.525</b>
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset	<b>(I-n)</b>	28.148	9.377	37.525
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>133.515</b>	<b>-</b>	<b>133.515</b>
18.1 Held for Sale Purpose		133.515	-	133.515
18.2 Related to Discontinued Operations		-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-p)</b>	<b>1.754.630</b>	<b>2.281.805</b>	<b>4.036.435</b>
<b>TOTAL ASSETS</b>		<b>187.942.366</b>	<b>153.667.591</b>	<b>341.609.957</b>

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



**AKBANK T.A.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2018 (STATEMENT OF FINANCIAL POSITION)**

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2018)		Total
		TL	FC	
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>86.579.143</b>	<b>131.348.756</b>	<b>217.927.899</b>
<b>II. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>861.940</b>	<b>43.790.358</b>	<b>44.652.298</b>
<b>III. MONEY MARKETS</b>		<b>619.197</b>	<b>22.105.383</b>	<b>22.724.580</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>7.499.360</b>	<b>7.150.040</b>	<b>14.649.400</b>
4.1 Bills		4.802.042	-	4.802.042
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		2.697.318	7.150.040	9.847.358
<b>V. FUNDS</b>		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b, II-g)</b>	<b>9.486.714</b>	<b>1.814.147</b>	<b>11.300.861</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		9.465.375	1.814.147	11.279.522
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	<b>(II-g)</b>	21.339	-	21.339
<b>VIII. FACTORING LIABILITIES</b>		-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>(II-f)</b>	-	-	-
9.1 Financial Lease		-	-	-
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
<b>X. PROVISIONS</b>	<b>(II-h)</b>	<b>1.027.662</b>	<b>15.274</b>	<b>1.042.936</b>
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		319.300	164	319.464
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		708.362	15.110	723.472
<b>XI. CURRENT TAX LIABILITY</b>	<b>(II-i)</b>	<b>778.525</b>	<b>67.499</b>	<b>846.024</b>
<b>XII. DEFERRED TAX LIABILITY</b>	<b>(II-i)</b>	-	<b>116.671</b>	<b>116.671</b>
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(II-j)</b>	-	<b>4.127.282</b>	<b>4.127.282</b>
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	4.127.282	4.127.282
<b>XV. OTHER LIABILITIES</b>		<b>5.752.458</b>	<b>3.190.973</b>	<b>8.943.431</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>42.812.617</b>	<b>(928.331)</b>	<b>41.884.286</b>
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		3.607.551	-	3.607.551
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		1.907.551	-	1.907.551
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.088.795	6.055	2.094.850
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		202.315	(934.386)	(732.071)
16.5 Profit Reserves		28.961.396	-	28.961.396
16.5.1 Legal Reserves		1.621.374	-	1.621.374
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		27.065.472	-	27.065.472
16.5.4 Other Profit Reserves		274.550	-	274.550
16.6 Income or (Loss)		3.952.415	-	3.952.415
16.6.1 Prior Periods' Income or (Loss)		672.839	-	672.839
16.6.2 Current Period Income or (Loss)		3.279.576	-	3.279.576
16.7 Minority Interest	<b>(II-l)</b>	145	-	145
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>155.417.616</b>	<b>212.798.052</b>	<b>368.215.668</b>

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

**AKBANK T.A.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>92.792.353</b>	<b>108.663.175</b>	<b>201.455.528</b>
1.1 Deposits of Bank's Risk Group	<b>(VI)</b>	2.265.188	3.120.932	5.386.120
1.2 Other		90.527.165	105.542.243	196.069.408
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b)</b>	<b>4.170.579</b>	<b>1.253.249</b>	<b>5.423.828</b>
<b>III. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>375.074</b>	<b>33.252.125</b>	<b>33.627.199</b>
<b>IV. MONEY MARKETS</b>		<b>4.516.895</b>	<b>24.840.903</b>	<b>29.357.798</b>
4.1 Funds from Interbank Money Market		507.522	-	507.522
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-
4.3 Funds Provided Under Repurchase Agreements		4.009.373	24.840.903	28.850.276
<b>V. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>7.137.270</b>	<b>8.717.955</b>	<b>15.855.225</b>
5.1 Bills		4.012.498	-	4.012.498
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		3.124.772	8.717.955	11.842.727
<b>VI. FUNDS</b>		-	-	-
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>4.911.265</b>	<b>1.729.825</b>	<b>6.641.090</b>
<b>VIII. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>940.960</b>	<b>237.400</b>	<b>1.178.360</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	<b>(II-f)</b>	-	-	-
10.1 Financial Lease Payables		-	-	-
10.2 Operating Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-g)</b>	-	<b>74.911</b>	<b>74.911</b>
11.1 Fair Value Hedge		-	74.911	74.911
11.2 Cash Flow Hedge		-	-	-
11.3 Foreign Net Investment Hedge		-	-	-
<b>XII. PROVISIONS</b>	<b>(II-h)</b>	<b>2.896.523</b>	<b>964.423</b>	<b>3.860.946</b>
12.1 General Loan Loss Provisions		1.736.416	950.455	2.686.871
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Benefits		300.792	161	300.953
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		859.315	13.807	873.122
<b>XIII. TAX LIABILITY</b>	<b>(II-i)</b>	<b>1.432.408</b>	<b>188.093</b>	<b>1.620.501</b>
13.1 Current Tax Liability		1.040.244	97.421	1.137.665
13.2 Deferred Tax Liability		392.164	90.672	482.836
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		-	-	-
14.1 Held for Sale Purpose		-	-	-
14.2 Related to Discontinued Operations		-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>(II-j)</b>	-	<b>1.900.999</b>	<b>1.900.999</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>40.688.789</b>	<b>(75.217)</b>	<b>40.613.572</b>
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		4.171.089	(75.217)	4.095.872
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		(600.631)	(169.489)	(770.120)
16.2.4 Property and Equipment Revaluation Differences		2.343.606	5.356	2.348.962
16.2.5 Intangible Assets Revaluation Differences		-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		3.895	-	3.895
16.2.8 Hedging Funds (Effective portion)		(565.520)	88.916	(476.604)
16.2.9 Value Increase of Assets Held for Sale		-	-	-
16.2.10 Other Capital Reserves		1.289.739	-	1.289.739
16.3 Profit Reserves		25.744.393	-	25.744.393
16.3.1 Legal Reserves		1.469.241	-	1.469.241
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		22.724.398	-	22.724.398
16.3.4 Other Profit Reserves		1.550.754	-	1.550.754
16.4 Income or (Loss)		6.773.168	-	6.773.168
16.4.1 Prior Periods' Income or (Loss)		752.895	-	752.895
16.4.2 Current Period Income or (Loss)		6.020.273	-	6.020.273
16.5 Minority Interest	<b>(II-l)</b>	139	-	139
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>159.862.116</b>	<b>181.747.841</b>	<b>341.609.957</b>

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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 30 JUNE 2018**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (30/06/2018)		Total
		TL	FC	
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>244.987.659</b>	<b>580.439.705</b>	<b>825.427.364</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>22.774.057</b>	<b>35.498.799</b>	<b>58.272.856</b>
1.1 Letters of Guarantee		19.740.709	16.671.361	36.412.070
1.1.1 Guarantees Subject to State Tender Law		466.680	2.526.529	2.993.209
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.620.753	3.620.753
1.1.3 Other Letters of Guarantee		19.274.029	10.524.079	29.798.108
1.2 Bank Acceptances		-	5.381.518	5.381.518
1.2.1 Import Letter of Acceptance		-	5.381.518	5.381.518
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		2.188	10.101.069	10.103.257
1.3.1 Documentary Letters of Credit		2.188	9.473.322	9.475.510
1.3.2 Other Letters of Credit		-	627.747	627.747
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		-	11.482	11.482
1.8 Other Guarantees		21.742	3.328.087	3.349.829
1.9 Other Collaterals		3.009.418	5.282	3.014.700
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>51.622.838</b>	<b>18.820.026</b>	<b>70.442.864</b>
2.1 Irrevocable Commitments		50.731.078	17.812.069	68.543.147
2.1.1 Asset Purchase Commitments		11.672.420	13.506.746	25.179.166
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		7.000	-	7.000
2.1.4 Loan Granting Commitments		7.520.155	4.302.851	11.823.006
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		7.527.119	-	7.527.119
2.1.8 Tax and Fund Liabilities from Export Commitments		7.003	-	7.003
2.1.9 Commitments for Credit Card Limits		19.657.804	-	19.657.804
2.1.10 Commitments for Credit Cards and Banking Services Promotions		62.146	-	62.146
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		4.277.431	2.472	4.279.903
2.2 Revocable Commitments		891.760	1.007.957	1.899.717
2.2.1 Revocable Loan Granting Commitments		747.590	652.320	1.399.910
2.2.2 Other Revocable Commitments		144.170	355.637	499.807
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>170.590.764</b>	<b>526.120.880</b>	<b>696.711.644</b>
3.1 Hedging Derivative Financial Instruments		11.331.205	40.962.061	52.293.266
3.1.1 Fair Value Hedges		2.497.225	14.641.331	17.138.556
3.1.2 Cash Flow Hedges		8.833.980	26.320.730	35.154.710
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		159.259.559	485.158.819	644.418.378
3.2.1 Forward Foreign Currency Buy/Sell Transactions		16.868.828	24.676.928	41.545.756
3.2.1.1 Forward Foreign Currency Transactions-Buy		7.582.503	13.221.064	20.803.567
3.2.1.2 Forward Foreign Currency Transactions-Sell		9.286.325	11.455.864	20.742.189
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		109.834.319	330.850.036	440.684.355
3.2.2.1 Foreign Currency Swap-Buy		35.484.320	116.836.562	152.320.882
3.2.2.2 Foreign Currency Swap-Sell		71.048.999	77.984.710	149.033.709
3.2.2.3 Interest Rate Swap-Buy		1.650.500	68.014.382	69.664.882
3.2.2.4 Interest Rate Swap-Sell		1.650.500	68.014.382	69.664.882
3.2.3 Foreign Currency, Interest Rate and Securities Options		32.480.689	109.982.048	142.462.737
3.2.3.1 Foreign Currency Options-Buy		14.739.505	20.142.238	34.881.743
3.2.3.2 Foreign Currency Options-Sell		17.741.184	17.382.564	35.123.748
3.2.3.3 Interest Rate Options-Buy		-	36.228.623	36.228.623
3.2.3.4 Interest Rate Options-Sell		-	36.228.623	36.228.623
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-
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		75.723	19.649.807	19.725.530
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>780.753.768</b>	<b>263.561.801</b>	<b>1.044.315.569</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>56.923.643</b>	<b>16.440.837</b>	<b>73.364.480</b>
4.1 Customer Fund and Portfolio Balances		4.731.407	-	4.731.407
4.2 Investment Securities Held in Custody		21.242.099	1.514.254	22.756.353
4.3 Cheques Received for Collection		24.437.806	2.120.245	26.558.051
4.4 Commercial Notes Received for Collection		6.018.436	3.388.776	9.407.212
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		493.895	9.417.562	9.911.457
4.8 Custodians		-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>161.996.629</b>	<b>82.954.818</b>	<b>244.951.447</b>
5.1 Marketable Securities		1.732.691	712.565	2.445.256
5.2 Guarantee Notes		863.815	528.437	1.392.252
5.3 Commodity		-	6.795	6.795
5.4 Warranty		-	-	-
5.5 Immovables		120.657.613	56.409.375	177.066.988
5.6 Other Pledged Items		38.742.510	25.297.646	64.040.156
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>561.833.496</b>	<b>164.166.146</b>	<b>725.999.642</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.025.741.427</b>	<b>844.001.506</b>	<b>1.869.742.933</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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 DECEMBER 2017**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>179.669.683</b>	<b>414.581.289</b>	<b>594.250.972</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>21.647.854</b>	<b>30.315.941</b>	<b>51.963.795</b>
1.1 Letters of Guarantee		18.791.169	16.142.039	34.933.208
1.1.1 Guarantees Subject to State Tender Law		492.470	2.884.919	3.377.389
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.297.312	3.297.312
1.1.3 Other Letters of Guarantee		18.298.699	9.959.808	28.258.507
1.2 Bank Acceptances		198	3.757.904	3.758.102
1.2.1 Import Letter of Acceptance		198	3.757.904	3.758.102
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		7.257	6.927.068	6.934.325
1.3.1 Documentary Letters of Credit		7.257	6.357.468	6.364.725
1.3.2 Other Letters of Credit		-	569.600	569.600
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		-	10.757	10.757
1.8 Other Guarantees		28.469	3.466.915	3.495.384
1.9 Other Collaterals		2.820.761	11.258	2.832.019
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>39.587.905</b>	<b>11.764.500</b>	<b>51.352.405</b>
2.1 Irrevocable Commitments		38.813.809	11.625.354	50.439.163
2.1.1 Asset Purchase Commitments		2.668.087	7.928.578	10.596.665
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		7.108.285	3.694.692	10.802.977
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		6.679.928	-	6.679.928
2.1.8 Tax and Fund Liabilities from Export Commitments		5.586	-	5.586
2.1.9 Commitments for Credit Card Limits		18.431.137	-	18.431.137
2.1.10 Commitments for Credit Cards and Banking Services Promotions		66.262	-	66.262
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		3.854.524	2.084	3.856.608
2.2 Revocable Commitments		774.096	139.146	913.242
2.2.1 Revocable Loan Granting Commitments		684.444	-	684.444
2.2.2 Other Revocable Commitments		89.652	139.146	228.798
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>118.433.924</b>	<b>372.500.848</b>	<b>490.934.772</b>
3.1 Hedging Derivative Financial Instruments		2.497.225	27.012.330	29.509.555
3.1.1 Fair Value Hedges		2.497.225	12.659.318	15.156.543
3.1.2 Cash Flow Hedges		-	14.353.012	14.353.012
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		115.936.699	345.488.518	461.425.217
3.2.1 Forward Foreign Currency Buy/Sell Transactions		12.282.414	17.635.529	29.917.943
3.2.1.1 Forward Foreign Currency Transactions-Buy		5.985.150	8.969.994	14.955.144
3.2.1.2 Forward Foreign Currency Transactions-Sell		6.297.264	8.665.535	14.962.799
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		86.592.072	229.461.255	316.053.327
3.2.2.1 Foreign Currency Swap-Buy		32.237.645	80.929.409	113.167.054
3.2.2.2 Foreign Currency Swap-Sell		51.016.127	57.681.478	108.697.605
3.2.2.3 Interest Rate Swap-Buy		1.669.150	45.425.184	47.094.334
3.2.2.4 Interest Rate Swap-Sell		1.669.150	45.425.184	47.094.334
3.2.3 Foreign Currency, Interest Rate and Securities Options		16.974.837	83.630.054	100.604.891
3.2.3.1 Foreign Currency Options-Buy		7.744.739	11.982.227	19.726.966
3.2.3.2 Foreign Currency Options-Sell		9.230.098	10.813.503	20.043.601
3.2.3.3 Interest Rate Options-Buy		-	30.417.162	30.417.162
3.2.3.4 Interest Rate Options-Sell		-	30.417.162	30.417.162
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-
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		87.376	14.761.680	14.849.056
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>730.313.032</b>	<b>217.860.085</b>	<b>948.173.117</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>47.355.366</b>	<b>12.571.070</b>	<b>59.926.436</b>
4.1 Customer Fund and Portfolio Balances		4.329.384	13.103	4.342.487
4.2 Investment Securities Held in Custody		15.331.148	1.062.605	16.393.753
4.3 Cheques Received for Collection		21.906.910	1.675.367	23.582.277
4.4 Commercial Notes Received for Collection		5.293.887	2.661.455	7.955.342
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		494.037	7.158.540	7.652.577
4.8 Custodians		-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>154.062.256</b>	<b>70.259.533</b>	<b>224.321.789</b>
5.1 Marketable Securities		1.533.214	570.101	2.103.315
5.2 Guarantee Notes		1.061.747	555.781	1.617.528
5.3 Commodity		-	25.310	25.310
5.4 Warranty		-	-	-
5.5 Immovables		114.165.824	50.890.890	165.056.714
5.6 Other Pledged Items		37.301.471	18.217.451	55.518.922
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>528.895.410</b>	<b>135.029.482</b>	<b>663.924.892</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>909.982.715</b>	<b>632.441.374</b>	<b>1.542.424.089</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**AKBANK T.A.S.**  
**III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2018**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-30/06/2018)	CURRENT PERIOD (01/04-30/06/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>15.203.471</b>	<b>8.045.005</b>
1.1	Interest on Loans	(IV-a-1)	12.041.485	6.299.605
1.2	Interest on Reserve Requirements		199.781	107.605
1.3	Interest on Banks	(IV-a-2)	307.516	213.931
1.4	Interest on Money Market Transactions		103.522	62.082
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	2.289.944	1.218.623
1.5.1	Fair Value Through Profit or Loss		2.614	1.404
1.5.2	Fair Value Through Other Comprehensive Income		1.837.896	1.014.125
1.5.3	Measured at Amortised Cost		449.434	203.094
1.6	Financial Lease Income		241.213	132.456
1.7	Other Interest Income		20.010	10.703
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>7.991.560</b>	<b>4.155.860</b>
2.1	Interest on Deposits	(IV-b-4)	6.071.125	3.107.148
2.2	Interest on Funds Borrowed	(IV-b-1)	649.218	391.454
2.3	Interest Expense on Money Market Transactions		474.195	235.078
2.4	Interest on Securities Issued	(IV-b-3)	735.602	386.833
2.5	Other Interest Expenses		61.420	35.347
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>7.211.911</b>	<b>3.889.145</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.736.759</b>	<b>926.495</b>
4.1	Fees and Commissions Received		2.168.192	1.155.977
4.1.1	Non-cash Loans		157.513	83.366
4.1.2	Other		2.010.679	1.072.611
4.2	Fees and Commissions Paid		431.433	229.482
4.2.1	Non-cash Loans		211	98
4.2.2	Other		431.222	229.384
<b>V.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1.092.535</b>	<b>525.483</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>		<b>4.829</b>	<b>3.163</b>
<b>VII.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>(IV-c)</b>	<b>(272.437)</b>	<b>(75.220)</b>
7.1	Trading Gains / (Losses) on Securities		(9.815)	(17.159)
7.2	Gains / (Losses) on Derivative Financial Transactions		1.597.873	900.704
7.3	Foreign Exchange Gains / (Losses)		(1.860.495)	(958.765)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-d)</b>	<b>721.602</b>	<b>417.552</b>
<b>IX.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>8.310.129</b>	<b>4.635.652</b>
<b>X.</b>	<b>EXPECTED CREDIT LOSS (-)</b>		<b>2.498.125</b>	<b>1.794.760</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-f)</b>	<b>1.650.192</b>	<b>855.457</b>
<b>XII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>4.161.812</b>	<b>1.985.435</b>
<b>XIII.</b>	<b>EXCESS AMOUNT RECORDED AS</b>		-	-
	<b>INCOME AFTER MERGER</b>		-	-
	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED</b>		-	-
<b>XIV.</b>	<b>ON EQUITY METHOD</b>		-	-
<b>XV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>		<b>4.161.812</b>	<b>1.985.435</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-h)</b>	<b>882.230</b>	<b>399.718</b>
17.1	Current Tax Provision		666.802	356.932
17.2	Deferred Tax Income Effect (+)		913.798	592.647
17.3	Deferred Tax Expense Effect (-)		698.370	549.861
<b>XVIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(IV-i)</b>	<b>3.279.582</b>	<b>1.585.717</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19.1	Income from Non-current Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Income from Other Discontinued Operations		-	-
<b>XX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expenses for Non-current Assets Held for Sale		-	-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Expenses for Other Discontinued Operations		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-h)</b>	-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Expense Effect (+)		-	-
22.3	Deferred Tax Income Effect (-)		-	-
<b>XXIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXIV.</b>	<b>NET INCOME/(LOSS) (XVIII±XXIII)</b>	<b>(IV-i)</b>	<b>3.279.582</b>	<b>1.585.717</b>
24.1	Income/(Loss) from the Group		3.279.576	1.585.716
24.2	Income/(Loss) from Minority Interest	<b>(IV-g)</b>	6	1
	Earning/(Loss) per share (in TL full)		0,00820	0,00396

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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 30 JUNE 2017**

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	PRIOR PERIOD (01/01-30/06/2017)	PRIOR PERIOD (01/04-30/06/2017)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>11.244.284</b>	<b>5.865.763</b>
1.1	Interest on Loans	(IV-a-1)	8.948.123	4.629.272
1.2	Interest on Reserve Requirements		105.686	56.228
1.3	Interest on Banks	(IV-a-2)	110.691	71.797
1.4	Interest on Money Market Transactions		7.832	381
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	1.863.176	1.002.400
1.5.1	Trading Financial Assets		4.191	1.756
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		1.367.640	740.953
1.5.4	Held- to- maturity Investments		491.345	259.691
1.6	Financial Lease Income		191.360	97.447
1.7	Other Interest Income		17.416	8.238
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(IV-b)</b>	<b>5.943.418</b>	<b>3.116.840</b>
2.1	Interest on Deposits	(IV-b-4)	4.652.064	2.456.030
2.2	Interest on Funds Borrowed	(IV-b-1)	412.510	210.262
2.3	Interest Expense on Money Market Transactions		384.806	192.367
2.4	Interest on Securities Issued	(IV-b-3)	455.487	253.852
2.5	Other Interest Expenses		38.551	4.329
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>5.300.866</b>	<b>2.748.923</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.424.973</b>	<b>744.894</b>
4.1	Fees and Commissions Received		1.748.345	912.876
4.1.1	Non-cash Loans		126.723	67.605
4.1.2	Other		1.621.622	845.271
4.2	Fees and Commissions Paid		323.372	167.982
4.2.1	Non-cash Loans		209	187
4.2.2	Other		323.163	167.795
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>2.557</b>	<b>1.649</b>
<b>VI.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(IV-c)</b>	<b>(168.304)</b>	<b>(152.521)</b>
6.1	Trading Gains / (Losses) on Securities		153.374	116.773
6.2	Gains / (Losses) on Derivative Financial Transactions		(575.741)	(199.892)
6.3	Foreign Exchange Gains / (Losses)		254.063	(69.402)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-d)</b>	<b>456.558</b>	<b>214.730</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>7.016.650</b>	<b>3.557.675</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-e)</b>	<b>859.132</b>	<b>386.191</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-f)</b>	<b>2.330.058</b>	<b>1.183.371</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>3.827.460</b>	<b>1.988.113</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XIII.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XIV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)</b>		<b>3.827.460</b>	<b>1.988.113</b>
<b>XV.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-h)</b>	<b>804.356</b>	<b>417.212</b>
16.1	Current Tax Provision		745.136	301.083
16.2	Deferred Tax Provision		59.220	116.129
<b>XVII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>3.023.104</b>	<b>1.570.901</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Income from Other Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Expenses for Other Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET INCOME/(LOSS) (XVII+XXII)</b>	<b>(IV-i)</b>	<b>3.023.104</b>	<b>1.570.901</b>
23.1	Income/(Loss) from the Group		<b>3.023.100</b>	<b>1.570.900</b>
23.2	Income/(Loss) from Minority Interest	<b>(IV-g)</b>	4	1
	Earning/(Loss) per share (in TL full)		0,00756	0,00393

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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 30 JUNE 2018**

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

**CURRENT PERIOD  
(30/06/2018)**

<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>3.279.582</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(1.021.496)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>(137.247)</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(545)
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	(136.702)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(884.249)</b>
2.2.1 Foreign Currency Translation Differences	537.777
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(2.386.526)
2.2.3 Cash Flow Hedge Income/Loss	818.200
2.2.4 Foreign Net Investment Hedge Income/Loss	(254.784)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	401.084
<b>XII. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>2.258.086</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**AKBANK T.A.Ş.**  
**IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER**  
**SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

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

<b>INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>PRIOR PERIOD (30/06/2017)</b>
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS</b>	<b>938.059</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	<b>2.465.549</b>
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS</b>	<b>187.561</b>
<b>V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)</b>	<b>(23.068)</b>
<b>VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)</b>	<b>(97.184)</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS</b>	<b>-</b>
<b>VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>19</b>
<b>IX. TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(327.167)</b>
<b>X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>3.143.769</b>
<b>XI. CURRENT PERIOD INCOME / LOSS</b>	<b>3.023.104</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	56.567
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(16.154)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	2.982.691
<b>XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>6.166.873</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

[\*] Figure represents the effective part of the foreign exchange differences of the financial liabilities hedging the net investment risk of foreign investments as explained in Note II of Section Three.

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 30 JUNE 2018

(Amounts are expressed in thousands of Turkish Lira)

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated 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
						Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Differences	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)						
<b>CURRENT PERIOD (30/06/2018)</b>																	
I.	<b>Prior Period End Balance</b>	4.000.000	1.700.000	-	1.405.892	2.348.962	(116.153)	3.895	1.287.933	(770.120)	(476.604)	24.456.460	752.895	6.020.273	40.613.433	139	40.613.572
II.	<b>Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
III.	<b>Adjusted Beginning Balance (I+II)</b>	4.000.000	1.700.000	-	1.907.551	2.348.962	(116.153)	3.895	1.287.933	(659.151)	(476.604)	24.456.460	752.895	6.020.273	41.226.061	139	41.226.200
IV.	Total Comprehensive Income	-	-	-	-	(136.822)	(425)	-	537.777	(1.861.490)	439.464	-	-	3.279.576	2.258.080	6	2.258.086
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	-	-	-	-	(4.607)	-	-	-	-	-	84.663	(80.056)	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	4.420.273	-	(6.020.273)	(1.600.000)	-	(1.600.000)
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(1.600.000)	(1.600.000)	-	(1.600.000)
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	4.420.273	-	(4.420.273)	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.000.000</b>	<b>1.700.000</b>	<b>-</b>	<b>1.907.551</b>	<b>2.207.533</b>	<b>(116.578)</b>	<b>3.895</b>	<b>1.825.710</b>	<b>(2.520.641)</b>	<b>(37.140)</b>	<b>28.961.396</b>	<b>672.839</b>	<b>3.279.576</b>	<b>41.884.141</b>	<b>145</b>	<b>41.884.286</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separate

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 30 JUNE 2017

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
<b>RESTATED PRIOR PERIOD (30/06/2017)</b>																			
I.	Beginning Balance	4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.490)	-	32.492.137	130	32.492.267
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)	4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.490)	-	32.492.137	130	32.492.267
<b>Changes in the period</b>																			
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	750.447	-	-	-	-	750.447	-	750.447
VI.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(96.201)	-	(96.201)	-	(96.201)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(18.454)	-	(18.454)	-	(18.454)
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(77.747)	-	(77.747)	-	(77.747)
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	2.301.948	-	-	-	2.301.948	-	2.301.948
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation Differences	-	-	-	-	-	-	-	187.561	-	-	-	-	-	-	-	187.561	-	187.561
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	15	-	-	-	-	-	-	-	15	-	15
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	3.023.100	-	-	-	-	-	-	3.023.100	4	3.023.104
XX.	Profit Distribution	-	-	-	-	82.584	-	3.524.549	139.885	(4.854.168)	207.150	-	-	-	-	-	(900.000)	-	(900.000)
20.1	Dividends paid	-	-	-	-	-	-	-	-	(900.000)	-	-	-	-	-	-	(900.000)	-	(900.000)
20.2	Transfers to Reserves	-	-	-	-	82.584	-	3.524.549	139.885	(3.954.168)	207.150	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+V+.....+XVIII+XIX+XX)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.469.241</b>	<b>-</b>	<b>22.724.398</b>	<b>1.159.978</b>	<b>3.023.100</b>	<b>752.895</b>	<b>(410.755)</b>	<b>2.349.054</b>	<b>3.895</b>	<b>(418.691)</b>	<b>-</b>	<b>37.759.007</b>	<b>134</b>	<b>37.759.141</b>

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

(\*) The amounts for the "Paid-in Capital Inflation Adjustment Difference" and "Actuarial Loss/Gain" which is in the "Other Reserves" are presented under "Other Capital Reserves" in the financial statements.

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

**AKBANK T.A.Ş.****VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018**

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

	Note (Section Five)	CURRENT PERIOD (30/06/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	Operating Profit before changes in operating assets and liabilities	(585.363)
<b>1.1.1</b>	Interest received	14.118.511
<b>1.1.2</b>	Interest paid	(7.757.755)
<b>1.1.3</b>	Dividend received	3.231
<b>1.1.4</b>	Fees and commissions received	2.181.112
<b>1.1.5</b>	Other income	(1.695.478)
<b>1.1.6</b>	Collections from previously written-off loans and other receivables	838.109
<b>1.1.7</b>	Payments to personnel and service suppliers	(1.203.307)
<b>1.1.8</b>	Taxes paid	(878.412)
<b>1.1.9</b>	Other	(6.191.374)
<b>1.2</b>	Changes in operating assets and liabilities	6.344.189
<b>1.2.1</b>	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(114.201)
<b>1.2.2</b>	Net (increase) / decrease in due from banks and other financial institutions	4.885.206
<b>1.2.3</b>	Net (increase) / decrease in loans	(12.007.526)
<b>1.2.4</b>	Net (increase) / decrease in other assets	(8.596.834)
<b>1.2.5</b>	Net increase / (decrease) in bank deposits	3.086.959
<b>1.2.6</b>	Net increase / (decrease) in other deposits	13.201.894
<b>1.2.7</b>	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-
<b>1.2.8</b>	Net increase / (decrease) in funds borrowed	10.901.922
<b>1.2.9</b>	Net increase / (decrease) in payables	-
<b>1.2.10</b>	Net increase / (decrease) in other liabilities	(5.013.231)
<b>I.</b>	Net cash provided from banking operations	5.758.826
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	Net cash provided from investing activities	(737.497)
<b>2.1</b>	Cash paid for acquisition of investments, associates and subsidiaries	-
<b>2.2</b>	Cash obtained from disposal of investments, associates and subsidiaries	-
<b>2.3</b>	Purchases of property and equipment	(318.540)
<b>2.4</b>	Disposals of property and equipment	35.548
<b>2.5</b>	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(5.861.868)
<b>2.6</b>	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3.461.735
<b>2.7</b>	Purchase of Financial Assets Measured at Amortised Cost	-
<b>2.8</b>	Sale of Financial Assets Measured at Amortised Cost	2.466.590
<b>2.9</b>	Other	(520.962)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	Net cash provided from financing activities	(532.575)
<b>3.1</b>	Cash obtained from funds borrowed and securities issued	12.888.236
<b>3.2</b>	Cash used for repayment of funds borrowed and securities issued	(11.820.811)
<b>3.3</b>	Issued equity instruments	-
<b>3.4</b>	Dividends paid	(1.600.000)
<b>3.5</b>	Payments for finance leases	-
<b>3.6</b>	Other	-
<b>IV.</b>	Effect of change in foreign exchange rate on cash and cash equivalents	1.083.712
<b>V.</b>	Net increase in cash and cash equivalents (I+II+III+IV)	5.572.466
<b>VI.</b>	Cash and cash equivalents at beginning of the period	(V) 12.697.466
<b>VII.</b>	Cash and cash equivalents at end of the period	(V) 18.269.932

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**AKBANK T.A.Ş.****VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017**

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

	<b>Note (Section Five)</b>	<b>PRIOR PERIOD (30/06/2017)</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	Operating Profit before changes in operating assets and liabilities	3.238.685
<b>1.1.1</b>	Interest received	11.710.672
<b>1.1.2</b>	Interest paid	(5.859.038)
<b>1.1.3</b>	Dividend received	2.557
<b>1.1.4</b>	Fees and commissions received	1.876.051
<b>1.1.5</b>	Other income	(507.724)
<b>1.1.6</b>	Collections from previously written-off loans and other receivables	457.858
<b>1.1.7</b>	Payments to personnel and service suppliers	(2.060.259)
<b>1.1.8</b>	Taxes paid	(1.054.235)
<b>1.1.9</b>	Other	(1.327.197)
<b>1.2</b>	Changes in operating assets and liabilities	(6.673.588)
<b>1.2.1</b>	Net decrease in trading securities	(24.035)
<b>1.2.2</b>	Net (increase) / decrease in fair value through profit/(loss) financial assets	-
<b>1.2.3</b>	Net (increase) / decrease in due from banks and other financial institutions	2.887.537
<b>1.2.4</b>	Net (increase) / decrease in loans	(10.736.690)
<b>1.2.5</b>	Net (increase) / decrease in other assets	(12.277.922)
<b>1.2.6</b>	Net increase / (decrease) in bank deposits	6.488.497
<b>1.2.7</b>	Net increase / (decrease) in other deposits	7.532.708
<b>1.2.8</b>	Net increase / (decrease) in funds borrowed	(629.069)
<b>1.2.9</b>	Net increase / (decrease) in payables	-
<b>1.2.10</b>	Net increase / (decrease) in other liabilities	85.386
<b>I.</b>	Net cash provided from banking operations	(3.434.903)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	Net cash provided from investing activities	(3.707.577)
<b>2.1</b>	Cash paid for acquisition of investments, associates and subsidiaries	-
<b>2.2</b>	Cash obtained from disposal of investments, associates and subsidiaries	-
<b>2.3</b>	Purchases of property and equipment	(97.424)
<b>2.4</b>	Disposals of property and equipment	17.423
<b>2.5</b>	Cash paid for purchase of investments available-for-sale	(8.456.276)
<b>2.6</b>	Cash obtained from sale of investments available-for-sale	5.754.912
<b>2.7</b>	Cash paid for purchase of investment securities	(164)
<b>2.8</b>	Cash obtained from sale of investment securities	25.218
<b>2.9</b>	Other	(951.266)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	Net cash provided from financing activities	2.088.436
<b>3.1</b>	Cash obtained from funds borrowed and securities issued	4.383.449
<b>3.2</b>	Cash used for repayment of funds borrowed and securities issued	(1.395.013)
<b>3.3</b>	Issued equity instruments	-
<b>3.4</b>	Dividends paid	(900.000)
<b>3.5</b>	Payments for finance leases	-
<b>3.6</b>	Other	-
<b>IV.</b>	Effect of change in foreign exchange rate on cash and cash equivalents	457.741
<b>V.</b>	Net increase in cash and cash equivalents (I+II+III+IV)	(4.596.303)
<b>VI.</b>	Cash and cash equivalents at beginning of the period	(V) 12.827.451
<b>VII.</b>	Cash and cash equivalents at end of the period	(V) 8.231.148

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**SECTION THREE  
EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION:**

**a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:**

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The Bank has started to work on compliance with the TFRS 16 Leases Standard effective from 1 January 2019 and continues its works in order to comply with related standard as of 30 June 2018.

**b. Explanation for convenience translation into English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**c. Accounting policies and valuation principles used in the preparation of the financial statements:**

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). In accordance with the transition requirements of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the notes and the accounting policies for the period 2017 are included in Section three notes XXIX. Implementation and effects for the transition of TFRS9 are explained in Section three notes XXVIII. Accounting policies and valuation principles used by the Bank are explained in footnotes II through XXVIII below.

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**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 consumer banking, commercial banking, SME 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 30 June 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 4,5300 and TL 5,2735 for USD, EURO respectively.

**III. EXPLANATIONS ON EQUITY INVESTMENTS:**

Consolidated financial statements are prepared in accordance with the "Turkish Financial Reporting Standard for Consolidated Financial Statements" ("TFRS 10") and "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette no.26340 dated 8 November 2006.

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income. Minority interests are presented in the consolidated balance sheet, in the shareholders' equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the

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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 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

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 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.

**V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:**

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

**VI. 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 Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. 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.

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 Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or interest that were previously recorded 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

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fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

**b. Financial Assets at Fair Value Through Other Comprehensive Income**

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

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

**c. Financial Assets Measured at Amortized Cost:**

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

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

**d. Derivative Financial Assets:**

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

Derivative financial instruments of the Group are classified under "IFRS 9 Financial Instruments" ("IFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income".

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

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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 VIII 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.

**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 amortized cost using the "Effective Interest Rate (internal rate of return) Method".

Group's loans are recorded under the "Measured at Amortized Cost" account.

**VII. EXPLANATIONS ON EXPECTED CREDIT LOSS:**

The Group allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Group recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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.

**VIII. 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.

**IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortized cost" in the balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from money market" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

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The Group has no securities lending transactions.

**X. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS:**

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

The Group has no discontinued operations.

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

The Group has no goodwill.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortized over three to fifteen years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

**XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

Where the carrying amount of an asset is greater than its estimated "Net realizable value amount", it is written down to its "Net realizable value amount" and the impairment loss is charged to the income statement.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings	50 years
Vault	5 years
Transportation Vehicles	5 years
Other property and equipments	2-7 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.

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS:**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any impairment in value of the leased asset, an impairment loss is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

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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.

**XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:**

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

**XV. 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.

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employment termination benefits and vacation rights:**

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

**b. Retirement rights:**

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund") established in accordance with the Social Security Law numbered 506, temporary article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22

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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 the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

With respect to that, according to the technical balance sheet report as at 31 December 2017 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for the Bank.

The consolidated affiliates do not have the above mentioned retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other defined contribution plans.

**XVII. 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 2018-2020, 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.

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Corporations are required to pay advance corporate tax quarterly on their corporate income with current rate. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this 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.

Deferred tax assets and liabilities are presented on a net basis by considering the domestic and foreign branches' financial statements separately.

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

**XVIII. 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

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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".

**XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

There is no share certificate issuance in 2018.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 30 June 2018 and 31 December 2017, there is no government grant for the Bank.

**XXII. 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.

**XXIII. PROFIT RESERVES AND PROFIT APPROPRIATION:**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 28 March 2018. In the Ordinary General Assembly, it was decided to distribute a TL 1.600.000 cash dividend over the TL 6.039.069 net income from 2017 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 7.123 to special funds account under other capital reserves, to allocate TL 140.000 as legal and TL 4.291.946 as extraordinary reserves.

**XXIV. 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.

	<b>Current Period</b>
	<b>30 June 2018</b>
Net Profit for the Year	3.279.576
Average Number of Issued Common Shares (Thousand)	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,00820</b>

	<b>Prior Period</b>
	<b>30 June 2017</b>
Net Profit for the Year	3.023.100
Average Number of Issued Common Shares (Thousand)	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,00756</b>

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In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares issued in 2018 (2017: None).

**XXV. 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 VI of Section Five.

**XXVI. 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.

**XXVII. RECLASSIFICATIONS:**

There are no reclassifications in 2018.

**XXVIII. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS STANDART:**

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

***Classification and measurement of financial assets***

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and interest (SPPI).

***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 Group's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

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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 ("FVTPL"), amortized cost or fair value through other comprehensive income ("FVOCI"). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

**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;

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

Definition of significant increase in the probability of impairment is considered to be worsening of the probability of impairment risk if the impairment probabilities exceed the threshold values determined by the Bank using the Bank's internal rating-based credit rating models.

Explanations of the effect from Bank's application of TFRS 9 can be found below:

**a. Classification and measurement of financial assets:**

	Before TFRS 9		In scope of TFRS 9	
	Measurement Bases	Book value 31 December 2017	Measurement Bases	Book value 1 January 2018
<b>Financial assets</b>				
Cash and Balances with the Central Bank	Measured at amortized cost	35.363.176	Measured at amortized cost	35.363.176
Banks and Money Markets	Measured at amortized cost	11.582.075	Measured at amortized cost	11.582.075
Marketable Securities	Fair value through profit and loss	39.890	Fair value through profit and loss	124.755
	Fair value through other comprehensive income	42.829.788	Fair value through other comprehensive income	47.814.376
	Measured at amortized cost	18.883.032	Measured at amortized cost	13.956.847
Derivative Financial Assets	Fair value through profit and loss	9.320.885	Fair value through profit and loss	9.320.885
	Fair value through other comprehensive income	131.448	Fair value through other comprehensive income	131.448
Loans (Gross)	Measured at amortized cost	213.858.481	Measured at amortized cost	213.858.481



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**b. Reconciliation of statement of financial position balances from TAS 39 to TFRS 9:**

<b>Financial Instruments</b>	<b>Book Value before TFRS 9 31 December 2017</b>	<b>Reclassifications</b>	<b>Remeasurements</b>	<b>Book value after TFRS 9 1 January 2018</b>
<b>Measured at amortized cost</b>				
Balance before classification (held-to-maturity)	18.883.032	-	-	-
Classified to Fair Value Through Other Comprehensive Income		(4.927.185)		
Book value after classification	-		-	13.956.847
<b>Fair value through P/L</b>				
Balance before classification (for trading purpose)	39.890	-	-	-
Classified from available sale	-	84.865	-	-
Book value after classification	-	-	-	124.755
<b>Fair Value Through Other Comprehensive Income</b>				
Book value before classification (available-for-sale)	42.829.788	-	-	-
Classified from held-to-maturity	-	4.927.185	-	-
Available-for-sale financial assets valuation difference	-	-	142.269	-
Financial Assets At Fair Value Through Profit Or Loss	-	(84.865)	-	-
Book value after classification	-	-	-	47.814.377

The reasons for the classification of certain financial assets held by the Group as above in accordance with the TFRS 9 classification and measurement provisions are explained below:

**1. Financial assets classified as fair value through other comprehensive income according to TFRS 9:**

The Group has reassessed the management model for the collection of contractual cash flows in the security portfolio or for the sale of the financial assets and cash flows depending on the contract. The Bank has classified the securities portfolio amounting 4.927.185 TL, which were classified as measured at amortized cost, as fair value through other comprehensive income due to the reason that appropriate management model of those marketable securities have the purpose of collecting cash flows or selling financial assets.

**2. Equity securities designated at fair value through profit or loss in accordance with TFRS 9 standard:**

The Group has classified equity securities amounting to TL 84.865, which were classified as available-for-sale financial assets to designated at fair value through profit or loss as of the first application date of TFRS 9.

**3. Classification of financial instruments based on equity in accordance with TFRS 9 standard:**

The Group has decided to allocate the strategic investments to financial instruments based on equity which are not traded in the organized markets, that were previously classified as available-for-sale, as Designated at Fair Value Through Other Comprehensive Income irrevocably. The fair value changes of those marketable securities is not reclassified to profit and loss when they are sold.

**4. Reclassification of categorised items without a change in measurement:**

In addition to the statements above, since the previous categories under IAS 39 of the debt instruments below were "out of action" under IAS 39, the following borrowing instruments are reclassified in new categories under TFRS 9 without changing any measurement principles.

- (i) Previously classified as "available-for-sale" and as of 1 January 2018 classified as "Fair Value Through Other Comprehensive Income".
- (ii) Previously classified as held-to-maturity and as of 1 January 2018 classified as "measured at amortized cost".

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**c. Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9:**

The table below shows the reconciliation of the provision for impairment of the Group as of 31 December 2017 and the provision for the expected loss model as measured in accordance with TFRS 9 as of 1 January 2018.

	<b>Book value before TFRS 9 31 December 2017</b>	<b>Remeasurements</b>	<b>Book value after TFRS 9 1 January 2018</b>
<b>Loans</b>	<b>7.069.820</b>	<b>79.061</b>	<b>7.148.882</b>
Stage 1	964.316	(271.288)	693.028
Stage 2	121.358	2.389.069	2.510.428
Stage 3	4.536.546	(591.120)	3.945.426
Other (*)	1.447.600	(1.447.600)	-
<b>Financial Assets (**)</b>	<b>89.369</b>	<b>(2.629)</b>	<b>86.740</b>
<b>Non-Cash Loans (***)</b>	<b>131.983</b>	<b>11.078</b>	<b>143.061</b>
Stage 1 and 2	64.229	18.302	82.531
Stage 3	67.754	(7.224)	60.530
<b>Total</b>	<b>7.291.172</b>	<b>87.510</b>	<b>7.378.683</b>

(\*) As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion (full TL amount) over the minimum provision ratios is included in the "Other" line on the table above.

(\*\*) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.

(\*\*\*) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12. General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

**d. Effects on equity with TFRS 9 transition:**

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the opening aspect of equity. The explanations about the transition effects to IFRS 9 presented in the equity items under the scope of this article are given below.

The amounting to TL 87.510 difference which is an expense between the provision for impairment of the previous period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 is classified as "Other Capital Reserves" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018,. Within this scope, deferred tax assets amounting to TL 734.076 have been reflected to the opening financials of January 1, 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity. For the specific provisions (TFRS 9 expected loss provisions for third stage loans), which have been cancelled due to TFRS 9 transition, corporate tax loss amounting to TL 144.907 is classified under "Other Capital Reserves" in equity as of 1 January 2018.

Remeasurement difference regarding the after tax effect, amounting TL 110.969, for the securities amounting TL 4.927.185 classified as held to maturity and measured at amortized cost before 1 January 2018 and with the TFRS 9 transition classified as designated fair value through other comprehensive income.

**XXIX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE CURRENT PERIOD:**

"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

The Group categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at

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the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

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

This category has two subcategories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition".

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming at short-term profit making. All regular purchases and sales of trading financial assets are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading financial assets are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is accounted as interest income and dividends received are included separately in dividend income.

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

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

**b. Available-for-sale financial assets:**

Available-for-sale financial assets consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss" and non-derivative financial assets. Available-for-sale financial assets are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable securities valuation differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

**c. Loans and Receivables:**

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

The Group classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA.

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and recorded as expense in the related year. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

**d. Held-to-maturity financial assets:**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the

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definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

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

Available for sale and held to maturity securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted according to the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of two months ago. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year.

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**SECTION FOUR**  
**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

**I. EXPLANATIONS ON EQUITY:**

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 30 June 2018, total current year equity of the Group has been calculated as TL 47.422.478 (31 December 2017: 44.617.132), the capital adequacy ratio is 15,53 % (31 December 2017:15,79 %). This ratio is above the minimum ratio required by the legislation.

**a. Information about total consolidated capital items:**

	<b>Current Period 30 June 2018</b>	<b>Amounts related to treatment before 1/1/2014(*)</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.907.551	
Share issue premiums	1.700.000	
Reserves	30.787.106	
Gains recognized in equity as per TAS	2.207.533	
Profit	3.952.415	
Current Period Profit	3.279.576	
Prior Period Profit	672.839	
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	145	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>44.558.645</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.780	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.395.741	
Improvement costs for operating leasing	17.966	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	460.947	460.947
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	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>3.903.434</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>40.655.211</b>	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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	Current Period 30 June 2018	Amounts related to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
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	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>40.655.211</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.077.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.695.354	
<b>Tier II Capital Before Deductions</b>	<b>6.772.354</b>	
<b>Deductions From Tier II Capital</b>		
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>6.772.354</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>47.427.565</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immoveables 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 (-)	5.087	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Current Period 30 June 2018	Amounts related to treatment before 1/1/2014 (*)
<b>TOTAL CAPITAL</b>		
Total Capital	47.422.478	
Total risk weighted amounts	305.377.304	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	13,31%	
Tier 1 Capital Adequacy Ratio	13,31%	
Capital Adequacy Ratio	15,53%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	3,43%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio (**)	1,50%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,31%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	435.114	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.663.966	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.695.354	
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	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
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.

(\*\*)The deferred tax asset represents the net amount.

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<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	25.744.393	
Gains recognized in equity as per TAS	2.348.962	
Profit	6.773.168	
Current Period Profit	6.020.273	
Prior Period Profit	752.895	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	139	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>41.976.449</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	20.035	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.446.064	
Improvement costs for operating leasing	19.772	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	339.037	423.796
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of 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	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1.824.908</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>40.151.541</b>	



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	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
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	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	84.759	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>40.066.782</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.870.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.686.871	
<b>Tier II Capital Before Deductions</b>	<b>4.556.871</b>	
<b>Deductions From Tier II Capital</b>		
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>4.556.871</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>44.623.653</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immoveables 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 (-)	6.521	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014 (*)
<b>TOTAL CAPITAL</b>		
Total Capital	44.617.132	
Total risk weighted amounts	282.611.034	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	14,21%	
Tier 1 Capital Adequacy Ratio	14,18%	
Capital Adequacy Ratio	15,79%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	2,28%	
Capital conservation buffer requirement	1,25%	
Bank specific counter-cyclical buffer requirement	0,03%	
Systemic significant bank buffer ratio	1,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,21%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	-	
<b>Limits related to provisions considered in Tier II calculation</b>	395.911	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.686.871	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	2.686.871	
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	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(\*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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

**Current Period  
30 June 2018**

<b>Details on Subordinated Liabilities:</b>	
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.
<b>Regulatory treatment</b>	
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)	2.265 million TL (in full TL amount)
Nominal value of instrument	2.265 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.265 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
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
<b>Convertible or non-convertible into equity shares</b>	
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
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation ( instrument type immediately senior to the instrument )	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period  
30 June 2018**

<b>Details on Subordinated Liabilities:</b>	
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.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.812 million TL (in full TL amount)
Nominal value of instrument	1.812 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 1.812 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
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
<b>Convertible or non-convertible into equity shares</b>	
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
<b>Write-down feature</b>	
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.

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c. The difference between Total Capital and Equity in the consolidated 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 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:

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	4,5300 TL	5,2735 TL
1.Day bid rate	4,6083 TL	5,3310 TL
2.Day bid rate	4,6349 TL	5,3960 TL
3.Day bid rate	4,6740 TL	5,4576 TL
4.Day bid rate	4,6397 TL	5,4071 TL
5.Day bid rate	4,7077 TL	5,4848 TL

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 4,6263  
EURO :TL 5,4065

As of 31 December 2017;

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 3,7400	TL 4,4773

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**Information related to Group's Currency Risk:**

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets and expected credit loss for loans classified under Stage I and Stage II 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.

<b>Current Period – 30 June 2018</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank(**)	5.742.398	20.837.439	5.322.928	<b>31.902.765</b>
Banks	2.001.551	9.458.290	146.038	<b>11.605.879</b>
Financial Assets at Fair Value through Profit or Loss (Net)	-	118.859	-	<b>118.859</b>
Interbank Money Market Placements	-	-	-	<b>-</b>
Available-for-sale Financial Assets (Net)	5.222.248	17.136.530	615.137	<b>22.973.915</b>
Loans	48.599.087	46.202.630	92.794	<b>94.894.511</b>
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	<b>-</b>
Held-to-maturity Investments (Net)	726.728	6.590.987	-	<b>7.317.715</b>
Hedging Derivative Financial Assets	-	411.170	-	<b>411.170</b>
Tangible Assets (Net)	833	7.019	-	<b>7.852</b>
Intangible Assets (Net)	1.876	28	-	<b>1.904</b>
Other Assets (****)	2.265.322	5.196.558	96.934	<b>7.558.814</b>
<b>Total Assets</b>	<b>64.560.043</b>	<b>105.959.510</b>	<b>6.273.831</b>	<b>176.793.384</b>
<b>Liabilities</b>				
Bank Deposits (**)	3.220.856	8.855.400	1.655.452	<b>13.731.708</b>
Foreign Currency Deposits (**)	40.315.594	73.052.629	4.248.825	<b>117.617.048</b>
Funds from Interbank Money Market	1.162.931	20.942.452	-	<b>22.105.383</b>
Borrowings	10.780.318	33.007.060	2.980	<b>43.790.358</b>
Marketable Securities Issued (Net) (***)	53.336	11.050.876	173.110	<b>11.277.322</b>
Miscellaneous Payables	1.609.123	1.284.791	8.715	<b>2.902.629</b>
Hedging Derivative Financial Liabilities	268	24.009	-	<b>24.277</b>
Other Liabilities	1.098.420	1.163.388	15.850	<b>2.277.658</b>
<b>Total Liabilities</b>	<b>58.240.846</b>	<b>149.380.605</b>	<b>6.104.932</b>	<b>213.726.383</b>
<b>Net on Balance Sheet Position</b>	<b>6.319.197</b>	<b>(43.421.095)</b>	<b>168.899</b>	<b>(36.932.999)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(5.153.043)</b>	<b>44.878.838</b>	<b>(239.854)</b>	<b>39.485.941</b>
Financial Derivative Assets	39.475.188	119.781.603	4.087.504	<b>163.344.295</b>
Financial Derivative Liabilities	44.628.231	74.902.765	4.327.358	<b>123.858.354</b>
<b>Non-cash Loans</b>	<b>13.499.098</b>	<b>21.560.448</b>	<b>439.253</b>	<b>35.498.799</b>
<b>Prior Period - 31 December 2017</b>				
Total Assets	59.054.320	92.899.652	6.157.739	<b>158.111.711</b>
Total Liabilities	58.556.164	117.832.888	4.483.551	<b>180.872.603</b>
<b>Net on-Balance Sheet Position</b>	<b>498.156</b>	<b>(24.933.236)</b>	<b>1.674.188</b>	<b>(22.760.892)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>124.378</b>	<b>25.986.201</b>	<b>(1.691.694)</b>	<b>24.418.885</b>
Financial Derivative Assets	34.312.853	71.877.089	3.153.372	<b>109.343.314</b>
Financial Derivative Liabilities	34.188.475	45.890.888	4.845.066	<b>84.924.429</b>
<b>Non-cash Loans</b>	<b>11.770.459</b>	<b>18.137.662</b>	<b>407.820</b>	<b>30.315.941</b>

(\*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

(\*\*) Of the Cash Equivalents and Central Bank and Other FC, TL 5.148.635 (31 December 2017: TL 5.220.523) of the foreign currency deposits TL 2.090.414 (31 December 2017: TL 1.451.430) and Bank Deposits Other FC of the TL 1.392 (31 December 2017: 1.426 TL) are precious metal deposit account in demand.

(\*\*\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*\*\*) Trading Derivative Financial Assets are classified under "Other Assets"

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**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):**

<b>Current Period – 30 June 2018</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents and Central Bank Banks	30.225.787	-	-	-	-	13.133.266	<b>43.359.053</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	4.561.375	585.741	8.736	-	-	8.235.325	<b>13.391.177</b>
Interbank Money Market Placements	3.269	10.263	953	-	-	139.425	<b>153.910</b>
Financial Assets at Fair Value Other Comprehensive Income (Net)	1.402.600	80.247	-	-	-	-	<b>1.482.847</b>
Loans (***)	3.382.841	3.957.538	14.193.639	17.446.214	6.598.826	249.517	<b>45.828.575</b>
Financial Asset measured at amortized cost (Net)	61.507.527	31.790.530	51.304.157	72.166.706	9.395.211	(2.042.101)	<b>224.122.030</b>
Other Assets (****)	2.094.531	679.505	4.632.575	2.905.099	938.757	-	<b>11.250.467</b>
	2.267.975	5.075.440	3.217.134	8.138.577	3.603.289	6.325.194	<b>28.627.609</b>
<b>Total Assets</b>	<b>105.445.905</b>	<b>42.179.264</b>	<b>73.357.194</b>	<b>100.656.596</b>	<b>20.536.083</b>	<b>26.040.626</b>	<b>368.215.668</b>
<b>Liabilities</b>							
Bank Deposits	13.478.089	1.701.820	207.761	-	-	1.636.799	<b>17.024.469</b>
Other Deposits	114.403.981	26.571.755	14.420.603	7.599.750	626.162	37.281.179	<b>200.903.430</b>
Funds from Interbank Money Market	3.290.433	13.526.568	5.518.711	-	-	388.868	<b>22.724.580</b>
Miscellaneous Payables	722.437	1.096.352	905.937	192.777	223	4.743.102	<b>7.660.828</b>
Marketable Securities Issued (Net) (*)	2.298.235	3.080.781	909.170	4.986.288	7.502.208	-	<b>18.776.682</b>
Borrowings	4.208.357	33.306.233	5.594.229	1.306.373	237.106	-	<b>44.652.298</b>
Other Liabilities (**)	1.008.754	1.835.468	2.044.799	5.275.248	1.578.128	44.730.984	<b>56.473.381</b>
<b>Total Liabilities</b>	<b>139.410.286</b>	<b>81.118.977</b>	<b>29.601.210</b>	<b>19.360.436</b>	<b>9.943.827</b>	<b>88.780.932</b>	<b>368.215.668</b>
Balance Sheet Long Position	-	-	43.755.984	81.296.160	10.592.256	-	<b>135.644.400</b>
Balance Sheet Short Position	(33.964.381)	(38.939.713)	-	-	-	(62.740.306)	<b>(135.644.400)</b>
Off-balance Sheet Long Position	8.045.400	25.521.730	-	-	-	-	<b>33.567.130</b>
Off-balance Sheet Short Position	-	-	[224.130]	[17.427.727]	[11.241.172]	-	<b>(28.893.029)</b>
<b>Total Position</b>	<b>(25.918.981)</b>	<b>(13.417.983)</b>	<b>43.531.854</b>	<b>63.868.433</b>	<b>(648.916)</b>	<b>(62.740.306)</b>	<b>4.674.101</b>

(\*) 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.

(\*\*\*) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column. Despite the fact that interest accrued is accounted for non-performing loans since 1 January 2018, these amounts are included in "non-interest bearing" in the lack of other relevant column.

(\*\*\*\*) Trading derivative financial assets are classified under other assets.

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Prior Period – 31 December 2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	22.746.114	-	-	-	-	12.617.062	<b>35.363.176</b>
Banks	1.717.994	715.305	8.190	-	-	7.588.240	<b>10.029.729</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	2.129.012	601.972	997.618	3.118.746	1.271.347	237.244	<b>8.355.939</b>
Interbank Money Market Placements	1.552.346	-	-	-	-	-	<b>1.552.346</b>
Available-for-sale Financial Assets (Net)	2.741.826	4.194.516	11.749.801	16.282.390	7.485.228	376.027	<b>42.829.788</b>
Loans	47.002.505	29.609.725	53.475.551	69.485.600	9.752.389	152.619	<b>209.478.389</b>
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	<b>18.883.032</b>
Other Assets	1.485.306	1.267.210	1.286.805	3.910.183	948.012	6.220.042	<b>15.117.558</b>
<b>Total Assets</b>	<b>81.923.983</b>	<b>40.243.369</b>	<b>70.141.009</b>	<b>101.694.398</b>	<b>20.415.964</b>	<b>27.191.234</b>	<b>341.609.957</b>
<b>Liabilities</b>							
Bank Deposits	9.142.618	2.946.956	651.894	-	-	1.187.569	<b>13.929.037</b>
Other Deposits	110.630.292	21.596.675	14.287.831	6.693.448	596.050	33.722.195	<b>187.526.491</b>
Funds from Interbank Money Market	10.389.624	14.217.274	4.420.744	-	-	330.156	<b>29.357.798</b>
Miscellaneous Payables	564.066	523.969	439.295	106.715	-	5.007.045	<b>6.641.090</b>
Marketable Securities Issued (Net)	1.531.445	4.873.764	2.104.041	4.367.000	4.879.974	-	<b>17.756.224</b>
Borrowings	2.970.947	22.192.051	6.386.128	1.822.433	255.640	-	<b>33.627.199</b>
Other Liabilities (*)	567.653	1.252.877	1.116.185	2.219.502	875.855	46.740.046	<b>52.772.118</b>
<b>Total Liabilities</b>	<b>135.796.645</b>	<b>67.603.566</b>	<b>29.406.118</b>	<b>15.209.098</b>	<b>6.607.519</b>	<b>86.987.011</b>	<b>341.609.957</b>
Balance Sheet Long Position	-	-	40.734.891	86.485.300	13.808.445	-	<b>141.028.636</b>
Balance Sheet Short Position	(53.872.662)	(27.360.197)	-	-	-	(59.795.777)	<b>(141.028.636)</b>
Off-balance Sheet Long Position	6.871.805	21.147.637	193.808	-	-	-	<b>28.213.250</b>
Off-balance Sheet Short Position	-	-	-	[19.495.499]	[5.994.678]	-	<b>(25.490.177)</b>
<b>Total Position</b>	<b>(47.000.857)</b>	<b>(6.212.560)</b>	<b>40.928.699</b>	<b>66.989.801</b>	<b>7.813.767</b>	<b>(59.795.777)</b>	<b>2.723.073</b>

(\*) Shareholders' equity is presented under "Other liabilities" item in "Non-interest bearing".

**b. Average interest rates for monetary financial instruments (%):**

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 30 June 2018	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	1,50	-	13,53
Banks	0,10	1,96	-	19,32
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	22,45
Interbank Money Market Placements	-	-	-	18,45
Available-for-sale Financial Assets (Net)	2,41	4,30	3,09	12,65
Loans	3,92	6,54	4,77	17,79
Held-to-maturity Investments (Net)	3,57	4,23	-	14,17
<b>Liabilities</b>				
Bank Deposits	0,52	2,25	-	15,60
Other Deposits	0,87	3,23	0,01	11,71
Funds from Interbank Money Market	0,31	3,04	-	16,69
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	15,09
Borrowings	1,26	4,10	-	12,68

(\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.



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Prior Period – 31 December 2017	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	1,50	-	7,83
Banks	0,10	1,79	-	16,21
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	16,16
Interbank Money Market Placements	-	-	-	14,21
Available-for-sale Financial Assets (Net)	2,47	4,20	3,09	12,48
Loans	3,73	5,93	4,24	14,55
Held-to-maturity Investments (Net)	3,62	4,11	-	13,22
<b>Liabilities</b>				
Bank Deposits	0,49	1,97	-	10,81
Other Deposits	1,02	2,76	0,04	10,52
Funds from Interbank Money Market	1,92	2,39	-	12,62
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,44	1,29	12,79
Borrowings	1,23	3,29	-	8,54

(\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included

**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 loan/deposit ratio,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment.

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose

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reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

**b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:**

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

**c) Information on the Bank's funding strategy including the policies on funding types and variety of maturities:**

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposits, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

**d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:**

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

**e) Information on liquidity risk mitigation techniques:**

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

**f) Information on the use of stress tests:**

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units.

**g) General information on urgent and unexpected liquidity situation plans:**

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

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**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period – 30 June 2018</b>					
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			60.651.918	39.301.858
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	125.281.333	58.962.540	11.421.058	5.896.254
3	Stable deposits	22.141.513	-	1.107.076	-
4	Less stable deposits	103.139.820	58.962.540	10.313.982	5.896.254
5	Unsecured Funding other than Retail and Small Business Customers Deposits	77.990.896	51.466.241	39.917.344	25.728.626
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	73.463.291	50.876.373	36.660.951	25.140.241
8	Other Unsecured Funding	4.527.605	589.868	3.256.393	588.385
9	Secured funding	-	-	278.756	278.756
10	Other Cash Outflows	61.003.303	38.075.713	54.384.631	32.029.400
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	53.655.066	31.360.283	53.655.066	31.360.283
12	Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
13	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	7.348.237	6.715.430	729.565	669.117
14	Other irrevocable or conditionally revocable commitments	64.214.580	19.099.733	3.210.729	954.987
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>109.250.469</b>	<b>64.888.023</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	28.681	-	-	-
18	Unsecured Lending Transactions	23.864.744	11.968.315	17.154.480	10.077.287
19	Other contractual cash inflows	50.246.193	40.980.785	50.245.884	40.980.778
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>74.139.618</b>	<b>52.949.100</b>	<b>67.400.364</b>	<b>51.058.065</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>60.651.918</b>	<b>39.301.858</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>41.850.105</b>	<b>17.300.323</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>145,10</b>	<b>227,62</b>

(\*) 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  
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**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

Prior Period – 31 December 2017	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
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	High quality liquid assets		57.356.860	35.189.011
<b>CASH OUTFLOWS</b>				
2	Retail and Customers Deposits		116.724.897	51.004.677
3	Stable deposits		21.641.340	-
4	Less stable deposits		95.083.557	51.004.677
5	Unsecured Funding other than Retail and Small Business Customers Deposits		68.389.435	39.408.225
6	Operational deposits		-	-
7	Non-Operational Deposits		64.160.093	39.014.358
8	Other Unsecured Funding		4.229.342	393.867
9	Secured funding		-	54.653
10	Other Cash Outflows		63.378.622	37.476.116
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions		54.500.292	28.995.136
12	Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities		-	-
13	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments		8.878.330	8.480.980
14	Other irrevocable or conditionally revocable commitments		687.407	-
15	Other irrevocable or conditionally revocable commitments		59.049.427	16.451.353
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>		<b>104.917.565</b>	<b>56.445.014</b>
<b>CASH INFLOWS</b>				
17	Secured Lending Transactions		-	-
18	Unsecured Lending Transactions		16.928.994	6.286.740
19	Other contractual cash inflows		51.421.592	39.563.176
<b>20</b>	<b>TOTAL CASH INFLOWS</b>		<b>68.350.586</b>	<b>45.849.916</b>
			<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>		<b>57.356.860</b>	<b>35.189.011</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>		<b>42.638.254</b>	<b>14.201.746</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>134,98</b>	<b>248,95</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 128% during the period and remain at a quite higher level than the legal lower limit.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 56% and securities issued by Treasury of Republic of Turkey by 37%. Funding sources are mainly distributed between individual and retail deposits by 61%, corporate deposits by 30%, borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 1%.

Cash outflow amounting to TL 3.858 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

Akbank AG, part of the consolidation group and has an effect on liquidity coverage ratio in respect of its size, is subject to legal liquidity ratio projected by regulatory authority situated in its business location. In respect of its long term deposit insurance and borrowing structure which is hard to withdraw before maturity because of legal regulations, consolidated liquidity coverage ratio is higher than unconsolidated ratio.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, liquidity coverage ratio is calculated for the last three months are presented below.

	<b>Current Period - 30.06.2018</b>	
	<b>TL+FC</b>	<b>FC</b>
January	136,55	211,76
February	151,47	238,59
March	147,27	232,50

	<b>Prior Period - 31.12.2017</b>	
	<b>TL+FC</b>	<b>FC</b>
October	135,57	249,01
November	127,11	233,99
December	142,25	263,84

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**Breakdown of assets and liabilities according to their outstanding maturities:**

<b>Current Period – 30 June 2018</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated (*)</b>	<b>Total</b>
<b>Assets</b>								
Cash Equivalents and Central Bank	13.142.800	30.108.648	107.605	-	-	-	-	<b>43.359.053</b>
Banks	8.235.325	4.561.375	585.741	8.736	-	-	-	<b>13.391.177</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	139.425	3.269	10.007	256	953	-	-	<b>153.910</b>
Interbank Money Market Placements Available-for-sale Financial Assets (Net)	-	1.402.600	80.247	-	-	-	-	<b>1.482.847</b>
Loans (****)	249.517	4.933	91.597	5.874.147	28.214.686	11.393.695	-	<b>45.828.575</b>
Held-to-maturity Investments (Net)	599.855	37.547.935	27.456.243	41.998.476	94.762.546	24.398.931	(2.641.956)	<b>224.122.030</b>
Other Assets (*)	-	-	-	3.473.858	6.837.852	938.757	-	<b>11.250.467</b>
Other Assets (*)	712.456	1.725.677	786.109	2.880.473	11.118.835	6.300.511	5.103.548	<b>28.627.609</b>
<b>Total Assets</b>	<b>23.079.378</b>	<b>75.354.437</b>	<b>29.117.549</b>	<b>54.235.946</b>	<b>140.934.872</b>	<b>43.031.894</b>	<b>2.461.592</b>	<b>368.215.668</b>
<b>Liabilities</b>								
Bank Deposits	1.636.799	13.478.089	1.701.820	207.761	-	-	-	<b>17.024.469</b>
Other Deposits	39.758.444	111.455.672	27.016.733	14.420.244	7.626.175	626.162	-	<b>200.903.430</b>
Borrowings	-	470.209	6.700.671	16.716.932	14.451.940	6.312.546	-	<b>44.652.298</b>
Funds from Interbank Money Market	-	618.898	398.599	6.018.792	14.085.164	1.603.127	-	<b>22.724.580</b>
Marketable Securities Issued (Net) (**)	-	2.231.929	3.222.340	804.755	5.015.450	7.502.208	-	<b>18.776.682</b>
Miscellaneous Payables	400.908	4.754.647	249.118	731.622	993.372	531.161	-	<b>7.660.828</b>
Other Liabilities (***)	131.866	2.178.677	1.661.416	3.603.170	9.359.156	2.183.800	37.355.296	<b>56.473.381</b>
<b>Total Liabilities</b>	<b>41.928.017</b>	<b>135.188.121</b>	<b>40.950.697</b>	<b>42.503.276</b>	<b>51.531.257</b>	<b>18.759.004</b>	<b>37.355.296</b>	<b>368.215.668</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(18.848.639)</b>	<b>(59.833.684)</b>	<b>(11.833.148)</b>	<b>11.732.670</b>	<b>89.403.615</b>	<b>24.272.890</b>	<b>(34.893.704)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	<b>(336.297)</b>	<b>(804.362)</b>	<b>(943.411)</b>	<b>4.412.575</b>	<b>2.345.601</b>	-	<b>4.674.106</b>
Financial Derivative Liabilities	-	63.649.180	29.860.058	75.240.433	124.216.266	57.726.938	-	<b>350.692.875</b>
<b>Non-cash Loans (****)</b>	-	<b>2.167.988</b>	<b>5.745.082</b>	<b>20.955.079</b>	<b>5.504.031</b>	<b>23.900.676</b>	-	<b>58.272.856</b>
<b>Prior Period - 31 December 2017</b>								
Total Assets	21.089.212	56.004.929	30.183.597	51.539.944	135.644.063	42.232.985	4.915.227	<b>341.609.957</b>
Total Liabilities	37.520.284	134.218.733	39.061.245	33.928.712	43.408.774	12.858.637	40.613.572	<b>341.609.957</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(16.431.072)</b>	<b>(78.213.804)</b>	<b>(8.877.648)</b>	<b>17.611.232</b>	<b>92.235.289</b>	<b>29.374.348</b>	<b>(35.698.345)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	<b>(401.391)</b>	<b>(373.017)</b>	<b>19.810</b>	<b>2.525.235</b>	<b>952.436</b>	-	<b>2.723.073</b>
Financial Derivative Liabilities	-	42.558.873	22.594.319	41.040.668	101.394.645	39.240.417	-	<b>246.828.922</b>
<b>Non-cash Loans (***)</b>	-	<b>3.439.487</b>	<b>5.149.695</b>	<b>17.863.873</b>	<b>5.714.862</b>	<b>19.795.878</b>	-	<b>51.963.795</b>

(\*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column.

(\*\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*\*) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

(\*\*\*\*) Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

(\*\*\*\*\*) The non-performing loans and netted amounts of the third stage expected loss provisions for these loans are stated in the "Unallocatable" column with the first and second stage expected loss provisions for performing loans.

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**VI. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 30 June 2018, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,21% (31 December 2017: 8,54%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

**b. Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS :**

	<b>Current Period 30 June 2018(**)</b>
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	364.283.195
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	3.257.220
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	1.516.147
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	(22.163.801)
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	(1.579.713)
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	151.925.829
7 Total Risk	497.238.877

(\*) 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.

	<b>Prior Period 31 December 2017(**)</b>
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	335.704.036
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	2.316.761
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	4.058.535
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	(26.625.733)
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	(908.290)
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	147.699.092
7 Total Risk	462.244.401

(\*) 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.

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**c. Disclosure of Leverage ratio template :**

		<b>Current Period 30 June 2018 (*)</b>
<b>Balance sheet Assets</b>		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	350.757.271
2	(Assets deducted from Core capital)	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	350.757.271
<b>Derivative financial assets and credit derivatives</b>		
4	Cost of replenishment for derivative financial assets and credit derivatives	14.743.832
5	Potential credit risk amount of derivative financial assets and credit derivatives	1.516.147
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.259.979
<b>Financing transactions secured by marketable security or commodity</b>		
7	Risk amount of financing transactions secured by marketable security or commodity	4.119.499
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)	4.119.499
<b>Off-balance sheet transactions</b>		
10	Gross notional amount of off-balance sheet transactions	127.681.841
11	(Correction amount due to multiplication with credit conversion rates)	(1.579.713)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	126.102.128
<b>Capital and total risk</b>		
13	Core Capital	40.804.438
14	Total risk amount(sum of lines 3, 6, 9 and 12)	497.238.877
<b>Leverage ratio</b>		
15	Leverage ratio	8,21

		<b>Prior Period 31 December 2017 (*)</b>
<b>Balance sheet Assets</b>		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	327.881.977
2	(Assets deducted from Core capital)	(70.760)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	327.811.217
<b>Derivative financial assets and credit derivatives</b>		
4	Cost of replenishment for derivative financial assets and credit derivatives	10.069.803
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.058.535
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	14.128.338
<b>Financing transactions secured by marketable security or commodity</b>		
7	Risk amount of financing transactions secured by marketable security or commodity	5.324.702
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)	5.324.702
<b>Off-balance sheet transactions</b>		
10	Gross notional amount of off-balance sheet transactions	115.888.434
11	(Correction amount due to multiplication with credit conversion rates)	(908.290)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	114.980.144
<b>Capital and total risk</b>		
13	Core Capital	39.482.908
14	Total risk amount(sum of lines 3, 6, 9 and 12)	462.244.401
<b>Leverage ratio</b>		
15	Leverage ratio	8,54

(\*) Three months average values.



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**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.

**a. Overview of RWA:**

	<b>Risk Weighted Amount</b>		<b>Minimum capital requirement</b>	
	<b>Current Period</b>	<b>Current Period</b>	<b>Current Period</b>	<b>Current Period</b>
	<b>30 June 2018</b>	<b>30 June 2018</b>	<b>30 June 2018</b>	<b>30 June 2018</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	255.706.244	20.456.499	20.456.499
2	Standardized approach (SA)	255.706.244	20.456.499	20.456.499
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	20.504.393	1.640.351	1.640.351
5	Standardized approach for counterparty credit risk (SA-CCR)	20.504.393	1.640.351	1.640.351
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	235.897	18.872	18.872
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	6.265.051	501.204	501.204
17	Standardized approach (SA)	6.265.051	501.204	501.204
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	22.665.719	1.813.258	1.813.258
20	Basic Indicator Approach	22.665.719	1.813.258	1.813.258
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	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>305.377.304</b>	<b>24.430.184</b>	<b>24.430.184</b>

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	Risk Weighted Amount		Minimum capital requirement	
	Prior Period		Prior Period	
	31 December 2017		31 December 2017	
1	Credit risk (excluding counterparty credit risk) (CCR)	242.425.715	19.394.057	19.394.057
2	Standardized approach (SA)	242.425.715	19.394.057	19.394.057
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	15.737.019	1.258.962	1.258.962
5	Standardized approach for counterparty credit risk (SA-CCR)	15.737.019	1.258.962	1.258.962
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	277.987	22.239	22.239
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	625	50	50
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	4.699.434	375.955	375.955
17	Standardized approach (SA)	4.699.434	375.955	375.955
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	19.470.254	1.557.620	1.557.620
20	Basic Indicator Approach	19.470.254	1.557.620	1.557.620
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>282.611.034</b>	<b>22.608.883</b>	<b>22.608.883</b>

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**b. Credit Risk Explanations**

**1. Credit quality of assets:**

	Current Period 30.06.2018	Gross carrying values of (according to TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	5.962.169	226.604.918	8.445.057	224.122.030
2	Debt Securities	-	56.844.009	31.537	56.812.472
3	Off-balance sheet exposure	198.799	126.617.204	208.144	126.607.859
<b>4</b>	<b>Total</b>	<b>6.160.968</b>	<b>410.066.131</b>	<b>8.684.738</b>	<b>407.542.361</b>

	Prior Period 31.12.2017	Gross carrying values of (according to TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4.532.711	209.325.770	6.877.090	206.981.391
2	Debt Securities	-	61.376.683	62.665	61.314.018
3	Off-balance sheet exposure	180.677	102.222.281	131.060	102.271.898
<b>4</b>	<b>Total</b>	<b>4.713.388</b>	<b>372.924.734</b>	<b>7.070.815</b>	<b>370.567.307</b>

**2. Changes in stock of defaulted loans and debt securities:**

	Current Period 30 June 2018
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>
	<b>5.141.300</b>
2	Loans and debt securities that have defaulted since the last reporting period
	2.837.844
3	Returned to non-defaulted status
	23.238
4	Amounts written off
	777.337
5	Other changes
	1.017.601
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions</b>
	<b>6.160.968</b>

	Prior Period 31 December 2017
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>
	<b>4.465.348</b>
2	Loans and debt securities that have defaulted since the last reporting period
	1.897.129
3	Returned to non-defaulted status
	68.363
4	Amounts written off
	727.153
5	Other changes
	853.573
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions</b>
	<b>4.713.388</b>

**3. Credit risk mitigation techniques – overview:**

Current Period 30.06.2018	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
2	Debt Securities	56.812.472	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>272.846.341</b>	<b>8.088.161</b>	<b>5.381.595</b>	<b>12.661.399</b>	<b>11.298.273</b>	<b>-</b>
4	Of which defaulted	6.160.968	-	-	-	-	-

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		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
<b>Prior Period - 31.12.2017</b>								
1	Loans	201.224.143	5.757.248	4.465.833	13.741.776	12.319.437	-	-
2	Debt Securities	61.314.018	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>262.538.161</b>	<b>5.757.248</b>	<b>4.465.833</b>	<b>13.741.776</b>	<b>12.319.437</b>	-	-
4	Of which defaulted	4.713.388	-	-	-	-	-	-

**4. Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects:**

<b>Current Period - 30.06.2018</b>		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Asset classes</b>							
1	Exposures to central governments or central banks	89.476.802	228.140	89.476.802	122.428	23.271.093	25,97%
2	Exposures to regional governments or local authorities	35.870	318	35.869	64	17.966	50,00%
3	Exposures to public sector entities	6.358	22.610	6.358	4.949	11.307	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	23.805.648	63.910.650	23.805.648	16.718.288	20.773.295	51,26%
7	Exposures to corporates	142.202.189	62.663.831	138.325.487	33.023.872	162.640.266	94,92%
8	Retail exposures	57.543.472	39.568.219	57.212.935	5.090.156	42.517.896	68,24%
9	Exposures secured by residential property	12.676.167	588.365	12.671.632	240.709	4.519.319	35,00%
10	Exposures secured by commercial real estate	12.568.321	1.280.283	12.547.977	819.363	8.778.870	65,67%
11	Past-due loans	1.926.933	-	1.926.933	-	1.728.958	89,73%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	238.208	54	238.208	11	238.218	100,00%
16	Other assets	8.748.199	-	8.748.199	-	5.952.075	68,04%
17	Investments in equities	19.135	-	19.135	-	19.135	100,00%
<b>18</b>	<b>Total</b>	<b>349.247.302</b>	<b>168.262.470</b>	<b>345.015.183</b>	<b>56.019.840</b>	<b>270.468.398</b>	<b>67,44%</b>

<b>Prior Period - 31.12.2017</b>		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Asset classes</b>							
1	Exposures to central governments or central banks	86.402.049	4.034.841	86.402.049	140.882	25.418.515	29,37%
2	Exposures to regional governments or local authorities	-	275	-	55	28	50,91%
3	Exposures to public sector entities	7.083	23.763	7.083	4.892	11.975	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	19.964.457	51.239.014	19.964.456	17.091.274	20.875.984	56,34%
7	Exposures to corporates	135.576.243	55.827.649	132.190.493	28.826.235	150.807.506	93,66%
8	Retail exposures	53.709.366	34.878.230	53.356.192	3.896.502	38.982.809	68,09%
9	Exposures secured by residential property	12.825.659	592.428	12.823.162	246.873	4.570.820	34,97%
10	Exposures secured by commercial real estate	10.563.610	999.369	10.541.614	654.912	7.377.523	65,89%
11	Past-due loans	282.232	-	282.232	-	283.476	100,44%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	277.987	81	277.988	12	278.000	100,00%
16	Other assets	7.832.116	-	7.832.116	-	5.532.731	70,64%
17	Investments in equities	101.958	-	101.958	-	101.958	100,00%
<b>18</b>	<b>Total</b>	<b>327.542.760</b>	<b>147.595.650</b>	<b>323.779.343</b>	<b>50.861.637</b>	<b>254.241.325</b>	<b>67,86%</b>

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**5. Standardised Approach – Exposures by asset classes and risk weights:**

**Current Period - 30.06.2018**

Asset classes/ Risk weight	0%	10%	20%	35%	50[*]%	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
1 Exposures to central governments or central banks	66.124.560	-	254.471	-	-	-	23.220.199	-	-	-	89.599.230
2 Exposures to regional governments or local authorities	-	-	-	-	35.933	-	-	-	-	-	35.933
3 Exposures to public sector entities	-	-	-	-	-	-	11.307	-	-	-	11.307
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	16.051.343	-	13.818.700	-	10.653.893	-	-	-	40.523.936
7 Exposures to corporates	154.214	-	555.185	-	4.998.022	-	165.641.938	-	-	-	171.349.359
8 Retail exposures	-	-	-	-	-	62.303.091	-	-	-	-	62.303.091
9 Exposures secured by residential property	-	-	-	-	-	11.163.377	1.748.964	-	-	-	12.912.341
10 Exposures secured by commercial real estate	-	-	-	-	-	2.310.107	11.057.233	-	-	-	13.367.340
11 Past-due loans	-	-	-	-	682.805	-	949.784	294.344	-	-	1.926.933
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	238.219	-	-	-	238.219
16 Investments in equities	-	-	-	-	-	-	19.135	-	-	-	19.135
17 Other assets	2.690.822	-	136.307	-	-	-	5.921.070	-	-	-	8.748.199
<b>18 Total</b>	<b>68.969.596</b>	<b>-</b>	<b>16.997.306</b>	<b>-</b>	<b>19.535.460</b>	<b>75.776.575</b>	<b>219.461.742</b>	<b>294.344</b>	<b>-</b>	<b>-</b>	<b>401.035.023</b>

(\*)Secured by real estate

(\*\*)Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

**Prior Period - 31.12.2017**

Asset classes/ Risk weight	0%	10%	20%	35%	50[*]%	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
1 Exposures to central governments or central banks	60.941.238	-	228.972	-	-	-	25.372.722	-	-	-	86.542.932
2 Exposures to regional governments or local authorities	-	-	-	-	55	-	-	-	-	-	55
3 Exposures to public sector entities	-	-	-	-	-	-	11.975	-	-	-	11.975
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	10.587.883	-	15.418.883	-	11.048.964	-	-	-	37.055.730
7 Exposures to corporates	149.830	-	1.043.045	-	4.846.264	-	154.977.589	-	-	-	161.016.728
8 Retail exposures	-	-	-	-	-	57.252.694	-	-	-	-	57.252.694
9 Exposures secured by residential property	-	-	-	-	-	11.625.661	1.444.374	-	-	-	13.070.035
10 Exposures secured by commercial real estate	-	-	-	-	-	1.343.625	9.852.901	-	-	-	11.196.526
11 Past-due loans	-	-	-	-	3.200	-	273.344	5.688	-	-	282.232
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	277.999	-	-	-	277.999
16 Investments in equities	-	-	-	-	-	-	101.958	-	-	-	101.958
17 Other assets	2.266.147	-	41.548	-	-	-	5.524.421	-	-	-	7.832.116
<b>18 Total</b>	<b>63.357.215</b>	<b>-</b>	<b>11.901.448</b>	<b>-</b>	<b>20.268.402</b>	<b>70.221.980</b>	<b>208.886.247</b>	<b>5.688</b>	<b>-</b>	<b>-</b>	<b>374.640.980</b>

(\*)Secured by real estate

(\*\*)Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

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**c. Counterparty Credit Risk (CCR) Explanations:**

**1. Analysis of counterparty credit risk exposure by approach:**

<b>Current Period - 30.06.2018</b>		<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE (*)</b>	<b>Alpha used for computing regulatory exposure at default</b>	<b>Exposure at default post CRM</b>	<b>RWA</b>
1	Standardised Approach (for derivatives)	15.747.085	1.619.314	-	1,4	17.366.399	12.631.591
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	4.167.107	1.894.667
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	4.167.107	1.894.667
<b>6</b>	<b>Total</b>						<b>14.526.258</b>

(\*) Effective Expected Positive Exposure

<b>Prior Period - 31.12.2017</b>		<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE (*)</b>	<b>Alpha used for computing regulatory exposure at default</b>	<b>Exposure at default post CRM</b>	<b>RWA</b>
1	Standardised Approach (for derivatives)	9.330.172	1.750.382	-	1,4	11.080.554	7.981.522
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	7.660.804	3.556.100
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	7.660.804	3.556.100
<b>6</b>	<b>Total</b>						<b>11.537.622</b>

(\*) Effective Expected Positive Exposure

**2. Credit valuation adjustment (CVA) capital charge:**

		<b>Current Period - 30.06.2018</b>	
		<b>Exposure at default post-CRM</b>	<b>RWA</b>
Total portfolios subject to the Advanced CVA capital charge			
1	(i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-
2	(ii) Stressed VaR component (including the 3xmultiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	17.366.399	5.956.257
<b>4</b>	<b>Total subject to the CVA capital charge</b>	<b>17.366.399</b>	<b>5.956.257</b>

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	Prior Period - 31.12.2017	
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	11.080.554	4.191.575
<b>4 Total subject to the CVA capital charge</b>	<b>11.080.554</b>	<b>4.191.575</b>

**3. Standardised approach – CCR exposures by regulatory portfolio and risk weights:**

**Current Period - 30.06.2018**

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	2.298	-	-	-	-	117.654	-	-	117.654
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	34	-	-	34
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	2.686.212	9.681.462	-	-	13.854	-	-	5.391.827
Corporates	-	-	3.860	-	-	8.974.853	-	-	8.976.783
Retail portfolios	-	-	-	-	53.276	-	-	-	39.957
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	3	-	-	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2.298</b>	<b>-</b>	<b>2.686.212</b>	<b>9.685.322</b>	<b>53.276</b>	<b>9.106.398</b>	<b>-</b>	<b>-</b>	<b>14.526.258</b>

[\*]Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

[\*\*]Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

**Prior Period - 31.12.2017**

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	91.013	-	-	-	-	22.036	-	-	22.036
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	148	-	-	148
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	1.624.788	11.609.347	-	-	10.274	-	-	6.139.905
Corporates	-	-	6.095	-	-	5.356.959	-	-	5.360.006
Retail portfolios	-	-	-	-	20.698	-	-	-	15.524
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	3	-	-	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>91.013</b>	<b>-</b>	<b>1.624.788</b>	<b>11.615.442</b>	<b>20.698</b>	<b>5.389.420</b>	<b>-</b>	<b>-</b>	<b>11.537.622</b>

[\*]Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

[\*\*]Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

**4. Composition of collateral for CCR exposure: Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.**

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**5. Credit derivatives exposures:**

<b>Current Period - 30.06.2018</b>	<b>Protection bought</b>	<b>Protection sold</b>
<b>Nominal</b>		
Single-name credit default swaps	-	22.650
Index credit default swaps	-	-
Total return swaps	9.245.870	6.776.363
Credit options	-	-
Other credit derivatives	-	-
<b>Total notionals</b>	<b>9.245.870</b>	<b>6.799.013</b>
<b>Fair values</b>		
Positive fair value (asset)	2.349.870	2.350.224
Negative fair value (liability)	-	-

<b>Prior Period - 31.12.2017</b>	<b>Protection bought</b>	<b>Protection sold</b>
<b>Nominal</b>		
Single-name credit default swaps	-	18.700
Index credit default swaps	-	-
Total return swaps	6.127.434	4.541.941
Credit options	-	-
Other credit derivatives	-	-
<b>Total notionals</b>	<b>6.127.434</b>	<b>4.541.941</b>
<b>Fair values</b>		
Positive fair value (asset)	1.581.610	1.581.610
Negative fair value (liability)	-	-

**6. Exposures to central counterparties (CCP):**

<b>Current Period – 30.06.2018</b>	<b>Exposure at default (post-CRM)</b>	<b>RWA</b>
<b>1 Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		<b>21.878</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	556.898	21.862
3 (i) OTC Derivatives	556.898	21.862
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	6.932	16
10 Unfunded default fund contributions	-	-
<b>11 Exposures to non-QCCPs (total)</b>	<b>-</b>	<b>-</b>
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-



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<b>Prior Period - 31.12.2017</b>	<b>Exposure at default (post-CRM)</b>	<b>RWA</b>
<b>1 Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		<b>7.822</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	203.462	7.808
3 (i) OTC Derivatives	203.462	7.808
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	6.519	14
10 Unfunded default fund contributions	-	-
<b>11 Exposures to non-QCCPs (total)</b>		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

**d. Securitization Explanations:** The Bank has no securitization transactions.

**e. Market Risk Explanations**

**1. Standardised approach:**

	<b>Current Period 30.06.2018</b>
	<b>RWA</b>
<b>Outright products</b>	
1 Interest rate risk (general and specific)	3.395.693
2 Equity risk (general and specific)	15.263
3 Foreign exchange risk	2.843.820
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus method	10.275
7 Scenario approach	-
8 Securitisation	-
<b>9 Total</b>	<b>6.265.051</b>

Outright products refer to positions in products that are not optional.

	<b>Prior Period 31.12.2017</b>
	<b>RWA</b>
<b>Outright products</b>	
1 Interest rate risk (general and specific)	2.794.813
2 Equity risk (general and specific)	63.775
3 Foreign exchange risk	1.758.233
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus method	82.613
7 Scenario approach	-
8 Securitisation	-
<b>9 Total</b>	<b>4.699.434</b>

Outright products refer to positions in products that are not optional.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

(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 available-for-sale financial assets.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate 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;

- 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 also applies fair value hedge to hedge the foreign currency risk arising from investments abroad. Effective portion of the fair value change of the hedging instrument is accounted under "Hedging funds" under equity. Ineffective portion is accounted under income statement.

As of 30 June 2018, 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:

	<b>Current Period</b>		
	<b>30 June 2018</b>		
	<b>Notional</b>		
	<b>Amount</b>	<b>Assets</b>	<b>Liabilities</b>
Interest Rate and Cross Currency Swaps			
-TL	11.331.205	3.246.360	21.339
-FC	40.962.061	411.170	24.277
<b>Total</b>	<b>52.293.266</b>	<b>3.657.530</b>	<b>45.616</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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	Prior Period		
	31 December 2017		
	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	2.497.225	973.630	-
-FC	27.012.330	162.654	74.911
<b>Total</b>	<b>29.509.555</b>	<b>1.136.284</b>	<b>74.911</b>

**1. Explanations on Accounting Net Investment Hedge:**

The Group has been using hedge against fair value strategy to hedge against foreign currency risk born of EURO 320 million which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EURO 320 million of syndication loans used by the Group have been classified as "hedge instruments."

**2. Explanations on Fair Value Hedge:**

**Current Period – 30 June 2018**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	22.119	(27.361)	(5.242)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	134	(136)	(1)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	2.066.058	(2.041.984)	(24.074)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	27.920	(28.369)	(449)

(\*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

(\*\*) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

**Prior Period - 31 December 2017**

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 available-for-sale financial assets	Interest rate risk	(70.981)	63.778	(7.203)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	273	(281)	(8)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	1.115.949	(1.104.587)	11.362
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	661	(663)	(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.

As of 30 June 2018 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 with the information related discontinuous transactions are given below:

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

- As of 30 June 2018, 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 21.069 (31 December 2017: TL 15.256).

#### 3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	321.610	-	213.694	9.841	205
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	1.222.028	-	500.329	[144.307]	[31.949]
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	21.339	1.530	40.646	11.605

As of 30 June 2018 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 30 June 2018, 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 (11.485) (31 December 2017: TL (20.091)).

#### IX. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including consumer banking, commercial banking, SME banking, and corporate-investment and private banking 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.

Consumer banking offers a variety of retail services such as deposit accounts, consumer loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions. Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

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

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Information on business segments as of 30 June 2018 and 31 December 2017 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment, Private Banking and Wealth Management</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Current Period – 30 June 2018</b>					
Operating Income	2.680.962	4.194.533	396.018	2.126.322	9.397.835
Profit from Operating Activities	1.096.936	2.431.084	242.100	386.863	4.156.983
Income from Subsidiaries	-	-	-	4.829	4.829
Profit before Tax	1.096.936	2.431.084	242.100	391.692	4.161.812
Corporate Tax	-	-	-	(882.230)	(882.230)
Minority Shares	-	-	-	(6)	(6)
Net Profit for the Period	1.096.936	2.431.084	242.100	(490.544)	3.279.576
Segment Assets	55.454.058	187.203.948	100.553.156	7.639.984	350.851.146
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	17.359.001	17.359.001
Total Assets	-	-	-	-	368.215.668
Segment Liabilities	105.098.672	99.358.793	105.867.316	5.963.553	316.288.334
Undistributed Liabilities	-	-	-	10.043.048	10.043.048
Shareholders' Equity	-	-	-	41.884.286	41.884.286
Total Liabilities	-	-	-	-	368.215.668
Other Segment Items	-	-	-	-	-
Capital Investment	-	-	-	318.540	318.540
Amortization	(13.678)	(11.221)	(65)	(144.335)	(169.299)
Non-cash Other Income-Expense	(160.688)	(1.950.539)	(23.373)	(370.389)	(2.504.989)

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Prior Period – 31 December 2017(*)</b>					
Operating Income	2.317.060	3.545.506	462.940	688.587	7.014.093
Profit from Operating Activities	1.002.003	2.464.785	327.690	30.425	3.824.903
Income from Subsidiaries	-	-	-	2.557	2.557
Profit before Tax	1.002.003	2.464.785	327.690	32.982	3.827.460
Corporate Tax	-	-	-	(804.356)	(804.356)
Minority Shares	-	-	-	(4)	(4)
Net Profit for the Period	1.002.003	2.464.785	327.690	(771.378)	3.023.100
Segment Assets	53.929.605	176.148.618	91.331.453	7.385.344	328.795.020
Investments in Associates.	-	-	-	3.923	3.923
Undistributed Assets	-	-	-	12.811.014	12.811.014
Total Assets	-	-	-	-	341.609.957
Segment Liabilities	98.126.490	97.357.169	89.058.408	6.558.817	291.100.884
Undistributed Liabilities	-	-	-	9.895.501	9.895.501
Shareholders' Equity	-	-	-	40.613.572	40.613.572
Total Liabilities	-	-	-	-	341.609.957
Other Segment Items	-	-	-	-	-
Capital Investment	-	-	-	97.424	97.424
Amortization	(10.183)	(8.086)	(59)	(115.445)	(133.773)
Non-cash Other Income-Expense	(144.698)	(234.762)	(12.017)	(468.853)	(860.330)

(\*) 30 June 2017 amounts are used for income statement accounts.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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

The prior period financial statements are not restated according to transition requirements of TFRS 9. Prior year disclosures prepared under different bases are presented separately.

**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:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Cash/Foreign Currency	1.493.303	1.129.542
The CBRT (*)	9.962.984	30.568.939
Other (**)	1	204.284
<b>Total</b>	<b>11.456.288</b>	<b>31.902.765</b>

(\*) Precious metal account amounting to TL 5.080.656 are included in FC.

(\*\*) Precious metal account amounting to TL 67.978 are included in FC.

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Cash/Foreign Currency	1.427.724	735.960
The CBRT (*)	7.033.859	26.021.620
Other (**)	1	144.012
<b>Total</b>	<b>8.461.584</b>	<b>26.901.592</b>

(\*) Precious metal account amounting to TL 5.118.058 are included in FC.

(\*\*) Precious metal account amounting to TL 102.465 are included in FC.

2. Information related to the account of the CBRT:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	8.577	-
Unrestricted Time Deposits	6.042.952	-
Restricted Time Deposits	-	-
Reserve Requirement	3.911.455	30.568.939
<b>Total</b>	<b>9.962.984</b>	<b>30.568.939</b>

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	1.647	-
Unrestricted Time Deposits	3.080.092	-
Restricted Time Deposits	-	-
Reserve Requirement	3.952.120	26.021.620
<b>Total</b>	<b>7.033.859</b>	<b>26.021.620</b>

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3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT pays interest on reserve balances held in TL and USD.

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 June 2018 (31 December 2017: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2018 (31 December 2017: 4% and 24% for all foreign currency liabilities)

**b. Financial Assets at Fair Value Through Profit or Loss**

As of 30 June 2018, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 11.065 (31 December 2017: TL 9.731); and there are no financial assets subject to repo transactions (31 December 2017: TL 200).

**c. Trading derivative financial assets:**

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

	<b>Current Period</b>	
	<b>TL</b>	<b>30 June 2018</b>
	<b>TL</b>	<b>FC</b>
Forward Transactions	1.022.326	-
Swap Transactions	9.780.295	3.998.490
Futures Transactions	-	-
Options	68.203	582.947
Other	-	-
<b>Total</b>	<b>10.870.824</b>	<b>4.581.437</b>

(\*)Excluding hedging derivatives financial assets

(ii) Table of positive differences related to trading derivative financial assets

	<b>Prior Period</b>	
	<b>TL</b>	<b>31 December 2017</b>
	<b>TL</b>	<b>FC</b>
Forward Transactions	421.168	-
Swap Transactions	4.941.019	2.751.338
Futures Transactions	-	-
Options	31.866	170.658
Other	-	-
<b>Total</b>	<b>5.394.053</b>	<b>2.921.996</b>

**d. Information on banks account and foreign banks:**

	<b>Current Period</b>	
	<b>TL</b>	<b>30 June 2018</b>
	<b>TL</b>	<b>FC</b>
Banks		
Domestic	1.785.298	2.074.174
Foreign	-	9.531.705
Head Quarters and Branches Abroad	-	-
<b>Total</b>	<b>1.785.298</b>	<b>11.605.879</b>

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	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Banks		
Domestic	289.699	1.549.027
Foreign	-	8.191.003
Head Quarters and Branches Abroad	-	-
<b>Total</b>	<b>289.699</b>	<b>9.740.030</b>

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

1. As of 30 June 2018, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 15.870.548 (31 December 2017: TL 20.055.533); and those given as collateral/blocked amounting to TL 4.869.901 (31 December 2017: TL 3.470.880).

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

	<b>Current Period</b>
	<b>30 June 2018</b>
Debt Securities	49.058.829
Quoted at Stock Exchange (*)	48.985.108
Unquoted at Stock Exchange	73.721
Share Certificates	13.620
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	13.620
Impairment Provision (-)	3.243.874
<b>Total</b>	<b>45.828.575</b>

(ii) Information on available-for-sale financial assets:

	<b>Prior Period</b>
	<b>31 December 2017</b>
Debt Securities	43.531.669
Quoted at Stock Exchange (*)	43.392.550
Unquoted at Stock Exchange	139.119
Share Certificates	98.040
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	98.040
Impairment Provision (-)	799.921
<b>Total</b>	<b>42.829.788</b>

(\*) 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:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>Cash</b>	<b>Non-cash</b>
Direct Loans Granted to Shareholders	-	260
Corporate Shareholders	-	260
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.210.206	961.297
Loans Granted to Employees	115.280	-
<b>Total</b>	<b>5.325.486</b>	<b>961.557</b>



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	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>Cash</b>	<b>Non-cash</b>
Direct Loans Granted to Shareholders	-	246
Corporate Shareholders	-	246
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.605.978	923.453
Loans Granted to Employees	113.133	-
<b>Total</b>	<b>5.719.111</b>	<b>923.699</b>

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

<b>Current Period-30 June 2018</b>	<b>Loans and other receivables under follow up</b>			
	<b>Restructured Loans and Receivables</b>			
	<b>Standard Loans and Other Receivables</b>	<b>Loans and Receivables Not Subject to restructuring</b>	<b>Loans and Receivables with Revised Contract Terms</b>	<b>Refinance</b>
Non-specialized Loans				
Loans given to enterprises	33.180.393	1.518.925	20.985	1.502.913
Export Loans	11.069.106	309.241	-	104.068
Import Loans	2.163.090	-	-	-
Loans Given to Financial Sector	12.170.650	66.456	-	-
Consumer Loans	30.013.105	1.479.778	295.505	756.730
Credit Cards	13.215.959	667.467	-	606.370
Other	99.908.200	12.624.000	389.011	4.542.966
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>201.720.503</b>	<b>16.665.867</b>	<b>705.501</b>	<b>7.513.047</b>

The Bank has a cash loan exposure to Ojer Telekomunikasyon A.Ş. (OTAŞ) with a principal balance of USD 1.748 million included accrued interest related with the acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. The respective loan is classified as loans under follow up as of 30 June 2018. All creditors including our Bank have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000 Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met.

**Current Period-30 June 2018**

<b>Expected Credit Loss Stage I and Stage II</b>	<b>Standard Loans</b>	<b>Loans and other receivables under follow up</b>
12 Month Expected Credit Losses	762.321	-
Significant Increase in Credit Risk	-	3.647.500
<b>Total</b>	<b>762.321</b>	<b>3.647.500</b>

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	<b>Prior Period 31 December 2017</b>
<b>General Provisions</b>	<b>2.686.871</b>
Provisions for Group I. Loans and Receivables	964.317
Provisions for Group II. Loans and Receivables	121.358
Provisions for Non-cash Loans	64.229
Other	1.536.967

As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion (full TL amount) over the minimum provision ratios is included in the "Other" line on the table above.

**Current Period-30 June 2018**

<b>Number of Extension</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under follow up</b>
Extended by 1 or 2 times	3.734.540	8.271.812
Extended by 3,4 or 5 times	16.829	376.323
Extended by more than 5 times	207	12.350
<b>Total</b>	<b>3.751.576</b>	<b>8.660.485</b>

<b>Extension periods</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under follow up</b>
0 - 6 Months	856.138	703.227
6 - 12 Months	53.801	548.915
1 - 2 Years	478.441	1.773.995
2 - 5 Years	1.555.797	4.546.118
5 Years and over	807.399	1.088.230
<b>Total</b>	<b>3.751.576</b>	<b>8.660.485</b>

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

<b>Current Period- 30.06.2018</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>699.605</b>	<b>30.590.880</b>	<b>31.290.485</b>
Mortgage Loans	6.626	12.137.624	12.144.250
Automotive Loans	3.035	196.397	199.432
Consumer Loans	689.944	18.256.859	18.946.803
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>56</b>	<b>1.497</b>	<b>1.553</b>
Mortgage Loans	56	1.497	1.553
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>11.024.436</b>	<b>555.792</b>	<b>11.580.228</b>
With Installment	4.305.971	552.667	4.858.638
Without Installment	6.718.465	3.125	6.721.590
<b>Consumer Credit Cards-FC</b>	<b>14.180</b>	<b>-</b>	<b>14.180</b>
With Installment	-	-	-
Without Installment	14.180	-	14.180
<b>Personnel Loans-TL</b>	<b>4.543</b>	<b>61.010</b>	<b>65.553</b>
Mortgage Loans	-	4.366	4.366
Automotive Loans	-	45	45
Consumer Loans	4.543	56.599	61.142
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>49.461</b>	<b>20</b>	<b>49.481</b>
With Installment	20.422	20	20.442
Without Installment	29.039	-	29.039
<b>Personnel Credit Cards-FC</b>	<b>246</b>	<b>-</b>	<b>246</b>
With Installment	-	-	-
Without Installment	246	-	246
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.187.527</b>	<b>-</b>	<b>1.187.527</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>12.980.054</b>	<b>31.209.199</b>	<b>44.189.253</b>

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<b>Prior Period- 31.12.2017</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>716.767</b>	<b>30.274.352</b>	<b>30.991.119</b>
Mortgage Loans	7.443	13.217.359	13.224.802
Automotive Loans	3.517	251.107	254.624
Consumer Loans	705.807	16.805.886	17.511.693
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>4.382</b>	<b>4.382</b>
Mortgage Loans	-	3.778	3.778
Automotive Loans	-	-	-
Consumer Loans	-	604	604
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>10.791.056</b>	<b>605.582</b>	<b>11.396.638</b>
With Installment	4.455.077	602.801	5.057.878
Without Installment	6.335.979	2.781	6.338.760
<b>Consumer Credit Cards-FC</b>	<b>12.439</b>	<b>-</b>	<b>12.439</b>
With Installment	-	-	-
Without Installment	12.439	-	12.439
<b>Personnel Loans-TL</b>	<b>4.504</b>	<b>62.087</b>	<b>66.591</b>
Mortgage Loans	-	3.904	3.904
Automotive Loans	-	54	54
Consumer Loans	4.504	58.129	62.633
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>46.298</b>	<b>27</b>	<b>46.325</b>
With Installment	18.202	27	18.229
Without Installment	28.096	-	28.096
<b>Personnel Credit Cards-FC</b>	<b>217</b>	<b>-</b>	<b>217</b>
With Installment	-	-	-
Without Installment	217	-	217
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.063.092</b>	<b>-</b>	<b>1.063.092</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>12.634.373</b>	<b>30.946.430</b>	<b>43.580.803</b>

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

<b>Current Period – 30.06.2018</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.091.864</b>	<b>15.843.170</b>	<b>16.935.034</b>
Mortgage Loans	11.747	9.851	21.598
Automotive Loans	56.491	92	56.583
Consumer Loans	1.023.626	15.833.227	16.856.853
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>132.121</b>	<b>464.229</b>	<b>596.350</b>
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	132.121	462.940	595.061
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>4.033</b>	<b>153.261</b>	<b>157.294</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	4.033	153.261	157.294
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.842.815</b>	<b>128</b>	<b>2.842.943</b>
With Installment	1.158.749	49	1.158.798
Without Installment	1.684.066	79	1.684.145
<b>Corporate Credit Cards-FC</b>	<b>2.718</b>	<b>-</b>	<b>2.718</b>
With Installment	-	-	-
Without Installment	2.718	-	2.718
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>891.625</b>	<b>-</b>	<b>891.625</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.965.176</b>	<b>16.460.788</b>	<b>21.425.964</b>

<b>Prior Period – 31.12.2017</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.119.222</b>	<b>16.749.813</b>	<b>17.869.035</b>
Mortgage Loans	14.390	3.147	17.537
Automotive Loans	54.110	30	54.140
Consumer Loans	1.050.722	16.746.636	17.797.358
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>42.260</b>	<b>505.766</b>	<b>548.026</b>
Mortgage Loans	-	1.422	1.422
Automotive Loans	3.424	-	3.424
Consumer Loans	38.836	504.344	543.180
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>192</b>	<b>130.514</b>	<b>130.706</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	192	130.514	130.706
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.590.251</b>	<b>144</b>	<b>2.590.395</b>
With Installment	1.143.897	54	1.143.951
Without Installment	1.446.354	90	1.446.444
<b>Corporate Credit Cards-FC</b>	<b>2.912</b>	<b>-</b>	<b>2.912</b>
With Installment	-	-	-
Without Installment	2.912	-	2.912
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>745.285</b>	<b>-</b>	<b>745.285</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.500.122</b>	<b>17.386.237</b>	<b>21.886.359</b>

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

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	<b>Current Period 30 June 2018</b>
Domestic Loans	218.855.422
Foreign Loans	7.749.496
<b>Total</b>	<b>226.604.918</b>

	<b>Prior Period 31 December 2017</b>
Domestic Loans	202.254.225
Foreign Loans	7.071.545
<b>Total</b>	<b>209.325.770</b>

6. Loans granted to investments in associates and subsidiaries: None.

7. (i) Credit-Impaired Losses (Stage III / Special Provision):

	<b>Current Period 30 June 2018</b>
Loans and Other Receivables with Limited Collectibility	651.100
Loans and Other Receivables with Doubtful Collectibility	666.917
Uncollectible Loans and Receivables	2.717.219
<b>Total</b>	<b>4.035.236</b>

(ii) Specific provisions accounted for loans:

	<b>Prior Period 31 December 2017</b>
Loans and Other Receivables with Limited Collectibility	579.034
Loans and Other Receivables with Doubtful Collectibility	650.121
Uncollectible Loans and Receivables	3.150.937
<b>Total</b>	<b>4.380.092</b>

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

8. (i) Information on non-performing loans restructured or rescheduled and other receivables:

	<b>III. Group Loans and Other Receivables with Limited Collectibility</b>	<b>IV. Group Loans and Other Receivables with Doubtful Collectibility</b>	<b>V. Group Uncollectible Loans and Other Receivables</b>
<b>Current Period: 30 June 2018</b>			
(Gross Amounts Before Specific Provisions)	22.200	46.044	86.591
Rescheduled Loans and Other Receivables	22.200	46.044	86.591
<b>Prior Period: 31 December 2017</b>			
(Gross Amounts Before Specific Provisions)	31.843	39.558	74.640
Rescheduled Loans and Other Receivables	31.843	39.558	74.640

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Prior Period End Balance: 31 December 2017</b>	<b>579.034</b>	<b>650.121</b>	<b>3.731.468</b>
Additions (+)	2.492.715	68.888	119.283
Transfers from Other Categories of Non-Performing Loans (+)	-	984.611	590.989
Transfers to Other Categories of Non-Performing Loans (-)	984.611	590.989	-
Collections (-) (**)	454.794	118.389	228.826
Write-offs (-) (*)	841	1.302	102.520
Sold Portfolio	-	-	772.668
Corporate and Commercial Loans	-	-	221.834
Consumer Loans	-	-	266.110
Credit Cards	-	-	284.724
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>1.631.503</b>	<b>992.940</b>	<b>3.337.726</b>
Specific Provisions (-)	651.100	666.917	2.717.219
<b>Net Balance at Balance Sheet</b>	<b>980.403</b>	<b>326.023</b>	<b>620.507</b>

(\*) TL 774 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

(\*\*) In write-offs line, TL 100 million amount (full TL amount) which is related to Group's subsidiary that belongs to V.Group, classified under "Property and Equipment Held for Sale Purpose and Related to Discontinued Operations"

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period: 30 June 2018</b>			
Balance at the End of the Period	1.046.846	142.114	777.045
Specific Provision (-)	429.237	107.301	467.976
Net Balance on Balance Sheet	617.609	34.813	309.069
<b>Prior Period: 31 December 2017</b>			
Balance at the End of the Period	17.562	28.123	749.304
Specific Provision (-)	17.562	28.123	439.455
<b>Net Balance at Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>309.849</b>

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

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8. (iv) Breakdown of non-performing loans according to their gross and net values:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net): 30 June 2018</b>			
Loans granted to corporate entities and real persons (Gross)	1.631.503	992.940	3.337.726
Specific Provision Amount (-)	651.100	666.917	2.717.219
Loans granted to corporate entities and real persons (Net)	980.403	326.023	620.507
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2017</b>			
Loans granted to corporate entities and real persons (Gross)	579.034	650.121	3.731.468
Specific Provision Amount (-)	579.034	650.121	3.154.088
Loans granted to corporate entities and real persons (Net)	-	-	363.747
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

8. (v) Information on the collection policy of non-performing loans and other receivables:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
<b>Current Period: 30 June 2018</b>			
Interest accruals and valuation differences	4.772	24.977	41.042
Provision (-)	2.737	15.864	30.408
<b>Prior Period: 31 December 2017</b>			
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

**g. Financial Assets Measured at Amortised Cost**

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

(i). Financial assets measured at amortised cost:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	-	65.251
Subject to repurchase agreements	2.325.943	5.408.759
<b>Total</b>	<b>2.325.943</b>	<b>5.474.010</b>



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(ii). Held-to-maturity investments:

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	116.330	1.842.301
Subject to repurchase agreements	4.089.705	8.110.245
<b>Total</b>	<b>4.206.035</b>	<b>9.952.546</b>

2. Information about Government debt securities:

(i). Financial assets measured at amortized cost:

	<b>Current Period</b>
	<b>30 June 2018</b>
Government debt	9.122.828
Treasury bonds	-
Other government debts	828.047
<b>Total</b>	<b>9.950.875</b>

(ii). Held-to-maturity:

	<b>Prior Period</b>
	<b>31 December 2017</b>
Government debt	13.596.948
Treasury bonds	-
Other government debts	2.546.431
<b>Total</b>	<b>16.143.379</b>

3. (i). Measured at amortized cost:

	<b>Current Period</b>
	<b>30 June 2018</b>
Debt Securities	11.476.238
Quoted at stock exchange	11.476.238
Not quoted at stock exchange	-
Impairment (-)	225.771
<b>Total</b>	<b>11.250.467</b>

(ii). Held-to-maturity:

	<b>Prior Period</b>
	<b>31 December 2017</b>
Debt Securities	19.132.124
Quoted at stock exchange	19.132.124
Not quoted at stock exchange	-
Impairment (-)	249.092
<b>Total</b>	<b>18.883.032</b>

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4. (i). The movement of financial assets at amortized costs:

	<b>Current Period 30 June 2017</b>
Balance at the Beginning of the Period	18.883.032
Foreign Currency Differences on Monetary Assets	1.291.911
Purchases During Year (*)	-
Disposals Through Sales and Redemptions	(8.685.687)
Impairment Provision	23.321
Change in Amortized Cost	(262.110)
<b>Balance at the End of the Period</b>	<b>11.250.467</b>

(\*)The Bank has reviewed its management model for securities in accordance with TFRS 9 standard. Securities amounting to TL 4.927.185 previously classified as held to maturity and measured at amortized cost are classified to fair value through other comprehensive income because of the appropriate management model is intended to be used for selling or financing cash flows.

- (ii). Held-to-maturity:

	<b>Prior Period 31 December 2017</b>
Balance at the Beginning of the Period	17.976.870
Foreign Currency Differences on Monetary Assets	1.223.819
Purchases During Year (*)	226
Disposals Through Sales and Redemptions	(766.185)
Impairment Provision	(75.298)
Change in Amortized Cost	523.600
<b>Balance at the End of the Period</b>	<b>18.883.032</b>

**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:

	<b>Title</b>	<b>Address (City / Country)</b>	<b>Bank's share percentage- If different voting percentage (%)</b>	<b>Bank's risk group share percentage (%)</b>
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	9,98	9,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09

- 1 (iii). Main financial figures of associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements date 31 March 2018.

	<b>.Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	86.772	53.658	46.024	565	-	4.564	3.416	-
2	287.212	196.196	177.616	2.879	15	12.874	14.597	-

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

	<b>Current Period</b>
	<b>30 June 2018</b>
Balance at the Beginning of the Period	3.923
Movements During the Period	
Purchases	-
Bonus Shares and Contributions to Capital (*)	1.598
Dividends from Current Year Income	-
Sales/Liquidation	-
Revaluation Increase	-
Impairment Provision (-)	-
Balance at the End of the Period	5.521
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(\*) The amount is derived from the increase in the capital of Bankalararası Kart Merkezi A.Ş., 9.98% subsidiary of the Bank, by 16.000 TL.

	<b>Prior Period</b>
	<b>31 December 2017</b>
Balance at the Beginning of the Period	3.923
Movements During the Period	
Purchases	-
Bonus Shares and Contributions to Capital	-
Dividends from Current Year Income	-
Sales/Liquidation	-
Revaluation Increase	-
Impairment Provision (-)	-
Balance at the End of the Period	3.923
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

2. Consolidated subsidiaries within the current period: None.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

(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 30 June 2018 prepared in accordance with legislation in which companies are subject to.

	<b>Ak Finansal Kiralama A.Ş.</b>	<b>Ak Yatırım Menkul Değerler A.Ş.</b>	<b>Ak Portföy Yönetimi A.Ş.</b>	<b>Akbank AG</b>	<b>AkÖde A.Ş.</b>
Paid in Capital	235.007	96.802	10.534	740.648	5.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	2.770.994	-
Gains recognized in equity as per TAS	-	(2.066)	(235)	-	-
Profit/Loss	40.444	184.160	18.310	110.870	-1.043
- Net Current Period Profit	40.444	57.639	17.756	110.870	-1.043
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	39	1.217	-	279	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.699	2.527	106	1.755	-
<b>Total Common Equity</b>	<b>848.957</b>	<b>336.233</b>	<b>46.813</b>	<b>3.620.478</b>	<b>3.957</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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" (-)	-	-	-	-	-
<b>Total Tier I Capital</b>	<b>848.957</b>	<b>336.233</b>	<b>46.813</b>	<b>3.620.478</b>	<b>3.957</b>
<b>Tier II Capital</b>	<b>66.971</b>	<b>380</b>	<b>3</b>	<b>9.774</b>	<b>-</b>
<b>CAPITAL</b>	<b>915.928</b>	<b>336.613</b>	<b>46.816</b>	<b>3.630.252</b>	<b>3.957</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>915.928</b>	<b>336.613</b>	<b>46.816</b>	<b>3.630.252</b>	<b>3.957</b>

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:

<b>Title</b>	<b>Address (City / Country)</b>	<b>Bank's Share Percentage-If Different Voting Percentage (%)</b>	<b>Bank's Risk Group Share Percentage (%)</b>
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/Türkiye	100,00	100,00

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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 30 June 2018 prepared in accordance with legislation in which companies are subject to.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	7.038.657	850.527	170.876	258.053	-	40.444	36.283	-
2	1.220.690	339.977	12.753	92.483	21.223	57.639	20.605	-
3	55.799	46.919	731	3.949	-	17.756	13.882	-
4	26.074.652	3.622.512	2.709	535.915	30.664	110.870	104.223	-
5	4.373	3.957	124	20	-	(1.043)	-	-

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:

	<b>Current Period 30 June 2018</b>
Balance at the Beginning of the Period	4.133.098
Movements During the Period	
Additions (*)	55.000
Bonus Shares and Contributions to Capital	-
Dividends from Current Year Income	225.985
Sales/Liquidation	-
Revaluation Increase (**)	449.682
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	4.863.765
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(\*)Amounts refers to TL 5.000 that the Bank pays for the establishment capital of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., and the capital increase of Ak Yatırım Menkul Değerler by TL 50.000 which are wholly owned subsidiaries of the Bank.

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

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

	<b>Prior Period 31 December 2017</b>
Balance at the Beginning of the Period	3.334.164
Movements During the Period	
Additions (*)	6.455
Bonus Shares and Contributions to Capital (*)	1.545
Dividends from Current Year Income	365.117
Sales/Liquidation (**)	2.243
Revaluation Increase (***)	423.574
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	4.133.098
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(\*) Amounts arises from the capital of Ak Portföy Yönetimi A.Ş is increased by TL 8.000 including TL 6.455 in cash and 1.545 TL from internal sources.

(\*\*) The amount represents the liquidation of Akbank (Dubai) Limited which is %100 subsidiary of the Bank.

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

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

<b>Subsidiaries</b>	<b>Current Period 30 June 2018</b>
Banks	3.622.512
Insurance Companies	-
Factoring Companies	-
Leasing Companies	850.400
Finance Companies	-
Other Financial Subsidiaries	390.853

<b>Subsidiaries</b>	<b>Prior Period 31 December 2017</b>
Banks	2.982.385
Insurance Companies	-
Factoring Companies	-
Leasing Companies	859.897
Finance Companies	-
Other Financial Subsidiaries	290.816

7. Subsidiaries quoted to a stock exchange: None.

**j. Information on joint ventures:** None

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

**k. Information on finance lease receivables (Net):**

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>Gross</b>	<b>Net</b>
2017	-	-
2018	1.495.223	1.352.923
2019	1.845.723	1.551.655
2020 and following years	3.475.681	3.055.618
<b>Total</b>	<b>6.816.627</b>	<b>5.960.196</b>

  

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>Gross</b>	<b>Net</b>
2017	-	-
2018	2.463.302	2.160.175
2019	1.477.983	1.237.783
2020 and following years	2.800.478	2.467.460
<b>Total</b>	<b>6.741.763</b>	<b>5.865.418</b>

**l. Information on the hedging derivative financial assets:**

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	2.024.332	89.559
Cash Flow Hedge	1.222.028	321.611
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>3.246.360</b>	<b>411.170</b>

  

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	973.630	31.206
Cash Flow Hedge	-	131.448
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>973.630</b>	<b>162.654</b>

**m. Information on the investment properties:** None

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

**n. Information on deferred tax asset:**

As of 30 June 2018, foreign currency deferred tax asset of the Group is TL 435.114 (31 December 2017: TL 37.525). 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 XVII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities.

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

	<b>Current Period 30 June 2018</b>
Cost	250.762
Accumulated Depreciation (-)	115
<b>Net Book Value</b>	<b>250.647</b>

	<b>Current Period 30 June 2018</b>
<b>Opening Balance Net Book Value</b>	133.515
Additions	148.170
Disposals (-), net	30.957
Impairment (-)	81
Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>250.647</b>

	<b>Prior Period 31 December 2017</b>
Cost	133.682
Accumulated Depreciation (-)	167
<b>Net Book Value</b>	<b>133.515</b>

	<b>Prior Period 31 December 2017</b>
<b>Opening Balance Net Book Value</b>	74.188
Additions	101.666
Disposals (-), net	42.179
Impairment (-)	160
Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>133.515</b>

**p. Information on other assets:**

Other assets amounting to TL 4.848.865 (31 December 2017: TL 4.036.435) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

(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 – 30 June 2018:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	9.146.960	10.143.916	34.302.885	530.033	635.888	591.999	27.578	<b>55.379.259</b>
Foreign Currency Deposits	19.674.025	13.696.668	50.454.240	4.640.661	12.403.033	14.659.350	1.715	<b>115.529.692</b>
Residents in Turkey	16.108.986	12.508.038	47.239.658	2.433.423	1.586.115	2.487.111	1.537	<b>82.364.868</b>
Residents Abroad	3.565.039	1.188.630	3.214.582	2.207.238	10.816.918	12.172.239	178	<b>33.164.824</b>
Public Sector Deposits	444.908	22.460	18.455	720	165	518	-	<b>487.226</b>
Commercial Deposits	8.301.988	7.315.214	8.000.433	710.924	178.172	335.566	-	<b>24.842.297</b>
Other Institutions Deposits	287.778	550.625	997.907	397.671	124.038	219.581	-	<b>2.577.600</b>
Precious metals Deposits	1.902.785	-	8.761	25.723	135.209	14.878	-	<b>2.087.356</b>
Interbank Deposits	1.636.799	8.492.194	4.887.735	1.127.023	840.574	40.144	-	<b>17.024.469</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.076	8.189.777	14.004	-	222.598	-	-	<b>8.437.455</b>
Foreign Banks	512.817	302.417	4.873.731	1.127.023	617.976	40.144	-	<b>7.474.108</b>
Participation Banks	1.112.906	-	-	-	-	-	-	<b>1.112.906</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>41.395.243</b>	<b>40.221.077</b>	<b>98.670.416</b>	<b>7.432.755</b>	<b>14.317.079</b>	<b>15.862.036</b>	<b>29.293</b>	<b>217.927.899</b>

1 (ii). Prior period – 31 December 2017:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	8.420.445	15.472.883	32.004.674	492.472	646.290	637.816	33.627	<b>57.708.207</b>
Foreign Currency Deposits	16.199.712	20.066.109	34.211.237	2.671.605	8.981.737	12.617.477	1.760	<b>94.749.637</b>
Residents in Turkey	13.484.283	19.229.083	31.769.630	1.204.784	1.228.293	1.852.106	1.559	<b>68.769.738</b>
Residents Abroad	2.715.429	837.026	2.441.607	1.466.821	7.753.444	10.765.371	201	<b>25.979.899</b>
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	<b>341.451</b>
Commercial Deposits	9.223.734	7.766.297	11.749.333	238.126	802.779	283.133	-	<b>30.063.402</b>
Other Institutions Deposits	236.231	234.193	2.501.398	22.089	65.272	153.181	-	<b>3.212.364</b>
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	<b>1.451.430</b>
Interbank Deposits	1.187.569	3.958.736	6.544.389	1.487.055	720.384	30.904	-	<b>13.929.037</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	15.006	3.594.150	394.002	6.134	158.491	-	-	<b>4.167.783</b>
Foreign Banks	378.083	364.586	6.150.387	1.480.921	561.893	30.904	-	<b>8.966.774</b>
Participation Banks	794.480	-	-	-	-	-	-	<b>794.480</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>36.910.215</b>	<b>47.514.674</b>	<b>87.025.620</b>	<b>4.914.873</b>	<b>11.332.073</b>	<b>13.722.686</b>	<b>35.387</b>	<b>201.455.528</b>

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(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.

	<b>Under the Guarantee of Deposit Insurance</b>	<b>Exceeding the Limit of Deposit Insurance</b>
	<b>Current Period 30 June 2018</b>	<b>Current Period 30 June 2018</b>
Saving Deposits	24.620.282	30.751.274
Foreign Currency Saving Deposits	9.423.692	16.902.478
Other Deposits in the Form of Saving Deposits	1.065.575	834.779
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-

	<b>Under the Guarantee of Deposit Insurance</b>	<b>Exceeding the Limit of Deposit Insurance</b>
	<b>Prior Period 31 December 2017</b>	<b>Prior Period 31 December 2017</b>
Saving Deposits	24.508.782	33.195.768
Foreign Currency Saving Deposits	8.512.809	36.271.768
Other Deposits in the Form of Saving Deposits	736.725	594.201
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:

	<b>Current Period 30 June 2018</b>
Foreign Branches' Deposits and other accounts	952
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	1.084.241
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	-

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	<b>Prior Period 31 December 2017</b>
Foreign Branches' Deposits and other accounts	1.381
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	926.384
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[\*]:

	<b>Current Period 30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	933.376	3
Swap Transactions	8.524.565	1.215.064
Futures Transactions	-	-
Options	7.434	574.803
Other	-	-
<b>Total</b>	<b>9.465.375</b>	<b>1.789.870</b>

(\*) Excluding hedge transactions

(ii). Table of negative differences for trading derivative financial liabilities:

	<b>Prior Period 31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	453.595	-
Swap Transactions	3.714.176	1.013.844
Futures Transactions	-	-
Options	2.808	239.405
Other	-	-
<b>Total</b>	<b>4.170.579</b>	<b>1.253.249</b>

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	<b>Current Period 30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	276.938	935.254
From Foreign Banks, Institutions and Funds	585.002	42.855.104
<b>Total</b>	<b>861.940</b>	<b>43.790.358</b>

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

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Borrowings from the CBRT	-	474.031
From Domestic Banks and Institutions	325.546	688.817
From Foreign Banks, Institutions and Funds	49.528	32.089.277
<b>Total</b>	<b>375.074</b>	<b>33.252.125</b>

2. Information on maturity structure of borrowings:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Short-term	248.326	2.427.790
Medium and Long-term	613.614	41.362.568
<b>Total</b>	<b>861.940</b>	<b>43.790.358</b>

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Short-term	232.934	2.047.389
Medium and Long-term	142.140	31.204.736
<b>Total</b>	<b>375.074</b>	<b>33.252.125</b>

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):**

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Bank bills	4.802.042	-
Bonds	2.697.318	7.150.040
<b>Total</b>	<b>7.499.360</b>	<b>7.150.040</b>

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Bank bills	4.012.498	-
Bonds	3.124.772	8.717.955
<b>Total</b>	<b>7.137.270</b>	<b>8.717.955</b>

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**e. Information on other foreign liabilities:**

Other foreign liabilities amounting to TL 1.282.604 under "Other Liabilities" (31 December 2017: TL 1.178.360) and do not exceed 10% of the total balance sheet.

**f. Information on financial leasing agreements:** None.

**g. Information on the hedging derivative financial liabilities:**

	<b>Current Period 30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	-	24.277
Cash Flow Hedge	21.339	-
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>21.339</b>	<b>24.277</b>

Table of negative differences for the hedging derivative financial liabilities:

	<b>Prior Period 31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	-	74.911
Cash Flow Hedge	-	-
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>-</b>	<b>74.911</b>

**h. Information on provisions:**

1 (i). Employment termination benefits and unused vacation rights:

According to Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The compensation amount equals to one month's salary of an employee for each year of service, but this amount is limited up to severance limit decided by law. This liability is not subject to any funding legally and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>Current Period 30 June 2018</b>
Discount Rate (%)	4,59
Rate for the Probability of Retirement (%)	94,45

	<b>Prior Period 31 December 2017</b>
Discount Rate (%)	4,00
Rate for the Probability of Retirement (%)	94,45

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The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.434,42 (1 January 2018: TL 5.001,76) effective from 1 July 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	<b>Current Period</b>
	<b>30 June 2018</b>
<b>Prior Period Closing Balance</b>	<b>209.829</b>
Recognized as an Expense During the Period	33.196
Actuarial Loss/(Gain)	545
Paid During the Period	(26.339)
<b>Balance at the End of the Period.</b>	<b>217.231</b>

As of 30 June 2018, the Group has allocated vacation liability amounting to TL 102.233.

	<b>Prior Period</b>
	<b>31 December 2017</b>
<b>Prior Period Closing Balance</b>	<b>146.105</b>
Recognized as an Expense During the Period	46.243
Actuarial Loss/(Gain)	53.510
Paid During the Period	(36.029)
<b>Balance at the End of the Period.</b>	<b>209.829</b>

As of 31 December 2017, the Group has allocated vacation liability amounting to TL 91.124.

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

As of 30 June 2018, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2017: TL 24.016) and the related prior period amount is offset with the balance of foreign currency indexed loans.

3. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

Provision for non-cash loans that are non-funded and non-transformed into cash as of 30 June 2018 is amounting to TL 60.425 (31 December 2017: 67.754).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 450.000 (31 December 2017: TL 700.000).

A portion of free provision amounting to TL 250.000 thousand has been reversed, during the period ended 30 June 2018. Out of free provision of TL 500.000 thousand has been recognised in year of 2017 and TL 200.000 thousand had been recognised in prior period by the Bank management considering the possible effects of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying consolidated financial statements is TL 450.000 thousand as at 30 June 2018.

4 (ii). Information on provisions for banking services promotion:

The Group has provision for credit cards and banking services promotion activities amounting to TL 46.726 (31 December 2017: TL 69.284).

**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVII of Section Three. As of 30 June 2018, the corporate tax liability after the deduction of temporary taxes paid is TL 422.521 (31 December 2017: TL 751.698).

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

1 (i). Information on taxes payable:

	<b>Current Period</b> <b>30 June 2018</b>
Corporate Taxes Payable	422.521
Taxation on Marketable Securities	166.102
Property Tax	3.143
Banking Insurance Transaction Tax (BITT)	151.227
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	3.800
Other	89.207
<b>Total</b>	<b>836.000</b>

	<b>Prior Period</b> <b>31 December 2017</b>
Corporate Taxes Payable	751.698
Taxation on Marketable Securities	145.567
Property Tax	1.811
Banking Insurance Transaction Tax (BITT)	127.075
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	10.845
Other	91.876
<b>Total</b>	<b>1.128.872</b>

1 (ii). Information on premium payables:

	<b>Current Period</b> <b>30 June 2018</b>
Social Security Premiums – Employee	2.113
Social Security Premiums – Employer	391
Bank Social Aid Pension Fund Premium- Employee	3
Bank Social Aid Pension Fund Premium – Employer	3
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	2.574
Unemployment Insurance – Employer	4.793
Other	147
<b>Total</b>	<b>10.024</b>

	<b>Current Period</b> <b>31 December 2017</b>
Social Security Premiums – Employee	1.656
Social Security Premiums – Employer	349
Bank Social Aid Pension Fund Premium- Employee	109
Bank Social Aid Pension Fund Premium – Employer	150
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	2.252
Unemployment Insurance – Employer	4.231
Other	46
<b>Total</b>	<b>8.793</b>

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2. Information on deferred tax liability:

As of 30 June 2018, Turkish Lira deferred tax liability of the Group amounts to TL 116.671 (31 December 2017: TL 482.836). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

**j. Information on subordinated loan:**

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Debt Instruments subject to common equity	-	-
Subordinated Loans	-	-
Subordinated Debt Instruments	-	-
Debt Instruments subject to tier 2 equity	-	4.127.282
Subordinated Loans	-	4.127.282
Subordinated Debt Instruments	-	-
<b>Total</b>	<b>-</b>	<b>4.127.282</b>

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	1.900.999
From Other Foreign Institutions	-	-
<b>Total</b>	<b>-</b>	<b>1.900.999</b>

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:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
Common Stock	4.000.000	
Preferred Stock	-	
	<b>Prior Period</b>	
	<b>31 December 2017</b>	
Common Stock	4.000.000	
Preferred Stock	-	

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Share Capital	4.000.000	10.000.000

In the Ordinary General Assembly Meeting of the Bank, which was held on 28 March 2017, amendment to the articles of association regarding the increase of the upper limit of registered capital from TL 8.000.000 to TL 10.000.000 is accepted and the registration process has been completed as of 29 March 2017.

3. Information on the share capital increases during the period and their sources: None.

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



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators;

The Group has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Group continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.
8. Information on marketable securities value increase fund:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-
Valuation Difference	(1.332.055)	(1.188.586)
Foreign Currency Differences	-	-
<b>Total</b>	<b>(1.332.055)</b>	<b>(1.188.586)</b>

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-
Valuation Difference	(600.631)	(169.489)
Foreign Currency Differences	-	-
<b>Total</b>	<b>(600.631)</b>	<b>(169.489)</b>

**I. Information on minority shares:**

	<b>Current Period</b>	
	<b>30 June 2018</b>	
Beginning Balance		139
Net Profit Share of other shareholders		6
Previous Term Dividend		-
Net Currency difference due to foreign subsidiaries		-
Effect of Changes within scope of consolidation		-
<b>Balance end of Period</b>		<b>145</b>

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
Beginning Balance		130
Net Profit Share of other shareholders		9
Previous Term Dividend		-
Net Currency difference due to foreign subsidiaries		-
Effect of Changes within scope of consolidation		-
<b>Balance end of Period</b>		<b>139</b>

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

**Explanations on off-balance sheet commitments:**

1. Type and amount of irrevocable commitments: TL 25.179.166 asset purchase commitments (31 December 2017: TL 10.596.665), TL 19.657.804 commitments for credit card limits (31 December 2017: TL 18.431.137) and TL 7.527.119 commitments for cheque books (31 December 2017: TL 6.679.928).

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:

	<b>Current Period</b>
	<b>30 June 2018</b>
Bank Acceptance Loans	5.381.518
Letters of Credit	10.103.257
Other Guarantees and Warranties	6.376.011
<b>Total</b>	<b>21.860.786</b>

	<b>Prior Period</b>
	<b>31 December 2017</b>
Bank Acceptance Loans	3.758.102
Letters of Credit	6.934.325
Other Guarantees and Warranties	6.338.160
<b>Total</b>	<b>17.030.587</b>

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

	<b>Current Period</b>
	<b>30 June 2018</b>
Revocable Letters of Guarantee	1.230.029
Irrevocable Letters of Guarantee	20.865.767
Letters of Guarantee Given in Advance	3.895.499
Guarantees Given to Customs	2.171.818
Other Letters of Guarantee	8.248.957
<b>Total</b>	<b>36.412.070</b>

	<b>Prior Period</b>
	<b>31 December 2017</b>
Revocable Letters of Guarantee	1.279.965
Irrevocable Letters of Guarantee	19.276.192
Letters of Guarantee Given in Advance	4.148.237
Guarantees Given to Customs	2.483.647
Other Letters of Guarantee	7.745.167
<b>Total</b>	<b>34.933.208</b>

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3. Information on non-cash loans:

3 (i). Total amount of non-cash loans:

	<b>Current Period</b>
	<b>30 June 2018</b>
Non-cash Loans Given against Cash Loans	6.931.339
With Original Maturity of 1 Year or Less Than 1 Year	2.586.499
With Original Maturity of More Than 1 Year	4.344.840
Other Non-cash Loans	51.341.517
<b>Total</b>	<b>58.272.856</b>

  

	<b>Prior Period</b>
	<b>31 December 2017</b>
Non-cash Loans Given against Cash Loans	7.958.951
With Original Maturity of 1 Year or Less Than 1 Year	3.949.119
With Original Maturity of More Than 1 Year	4.009.832
Other Non-cash Loans	44.004.844
<b>Total</b>	<b>51.963.795</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT**

**a. Information on interest income:**

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

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Short-term Loans	4.129.063	95.155
Medium and Long-term Loans	5.683.402	1.934.544
Interest on Loans Under Follow-Up	199.321	-
Premiums Received from the Resource Utilization Support Fund	-	-
<b>Total</b>	<b>10.011.786</b>	<b>2.029.699</b>

	<b>Prior Period</b>	
	<b>30 June 2017</b>	
	<b>TL</b>	<b>FC</b>
Short-term Loans	2.669.499	72.548
Medium and Long-term Loans	4.640.128	1.547.949
Interest on Loans Under Follow-Up	17.999	-
Premiums Received from the Resource Utilization Support Fund	-	-
<b>Total</b>	<b>7.327.626</b>	<b>1.620.497</b>

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

2. Information on interest income on banks:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
From the CBRT	195.271	-
From Domestic Banks	22.146	10.519
From Foreign Banks	1.701	77.879
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>219.118</b>	<b>88.398</b>

	<b>Prior Period</b>	
	<b>30 June 2017</b>	
	<b>TL</b>	<b>FC</b>
From the CBRT	34.675	1.458
From Domestic Banks	37.138	6.971
From Foreign Banks	9	30.440
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>71.822</b>	<b>38.869</b>

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3. Information on interest income on marketable securities:

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
From Trading Financial Assets	2.614	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	1.419.273	418.623
From Held-to-Maturity Investments	275.163	174.271
<b>Total</b>	<b>1.697.050</b>	<b>592.894</b>

  

	<b>Prior Period</b>	
	<b>30 June 2017</b>	
	<b>TL</b>	<b>FC</b>
From Trading Financial Assets	4.191	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	1.020.987	346.653
From Held-to-Maturity Investments	270.214	221.131
<b>Total</b>	<b>1.295.392</b>	<b>567.784</b>

As stated in Section Three disclosure VI, the Bank has inflation indexed (CPI) government bonds in its fair value through other comprehensive income" and "measured at amortized cost portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. As stated in the Undersecretariat of Treasury's Investor Guide for CPI indexed government bonds, the reference indices used in calculating the actual coupon payment amounts of these assets are based on the CPI of two months ago. The Bank also sets the estimated inflation rate accordingly. Related inflation rate is updated during the year when necessary. In this context, the estimated annual inflation rate determined as 9,00% as of 1 January 2018 and has been updated as 11,00% as of 30 June 2018. The valuation of the related securities have been calculated according to this estimation. If the valuation of these securities indexed to CPI was made according to the reference index valid for June 30, 2018, the Bank's equity valuation differences on equity would decrease by TL 140 million (full TL amount) and the net profit for the period would increase by TL 185 million 3.465 TL (full TL amount).

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

**b. Information on interest expense:**

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

	<b>Current Period</b>	
	<b>30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Banks	31.561	566.733
The CBRT	-	-
Domestic Banks	11.427	10.503
Foreign Banks	20.134	556.230
Headquarters and Branches Abroad	-	-
Other Institutions	-	50.924
<b>Total</b>	<b>31.561</b>	<b>617.657</b>

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

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	<b>Prior Period 30 June 2017</b>	
	<b>TL</b>	<b>FC</b>
Banks	19.942	358.041
The CBRT	-	-
Domestic Banks	13.059	4.614
Foreign Banks	6.883	353.427
Headquarters and Branches Abroad	-	-
Other Institutions	-	34.527
<b>Total</b>	<b>19.942</b>	<b>392.568</b>

2. Information on interest expense given to associates and subsidiaries: None.

3. Information on interest expense given to securities issued:

	<b>Current Period 30 June 2018</b>	
	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	436.020	299.582

	<b>Prior Period 30 June 2017</b>	
	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	177.490	277.997

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

<b>Current Period- 30.06.2018</b>	<b>Demand Deposits</b>	<b>Time Deposits</b>					<b>Total</b>
		<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>1 Year and Over</b>	
<b>TL</b>							
Bank Deposits	3.257	93.321	19.603	3.308	673	-	<b>120.162</b>
Saving Deposits	-	859.359	2.128.045	31.429	40.231	36.585	<b>3.095.649</b>
Public Sector Deposits	-	4.431	1.362	50	4	18	<b>5.865</b>
Commercial Deposits	-	491.503	797.603	33.916	32.876	29.504	<b>1.385.402</b>
Other Deposits	2	29.801	92.374	14.667	9.230	18.039	<b>164.113</b>
<b>Total</b>	<b>3.259</b>	<b>1.478.415</b>	<b>3.038.987</b>	<b>83.370</b>	<b>83.014</b>	<b>84.146</b>	<b>4.771.191</b>
<b>FC</b>							
Foreign Currency Deposits	5.001	250.746	686.427	43.554	132.826	85.154	<b>1.203.708</b>
Bank Deposits	92	30.204	53.113	6.528	4.914	313	<b>95.164</b>
Precious Metals Deposits	-	-	128	-	679	255	<b>1.062</b>
<b>Total</b>	<b>5.093</b>	<b>280.950</b>	<b>739.668</b>	<b>50.082</b>	<b>138.419</b>	<b>85.722</b>	<b>1.299.934</b>
<b>Grand Total</b>	<b>8.352</b>	<b>1.759.365</b>	<b>3.778.655</b>	<b>133.452</b>	<b>221.433</b>	<b>169.868</b>	<b>6.071.125</b>

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Prior Period – 30.06.2017	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	
<b>TL</b>							
Bank Deposits	291	60.682	49.706	1.511	246	76	<b>112.512</b>
Saving Deposits	-	751.481	1.462.532	27.957	26.683	33.836	<b>2.302.489</b>
Public Sector Deposits	-	4.587	1.777	303	93	1	<b>6.761</b>
Commercial Deposits	-	373.464	565.020	87.819	58.426	28.891	<b>1.113.620</b>
Other Deposits	2	30.480	113.318	39.021	74.522	11.859	<b>269.202</b>
<b>Total</b>	<b>293</b>	<b>1.220.694</b>	<b>2.192.353</b>	<b>156.611</b>	<b>159.970</b>	<b>74.663</b>	<b>3.804.584</b>
<b>FC</b>							
Foreign Currency Deposits	2.600	226.401	374.119	71.668	49.183	76.984	<b>800.955</b>
Bank Deposits	6	12.954	24.196	5.617	2.871	273	<b>45.917</b>
Precious Metals Deposits	-	-	1	-	448	154	<b>603</b>
<b>Total</b>	<b>2.605</b>	<b>239.361</b>	<b>398.316</b>	<b>77.285</b>	<b>52.502</b>	<b>77.411</b>	<b>847.480</b>
<b>Grand Total</b>	<b>2.898</b>	<b>1.460.055</b>	<b>2.590.669</b>	<b>233.896</b>	<b>212.472</b>	<b>152.074</b>	<b>4.652.064</b>

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

	<b>Current Period 30 June 2018</b>
<b>Profit</b>	<b>438.150.897</b>
Income From Capital Market Transactions	279.777
Income From Derivative Financial Transactions (*)	15.539.745
Foreign Exchange Gains	422.331.375
<b>Loss (-)</b>	<b>438.423.334</b>
Loss from Capital Market Transactions	289.592
Loss from Derivative Financial Transactions (*)	13.941.872
Foreign Exchange Loss	424.191.870
<b>Total (Net)</b>	<b>(272.437)</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (1.793.680).

	<b>Prior Period 30 June 2017</b>
<b>Profit</b>	<b>339.990.839</b>
Income From Capital Market Transactions	238.604
Income From Derivative Financial Transactions (*)	11.046.228
Foreign Exchange Gains	328.706.007
<b>Loss (-)</b>	<b>340.159.143</b>
Loss from Capital Market Transactions	85.230
Loss from Derivative Financial Transactions (*)	11.621.969
Foreign Exchange Loss	328.451.944
<b>Total (Net)</b>	<b>(168.304)</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (257.197).

**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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

e. (i) Expected provision expense:

	<b>Current Period</b>
	<b>30 June 2018</b>
Expected Credit Loss	2.497.743
12 month expected credit loss (stage 1)	95.252
Significant increase in credit risk (stage 2)	1.187.240
Non-performing loans (stage 3)	1.215.251
Marketable Securities Impairment Expense	382
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	382
Investments in Associates, Subsidiaries and Held-to-maturity	
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
<b>Total</b>	<b>2.498.125</b>

e. (ii) Provision expenses related to loans and other receivables of the Bank:

	<b>Prior Period</b>
	<b>30 June 2017</b>
Specific Provisions for Loans and Other Receivables	731.882
III. Group Loans and Receivables	348.531
IV. Group Loans and Receivables	375.680
V. Group Loans and Receivables	7.671
General Provision Expenses	86.158
Free Provision Expense for Possible Risks	-
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-maturity	
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Held-to-maturity Investments	-
Other	41.092
<b>Total</b>	<b>859.132</b>



**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

**f. Information related to other operating expenses:**

	<b>Current Period</b>
	<b>30 June 2018</b>
Personnel Expenses	1.092.535
Reserve for Employee Termination Benefits	6.864
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	87.664
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	81.635
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	81
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	1.156.613
Operational Leasing Expenses	109.606
Maintenance Expenses	20.296
Advertisement Expenses	62.661
Other Expenses	964.050
Loss on Sales of Assets	146
Other(*)	317.189
<b>Total</b>	<b>2.742.727</b>

(\*) Includes "Personnel Expenses" which is not exist in "Other Operating Expenses" in the Income Statement.

	<b>Prior Period</b>
	<b>30 June 2017</b>
Personnel Expenses	942.022
Reserve for Employee Termination Benefits	1.198
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	75.680
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	58.093
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	54
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	945.482
Operational Leasing Expenses	98.677
Maintenance Expenses	7.451
Advertisement Expenses	59.212
Other Expenses	780.142
Loss on Sales of Assets	11
Other(*)	306.045
<b>Total</b>	<b>2.330.058</b>

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**g. Information on income/loss from minority interest:**

	<b>Current Period</b>
	<b>30 June 2018</b>
Income/(loss) from minority interest	6

  

	<b>Prior Period</b>
	<b>30 June 2017</b>
Income/(loss) from minority interest	4

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

As of 30 June 2018, the Group has a current tax expense of TL 666.802, deferred tax expense of TL 913.798 and deferred tax income of TL 698.370

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 3.279.576 (30 June 2017: 3.023.100)

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.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

**V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalents:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

**1. Current Period- 30 June 2018**

1. (i) Cash and cash equivalents at the beginning of the period:

	<b>Current Period 30 June 2018</b>
<b>Cash</b>	<b>5.790.226</b>
Cash, Foreign Currency and Other	2.205.232
Demand Deposits in Banks	3.584.994
<b>Cash Equivalents</b>	<b>6.907.240</b>
Interbank Money Market Placements	1.544.455
Time Deposits in Banks	5.356.284
Marketable Securities	6.501
<b>Total Cash and Cash Equivalents</b>	<b>12.697.466</b>

1.(ii) Cash and cash equivalents at the end of period:

	<b>Current Period 30 June 2018</b>
<b>Cash</b>	<b>5.589.502</b>
Cash, Foreign Currency and Other	2.759.152
Demand Deposits in Banks	2.830.350
<b>Cash Equivalents</b>	<b>12.680.430</b>
Interbank Money Market Placements	1.473.285
Time Deposits in Banks	11.176.361
Marketable Securities	30.784
<b>Total Cash and Cash Equivalents</b>	<b>18.269.932</b>

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**2. Prior Period- 30 June 2017**

2.(i) Cash and cash equivalents at the beginning of the period:

	<b>Prior Period 30 June 2017</b>
<b>Cash</b>	<b>3.750.722</b>
Cash, Foreign Currency and Other	1.835.555
Demand Deposits in Banks (*)	1.915.167
<b>Cash Equivalents</b>	<b>9.076.729</b>
Interbank Money Market Placements	37
Time Deposits in Banks	9.029.952
Marketable Securities	46.740
<b>Total Cash and Cash Equivalents</b>	<b>12.827.451</b>

2.(ii) Cash and cash equivalents at the end of period:

	<b>Prior Period 30 June 2017</b>
<b>Cash</b>	<b>3.445.624</b>
Cash, Foreign Currency and Other	2.087.373
Demand Deposits in Banks (*)	1.358.251
<b>Cash Equivalents</b>	<b>4.785.524</b>
Interbank Money Market Placements	550.624
Time Deposits in Banks	4.164.377
Marketable Securities	70.523
<b>Total Cash and Cash Equivalents</b>	<b>8.231.148</b>

(\*) The restricted demand accounts are not included.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

**VI. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP**

**Information on the volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:**

1. Current Period – 30 June 2018:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	-	-	5.605.978	923.699	-	-
Balance at the End of the Period	-	-	5.210.206	961.557	15.501	2.093
Interest and Commission Income Received	-	-	166.073	2.783	103	1

2. Prior Period – 31 December 2017:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	-	-	4.591.797	900.600	-	-
Balance at the End of the Period	-	-	5.605.978	923.699	-	-
Interest and Commission Income Received (*)	-	-	236.319	1.521	-	-

(\*) 30 June 2017 balances used for Income accounts.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

3. Information on deposits of the Group's risk group:

<b>Group's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>	<b>Direct and Indirect Shareholders of the Group</b>	<b>Other Real and Legal Persons that have been included in the Risk Group</b>
	<b>Current Period 30.06.2018</b>	<b>Current Period 30.06.2018</b>	<b>Current Period 30.06.2018</b>
<b>Deposit</b>			
Balance at the Beginning of the Period	-	3.074.721	2.311.399
Balance at the End of the Period	-	4.550.342	1.058.374
Interest on Expense Deposits	-	140.349	39.250

<b>Group's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>	<b>Direct and Indirect Shareholders of the Group</b>	<b>Other Real and Legal Persons that have been included in the Risk Group</b>
	<b>Prior Period 31.12.2017</b>	<b>Prior Period 31.12.2017</b>	<b>Prior Period 31.12.2017</b>
<b>Deposit</b>			
Balance at the Beginning of the Period	-	2.172.789	2.315.646
Balance at the End of the Period	-	3.074.721	2.311.399
Interest on Expense Deposits (*)	-	107.484	89.196

(\*) 30 June 2017 balances used for Income accounts.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

(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:

<b>Group's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>	<b>Direct and Indirect Shareholders of the Group</b>	<b>Other Real and Legal Persons that have been included in the Risk Group</b>
	<b>Current Period 30.06.2018</b>	<b>Current Period 30.06.2018</b>	<b>Current Period 30.06.2018</b>
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	-	13.638.708	-
Balance at the End of the Period	-	15.752.789	-
Total Income/Loss	-	8.633	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 30 June 2018, the net exposure for direct and indirect shareholders of the Group is TL (477.187).

<b>Group's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>	<b>Direct and Indirect Shareholders of the Group</b>	<b>Other Real and Legal Persons that have been included in the Risk Group</b>
	<b>Prior Period 31.12.2017</b>	<b>Prior Period 31.12.2017</b>	<b>Prior Period 31.12.2017</b>
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	-	10.110.973	-
Balance at the End of the Period	-	13.638.708	-
Total Income/Loss (*)	-	(11.061)	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss (*)	-	-	-

(\*) 30 June 2017 balances used for Income 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 December the net exposure for direct and indirect shareholders of the Group is TL (153.254).

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

As of 30 June 2018 benefits provided to the Group's key management amounting to TL 36.071 (30 June 2017: TL 28.487).

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

All creditors including our Bank have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000 Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met.

Fitch Ratings -International Rating Agency- has downgraded miscellaneous credit ratings of 24 Turkish banks, including the Bank, the rating actions follow the downgrade of Turkey's Sovereign Credit Rating. In line with this matter, the Bank's new credit ratings are as follows, Long Term IDR, to "BB-" from "BB+", Long Term Local Currency IDR, to "BB" from "BB+", National Long Term Rating, to "AA" from "AA+", Viability Rating, to "BB-" from "BB+", Long Term Senior Unsecured Notes, to "BB-" from "BB+", Subordinated Notes, to "B+" from "BB", Short Term IDR and Short Term Local Currency Ratings are affirmed as "B".

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

**I. EXPLANATIONS ON INTERIM REVIEW AUDITOR'S REPORT**

The interim period consolidated financial statements for the period ended 30 June 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 July 2018 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 30 JUNE 2018**

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

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**SECTION SEVEN (\*)  
INFORMATION ON INTERIM ACTIVITY REPORT**

**Message from the Chairman of the Board:**

Despite the increasing protectionist tendencies and ongoing global geopolitical uncertainties, global economic activity is trending resilient with the support of above-potential growth trend in the US along with the fiscal expansion in this country. However; recent tensions between the US and its trade partners about external trade policies have started to affect economic expectations negatively, and push inflation rates upwards.

Global upward trend in inflation has made Fed to continue with its rate hike cycle and take future interest rate hikes earlier; and ECB to start signalling its exit from ultra-accommodative monetary policies. Accordingly; Fed continued to shrink its balance sheet, which was close to 4.5 billion \$ in mid-2017 and increased the policy rate by 50 basis points, so far in the year. Additionally, in its June meeting, it revized its 2018 total rate hike projections from 3 to 4 times. European Central Bank announced that it will end net monthly asset purchases in December but short term interest rates are projected to remain at their low levels at least until summer 2019.

On top of trade disagreements; the governmental problems in Italy, Spain and Germany and, more recently, differences in opinions about Brexit process in Britain point out to the continuation of political uncertainties in Europe for the foreseeable future.

Domestically; Turkish economy continued to grow at an annualized 7.4% growth rate in the first quarter. Starting from April; however, the declines in manufacturing sector expectations, real sector and consumer confidence indicators imply that the economy is decelerating towards more sustainable growth rates.

The increases in fx rates, oil prices which are trending higher than its last year's average and robust domestic demand caused consumer inflation to accelerate from 11.92% in 2017 to 15.39% in the first half of the year. The simultaneous rise in annual core inflation to 14.60% and the spike of domestic producer price inflation to 23,71% levels justify that double-digit inflation figures will likely persist at least until mid-2019. Current account also increased from its 47.4 billion \$ level in 2017 to 57.6 billion \$ in May 2018 but the pace of the uptrend in annualized current account deficit is now much milder than earlier in the year.

In response to the inflation risks; CBRT has increased short-term interest rates by 500 basis points since the start of the year and simplified the monetary policy framework by identifying one-week repo rate as the main policy rate. Additionally; CBRT states that; if needed, further monetary tightening will be delivered.

The budget gave 46.1 billion TL deficit in the first six months of the year; in the same period primary deficit has been realized at 12.3 billion TL. Despite the stimulative policy steps in the second quarter, new economic administration states that fiscal discipline will be maintained going forward.

In the banking sector; annual credit growth has normalized from its 20% levels to c. 14%, on fx-adjusted basis. NPL ratio is continuing to trend low. Capital adequacy ratio is standing high at 15.9%.

Going forward; globally, Fed's steps regarding the normalization of the monetary policy in the US and developments about the trade disagreements between the US and its trade partners will be watched. Domestically; potential policy measures against high inflation and current account deficit will be closely monitored.

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**Message from the CEO**

For seventy years, the trust and satisfaction of all our stakeholders have been our core priority. With the desire to create sustainable value, we support all actors of Turkey's economy. In the first six months of 2018, our stability, based on our great asset quality and effective risk management, continued to inform our way of doing business.

Our assets increased to TL 368 billion in the first half of 2018. The support we provided to the economy increased to a total of TL 285 billion, with TL 227 billion in cash loans. Compared to the year-end, our support to the real sector via loans increased by 7.7 percent to TL 241 billion, and our bank's deposits increased by 8.2 percent to TL 218 billion. Our bank reported a net profit of TL 3 billion 280 million in the first half of 2018, after TL 882 million tax provisions.

We continued to manage our asset quality effectively in the first six months of 2018. Our NPL has remained at 2.6 percent. Below the sector average, this ratio is an indicator of our healthy, high-quality and disciplined growth approach. Our total provisions for this period remain at 142% of our non-performing loans.

Akbank continues to invest in the future of banking while providing funds to the Turkish economy and the real sector. We continue our efforts to promote Turkey in international platforms and explain the potential of our economy to investors and all our international stakeholders in the best way possible. Thanks to our strong balance sheet, we were able to secure a total of USD 3.6 billion in international financing. We have trust in our country and our economy, and continue to invest in projects that will carry both Akbank and our sector forward. Our total investments for the future will reach USD 300 million by the end of 2018.

Akbank's stable and sustainable performance continues to be appreciated by international institutions. As we celebrate Akbank's 70th year, we were named "Turkey's Best Bank" by Euromoney for the 12th time. Akbankers have played an instrumental role in this important achievement, and remain our key, most important asset. I am honored to be working alongside with such a highly motivated and dedicated group of people. I would also like to take this opportunity to extend my deep gratitude to our employees for their strong performance, and to our customers and shareholders for the trust they place in us.

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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#### A. INTRODUCTION

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

There are no changes in the Articles of Association during the period.

##### 2. Important Issues and Transactions during the period

Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş., which is 100% owned by the Bank, has been established on 20 February 2018.

TL 774 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies: Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

Under the securitization program based on the future cash flows of our bank, a total of 795 million USD financing was provided in 5 separate segments with the longest maturity of 7,5 years.

Akbank provided syndication loans worth US \$ 1.24 billion to international markets at US \$ 604.5 million and Euro 483 million. The portion of the loan equivalent USD 950 million is 1 year; And 250 million US Dollars were provided with a 2 year maturity. The total cost of the 1-year maturity term of the loan is Libor + 1,30% and Euribor + 1,20%; The total cost of the 2-year maturity term is Libor + 2.10%.

International rating agency Moody's has reduced March 7, 2018 from the date of Turkey's credit rating to Ba1 from Ba2, he had turned from stable its outlook to negative. Moody's said that after the downgrade, 14 banks, including Akbank, have lowered their long-term credit ratings from Ba1 to Ba2. Akbank's view of the note turned from a negative to a standstill.

Capital increase of Ak Yatırım Menkul Değerler A.Ş. which is a %100 subsidiary of the Bank, via TL 50.000.000 rights issue, from TL 30.000.000 to TL 80.000.000 has been completed.

International rating agency Moody's has downgraded and placed on review for further downgrade. Accordingly, Akbank's Long-term Bank Deposits (Local Currency) weredowngraded to "Ba3", rating under review from "Ba2" Stable. Baseline and Adjusted Baseline Credit Assessment, were downgraded to "b1" from "ba3". Akbank's Long-term Bank Deposits (Foreign Currency), currently "Ba3", and Long-term Counterparty Risk Assessment, currently "Ba2(cr)" have been placed on the review for downgrade. Short term ratings have been affirmed.

On June 4,2018, Fitch Ratings has placed 25 Turkish Banks' Long-Term Foreign-Currency (FC) Issuer Default Ratings (IDRs) and Viability Ratings on Rating Watch Negative. Accordingly, following ratings of Akbank have been placed on "Rating Watch Negative"; Long-term FC and LC IDR's "BB+", Viability Rating "bb+", National Long-Term Rating "AA+(tur)", Long-Term Senior unsecured notes "BB+", Subordinated notes "BB". Additionally, Fitch Ratings affirmed Akbank's Short-term FC and LC IDRs, as "B", Support Rating as "4", Support Rating Floor as "B+" and Short-term Senior Unsecured Notes as "B".

#### B. BANKING SECTOR FIRST QUARTER OVERVIEW

In the first quarter of 2018, loan growth in the sector was 12,7% and deposit growth in the funding side was 12,3%.

As of June 30, 2018, NPL ratio of the sector was at 2,9%.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

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

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**C. CONSOLIDATED FINANCIAL RESULTS**

**1. Main Balance Sheet Items (TL Million) :**

	<b>30.06.2018</b>
	<b>Consolidated</b>
	<b>Financial Results</b>
Total Asset	368.216
Loans	224.122
Deposits	217.928
Equity	41.884
Net Income	3.280

	<b>31.12.2017</b>
	<b>Consolidated</b>
	<b>Financial Results</b>
Total Asset	341.610
Loan	209.478
Deposit	201.456
Equity	40.614
Net Income (30.06.2017)	3.023

**2. Main Financial Ratios (%) :**

	<b>30.06.2018</b>
	<b>Consolidated</b>
	<b>Financial Results</b>
Loan / Total Assets:	60,9
Deposit / Total Assets:	59,2
Return on Equity:	15,9
Return on Assets:	1,9
NPL Ratio:	2,6
Capital Adequacy Ratio:	15,53
Earnings Per Share (TL):	0,00820

	<b>31.12.2017</b>
	<b>Consolidated</b>
	<b>Financial Results</b>
Loan / Total Assets:	61,3
Deposit / Total Assets:	59,0
Return on Equity: (30.06.2017)	17,1
Return on Assets: (30.06.2017)	2,0
NPL Ratio:	2,1
Capital Adequacy Ratio:	15,79
Earnings Per Share (TL): (30.06.2017)	0,00756

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

#### 3. Akbank 2Q18 Results Overview:

Akbank reported a gross profit of TL 4.162 million. setting aside TL 882 million of tax provisions, the bank reported a net consolidated profit of TL 3.280 million in the first half of the year. ROE of the bank has realized at 15.9% by the end of first half of the year.

As of June 2018, Akbank's consolidated total assets realize TL 368 billion, cash loans amount to approximately TL 224 billion and total deposits amount to TL 218 billion.

Akbank's NPL ratio increased by 2.6% compared to the end of the year.

#### 4. Bank's Expectations For 2018:

On July 11, 2018 Banks' future looking expectations which was announced publicly earlier were updated. Accordingly, the 9% inflation expectation to be used in the Bank's CPI-Linkers' valuation has been revised to 11%. The resulting impact will be reflected to the financial statements as of June 2018.

<b>Macroeconomic Indicators (%)</b>	<b>2018</b>
GDP Growth	4,5
CPI	11
<b>Banking Sector Expectation (%)</b>	<b>2018</b>
Asset Growth	12-14
Loan Growth	12-14
Deposit Growth	12-14
<b>Akbank Growth Guidance (Consolidated)</b>	<b>2018</b>
Asset Growth	13-15
Loan Growth	13-15
Deposit Growth	13-15
	<b>2018</b>
Return on Asset	~%1,8
Leverage Ratio	~9,0x
Return on Equity	%15,5-16
Net Interest Margin	~%3,5
Net fees&com. Growth	~%15
Opex Growth	~%13
Cost / Income	~%35
Cost / Asset	~%1,6
Capital Adequacy Ratio	~%15
Loan / Deposit Ratio	%Max 105%
NPL Ratio	~%2,1
Cost of Risk(**)	~50 bps
EPS Growth	~%12
	<b>2018 ve beyond</b>
Return on Asset	%1,7-1,9
Leverage	9,0x-9,5x
Return on Equity	%15-17

(\*) Approximately 2% of operational expenses are related to non-recurring investments.

(\*\*) According to Turkey Financial Reporting Standart 9 (TFRS) and ve the specific loan loss provision rate of about 80%.